

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

FORM 10-K

(Mark One)

X Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [Fee Required] for the fiscal year ended March 31, 1996 or

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required] for the transition period from _____ to _____.

Commission file number: 0-27266

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

Delaware 36-3154957

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

101 Kendall Point Drive
Oswego, Illinois 60643

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (708) 820-1919

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, \$.01 par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

The registrant estimates that the aggregate market value of the registrant's Class A Common Stock held by non-affiliates on June 27, 1996 (based upon an estimate that 36.2% of the shares are so owned by non-affiliates and upon the average of the closing bid and asked prices for the Class A Common Stock on the Nasdaq National Market on that date) was approximately \$469,840,925. Determination of stock ownership by non-affiliates was made solely for the purpose of responding to this requirement and registrant is not bound by this determination for any other purpose.

As of June 27, 1996, 14,687,848 shares of the registrant's Class A Common Stock were outstanding and 21,617,134 shares of registrant's Class B Common Stock (which automatically converts into Class A Common Stock upon a transfer of such stock except transfers to certain permitted transferees) were outstanding.

The following documents are incorporated into this Form 10-K by reference:

Proxy Statement for 1996 Annual Meeting of Stockholders (Part III).

Unless otherwise indicated, the information presented in this Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Form 10-K"),

has been adjusted to reflect the two-for-one stock split in the form of a 100% dividend of both classes of Common Stock of Westell Technologies, Inc. ("Westell" or the "Company") paid on June 7, 1996 to holders of record on May 20, 1996.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained under "Management's Discussion and Analysis of Financial Condition and Results of Operations," such as those concerning future product sales and gross margins, certain statements contained under "Business," such as statements concerning the development and introduction of new products and the development of alternative Digital Subscriber Line ("DSL") technology, and other statements contained in this Form 10-K regarding matters that are not historical facts are forward-looking statements (as such term is defined in the rules promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act")). Because such forward-looking statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those discussed herein. The Company undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

ITEM 1. BUSINESS

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

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

INDUSTRY OVERVIEW

Since the early 1980s, the telecommunications industry has experienced an increased demand for and growth in the number of services provided to end users. Not only has traditional telephone voice traffic

increased, but the growth of personal computers and modems has created significant data traffic from a wide variety of services such as fax, e-mail and online access. For example, businesses with multiple locations increasingly require geographically dispersed LANs to be linked in sophisticated wide area networks ("WANs") that must handle large volumes of telecommunications traffic. In addition, the Internet has expanded beyond its traditional data transmission and file-sharing functions to offer e-mail, new data sources, commercial services, transaction processing, independent bulletin boards, the World Wide Web and voice transmission. Business and residential based end-user demand for telecommunications services is expected to continue to grow as telcos and information service providers increase their offerings of new interactive multimedia services, including data dialtone applications such as high speed Internet access, LAN extension, medical imaging and telecommuting, and video dialtone applications such as video-on-demand, distance learning, video conferencing and work at home. To handle the growing volume of data communications traffic and to provide faster and higher quality transmission, telcos and information service providers have continually upgraded the capacity and speed of their networks.

Deregulation. Deregulation of the telecommunications industry has increased the number of competitors in the local access network and has further accelerated telcos' needs to upgrade their networks and increase their telecommunications service offerings. For example, alternative access providers have deployed fiber and wireless systems for high volume data transmission to business centers and other high density metropolitan areas. As alternative access providers' costs decline and deregulation continues, alternative access providers are likely to create additional competition for telcos by developing new products and services for end users. Recent deregulation also allows interexchange carriers, information service providers and cable operators to deploy competitive services in the local access network. Currently available high speed cable modems will enable cable operators to provide data transmission services to customers in addition to standard television services. Cable operators are seeking to compete with telcos in the delivery of high speed digital transmission as well as traditional local telephone service. In addition, this trend toward continued deregulation of the telecommunications industry may further decrease the current restrictions and regulations affecting telcos' ability to provide nontraditional telco services such as video-on-demand.

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

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

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

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

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

ADSL. An emerging technology known as ADSL permits even greater digital transmission capacity over copper wire than is possible with existing HDSL and ISDN products. ADSL technology allows the simultaneous transmission of data at speeds from 1.5 to 8.0 Mbps in one direction and from 64 to 640 Kbps in the reverse direction, while also providing standard analog telephone service over a single pair of copper wires at distances of up to 18,000 feet, depending on the transmission rate. ADSL products enable telcos to provide interactive multimedia services over copper wire, such as high speed Internet access, video-on-demand, medical imaging, video conferencing and telecommuting, while simultaneously carrying traditional telephone services. A new ADSL technology called Very High Speed Digital Subscriber Line ("VDSL") is currently being developed that will increase both the downstream and upstream data transmission capacity to up to 52.0 Mbps and 2.0 Mbps, respectively.

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

THE WESTELL SOLUTION

Westell designs, manufactures and markets a broad range of telecommunications products that provide its telco customers with dependable, high quality transmission systems in the local access network. The Company believes that its extensive experience in the local access network strategically positions it to identify product applications that will enhance existing telco services as well as expand telco service offerings to end users. Westell is a leading provider of ADSL systems, which allow telcos to provide high speed interactive multimedia services over existing copper wire, thus offering a cost-effective alternative to the deployment of fiber optic cable in the "last mile" of the local access network. Westell's ADSL systems also enable telcos to use their existing infrastructures to respond to competition from

cable operators that may offer these services using cable modems. The Company continues to aggressively develop products based

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upon new technologies, such as ADSL and SDSL, as well as enhance its existing product offerings in the analog, digital and DSL markets. In the last decade, Westell has introduced a number of intelligent products that enable telcos to increase productivity and transmission quality over their local access networks through self-diagnostic and performance monitoring applications. For example, in 1986, Westell introduced NIUs, which provide maintenance and performance monitoring capabilities to aid telcos in the provisioning and maintenance of T-1 lines. Westell also continues to focus on the relationships that it has built with its customers during its 16-year history. Rapid technological evolution has provided the Company with an opportunity to forge strategic alliances with customers and technology suppliers in order to accelerate the time to market for new products. In addition, the Company continues to redefine its products to increase their functionality and interface capacity with other products while decreasing product costs in order to achieve mass deployment of ADSL systems and to facilitate the numerous applications of high speed digital transmission required by telcos' consumers.

STRATEGY

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

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

Deliver Mass Market Solutions for High Speed Online and Internet Access Services. Due to the rapid emergence and end-user interest in online information services, the Internet and the World Wide Web, the Company intends to work with telcos and information service providers to deliver advanced, high speed data dialtone solutions for these applications as well as additional services, such as video dialtone applications, as they become available. To facilitate mass market deployment of its ADSL systems, the Company is undertaking a program to increase the level of integration among its products and improve economies of scale. The Company seeks to expand the development of ADSL systems in the consumer market by creating ADSL software and hardware interfaces that support multiple consumer applications.

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

Maintain Core Business Strength and Develop New Products. The Company

has extensive experience in developing and marketing products for the local access network and has achieved a leading position in T-1 network interface and performance monitoring units. The Company intends to

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continue to capitalize upon its DS0 and DS1 product development experience and customer relationships to develop cost-effective and implementable intelligent products for the local access network. The Company is committed to developing products that are compatible with existing equipment and technologies, thereby enabling open architecture network infrastructures. Westell intends to continue to develop products in its core business, such as SmartLink, which enhance the efficiency of high speed transmission over copper wire, and QuadJack, which is one of the Company's first fiber optic products.

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

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

PRODUCTS

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

The prices for the products within each of the product groups of the Company vary based upon volume, customer specifications and other criteria and are subject to change due to competition among telecommunications manufacturers. The Company's DSL products command higher average sales prices than its DS0 and DS1 products but represent fewer of the units sold by the Company. The following table sets forth the revenues from Westell's three product groups for the periods indicated:

<TABLE>
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Fiscal Year Ended March 31,		
1994	1995	1996

(in thousands)

<S>	<C>	<C>	<C>
DSL products	\$ 1,706	\$15,235	\$20,299
DS1 products	31,980	40,754	44,027
DS0 products	10,251	8,979	9,332

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

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

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

</TABLE>

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

Westell's FlexCAP ADSL system currently consists of (i) a high speed uni-directional digital data communication stream at rates up to 1.5 or 2.0 Mbps, (ii) a bi-directional control and digital data communication stream at rates up to 64 Kbps and (iii) a traditional analog telephone service line. This ADSL system can support high speed data applications, such as high speed Internet access and remote LAN access, and video-on-demand services over existing telephone lines. In late calendar year 1996, Westell plans to introduce rate adaptive FlexCAP ADSL systems using RADSL technology which will increase the bi-directional capacity to up to 384 Kbps.

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

equipment and the

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

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

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

The Company's future growth is substantially dependent upon whether DSL technology, particularly as it relates to ADSL systems, gains widespread commercial acceptance by telcos. Since 1992, the Company has invested, and expects to continue to invest, significant resources in the development of ADSL technology. However, the market for products using ADSL technology is only now emerging as telcos have recently begun to consider implementing ADSL technology in their networks. As a result, revenues from ADSL systems have been difficult for the Company to forecast, and the Company's overall results of operations have experienced substantial fluctuations in recent periods. The timing of orders and shipments of ADSL systems can have a significant impact on the Company's revenues and results of operations. For example, the Company's revenues increased by \$10.4 million in the fourth quarter of fiscal 1995 compared to the third quarter of fiscal 1995 due primarily to a large shipment of ADSL systems to one customer. The Company has continued to ship ADSL systems but at a reduced level from that of the fourth quarter of fiscal 1995, which has resulted in a reduction in quarterly revenues when compared to the preceding quarter in three of the four quarters in fiscal 1996. Due to the Company's significant ongoing investment in ADSL technology, the Company anticipates losses in at least the first and second quarters of fiscal 1997. The Company's ability to achieve profitability or revenue growth in the future will depend upon market acceptance of the Company's ADSL systems and the development and market acceptance of other DSL products introduced by the Company. To date, telcos have deployed the Company's ADSL systems solely for technical and marketing trials and have not yet begun commercial deployment. The Company is unable to predict whether such technical and marketing trials will be successful and when commercial deployment will begin, if at all.

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telcos, the Company must undergo lengthy approval and purchase processes. Evaluation can take a year or more for complex products based on new technologies such as ADSL. Historically, telcos have been cautious in implementing new technologies. Telcos' deployment of ADSL technology may be prevented or delayed by a number of factors, including telcos' lengthy product approval and purchase processes, telcos' decisions to defer product orders in anticipation of new product developments, cost, regulatory barriers that prevent or restrict telcos from providing interactive multimedia services, the lack of demand for interactive multimedia services, the lack of sufficient programming for interactive multimedia services, the availability of alternative technologies, such as ISDN, cable modems and optical fiber, and telco policies that favor the use of such alternative technologies over ADSL technology. As a result of these factors, there can be no assurance that telcos will pursue the deployment of products using ADSL technology. Even if telcos

adopt policies favoring full-scale implementation of ADSL technology, there is no assurance that sales of the Company's ADSL systems will

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become significant or that the Company will be able to successfully introduce on a timely basis or achieve sales of ADSL systems and other products based upon DSL technology planned for future introduction. Due to increased competition, low barriers to entry, product pricing pressures and new product introductions in the Company's core DS0 and DS1 markets, these DS0 and DS1 product groups are not expected to generate sufficient revenues or profits to offset any losses that the Company may experience due to a lack of sales of ADSL systems and other DSL products currently under development. As a result, if telcos fail to deploy the Company's ADSL systems, and the Company therefore does not receive significant revenues from ADSL sales, then the Company's business and results of operations will be materially adversely affected and there can be no assurance that the Company will achieve profitability in the future.

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

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

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

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Many of the Company's DS1 products, such as its NIUs, smart line repeaters, office repeaters and T-1 maintenance service switches, function to monitor and control the quality of digital transmission over copper wire. The Company's NIU products allow telcos to monitor transmission conditions and to detect performance problems in circuits from remote locations. All of the RBOCs and GTE have purchased the Company's NIUs. Westell also developed and co-patented with Ameritech a second generation NIU known as NIU-PM which monitors and stores information for seven days so that telcos can study and detect any irregular operations and performance of a line over time. The Company customizes its NIU products to meet customers' particular needs. Sales of NIU products represented 45.5% of the Company's revenues in fiscal 1996.

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

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

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

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

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

</TABLE>

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

RESEARCH AND PRODUCT DEVELOPMENT

The Company believes that its future success depends on its ability to maintain its technological leadership through enhancements of its existing products and development of new products that meet customer needs. Westell

works closely with its current and potential customers as part of the product development process. The Company regularly customizes products to address particular customer product needs. For the fiscal years ended March 31, 1995 and 1996, the Company recognized income of \$800,000 and \$2.6 million, respectively, for customer sponsored research and development. Research and development expenses for fiscal 1994, 1995 and 1996 were \$7.7 million, \$10.8 million and \$12.6 million, respectively. To date, all research and development costs have been charged to operating expense as incurred. From time to time, development programs are conducted by other firms under contract with the Company, and related costs are also charged to operations as incurred.

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

<TABLE>

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

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<TABLE>

compatible PC. Delivers 1.5 Mbps of digital bandwidth to end users and up to 64 Kbps of bi-directional digital bandwidth. Requires compatible ADSL systems at telco or Internet service provider,	simultaneous standard telephone service. Complies with the Intel and Microsoft "Plug and Play" standard, so that the FlexCAP PC modem card will be automatically configured on compatible PCs.
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</TABLE>

To provide a more efficient transport of individual DSL facilities over telephone networks, Westell is developing its SuperVision access multiplexer. This SuperVision system will aggregate many DSL systems into a single high speed optical link thereby facilitating the connection between

copper wire digital transmission used in the local access network and the optical fiber transmission in the network "backbone." In addition, the Company announced the development of its FlexVision ADSL system that is expected to provide up to 6.0 Mbps of uni-directional bandwidth supporting multiple simultaneous video-on-demand channels of information. Westell's current ADSL systems and its FlexVision system under development are based on CAP technology. Westell is also developing its EnVision system, which will utilize DMT technology instead of CAP technology and is expected to provide up to 8.0 Mbps of downstream data and 640 Kbps of bi-directional data transmission as well as traditional telephone service.

Westell is also focusing on defining products using next generation DSL technologies such as RADSL and SDSL. RADSL will allow telcos to automatically adjust the digital transmission rate based upon the quality of the copper telephone wire and the transmission distance. This rate adaptability allows telcos to maximize the digital capacity of copper wire and facilitates installation of ADSL systems, thereby increasing the utilization of poor quality copper telephone wires which traditionally have required extensive installation and monitoring. Unlike HDSL, SDSL will enable the transmission of both a high speed bi-directional digital data communication stream as well as analog telephone service over a single pair of copper wires. SDSL is expected to reduce telcos' costs and allow high speed bi-directional services to be introduced to end users.

The Company currently anticipates that it will introduce the products listed in the above table in late calendar year 1996 and calendar year 1997. However, there can be no assurance that the Company will be able to introduce such products as planned, and the failure of the Company to do so would have a material adverse effect on the Company's business and results of operations. In addition, there can be no assurance that the Company's future development efforts will result in commercially successful products or that the Company's products will not be rendered obsolete by changing technology, new industry standards or new product announcements by competitors. The markets for the Company's products are characterized by intense competition, rapid technological advances, evolving industry standards, changes in end-user requirements, frequent new product introductions and enhancements, and evolving telco service offerings. If technologies or standards applicable to the Company's products (or telco service offerings based on the Company's products) become obsolete or fail to gain widespread commercial acceptance, then the Company's business and results of operations will be materially adversely affected. Moreover, the introduction of products embodying new technology, the emergence of new industry standards or changes in telco services could render the Company's existing products, as well as products under development, obsolete and unmarketable. The Company believes that the continued deployment of new technologies in the U.S., such as HDSL, in the local access network will adversely affect demand for certain of its existing products such as NIUs, which accounted for 45.5% of the Company's revenues in fiscal 1996, and that its future success will largely depend upon its ability to continue to enhance its existing products and to successfully develop and market new products on a cost-effective and timely basis. In this regard, most of the Company's current product offerings apply primarily to the delivery of digital communications over copper wire in the local access network. While the Company has competed successfully to date by developing high performance products for transmission over copper wire, it expects that the increasing deployment of fiber and wireless broadband transmission in the local access network (each of which uses a significantly different process of

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delivery) will require the Company to develop new products to meet the demands of these emerging transmission media.

The Company's past sales and profitability have resulted, to a significant extent, from its ability to anticipate changes in technology, industry standards and telco service offerings, and to develop and introduce new and enhanced products. The Company's continued ability to adapt to such changes will be a significant factor in maintaining or improving its competitive position and its prospects for growth. Due to rapid technological changes in the telecommunications industry, the RBOCs' lengthy product approval and purchase processes and the Company's reliance on third-party technology for

the development of new products, however, there can be no assurance that the Company will successfully introduce new products on a timely basis or achieve sales of new products in the future. In addition, there can be no assurance that the Company will have the financial and manufacturing resources necessary to continue to successfully develop new products based on emerging technology or to otherwise successfully respond to changing technology, industry standards and telco service offerings.

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

CUSTOMERS

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

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

<TABLE>

<CAPTION>

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

</TABLE>

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

the financial and operating success of these providers. Sales to Ameritech, British Telecom and U.S. West accounted for 12.0%, 11.1% and 10.4% of the Company's revenues in fiscal 1996, respectively.

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

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

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no assurance that such delays, if experienced in the future, will not have a material adverse affect on the Company's business and results of operations. While the Company has been successful in the past in obtaining product approvals from its customers, there can be no assurance that such approvals or that ensuing sales of such products will continue to occur. Even if demand for the Company's products is high, the RBOCs have sufficient bargaining power to demand low prices and other terms and conditions that may materially adversely affect the Company's business and results of operations.

MARKETING, SALES AND DISTRIBUTION

The Company sells its products in the U.S. principally through its domestic field sales organization. The Company markets its products internationally in over 40 countries under various distribution arrangements that include OEM agreements, technology licenses and distributors supported by partners and internationally based sales personnel. The Company's field sales organizations and distributors receive support from internal marketing, sales and customer support groups. As of March 31, 1996, the Company's marketing, sales and distribution programs were conducted by 141 employees.

International revenues represented 5.0% and 23.8% of the Company's revenues in fiscal 1995 and 1996, respectively. The Company's international operations are based in Tampa, Florida and are also conducted through business operations in Ottawa, Canada, Cambridge, England, Hong Kong and Singapore, and a distribution and service network that supports customers in more than 40 countries. The Company expects to continue to pursue international market opportunities by focusing primarily on sales of DSL products in international markets. The Company believes that there is a greater demand for DSL products in international markets compared to DS0 and DS1 products due to a growing

demand in foreign countries for services such as data dialtone that require high speed digital transmission.

The Company believes that international revenues will represent a significant percentage of revenues in the future. Due to its export sales, the Company is subject to the risks of conducting business internationally, including unexpected changes in regulatory requirements, foreign currency fluctuations which could result in reduced revenues or increased operating expenses, tariffs and trade barriers, potentially longer payment cycles, difficulty in accounts receivable collection, foreign taxes, and the burdens of complying with a variety of foreign laws and telecommunications standards. The Company's contracts with its international customers are typically denominated in foreign currency and any decline in the value of such currency could have a significant impact on the Company's business and results of operations. For example, in fiscal 1996, the Company incurred a \$270,000 transaction loss on receivables due to foreign currency fluctuations. To date, the Company has not engaged in hedging with respect to its foreign currency exposure but may do so in the future. The Company also is subject to general geopolitical risks, such as political and economic instability and changes in diplomatic and trade relationships, in connection with its international operations. In addition, the laws of certain foreign countries may not protect the Company's proprietary technology to the same extent as do the laws of the U.S. There can be no assurance that the risks associated with the Company's international operations will not materially adversely affect the Company's business and results of operations in the future or require the Company to modify significantly its current business practices.

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

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obtain FCC approval for certain services prior to their implementation has in the past delayed the approval processes.

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

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

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

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

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

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

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

CUSTOMER SERVICE AND SUPPORT

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

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

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

MANUFACTURING

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

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

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

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

inventory. Final testing and shipment of products to customers occurs in the Company's Oswego, Illinois facilities. The Company's domestic facilities are certified pursuant to ISO 9001.

The Company's backlog for its DS1 and DS0 products at March 31, 1996 was \$1.9 million. The Company believes that because a substantial portion of customer orders for DS1 and DS0 products are filled within the quarter of receipt, the Company's backlog is not a meaningful indicator of actual revenues for these products for any succeeding period. In general, customers purchasing DSL products may reschedule orders without penalty to the customer. As a result, the quantities of the Company's products to be delivered and their delivery schedules may be revised by customers to reflect changes in their DSL product needs. Since backlog of DSL products can be rescheduled without penalty, the Company does not believe that its backlog of DSL products is a meaningful indicator of future revenues from DSL products.

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COMPETITION

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

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

TELECONFERENCE SERVICES

Conference Plus provides operator-assisted and automatic teleconferencing services to customers throughout the U.S. The Company manages

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

Competition in the teleconferencing business is intense and the Company expects that competition will increase due to low barriers to entry and recent entrants into the audio teleconferencing service market.

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

GOVERNMENT REGULATION

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

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

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

PROPRIETARY RIGHTS

The Company's success and future revenue growth will depend, in part, on its ability to protect trade secrets, obtain or license patents and operate without infringing on the rights of others. Although the Company regards its technology as proprietary, it has only one patent on such technology. The

Company expects to seek additional patents from time to time related to its research and development activities. The Company relies on a combination of technical leadership, trade secrets, copyright and trademark law and nondisclosure agreements to protect its unpatented proprietary know-how. There can be no assurance, however, that these measures will provide meaningful protection for the Company's trade secrets or other proprietary information. Moreover, the Company's business and results of operations may be materially adversely affected by competitors who independently develop substantially equivalent technology. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as U.S. law. The telecommunications industry is also characterized by the existence of an increasing number of patents and frequent litigation based on allegations of patent and other intellectual property infringement.

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From time to time, the Company receives communications from third parties alleging infringement of exclusive patent, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that third parties will not assert infringement claims against the Company in the future, that assertions by such parties will not result in costly litigation, or that the Company would prevail in any such litigation or be able to license any valid and infringed patents from third parties on commercially reasonable terms. Further, such litigation, regardless of its outcome, could result in substantial costs to and diversion of effort by the Company. Any infringement claim or other litigation against or by the Company could have a material adverse effect on the Company's business and results of operations.

Many of the Company's products incorporate technology developed and owned by third parties. Consequently, the Company must rely upon third parties to develop and introduce technologies which enhance the Company's current products and enable the Company, in turn, to develop its own products on a timely and cost-effective basis to meet changing customer needs and technological trends in the telecommunications industry. Any impairment or termination of the Company's relationship with any licensors of third-party technology would force the Company to find other developers on a timely basis or develop its own technology. There can be no assurance that the Company will be able to obtain the third-party technology necessary to continue to develop and introduce new and enhanced products, that the Company will obtain third-party technology on commercially reasonable terms or that the Company will be able to replace third-party technology in the event such technology becomes unavailable, obsolete or incompatible with future versions of the Company's products. The absence of or any significant delay in the replacement of third-party technology would have a material adverse effect on the Company's business and results of operations.

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

In addition, AT&T Paradyne has formed a business unit that develops and markets products competitive with the Company's products, such as ADSL. Although this newly-formed business unit does not affect the Company's AT&T License and is an independent unit from the business unit licensing CAP DSL

technology, there can be no assurance that the formation of this business unit will not affect the Company's ability to license CAP DSL technology from AT&T Paradyne after the AT&T License expires. In addition, Lucent Technologies recently announced that it has signed a definitive agreement to sell AT&T Paradyne to Texax Pacific Group, an investment group. The Company's licensing rights of CAP DSL technology under the existing AT&T License will not be affected by that sale. The Company is unable to predict, however, what effect, if any, the sale will have on the Company's relationship with AT&T Paradyne or on AT&T Paradyne's licensing of its CAP DSL technology or future technology to the Company or others.

Rapid technological evolution has resulted in the need to implement strategic alliances with customers and technology suppliers in order to accelerate the time to market for new products. Without such

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relationships and due to the lengthy telco product approval and purchase cycles, the technology may be obsolete by the time it is implemented. Relationships in place with companies such as AT&T Paradyne, Analog Devices, Inc., Motorola and certain customers enable the Company to develop products at the same time that the Company undergoes the product approval and purchase processes for products in development. This can result in much quicker introduction of new products while the technology is still in demand. Westell has cooperation and development relationships with Atlantech Technologies Ltd., a software development company based in Scotland, Scientific Generics, an innovative technology development company based in Cambridge, England, and Sungmi Electronics, an industry leader in the supply of high speed switching, transmission and local access systems based in Seoul, Korea.

EMPLOYEES

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

ITEM 2. PROPERTIES

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

While the Company believes its current facilities are adequate to support its present level of operations, it believes that it will require additional space in the next two years to accommodate additional expansion of its business operations. The Company estimates that its manufacturing facilities are operating at a utilization rate of approximately 50%. In September 1995, the Company entered into an agreement with a real estate developer forming a limited liability company (the "LLC") that is constructing a 173,000 square foot facility in Aurora, Illinois. The Company has entered into a 15-year lease of this facility with the LLC, which term will commence upon the substantial completion of this facility. The Company expects to move a portion of its operations to this new facility by the third quarter of fiscal 1997. The Company will have the option to purchase the facility being developed by the LLC or sell its interest in the LLC. It is the Company's current intent to sell this property when construction is completed, repay any financing and lease the facility from a third party.

ITEM 3. LEGAL PROCEEDINGS

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

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adverse effect on the Company's liquidity and results of operations. The Company is not a party to any other litigation that would have a material adverse effect on the Company or its business and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company effected its initial public offering on November 30, 1995 at a price to the public of \$6.50 per share. The Company's Class A Common Stock is quoted on the Nasdaq National Market under the symbol "WSTL." The following table sets forth for the periods indicated the high and low closing sale prices for the Class A Common Stock as reported on the Nasdaq National Market, which prices reflect the two-for-one Stock Split of the Company's Class A and Class B Common Stock to holders of record on May 20, 1996 and was paid on June 7, 1996 (the "Stock Split").

<TABLE>
<CAPTION>

	High	Low
	-----	-----
	<C>	<C>
Fiscal Year 1996		
Third Quarter (from December 1, 1995)	\$13 13/16	\$ 9 3/4
Fourth Quarter	20	9 5/8
Fiscal Year 1997		
First Quarter (through June 28, 1996)	56	18 5/8

As of June 27, 1996, there were approximately 114 holders of record of the outstanding shares of Class A Common Stock.

Issuance of Class A Common Stock

On June 26, 1996, the Company completed a public offering in which 1,665,000 shares of Class A Common Stock were sold by the Company and 335,000 shares of Class A Common Stock were sold by certain stockholders of the Company for a price to the public of \$39.00 per share. Net proceeds to the Company from the sale of the Class A Common Stock were approximately \$61.6 million and will be used to fund capital equipment purchases and for general corporate purposes including working capital funding.

Dividends

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

ITEM 6. SELECTED FINANCIAL DATA.

The following selected consolidated financial data as of March 31, 1992, 1993, 1994, 1995 and 1996 and for each of the five fiscal years in the period ended March 31, 1996 have been derived from the Company's consolidated financial statements, which have been audited by Arthur Andersen LLP, independent public accountants. The data set forth below is qualified by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Form 10-K

<TABLE>
<CAPTION>

	Fiscal Year Ended March 31,				
	1992	1993	1994	1995	1996
	(in thousands, except per share data)				
	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:					
Revenues	\$33,621	\$43,221	\$51,051	\$74,029	\$83,236
Cost of goods sold	18,974	25,358	30,250	44,494	50,779
Gross margin	14,647	17,863	20,801	29,535	32,457
Operating expenses:					
Sales and marketing	3,839	5,688	8,068	12,169	13,744
Research and development	2,778	5,284	7,695	10,843	12,603
General and administrative	3,123	4,092	5,502	6,701	8,364
Total operating expenses	9,740	15,064	21,265	29,713	34,711
Operating income (loss) from continuing operations	4,907	2,799	(464)	(178)	(2,254)
Other income (expense), net	(5)	(14)	(36)	34	(226)
Interest expense	144	137	176	769	859
Income (loss) from continuing operations before income taxes	4,758	2,648	(676)	(913)	(3,339)
Provision (benefit) for income taxes	1,729	913	(989)	(788)	(1,886)
Income (loss) from continuing operations	3,029	1,735	313	(125)	(1,453)
Discontinued operations (loss)	--	(37)	(100)	(383)	(622)
Net income (loss)	\$ 3,029	\$ 1,698	\$ 213	\$ (508)	\$ (2,075)
Net income (loss) per share: (1)					
Continuing operations	\$ 0.11	\$ 0.06	\$ 0.01	\$ (0.01)	\$ (0.05)
Discontinued operations	--	--	(0.00)	(0.01)	(0.02)
Net income (loss) per share	\$ 0.11	\$ 0.06	\$ 0.01	\$ (0.02)	\$ (0.07)
Dividends declared per share	\$ --	\$ --	\$ --	\$ --	\$ --
Average number of common shares outstanding					
(1)	26,560	27,620	28,486	28,952	30,846

</TABLE>

<TABLE>
<CAPTION>

	March 31,				
	1992	1993	1994	1995	1996

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

</TABLE>

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The Company commenced operations in 1980 as a provider of telecommunications network transmission products that enable advanced telecommunications services over copper telephone wires. Until fiscal 1994, the Company derived substantially all of its revenues from its DS0 and DS1 product lines, particularly the sale of NIUs and related products, which accounted for at least 45% of revenues in each of the last three fiscal years. The Company introduced its first DSL products in fiscal 1993 and these products represented 3.9%, 20.6% and 24.4% of revenues in fiscal 1994, 1995 and 1996, respectively. The Company has also provided audio teleconferencing services since fiscal 1989 and consumer products claims processing services since fiscal 1994. Revenues from audio teleconferencing services constituted 9.2% of the Company's revenues in both fiscal 1995 and 1996. In August 1995, the Company approved a plan for the disposition of KPINS, its consumer products claims processing subsidiary, which is presented in the results of operations as a discontinued operation.

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

The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities. This will require the Company to continue to invest heavily in research and development and sales and marketing, which is expected to adversely affect short-term results of operations. Due to the Company's significant ongoing investment in ADSL technology, the Company anticipates losses in at least the first and second quarters of fiscal 1997. The Company believes that its future revenue growth and profitability will principally depend on its success in increasing sales of ADSL products

and developing new and enhanced DS1 and other DSL products. In view of the Company's reliance on the emerging ADSL market for growth and the unpredictability of orders and subsequent revenues, the Company believes that period to period comparisons of its financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Revenues from DS0 products have declined in recent years as telcos continue to move from analog to digital transmission services. The Company also expects that revenues from NIU products in its DS1 product group may decline as

telcos increase the use of alternative technologies such as HDSL. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change or otherwise, would have a material adverse effect on the Company's business and results of operations.

RESULTS OF OPERATIONS

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

<TABLE>
<CAPTION>

	Fiscal Year Ended March 31,		
	1994	1995	1996
	----	----	----
	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%
Cost of goods sold	59.3	60.1	61.0
	----	----	----
Gross margin	40.7	39.9	39.0
	----	----	----
Operating expenses:			
Sales and marketing	15.8	16.4	16.5
Research and development	15.1	14.6	15.2
General and administrative	10.8	9.1	10.0
	----	----	----
Total operating expenses	41.7	40.1	41.7
	----	----	----
Operating income (loss) from continuing operations		(1.0)	(0.2) (2.7)
Other income (expense), net	0.0	0.0	(0.3)
Interest expense	0.3	1.0	1.0
	----	----	----
Income (loss) from continuing operations before income taxes		(1.3)	(1.2) (4.0)
Provision (benefit) for income taxes		(1.9)	(1.0) (2.3)
	----	----	----
Income (loss) from continuing operations		0.6	(0.2) (1.7)
Discontinued operations (loss)		(0.2)	(0.5) (0.8)
	----	----	----
Net income (loss)	0.4%	(0.7)%	(2.5)%
	----	----	----

</TABLE>

FISCAL YEARS ENDED MARCH 31, 1994, 1995 AND 1996

Revenues. Revenues were \$51.1 million, \$74.0 million and \$83.2 million in fiscal 1994, 1995 and 1996, respectively. Revenues increased 45.0% from fiscal 1994 to 1995 and 12.4% from fiscal 1995 to 1996. The fiscal 1995 increase was primarily a result of a \$13.5 million increase in sales of DSL products, a \$8.8 million increase in sales of DS1 products and a \$1.4 million increase in teleconferencing revenues, which was offset in part by a \$1.3 million decline in revenues from DS0 products. The fiscal 1996 increase was primarily due

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to a \$5.1 million increase in DSL products reflecting shipments to two international customers and a \$3.3 million increase in DS1 product revenues.

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

Sales and Marketing. Sales and marketing expenses were \$8.1 million, \$12.2 million and \$13.7 million in fiscal 1994, 1995 and 1996, respectively, constituting 15.8%, 16.4% and 16.5% of revenues, respectively. These increases

in sales and marketing expenses were primarily due to staff additions, in both domestic and international markets, to support and promote the Company's product lines, particularly ADSL products. The Company believes that continued investment in sales and marketing will be required to expand its product lines, bring new products to market and service customers. The Company anticipates that sales and marketing expenses will continue to increase in absolute dollars.

Research and Development. Research and development expenses were \$7.7 million, \$10.8 million and \$12.6 million in fiscal 1994, 1995 and 1996, respectively, constituting 15.1%, 14.6% and 15.2% of revenues, respectively. These increases in research and development expenses were due primarily to new and existing product development for ADSL and other emerging technology products and were offset in part by customer nonrecurring engineering funding of \$800,000 and \$2.6 million in fiscal 1995 and 1996, respectively. The Company believes that a continued commitment to research and development will be required for the Company to remain competitive and anticipates that research and development costs will increase in absolute dollars.

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

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

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

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QUARTERLY RESULTS OF OPERATIONS

The following tables present the Company's results of operations for each of the last eight fiscal quarters and the percentage relationship of certain items to revenues for the respective periods. The Company believes that the information regarding each of these quarters is prepared on the same basis as the audited Consolidated Financial Statements of the Company appearing elsewhere in this Form 10-K. In the opinion of management, all necessary adjustments (consisting only of normal recurring adjustments) have been included to present fairly the unaudited quarterly results when read in conjunction with the audited Consolidated Financial Statements of the Company and the Notes thereto appearing elsewhere in this Form 10-K. These quarterly results of operations are not necessarily indicative of the results for any future period.

<TABLE>
<CAPTION>

Quarter Ended							
Fiscal 1995				Fiscal 1996			
June 30, 1994	Sept. 30, 1994	Dec. 31, 1994	Mar. 31, 1995	June 30, 1995	Sept. 30, 1995	Dec. 31, 1995	Mar. 31, 1996

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

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<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Discontinued operations (loss)	(82)	(151)	(84)	(65)	(65)	(529)	(24)	(4)
Net income (loss)	\$ 213	\$ (506)	\$ (1,076)	\$ 862	\$ 324	\$ (1,151)	\$ (653)	\$ (595)

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<CAPTION>									
Quarter Ended									
Fiscal 1995				Fiscal 1996					
	June 30, 1994	Sept. 30, 1994	Dec. 31, 1994	Mar. 31, 1995	June 30, 1995	Sept. 30, 1995	Dec. 31, 1995	Mar. 31, 1996	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold . .	56.9	59.3	62.2	61.2	57.0	61.6	62.0	64.0	
Gross margin	43.1	40.7	37.8	38.8	43.0	38.4	38.0	36.0	

Operating expenses:									
Sales and marketing .	16.1	18.1	19.7	13.7	16.4	16.8	17.2	15.6	
Research and development	15.5	16.6	17.3	11.4	13.4	16.4	15.2	15.7	
General and administrative . .	8.9	9.9	10.6	7.6	9.0	10.1	10.5	10.8	
	-----	-----	-----	-----	-----	-----	-----	-----	
Total operating expenses	40.5	44.6	47.6	32.7	38.8	43.3	42.9	42.1	
	-----	-----	-----	-----	-----	-----	-----	-----	
Operating income (loss) from continuing operations	2.6	(3.9)	(9.8)	6.1	4.2	(4.9)	(4.9)	(6.1)	
	-----	-----	-----	-----	-----	-----	-----	-----	
Other income (expense), net	0.1	0.1	0.1	0.0	(1.2)	0.3	0.4	(0.6)	
Interest expense . . .	0.7	1.0	1.5	1.0	1.2	1.3	1.3	0.2	
	-----	-----	-----	-----	-----	-----	-----	-----	
Income (loss) from continuing operations before income taxes .	2.0	(4.8)	(11.2)	5.1	1.8	(5.9)	(5.8)	(6.9)	
Provision (benefit) for income taxes	0.1	(2.6)	(5.0)	1.6	0.1	(2.9)	(2.9)	(3.8)	
	-----	-----	-----	-----	-----	-----	-----	-----	
Income (loss) from continuing operations	1.9	(2.2)	(6.2)	3.5	1.7	(3.0)	(2.9)	(3.1)	
Discontinued operations (loss)	(0.5)	(1.0)	(0.5)	(0.2)	(0.3)	(2.6)	(0.1)	0.0	
	-----	-----	-----	-----	-----	-----	-----	-----	
Net income (loss) . . .	1.4 %	(3.2)%	(6.7)%	3.3%	1.4%	(5.6)%	(3.0)%	(3.1)%	
	=====	=====	=====	=====	=====	=====	=====	=====	

</TABLE>

The Company's revenues increased by \$10.4 million in the fourth quarter of fiscal 1995 compared to the third quarter of fiscal 1995 due primarily to a large shipment of ADSL systems to one customer when this customer received regulatory approval for market trial deployment of ADSL systems. The Company has continued to ship ADSL systems but at a reduced level from that of the fourth quarter of fiscal 1995, which has resulted in a reduction in quarterly revenues compared to the preceding quarter in three of the four

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quarters in fiscal 1996. Gross margin as a percentage of revenues increased from 38.8% in the fourth quarter of fiscal 1995 to 43.0% in the first quarter of fiscal 1996 due to higher margins received on ADSL products. Gross margin as a percentage of revenues declined to 38.4%, 38.0% and 36.0% in the second, third and fourth quarters of fiscal 1996, respectively, as a result of product pricing pressures in the DS1 and DS0 product lines as well as investments in manufacturing infrastructure for anticipated ADSL production. The Company believes that its gross margin in future periods will depend on a number of factors, including market demand for the Company's ADSL products, pricing pressures, competitive technologies and manufacturing expenses. There can be no assurance that the Company will be able to increase gross margins in future periods even if its ADSL products achieve market acceptance.

Operating expenses increased during each quarter of fiscal 1995 and the first three quarters of fiscal 1996 as the Company continued to make significant investments to support anticipated revenue growth. Operating expenses decreased in the fourth quarter of fiscal 1996 primarily as a result of nonrecurring engineering funding from third parties in the amount of \$1.1 million which offset research and development expenses. The Company expects to continue to increase operating expenses to support the development, introduction and promotion of ADSL systems and other new products. As a result of fluctuations in the timing of revenues of ADSL products and increased research and development and sales and marketing expenses, the Company currently anticipates net losses in at least the first and second quarters of fiscal 1997. In addition, the Company recorded approximately \$237,000 of

compensation expense in the third quarter of fiscal 1996 as a result of the issuance of 24,624 shares of Class A Common Stock to employees of the Company. The Company also recorded a charge of approximately \$520,000, net of tax, in the second quarter of fiscal 1996 in connection with the planned disposition of KPINS.

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

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

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LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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The Company had a deferred tax asset of approximately \$4.4 million at March 31, 1996. This deferred tax asset relates to (i) tax credit carryforwards of approximately \$1.8 million, (ii) a net operating loss carryforward of approximately \$740,000 and (iii) temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts measured by tax laws. Of such tax credit carryforwards, the first \$500,000 of credits expire in 2009 and \$321,000 of credits may be carried forward indefinitely. The net operating loss carryforward expires in 2011. The remainder of the deferred tax asset relates to items deductible for financial income reporting purposes which were taxable in accordance with tax regulations. Management has not recorded a valuation allowance and believes that the deferred tax asset will be fully realized based on current estimates of future taxable income, future reversals of existing taxable temporary differences or available tax planning strategies.

On June 26, 1996, the Company completed its public offering of 1,665,000 shares of Class A Common Stock, pursuant to which the Company received approximately \$61.6 million in net proceeds (the "Public Offering"). The Company believes that the net proceeds from this Public Offering, cash and cash equivalents at March 31, 1996, its banks lines of credit and funds generated from operations, if any, will provide adequate liquidity to meet the Company's capital and operating requirements during the fiscal year ended March 31, 1997.

RECENTLY ISSUED ACCOUNTING STANDARDS

During March 1995 and October 1995, respectively, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for

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

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's financial statements required by Item 8, together with the report thereon of the independent accountants dated May 21, 1996 are set forth on pages 47-63 of this report. The financial statement schedules listed under Item 14(a)2, together with the report thereon of the independent accountants dated May 21, 1996 are set forth on pages 64 and 65 of this report and should be read in conjunction with the financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

a. Directors

The directors of the Company are as follows:

<TABLE>
<CAPTION>

Name	Age	Principal Occupation and Other Information
Gary F. Seamans (1)	47	Gary F. Seamans has served as Chairman of the Board of Directors of the Company since February 1991, as a director of the Company since February 1988 and as President and Chief Executive Officer of the Company since January 1988. Prior to joining the Company, Mr. Seamans served as Vice President of Sales and Marketing -- Midwest Division at MCI Communications, Inc. from 1984 to 1987. From 1971 to 1984, Mr. Seamans held a variety of management positions in the operations, engineering, sales, marketing, strategic planning, finance and personnel departments of AT&T.
Robert H. Gaynor (1)(2)	72	Robert H. Gaynor has served as Vice Chairman of the Board of Directors of the Company since December 1991 and as a director of the Company since October 1990. Mr. Gaynor presently serves as Chairman of the Rockhill Workshop, an executive conference at the University of Missouri, Kansas City. From 1958 to 1986, Mr. Gaynor held a variety of executive officer positions at AT&T.
Melvin J. Simon (1)(2)	51	Melvin J. Simon has served as Assistant Secretary and Assistant Treasurer of the Company since July 1995 and as a Director of the Company since August 1992. From August 1992 to July 1995, Mr. Simon served as Secretary and Treasurer of the Company. A Certified Public Accountant, Mr. Simon founded and has served as President of Melvin J. Simon & Associates, Ltd., a public accounting firm, since May 1980.
Stefan D. Abrams (3)	57	Stefan D. Abrams has served as a director of the Company since February 1994. Mr. Abrams has been a Managing Director of The TCW Group, Inc., an investment management firm, since October 1992. From September 1989 to September 1992, Mr. Abrams was a Managing Director of Kidder, Peabody & Company, an investment banking firm.
Michael A. Brunner (3)	62	Michael A. Brunner has served as a director of the Company since December 1994. From May 1985 to February 1992, Mr. Brunner served as President of AT&T Federal Systems, a division of AT&T. Mr. Brunner currently serves as a director of Concurrent Computer Corporation, a computer manufacturer, and as a director and past Chairman of the Leonard Center for Excellence in Engineering of Penn State University.

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

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

Robert D. Faw has served as President of Global Operations since April 1996, as President of Westell International since February 1993 and as Chief Executive Officer of Westell International since August 1993. Mr. Faw served as Executive Vice President, International Operations of the Company from July 1995 to April 1996. Prior to joining the Company, Mr. Faw was Director of International Operations and Business Development Director of Advanced Technologies at AT&T Paradyne Corporation from October 1981 to January 1993.

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

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

Summary Compensation Table

<TABLE>
<CAPTION>

Name and Principal Position	Annual Compensation			All Other Bonus	Compensation (1)(2)
	Fiscal Year	Year	Salary		
<S>	<C>	<C>	<C>	<C>	
Gary F. Seamans Chairman of the Board, President and Chief Executive Officer	1996	1995	\$275,000 231,000	\$212,800 3,205	\$ 5,136
Curtis L. Benton					

Executive Vice President and Chief				
Administration Officer	1996	153,000	69,600	6,454
	1995	139,000	124,382	3,162
J. William Nelson				
President of U.S. Operations	1996	152,000	69,600	4,435
	1995	138,000	124,790	2,707
Michael F. Lathrope				
Senior Vice President of Product				
Development and Chief Technology				
Officer	1996	140,000	42,400	4,366
	1995	130,000	71,896	2,395
Robert D. Faw				
President of Global Operations	1996	120,000	42,000	1,845
	1995	105,000	67,500	988

</TABLE>

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

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

Director Compensation

Directors who are not employees of the Company each receive \$20,000 per year for services rendered as directors, except Mr. Gaynor who receives \$30,000 per year as Vice Chairman. In addition, all directors may be reimbursed for certain expenses incurred in connection with attendance at Board and committee

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meetings. Other than with respect to reimbursement of expenses, directors who are employees of the Company do not receive additional compensation for service as a director. In connection with his election as a director of the Operating Company in November 1995, Mr. Dwyer was granted an option to purchase 89,900 shares of Class A Common Stock at an exercise price of \$6.50 per share. Mr. Dwyer's options vest at a rate of 1,872 shares per month commencing January 1, 1996.

Board Committees

The Board of Directors has established three standing committees: the Audit Committee (comprised of Messrs. Gaynor, Simon and Wade), the Compensation Committee (comprised of Messrs. Gaynor, Simon and Wade) and the Executive Committee (comprised of Messrs. Seamans, Gaynor and Simon). The Audit Committee recommends the appointment of auditors and oversees the accounting and audit functions of the Company. The Compensation Committee determines executive officers' salaries and bonuses and administers the Stock Purchase Plan and the Stock Incentive Plan. The Executive Committee has the authority to take all actions that the Board of Directors as a whole would be able to take, except as limited by applicable law.

Compensation Committee Interlocks and Insider Participations

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

past.

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

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

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

Stock Plans

Employee Stock Purchase Plan. The Company has reserved an aggregate of 217,950 shares of Class A Common Stock for issuance under the Company's Employee Stock Purchase Plan (the "Purchase Plan"). The Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and will permit eligible employees of the Company to purchase Class A Common Stock through payroll deductions of up to 10% (or such larger percentage up to 25%, as the Stock Incentive Committee administering the Purchase Plan may in the future determine) of their compensation, provided that no employee may purchase more than \$10,000 (or such larger amount, up to \$25,000, as the Stock Incentive Committee may, in the future, determine) worth of stock in any calendar year. The Purchase Plan has four three-month offering periods, each beginning on January 1, March 1, July 1 and September 1 of each year, with the first offering period commencing on January 1, 1996. The price of Class A Common Stock purchased under the Purchase Plan will be not less than 85% of the fair market value of the Class A

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Common Stock on the date of purchase. The Purchase Plan will be administered by the Stock Incentive Committee. The Board will be able to amend or terminate the Purchase Plan at any time. However, the Board will not be able to, without stockholder approval, materially increase the number of shares of Class A Common Stock available for issuance or materially modify the eligibility requirements for participation or the benefits available to participants.

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

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

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

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

401(k) Plan

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

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fiscal 1996, the Company made matching contributions of approximately \$229,000. In addition, the 401(k) Plan allows the Company to make discretionary profit-sharing contributions to participants. Each participant's deferred salary contributions vest immediately, and Company contributions vest over a period of five years. The 401(k) Plan is intended to qualify under Section 401 of the Code so that contributions by participants to the 401(k) Plan, and income earned on plan contributions, are not taxable to participants until withdrawn from the 401(k) Plan.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of June 27, 1996 regarding the beneficial ownership of the Company's Class A Common Stock and Class B Common Stock (collectively, the "Common Stock") by (i) each stockholder known by the Company to be the beneficial owner of more than five percent of the outstanding shares of the Company's Common Stock, (ii) each director of the Company, (iii) each Named Executive Officer, and (iv) all directors and executive officers of the Company as a group. Except as otherwise indicated, the Company believes that the beneficial owners of the Common Stock listed below, based on information provided by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

<TABLE>
<CAPTION>

Stockholders, Named Executive Officers and Directors	Number of Class A Shares	Number of Class B Shares(1)	Percent of Total Voting Power(2)
Robert C. Penny III	--	19,814,368(3)	78.4%
Melvin J. Simon	--	20,063,456(3)(4)	79.3%
Gary F. Seamans	124,544(5)	1,553,678	6.3%
Robert H. Gaynor	259,608	--	*
Curtis L. Benton	780,974	--	*
Michael F. Lathrope	645,414	--	*
J. William Nelson	313,851	--	*
Robert D. Faw	124,544	--	*
Stefan D. Abrams	261,211	--	*
Michael A. Brunner	116,241	--	*
Paul A. Dwyer	14,976(6)	--	*
Ormand J. Wade	106,285	--	*
All directors and executive officers as a group (15 persons)	2,987,944	21,617,134	88.4%

* Less than 1%

- (1) Holders of Class B Common Stock have four votes per share and holders of Class A Common Stock have one vote per share. Class A Common Stock is freely transferable and Class B Common Stock is transferable only to certain transferees but is convertible into Class A Common Stock on a share-for-share basis.
- (2) Percentage of beneficial ownership is based on 14,687,848 shares of Class A Common Stock and 21,617,134 shares of Class B Common Stock outstanding as of June 27, 1996.
- (3) Includes 19,814,368 shares of Class B Common Stock held by Messrs. Penny and Simon as Trustees pursuant to a Voting Trust Agreement dated February 23, 1994, as amended (the "Voting Trust"), among Robert C. Penny III and Melvin J. Simon, as trustees (the "Trustees") and members of the Penny family (as defined in the Voting Trust Agreement) and Simon family (as defined in the Voting Trust Agreement). The Trustees have joint voting and dispositive power over all shares in the Voting Trust. Messrs. Penny and Simon each disclaim beneficial ownership with respect to all shares held in the Voting Trust in which they do not have a pecuniary interest. The Voting Trust contains 6,215,377 shares held for the benefit of Mr. Penny's immediate family and 902,310 shares held for the benefit of Mr.

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Simon's immediate family. The address for Messrs. Penny and Simon is Melvin J. Simon & Associates, Ltd., 4343 Commerce Court, Suite 114, Lisle, Illinois 60532.

- (4) Includes 249,088 shares held in trust for the benefit of Shawn F. Seamans, Gary F. Seaman's son, for which Mr. Simon is trustee and has sole voting and dispositive power. Mr. Simon disclaims beneficial ownership of these shares.
- (5) Represents shares held in trusts for the benefit of J. William Nelson's children for which Mr. Seamans is trustee and has sole voting and dispositive power. Mr. Seamans disclaims beneficial ownership of these shares.
- (6) Includes options to purchase 14,976 shares that are exercisable within 60 days of May 31, 1996, but does not include options to purchase 78,668 shares which are not presently exercisable.

VOTING TRUST AND STOCK TRANSFER RESTRICTION AGREEMENT

All Common Stock held for the benefit of members of the Penny family and the Simon family, which represents 54.6% of the outstanding shares of Common Stock and 78.4% of the voting power of the Company, is held pursuant to a Voting Trust Agreement dated February 23, 1994, as amended, and is registered in the names of Robert C. Penny III and Melvin J. Simon, as Trustees. Under the Voting Trust, the Trustees have all rights of stockholders, including full voting and investment power. All decisions of the Trustees require joint approval. The beneficiaries (the "Beneficiaries") of the Voting Trust receive all cash dividends and distributions paid on the shares held in the Voting Trust. The Beneficiaries may not withdraw shares held in the Voting Trust without the consent of the Trustees. In addition, members of the Penny family may not transfer their beneficial interests in the Voting Trust without complying with the rights of first refusal described below. Beneficiaries representing 75% of the voting power of the shares held in the Voting Trust may amend the Voting Trust or remove the Trustees at any time. The Voting Trust continues until May 2015 unless earlier terminated or extended.

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

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

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

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) (1) Financial Statements

The consolidated financial statements of Westell Technologies, Inc. for the fiscal year ended March 31, 1996, together with the Report of Independent Accountants, are set forth on pages 47 through 63 of this Report.

The supplemental financial information listed and appearing hereafter should be read in conjunction with the consolidated financial statements included in the report.

(2) Financial Statement Schedules

The following are included in Part IV of this Report for each of the years ended March 31, 1994, 1995 and 1996 as applicable:

Report of Independent Public Accountants - page 64

Schedule II - Valuation and Qualifying Accounts - page 65

Financial statement schedules not included in this report have been omitted either because they are not applicable or because the required information is shown in the consolidated financial statements or notes thereto, included in this report.

(3) Exhibits

- 3.1 Amended and Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.2 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 3.2 Amended and Restated By-laws (incorporated herein by reference to Exhibit 3.3 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 9.1 Voting Trust Agreement dated February 23, 1994, as amended (incorporated herein by reference to Exhibit 9.1 to Westell Technologies,

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

- *10.1 Form of Restricted Stock Award granted by the Company to its officers and directors other than Gary F. Seamans and Melvin J. Simon (incorporated herein by reference to Exhibit 10.1 to the Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- *10.2 Restricted Stock Award granted December 17, 1991 by the Company to Gary F. Seamans (incorporated herein by reference to Exhibit 10.2 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- *10.3 Form of Restricted Stock Awards granted by the Company to Gary F. Seamans and Melvin J. Simon (incorporated herein by reference to Exhibit 10.3 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

- 10.4 Stock Transfer Restriction Agreement entered into by members of the Penny family, as amended, (incorporated herein by reference to Exhibits 10.4 and 10.16 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.5 Form of Registration Rights Agreement among the Company and Robert C. Penny III and Melvin J. Simon, as trustees of the Voting Trust dated February 23, 1994 (incorporated herein by reference to Exhibit 10.5 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- *10.6 1995 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.6 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- *10.7 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.7 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.8 Consulting Agreement dated July 28, 1988 between Florence Penny and Westell, Inc. (incorporated herein by reference to Exhibit 10.8 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.9 Lease Agreement dated July 15, 1986 between Kendall Point Associates, Ltd. and Westell, Inc., as amended on August 26, 1991 (incorporated herein by reference to Exhibit 10.9 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.10 Limited Liability Company Operating Agreement dated as of September 23, 1995 by Westell, Inc. and Kingstand Properties, Ltd. (incorporated herein by reference to Exhibit 10.10 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.11 Lease dated September 25, 1995 between Westell-Meridian L.L.C. and Westell, Inc. (incorporated herein by reference to Exhibit 10.11 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.12 Credit Agreement dated March 7, 1995 between the Company and Bank One Chicago, N.A. (incorporated herein by reference to Exhibit 10.12 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

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- +10.13 Cooperation and Development Agreement between Westell, Inc. and AT&T Paradyne Corporation, as amended and supplemented (incorporated herein by reference to Exhibits 10.13 and 10.15 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.14 Agreement dated September 13, 1988 between Richard Riviere and Westell Technologies, Inc., as amended (incorporated herein by

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

- +10.15 Exhibits G and H to Cooperation and Development Agreement dated March 4, 1996 between Westell Technologies, Inc. and AT&T Paradyne Corporation (incorporated herein by reference to the exhibit of equivalent number to the Company's Registration Statement on Form S-1, as amended, Registration No. 333-4973).
- 10.16 Credit Agreement dated April 30, 1996 between the Company and Bank One Chicago, N.A. (incorporated herein by reference to the exhibit of equivalent number to the Company's Registration Statement on Form S-1, as amended, Registration No. 333-4973).
- 10.17 Lease for Three National Plaza at Woodfield dated December 24, 1991 by and between the First National Bank of Boston, as Trustee pursuant to that certain Pooling and Security Agreement dated April 1, 1988, and Conference Plus, Inc., as amended and modified.
- 10.18 Lease dated December 10, 1993 between LaSalle National Trust, N.A., as Trustee under Trust Agreement dated August 1, 1979, known as Trust No. 101293, and Westell Incorporated, as amended and modified.
- 21.1 Subsidiaries of the Registrant (incorporated herein by reference to Exhibit 21.1 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 23.1 Consent of Arthur Andersen LLP.
- 27 Financial Data Schedule.

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

* Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed for the three months ended March 31, 1996.

(c) Exhibits

The exhibits filed as part of this Annual Report on Form 10-K are as specified in Item 14(a)(3) herein.

(d) Financial Statement Schedules

The financial statement schedules filed as part of this Annual Report on Form 10-K are as specified in item 14(a)(2) herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on June 28, 1996.

WESTELL TECHNOLOGIES, INC.

By/s/ GARY F. SEAMANS

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

Pursuant to the requirements of the Securities Exchange Act of 1934,
 this report has been signed below by the following persons on behalf of the
 registrant and in the capacities and on the dates indicated:

<TABLE>

<CAPTION>

Signature	Title	Date
<S> /s/ GARY F. SEAMANS	<C> Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	<C> June 28, 1996
Gary F. Seamans /s/ ROBERT H. GAYNOR	Vice-Chairman of the Board of Directors	June 28, 1996
Robert H. Gaynor /s/ MELVIN J. SIMON	Assistant Secretary and Treasurer and Director	June 28, 1996
Melvin J. Simon /s/ STEPHEN J. HAWRYSZ	Chief Financial Officer, Vice President, Secretary and Treasurer (Principal Financial Officer and Principal Accounting Officer)	June 28, 1996
Stephen J. Hawrysz /s/ STEFAN D. ABRAMS	Director	June 28, 1996
Stefan D. Abrams /s/ MICHAEL A. BRUNNER	Director	June 28, 1996
Michael A. Brunner /s/ PAUL A. DWYER	Director	June 28, 1996
Paul A. Dwyer /s/ ORMAND J. WADE	Director	June 28, 1996
Ormand J. Wade		

</TABLE>

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
 AND SUPPLEMENTARY DATA

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Consolidated Balance Sheets -- March 31, 1995 and 1996	48
Consolidated Statements of Operations for the years ended March 31, 1994, 1995 and 1996	50
Consolidated Statements of Stockholders' Equity for the years ended March 31, 1994, 1995 and 1996	51
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

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

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

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

ARTHUR ANDERSEN LLP

Chicago, Illinois
May 21, 1996

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>
<CAPTION>

March 31,

1995 1996

(in thousands)
<C> <C>

<S>
Current assets:
Cash and cash equivalents \$ 450 \$21,789
Accounts receivable (net of allowance of \$364,000 and \$462,000, respectively) . . 12,613 10,217
Inventories 14,209 10,684
Prepaid expenses and deposits 609 745
Refundable income taxes 195 444

Deferred income tax asset	2,400	1,868
Land and building construction held for sale	--	4,431
	-----	-----
Total current assets	30,476	50,178
	-----	-----
Property and equipment:		
Machinery and equipment	8,762	9,933
Office, computer and research equipment	7,136	11,520
Leasehold improvements	1,287	1,387
	-----	-----
	17,185	22,840
Less accumulated depreciation and amortization		7,499 11,188
	-----	-----
Property and equipment, net	9,686	11,652
	-----	-----
Deferred income tax asset and other assets		114 2,618
	-----	-----
Total assets	\$40,276	\$64,448
	=====	=====

</TABLE>

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

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>

<CAPTION>

	March 31,	
	1995	1996
	-----	-----
	(in thousands)	
	<C>	<C>
Current liabilities:		
Accounts payable	\$ 9,383	\$ 7,643
Accrued expenses	3,341	3,899
Accrued compensation	3,087	2,995
Current portion of long-term debt	1,332	1,591
Revolving promissory notes	11,089	--
Construction Financing	--	2,968
Deferred revenue	964	2,341
	-----	-----
Total current liabilities	29,196	21,437
	-----	-----
Long-term debt	2,797	2,836
	-----	-----
Other long-term liabilities	525	1,040
	-----	-----
Deferred income taxes	200	150
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Class A common stock, par \$0.01	289	128
Authorized -- 43,500,000 shares		
Issued and outstanding -- 28,928,196 at March 31, 1995 and 12,801,606 at March 31, 1996		
Class B common stock, par \$0.01	--	218
Authorized -- 25,000,000 shares		
Issued and outstanding -- 21,838,376 shares at March 31, 1996		
Preferred stock, par \$0.01	--	--
Authorized -- 1,000,000 shares		

Issued and outstanding -- none		
Additional paid-in capital	781	34,285
Cumulative translation adjustment	--	(59)
Retained earnings	6,488	4,413
	-----	-----
Total stockholders' equity	7,558	38,985
	-----	-----
Total liabilities and stockholders' equity	\$40,276	\$64,448
	=====	=====

</TABLE>

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

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

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

</TABLE>

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

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

</TABLE>

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Fiscal Year Ended March 31,		
	1994	1995	1996
	(in thousands)		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	\$ 213	\$ (508)	\$(2,075)
Reconciliation of net income to net cash provided by (used in) operating activities:			

Depreciation and amortization	1,732	3,355	4,286
Stock awards	70	64	232
Deferred taxes	(217)	(1,527)	(2,080)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,677)	(5,642)	2,359
(Increase) decrease in inventories	(3,883)	(3,285)	3,509
(Increase) decrease in prepaid expenses and deposits	(395)	26	(136)
(Increase) decrease in refundable income taxes	(868)	823	(249)
Increase (decrease) in accounts payable and accrued expenses		3,286	6,066 (667)
Increase (decrease) in accrued compensation		133	1,496 (92)
Increase (decrease) in deferred revenues	7,179	(6,215)	1,377
	-----	-----	-----
Net cash provided by (used in) operating activities	3,573	(5,347)	6,464
	-----	-----	-----
Cash flows from investing activities:			
Purchases of property and equipment	(1,535)	(4,913)	(4,529)
Proceeds from sale of equipment	--	263	--
Long term equipment deposit	(1,396)	1,396	--
(Increase) decrease in other assets	(38)	(75)	58
Purchase of land held for sale	--	--	(1,463)
	-----	-----	-----
Net cash used in investing activities	(2,969)	(3,329)	(5,934)
	-----	-----	-----
Cash flows from financing activities:			
Net borrowings (repayment) under revolving promissory notes	--	9,389	(11,089)
Repayment of long-term debt and leases payable	(528)	(897)	(1,425)
Proceeds from issuance of Common Stock	--	--	33,329
	-----	-----	-----
Net cash provided by (used in) financing activities	(528)	8,492	20,815
	-----	-----	-----
Effect of exchange rate changes on cash	--	--	(6)
Net increase (decrease) in cash and cash equivalents	76	(184)	21,339
Cash and cash equivalents, beginning of period	558	634	450
	-----	-----	-----
Cash and cash equivalents, end of period	\$ 634	\$ 450	\$21,789
	=====	=====	=====

</TABLE>

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

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACCOUNTING POLICIES:

Description of Business

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

Principals of Consolidation

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

Cash and Cash Equivalents

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

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Inventories

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

<TABLE>
<CAPTION>

	March 31,	
	1995	1996
	-----	-----
	-----	-----
	(in thousands)	
	<C>	<C>
<S>		
Raw materials	\$ 8,896	\$ 6,784
Work in process	1,057	845
Finished goods	5,256	4,205
Reserve for excess and obsolete inventory . .	(1,000)	(1,150)
	-----	-----
	\$14,209	\$10,684
	=====	=====

</TABLE>

Property and Equipment

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

Revenue Recognition

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

Product Warranties

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

Deferred Revenue

Deferred revenue represents prepayments for goods or services.

Research and Development Costs

Engineering and product development costs are charged to expense as

incurred.

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Supplemental Cash Flow Disclosures

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

<TABLE>
<CAPTION>

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

</TABLE>

Disclosures About Fair Value of Financial Instruments

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

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

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

Use of Estimates

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

Foreign Currency Translation

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

in exchange rates from period to period are included in the foreign currency translation adjustments account in stockholders' equity.

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

Computation of Net Income (Loss) Per Share

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

Geographic Information

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

<TABLE>
 <CAPTION>

	Domestic	International	Total
	(in thousands)		
<S>	<C>	<C>	<C>
Revenue	\$ 63,445	\$19,791	\$83,236
Operating income (loss) from continuing operations	(6,191)	3,937	(2,254)
Identifiable assets	57,623	6,825	64,448

</TABLE>

NOTE 2. REVOLVING PROMISSORY NOTES:

The Company has secured revolving promissory notes with a bank which enable the Company to borrow up to \$14.6 million and \$18.5 million as of March 31, 1995 and 1996, respectively, and are due on demand. The notes bear interest at the bank's prime rate (9.0% and 8.25% at March 31, 1995 and 1996, respectively), and are secured by substantially all of the assets of the Company. At March 31, 1995 and 1996, the Company had \$11.1 million and \$0 million borrowed under the revolving notes, respectively. The Company also had an available equipment line of \$3.0 and \$6.4 million with the same bank as of March 31, 1995 and 1996, respectively. Borrowings under this line totaled \$1.8 million and \$3.8 million at March 31, 1995 and 1996, respectively, and are included as installment notes payable to a bank described in Note 3.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3. LONG-TERM DEBT:

Long-term debt consists of the following:

<TABLE>
<CAPTION>

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

</TABLE>

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

<S>	<C>
1997	\$1,591
1998	1,512
1999	728
2000	397
2001	199

	\$4,427
	=====

</TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4. INCOME TAXES:

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

<TABLE>
<CAPTION>

	Fiscal Year Ended March 31,		
	1994	1995	1996
	(in thousands)		
	<C>	<C>	<C>
<S>			
Federal:			
Current	\$ (669)	\$ 300	\$ --
Deferred	(173)	(1,161)	(1,965)
	-----	-----	-----
	(842)	(861)	(1,965)
	-----	-----	-----
State:			
Current	(167)	--	--
Deferred	(43)	(171)	(315)
	-----	-----	-----
	(210)	(171)	(315)

Total	<u>\$(1,052)</u>	<u>\$(1,032)</u>	<u>\$(2,280)</u>
-------------	------------------	------------------	------------------

</TABLE>

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

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

<TABLE>
<CAPTION>

	Fiscal Year Ended March 31,		
	1994	1995	1996
<S>	<C>	<C>	<C>
Statutory federal income tax rate		(34.0)%	(34.0)% (34.0)%
Meals and entertainment	2.9	5.3	1.9
State income tax, net of federal tax effect		(4.9)	(4.9) (4.9)
Income tax credits utilized	(86.3)	(41.1)	(18.2)
Other	(3.1)	7.7	2.8
	<u>(125.4)%</u>	<u>(67.0)%</u>	<u>(52.4)%</u>

</TABLE>

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

<TABLE>
<CAPTION>

	March 31,	
	1995	1996
	(in thousands)	
<S>	<C>	<C>
Deferred income tax assets:		
Allowance for doubtful accounts	\$ 155	\$ 189
Alternative minimum tax credit	486	321
Research and development credit carryforward	500	1,501
Compensation accruals	260	246
Inventory reserves	486	617
Warranty reserve	407	419
Net operating loss carryforward	--	740
Reserve for discontinued operations	--	330
Other	306	67
	<u>2,600</u>	<u>4,430</u>
Deferred income tax liabilities:		
Property and equipment	112	--
Other	288	150
	<u>400</u>	<u>150</u>
Net deferred income tax asset	<u>\$2,200</u>	<u>\$4,280</u>

</TABLE>

Management has not recorded a valuation allowance because it believes

that the deferred tax asset will be fully realized based on current estimates of future taxable income, future reversals of existing taxable temporary differences or available tax planning strategies.

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

NOTE 5. LEASE COMMITMENTS:

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

<TABLE>

<S>	<C>
1997	\$1,013
1998	840
1999	337
2000	265
2001	--
Thereafter	--

	\$2,455
	=====

</TABLE>

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

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

In addition, in September 1995, the Company entered into a 15 year lease with the LLC for the facility being developed by the LLC. Lease payments will be based upon construction costs and permanent financing arrangements and will be determined upon building completion.

NOTE 6. CAPITAL TRANSACTIONS AND STOCK RESTRICTION AGREEMENTS:

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

During fiscal 1994, common stock awards equal to 312,330 shares were granted by the Company to certain employees. The number of restricted shares vested at March 31, 1994, 1995 and 1996 for these stock awards and others previously granted was 397,565; 674,724 and 740,807 shares, respectively. The Company valued the stock awards granted during fiscal 1994 at \$1.03 per share. This valuation was based on

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

independent appraisals done at the approximate date of the grants. Compensation expense of \$70,000, \$64,000 and \$68,000 was recognized in fiscal 1994, 1995, 1996, respectively, based on the fair market value of the shares granted. The remaining compensation expense to be recognized is \$117,000 which will be recognized through fiscal 1998 as the stock awards vest. In addition, the Company granted additional compensation to reimburse certain individuals for related income taxes on stock awards granted during fiscal 1994 in the amount of \$244,000.

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

NOTE 7. BENEFIT PLAN:

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

NOTE 8. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT:

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

<TABLE>
<CAPTION>

	Fiscal Year Ended March 31,		
	1994	1995	1996
<S>	<C>	<C>	<C>
Customer A	13.0%	25.0%	5.8%
Customer B	10.8	14.4	12.0
Customer C	9.7	10.5	9.9
Customer D	15.5	8.9	10.4
Customer E	10.7	7.0	6.8
Customer F	--	--	11.1

</TABLE>

Major telephone companies comprise a significant portion of the Company's trade receivables. One customer represented 20.0% of the trade receivables balance at March 31, 1995 and four customers represented 51.6% of the trade receivables balance at March 31, 1996.

NOTE 9. COMMITMENTS AND CONTINGENCIES:

In January 1995, a former officer of a subsidiary of the Company filed a suit against the Company alleging damages suffered as a result of wrongful termination and breach of contract. Management believes the suit is without merit and intends to contest the suit vigorously. While the final outcome of this lawsuit

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

cannot be determined with certainty, management believes the former officer was released for cause under the terms of an existing agreement and that the ultimate outcome will not have a material adverse effect on the Company's business and results of operations or its financial position.

NOTE 10. DISCONTINUED OPERATIONS:

Effective May 1, 1994, the Company acquired the assets of Key Prestige, Inc. ("KPI") for approximately \$200,000 in cash and assumed liabilities of approximately \$190,000. The purchase price was allocated to the assets and liabilities of KPI based on their relative fair values. Approximately \$340,000 was allocated to fixed assets and \$50,000 to a non-compete agreement. KPI was merged with Information Network Systems, Inc. to form KPINS in fiscal 1995. The acquisition, which was accounted for as a purchase, was funded with proceeds from the revolving promissory notes described in Note 2.

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

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

Loss from discontinued operations	\$622,000
	=====
</TABLE>	

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

Summarized financial information of KPINS is as follows:

<TABLE>	
<CAPTION>	
	Fiscal Year Ended March 31,

	1994 1995 1996

	(in thousands)
<S>	<C> <C> <C>
Revenues	\$138 \$3,765 \$3,263
Current assets	296 992 731

Net property, plant and equipment	77	497	301
Total liabilities, excluding intercompany payables	115	664	366

</TABLE>

NOTE 11. STOCK RECAPITALIZATION:

In July 1995, the Company recapitalized its common stock to increase the number of authorized shares from 14,500,000 shares of common stock to 17,400,000 shares of Class A Common Stock and 11,605,858 shares of Class B Common Stock and created Class A Common Stock with voting rights of one

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

vote per share and Class B Common Stock with voting rights of four votes per share. On November 30, 1995, the Company filed an Amended and Restated Certificate of Incorporation that increased the amount of authorized capital stock to 43,500,000 shares of Class A Common Stock, par value \$0.01 per share, 25,000,000 shares of Class B Common Stock, par value \$0.01 per share, and 1,000,000 shares of undesignated Preferred Stock, par value \$0.01 per share, and effected a 29-for-1 stock split of the Class A and Class B Common Stock.

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

NOTE 12. STOCK PLANS:

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

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

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

EVENT (UNAUDITED) SUBSEQUENT TO DATE OF AUDITORS' REPORT

NOTE 13. COMMON STOCK ISSUANCE:

On June 20, 1996, the Company sold 1,665,000 shares of Class A Common Stock in a public stock offering. Net proceeds to the Company from the sale of

the Class A Common Stock were approximately \$61.6 million and will be used to fund capital equipment purchases and for general corporate purposes including working capital funding. Pending such uses, the Company intends to invest the proceeds in short-term interest-bearing securities.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited, in accordance with generally accepted auditing standards, the financial statements of Westell Technologies, Inc. and its Subsidiaries included in this Annual Report on Form 10-K and have issued our report thereon dated May 21, 1996. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II, Valuation and Qualifying Accounts, included herein on page 65 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
May 21, 1996

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WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

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

<TABLE>
<CAPTION>

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

</TABLE>

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THREE NATIONAL PLAZA AT WOODFIELD

LEASE WITH

CONFERENCE PLUS

TENANT

LEASING AGENTS

MIGLIN-BEITLER MANAGEMENT CORPORATION
181 West Madison Street
Suite 3900
Chicago, Illinois 60602

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LEASE
FOR
THREE NATIONAL PLAZA AT WOODFIELD

THIS LEASE is made and entered into at Chicago, Illinois, as of the 24th day of December, 1991, by and between THE FIRST NATIONAL BANK OF BOSTON, as Trustee (the "REMIC Trustee") pursuant to that certain Pooling and Servicing Agreement dated as of April 1, 1988 by and among CIGNA Mortgage Securities, Inc. and CIGNA INVESTMENTS, INC., as Servicer ("Servicer") (the REMIC Trustee and Servicer are collectively referred to herein as the "Landlord"), and CONFERENCE PLUS, a _____ corporation, (the "Tenant") as follows:

1. LEASE OF PREMISES. The Landlord hereby leases to the Tenant and the Tenant hereby accepts the lease of the premises consisting of that certain office space shown outlined in red or a heavy line on the plan attached hereto as Exhibit A and incorporated herein by reference (the "Premises") located on the THIRD (3rd) floor in the office building (the "Building") located on the real estate commonly known as THREE NATIONAL PLAZA AT WOODFIELD, located at 999 Plaza Drive, Schaumburg, Illinois (the "Real Estate"). The Building and the Real Estate together with the vehicular drives, the above and below ground parking facilities, the easement areas appurtenant thereto and all other structures and improvements now or hereinafter located upon the Real Estate are hereinafter sometimes collectively referred to as the "Property". It is mutually agreed that the Premises contain 969 rentable square feet.

2. TERM. The said lease of the Premises is for the term of FIVE (5) YEARS commencing on the 1st day of March, 1992 and ending on the last day of February, 1997 (the "Term"), unless sooner terminated as hereinafter provided.

3. RENT. Tenant will pay to Landlord's rental agents, MIGLIN-BEITLER MANAGEMENT CORPORATION, (the "Rental Agents") at 181 West Madison Street, Suite 3900, Chicago, Illinois 60602, or to such other persons or at such other places as the Landlord may direct from time to time by written notice to the Tenant, in coin or currency which at the time of payment is legal tender for the payment of public and private debts in the United States of America, without setoff, recoupment or deduction whatsoever and, except as hereinafter provided, without demand or billing, the aggregate of the following, all of which are hereby declared to be "Rent".

A. As annual "Base Rent" and monthly installments of Base Rent, the following sums are due and payable during the Term of this Lease:

<TABLE>
<CAPTION>

MONTH OF TERM	RATE PER SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT	ANNUAL BASE RENT
<S>	<C>	<C>	<C>
1 - 12	\$5.25	\$423.94	\$5,087.25
13 - 24	5.36	432.82	5,193.84
25 - 36	5.47	441.70	5,300.43
37 - 48	5.58	450.59	5,407.02
49 - 60	5.69	459.47	5,513.61

Notwithstanding the foregoing, the first monthly installment of Base Rent will be paid by the Tenant concurrently with the execution of this Lease;

B. The "Rent Adjustments", "Tenant's Proportionate Share of Operating Expenses", "Rent Adjustment Deposits" and "Operating Expense Deposits" (hereinafter defined);

C. Interest at the "Default Rate" from the due date of each payment of Rent due under this Lease until paid. The phrase "Default Rate" means the lower of" (i) the highest lawful rate, or (ii) a rate of interest equal to the sum of three percent (3 %) plus the "Prime Rate". The phrase "Prime Rate" means that rate of interest most recently announced by the First National Bank Of Chicago ("First") as its prime rate or base rate, changing simultaneously and automatically with each announced change by First in its prime rate or its base rate, such change to be effective as of and on the date announced by First as the effective date for the change in its said prime rate or base rate. A certificate made by an officer of First stating its prime rate or its base rate in effect on a certain day or prime rates or base rates in effect during a certain period shall, for the purposes hereof, be conclusive evidence of First's prime rate or rates or base rate or rates on said day or such period, as may be stated in any such certificate. In the event First ceases to use the term Prime Rate in setting a base rate of interest for commercial loans, then the Prime Rate herein shall be determined by reference to be the rate used by First as a base rate of interest for commercial loans as the same shall be designated by First to the Landlord. In the event First shall discontinue to announce and/or publish a prime rate or base rate, Landlord shall substitute therefor, in Landlord's judgment reasonably exercised, the prime rate or base rate or similar rate of interest announced or published by a major United States bank or major business publication or financial publication.

In the event the Term of this Lease commences on a day other than the first day of a calendar month or in the event that this Lease ends prior to the end of a twelve month period or ends on a day other than the last day of a calendar month, the

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Rent for such month or such period shall be prorated. Tenant's covenant to pay Base Rent is independent of every other covenant set forth in this Lease.

D. All other payments required to be made by the Tenant under this Lease.

4. OPERATING EXPENSES.

A. DEFINITIONS. For the purposes of this Lease, the following terms, words or phrases shall have the meanings and definitions described in this subsection 4A:

(i) "Base Year" means that calendar year which includes the date of commencement of the term of this Lease described in Section 2.

(ii) "Lease Year" for the purposes of the Base Year means that period of time from and including the earlier of (x) the date of the commencement of the Term of this Lease, or (y) the day upon which Tenant occupies the Premises through December 31, of said calendar year and, thereafter, "Lease Year" means a consecutive twelve month period commencing January 1 and ending December 31, both inclusive. In the event the term of this Lease ends on a date other than December 31, then in such event, "Lease Year" also means that period ending on the date of expiration of the term of this Lease and commencing on the immediately preceding January 1.

(iii) "TENANT'S PROPORTIONATE SHARE" means 969/134,249, or 0.7218 percent.

(iv) "OPERATING EXPENSES" means Taxes (as hereinafter defined) and all costs, expenses and disbursements of every kind, nature or description, paid or incurred by the Landlord or its beneficiaries relating to the ownership, management, operation, maintenance and repair of the Property and the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith, including, but not limited to: the costs of electricity, steam, water, fuel, heating, lighting, air conditioning, window cleaning, janitorial services; insurance (including, but not limited to, fire, extended coverage, liability, workmen's compensation, elevator or any other insurance carried in good faith by the Landlord and applicable to the Property or the said personal property); painting; uniforms; customary management fees; supplies; sundries; sale or use taxes on supplies or services; costs of wages and salaries of all persons at and below the level of building manager engaged in the operation, maintenance and repair of the Property and so-called "fringe benefits" (including, but not limited to, social security taxes, unemployment insurance taxes, costs for providing coverage for disability benefits, costs for any pensions, hospitalization, welfare or retirement plans, vacation or severance pay, or any other similar or

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like expense incurred under the provisions of any collective bargaining agreement, or any costs or expenses which the Landlord, or its beneficiaries, pays or incurs to provide benefits for employees so engaged in the operation, maintenance and repair of the Property); the charges of any independent contractor who, under a contract with the Landlord, or its representatives, does any of the work of operating, maintaining or repairing of the Property; legal and accounting expenses; or any other expense or charge, similar or dissimilar, whether or not heretofore mentioned, which, in accordance with generally accepted management and accounting principles, would be considered as an expense of maintaining, operating or repairing the Property or the said personal property.

Operating Expenses shall not include, however, the following: costs of alterations of any premises in the Building for other tenants of the Building; costs of capital additions to the Property (except that Operating Expenses shall include (1) the cost during the Term, as reasonably amortized by Landlord with interest at a rate equal to Landlord's then applicable borrowing rate on the unamortized amount, of any capital improvement completed after the commencement of the Term intended to reduce any component cost included within Operating Expenses; and (2) the cost of any capital improvements which Landlord is required to make, or which Landlord shall deem necessary, to keep the Property in compliance with all applicable insurance and governmental rules and regulations applicable from time to time thereto); interest and principal payments on mortgages; ground rental payments; and leasing commissions or fees.

If the Property is not fully occupied during all or any portion of the Calculation Year, Landlord may elect to make an appropriate adjustment of the "Operating Expenses" for such year, employing sound management principles, to determine the amount of

"Operating Expenses" that would have been paid or incurred by the Landlord had the Property been fully occupied and the amount so determined shall be deemed to have been the amount of "Operating Expenses" for such Calculation Year. If any Operating Expenses, though paid in one year, relates to more than one Lease Year, at the option of the Landlord, such Operating Expense may be allocated among such related Lease Years in such a manner as Landlord may reasonably determine. If any Operating Expense relates to more than one parcel of property, at the option of the Landlord, such Operating Expense may be allocated among all parcels of property to which it relates in such a manner as Landlord may reasonably determine. If Landlord is not furnishing any particular work or service (the cost of which if performed by Landlord would constitute an Operating Expense) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be determined to be increased by an amount equal to the additional Operating Expense which reasonably would have been

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incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant.

(v) "Taxes" means all federal, state and local governmental taxes, assessments and charges (including transit district taxes or assessments) of any kind or nature, whether general, special, ordinary or extraordinary, which Landlord or its beneficiaries shall pay or become obligated to pay because of or in connection with ownership, leasing, management, control or operation of the Property or of the personal property, fixtures, machinery, equipment, systems and apparatus located therein or used in connection therewith, including without limitation, all ad valorem taxes, the Illinois Replacement Tax and any tax measured or based upon rental or rental receipts. The amount included in Taxes for any Lease Year shall be the amount indicated by the tax bills payable during that Lease Year, except that if the tax bills for such year are not available as of the date of the statement, the amount of such taxes may be reasonably estimated by the person preparing the statement. There shall be deducted from Taxes, as determined for any year, the amount of any refund of taxes received by landlord during such year. There shall be included in Taxes for any year the amount of all fees, costs and expenses (including Attorney's fees) paid by Landlord during such year in seeking or obtaining any refund or reduction of Taxes. Taxes shall not include any federal or state franchise, capital stock, inheritance, income from all sources generally, or estate taxes, except that if a change occurs in the method of taxation resulting in the substitution of any such taxes for any Taxes as hereinabove defined, such substituted taxes shall be included in Taxes.

(vi) ****INTENTIONALLY OMITTED****

(vii) ****INTENTIONALLY OMITTED****

(viii) "OPERATING EXPENSE DEPOSITS" means one-twelfth (1/12th) of the amount of the Tenant's Proportionate Share of Operating Expenses for the then current Lease Year as Landlord shall reasonably estimate from time to time and communicate in writing to Tenant.

(ix) "ANNUAL BASE RENT" means a sum equal to the product of the monthly installment of Base Rent described in subsection 3 A of this Lease, multiplied by twelve (12).

(x) "CALCULATION YEAR" means that Lease Year for which the Tenant's Proportionate Share of Operating Expenses described in this Section 4 is payable, applicable or calculated.

B. ****INTENTIONALLY OMITTED****

C. ****INTENTIONALLY OMITTED****

D. OPERATING EXPENSES. Notwithstanding any provision of this Lease to the contrary, it is mutually agreed that the Base Rent payable by the Tenant under this Lease do not include Operating Expenses. The Tenant agrees to pay to Landlord's Rental Agents the Tenant's Proportionate Share of all Operating Expenses, as follows:

(i) For the Base Year, the greater of either (a) the Tenant's Proportionate Share of the Operating Expenses paid or accrued during the Base Year multiplied by that fraction, the numerator of which is twelve (12), minus the number of months that have elapsed from January 1 of the Base Year to the month immediately preceding the month in which the Term of this Lease commences and the denominator of which is twelve, or (b) one cent (.01); and

(ii) and for each Lease Year thereafter, the Tenant's Proportionate Share of that amount equal to the greater of either (a) the Operating Expenses paid or accrued during the Subject Lease Year, or (b) one cent (.01).

E. OPERATING EXPENSE DEPOSITS. Tenant agrees to pay to the Rental Agent on the first day of each and every month during the term of this Lease the Operating Expense Deposit. The Operating Expense Deposit shall be deposited against the Tenant's Proportionate Share of the Operating Expenses due or to become due for the Lease Year during which such deposits are required to be made. All Operating Expense Deposits may be commingled and need not be segregated by the Landlord or the Landlord's Rental Agent, and may be held and utilized by the Landlord without payment to the Tenant of interest or any sums for the use of any of said deposits. During the last Lease Year or during any partial Lease Year during which this Lease terminates, Landlord may include in the Operating Expense Deposit its estimates of the Tenant's Proportionate Share of the Operating Expenses which may not be finally be determined until after the expiration or termination of this Lease.

F. LANDLORD'S STATEMENT - PAYMENT OF TENANT'S PROPORTIONATE SHARE OF OPERATING EXPENSES. As soon as reasonably feasible after the expiration of each Lease Year of this Lease, the Landlord shall cause to be furnished to the Tenant a statement showing the following:

(i) Operating Expenses for the Calculation Year.

(ii) ****INTENTIONALLY OMITTED****

(iii) ****INTENTIONALLY OMITTED****

(iv) The amount of the Tenant's Proportionate Share of Operating Expenses due to the Landlord for the Calculation Year, less credit for Operating

Expense Deposits both paid by the Tenant in and allocable to the said Calculation Year.

(v) ****INTENTIONALLY OMITTED****

(vi) The Operating Expense Deposit due monthly, as aforesaid, during Lease Year next following the Calculation Year for which the statement is given (subject to revision as aforesaid), including the amount or revised amount for the months prior to the rendition of the statement.

Within ten days after the receipt of any such statement, the Tenant shall pay to the Rental Agent the amount of the Tenant's Proportionate Share of Operating Expenses due to the Landlord for the Calculation Year, as

reflected in said statement, and the amount of the Operating Expense Deposit due for the months between the expiration of the Calculation Year described in the statement to and including the month in which the statement is furnished. If such statement shall reflect an amount due from the Landlord to the Tenant, then Landlord shall first apply such amount against the next due Operating Expense Deposit and, if not exhausted, then to the next ensuing Monthly Base Rent, and if there is any remaining balance, and Tenant is not in default hereunder, said remaining balance shall be paid to the Tenant.

G. ALLOCATION-SURVIVAL. If the Lease Term ends on any day other than the last day of December, any Tenant's Proportionate Share of Operating Expense payment due Landlord shall be prorated, and the Tenant shall pay such amount within ten (10) days after being billed. The Tenant's obligation and covenants to pay the Operating Expense Deposits and the Tenant's Proportionate Share of Operating Expenses are each and all independent of every other covenant set forth in this Lease and shall survive the expiration or termination of this Lease.

H. BOOKS AND RECORDS. Landlord shall maintain books and records in accordance with sound accounting and management practices, reflecting the Operating Expenses and Taxes. The Tenant or his representative shall have the right to examine the Landlord's books and records relative to Operating Expenses during normal business hours at any time within ten (10) days following the furnishing by the Landlord to the Tenant of any statement described in subsection 4F above. Unless the Tenant shall take written exception to any item within twenty (20) days, after the furnishing of the said statement, the said statement and all items and matters reflected therein shall be considered as final and accepted by the Tenant. Any amount due to the Landlord as shown on the said statement, whether or not written exception is taken hereto, shall be paid by the Tenant within twenty (20) days after the Landlord shall have submitted the said statement, without prejudice to any such written exception. If Tenant makes such timely written exception, a certification as to the proper amount of Tenant's Proportionate Share of Operating Expenses shall be made by Landlord's independent certified Public accountant which shall be final and conclusive. Tenant agrees to pay

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the cost of such certification unless it is determined Landlord's original determination of the aggregate of Rent Adjustments and Tenant's Proportionate Share of operating Expenses for the subject Calculation Year was in error by more than 5% of said Operating Expenses.

5. SECURITY DEPOSIT. As additional security for faithful and prompt performance of its obligations hereunder, Tenant shall concurrently with the execution of this Lease pay to Landlord's said Rental Agent the sum of \$1,043.16. Said security deposit need not be segregated and may be applied by Landlord for the purpose of curing any default or defaults of Tenant hereunder, in which event, Tenant shall replenish said deposit in full by promptly paying to Landlord on demand the amount so applied. Landlord shall not pay any interest on said deposit, except as required by law. If Tenant has not defaulted hereunder and Landlord has not applied said deposit to cure a default, or Landlord has applied said deposit to cure a default and Tenant has replenished the same, then said deposit, or such remaining portion thereof, shall be paid to Tenant after the termination of this Lease. Said deposit shall not be deemed an advance payment of Rent or a measure of Landlord's damages for any default hereunder by Tenant.

6. USE. Tenant shall occupy and use the Premises for general office purposes only.

7. LANDLORD'S SERVICES AND OBLIGATIONS. So long as Tenant is not in default hereunder, Landlord shall furnish the following services:

A. HEATING-AIR CONDITIONING. Landlord shall furnish heat and air conditioning to provide a temperature and humidity condition required, in Landlord's judgment, for comfortable occupancy of the Premises under normal business operations, daily from 8:00 a.m. to 6:00 p.m. (Saturday to 1:00 p.m.), Sundays and holidays excepted. Tenant will be charged for all heating and cooling requested and furnished before or after these hours at rates to be

established by Landlord. Wherever heat generating machines or equipment are used in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to provide and install supplementary air conditioning units in the Premises and the cost of providing, installing, operating and maintaining the same shall be paid by Tenant to Landlord's Rental Agent as additional Rent.

B. WATER. Landlord shall furnish cold water from municipal mains from regular Building outlets for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord, or by Tenant with Landlord's prior written consent, and hot water for public lavatory purposes from the regular supply of the Building. Tenant shall pay Landlord's Rental Agent at rates fixed by Landlord for water furnished for any other purpose as additional Rent hereunder upon being invoiced for the same. Tenant shall not waste or permit the waste of water.

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C. WINDOW WASHING. Landlord shall furnish window washing of all exterior windows, weather permitting, at intervals to be determined by the Landlord, but not less than once per calendar year.

D. JANITOR SERVICE. Landlord shall furnish daily janitor services in the Premises, Saturdays, Sundays and holidays excepted. Tenant shall not provide janitor services without the prior written consent of Landlord and then only subject to the supervision of the Landlord and at Tenant's sole responsibility, cost and expense, by contractors or employees at all times satisfactory to Landlord. Landlord shall not be required to furnish janitorial services to deal with conditions generated by receptions, parties, renovations, redecorating, remodeling or conditions not within the scope of ordinary office use.

E. ELEVATOR SERVICE. Landlord shall furnish passenger elevator service in common with Landlord and other tenants, daily. Daily freight elevator service shall be available in common with Landlord and other tenants of the Building and any use of the freight elevator service by contractors, agents or employees of Tenant shall be at Tenant's sole cost, responsibility and expense and at all times satisfactory to Landlord.

F. WINDOW COVERING. Landlord shall furnish blinds for all exterior windows of standard type and color for the Building, which Tenant agrees not to remove or alter.

G. INTERRUPTION OF SERVICES. Landlord does not warrant that any service will be free from interruptions caused by labor controversies, accidents, inability to obtain fuel, steam, water or supplies, governmental regulations, or other causes beyond the reasonable control of Landlord. No such interruption of service shall be deemed an eviction or disturbance of Tenant's use and possession of the Premises or any part thereof, or render Landlord liable to Tenant for damages, by abatement of rent or otherwise, or relieve Tenant from performance of Tenant's obligations under this Lease. Tenant hereby waives and releases all claims against Landlord for damages for interruption or stoppage of service.

8. TENANT'S OBLIGATIONS.

A. REPAIRS. Except for ordinary wear and as otherwise provided in this Lease, Tenant shall, at all times during the Term hereof, at its sole expense, keep all Tenant's movable and removable fixtures located in or appurtenant to the Premises in good order, repair and condition, and Tenant shall promptly arrange with Landlord to have Landlord (or Landlord's agent) make repairs of all other damages to the Premises and the replacement or repair of all damaged or broken glass (including signs thereon), fixtures and appurtenances (including hardware and heating, cooling, ventilating, electrical, plumbing and other mechanical facilities in the Premises), with materials equal in quality and class to the original materials damaged or broken, within any

reasonable period of time specified by Landlord. Landlord may, but shall not be required to do so, enter the Premises at all reasonable times to make any repairs, alterations, improvements or additions, including, but not limited to, ducts and all other facilities for heating and air conditioning service, as Landlord shall desire or deem necessary for the, safety, preservation or improvement of the Building, or as Landlord may be required to do by the municipality in which the Building is located or by the order or decree of any court or by any other proper authority. The cost of all repairs made by Landlord to the Property which are made necessary as a result of misuse or neglect by Tenant or Tenant's employees, invitees or agents shall be immediately paid as additional Rent by Tenant to Landlord upon being billed for same. The cost of all other repairs and replacements (except those caused by Tenant's misuse or negligence and those relating to Tenant's movable fixtures) shall be paid for by the Landlord and deemed an item of Operating Expenses.

B. REMOVAL PERMIT. Tenant shall list all furniture, equipment and similar articles Tenant desires to remove from the Premises or the Building and deliver a copy to Landlord and procure a removal permit from the rental agent authorizing Building employees to permit such articles to be removed.

C. DOORS TO BE LOCKED. Before leaving the Premises unattended, Tenant shall close and securely lock all doors and shut off all utilities in the Premises. Any damage resulting from failure to do so shall be paid by Tenant.

D. HOLDING OVER. Tenant shall pay to the Landlord for each day Tenant retains possession of the Premises or any part thereof after termination hereof, by lapse of time or otherwise, 150% of the amount of the daily rate of rental then required by the terms hereof for the last monthly period prior to the date of such termination and also pay all reasonable damages sustained by Landlord by reason of such retention, or, if Tenant holds over for in excess of thirty days and Landlord gives notice in writing to Tenant of Landlord's election thereof (and not otherwise), such holding over shall constitute renewal of this Lease for one year at the higher of (i) 150% of the then current Rent; or (ii) that amount set forth in a written notice from Landlord to Tenant prior to the holding over, but acceptance by Landlord of Rent after such termination shall not constitute a renewal nor waive Landlord's right of reentry or any other right.

E. LAWS AND REGULATIONS. Tenant shall comply with all reasonable rules and regulations Landlord may adopt from time to time for the protection and welfare of the Building, the Property and its tenants and occupants, and comply with all laws, ordinances, orders and regulations and with the directions of any public officers authorized by law with respect to the Premises and the use and occupancy thereof.

F. SIGNS. Tenant shall not paint, display, inscribe or affix any sign, trademark, picture, advertising, notice, lettering or direction on any part of the outside or inside of the Building, or on the Premises, except on the public hallways of the

Premises, and then only such name or names or matter and of such location, color, size, style, character and material as shall be first approved by Landlord in writing. Landlord reserves the right to remove any other matter, without notice to Tenant and at the cost and expense of Tenant.

G. ADVERTISING. Tenant shall not advertise the business, profession or activities of Tenant in any manner which violates the letter or spirit of any code of ethics adopted by any recognized association or organization pertaining thereto or use the name of the Building for any purpose other than that of the business address of tenant, or use any picture or likeness of the Building or "THREE NATIONAL PLAZA AT WOODFIELD" or any other name by which the Building may from time to time be known, on any letterhead, envelope, circular, notice, advertisement, container or wrapping material,

without the prior written consent of Landlord.

H. ARTICLES SOLD. Tenant shall not exhibit, sell or offer for sale, rent or exchange in the Premises or on the Property any article, thing or service except those ordinarily embraced within the use of the Premises specified in Section 6 without the prior written consent of Landlord.

I. HAZARDOUS MATERIALS. Tenant shall not use, cause or permit to be brought into or kept, held, located or disposed of on, under or at the Premises or on the Property any inflammable oils or fluids, or any explosive or other articles deemed "Hazardous Materials". For the purposes of this Lease, "Hazardous Materials" means and includes any hazardous, toxic or dangerous waste substance or material defined as such in (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "Superfund" or "Superlien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order, decree or other requirement of any governmental authority regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect.

J. VARIOUS PROHIBITED USES. Tenant shall not install or operate any refrigerating, heating or air conditioning apparatus or carry on any manufacturing, production or mechanical business, operation or activity without the prior written consent of Landlord; use the Premises for housing, lodging or sleeping purposes; permit preparation or warming of food in the Premises (warming of coffee and individual lunches of employees excepted), or permit food to be brought into the Premises for consumption therein, without the prior written consent of Landlord. Landlord may in its sole discretion refuse such permission or impose any conditions in granting it, and revoke it at will. Tenant shall not occupy or use the Premises or permit the Premises to be occupied or used for any purpose, act or thing which is in violation of any public law, ordinance or governmental regulation or which may be dangerous to persons or property, or which may invalidate or increase the amount of premiums for any policy of insurance carried on the Building or covering its operation or violate the terms thereof;

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provided, however, that if any additional amounts of insurance premiums are caused by Tenant's occupancy or use of the Premises, without limitation of any other rights or remedies of Landlord, Tenant shall pay to Landlord said additional amounts. Tenant, at its sole expense, shall comply with all rules, regulations and requirements of the Illinois Inspection and Rating Bureau. Tenant shall not do or permit anything to be done upon the Premises, or bring or keep anything thereon which is in violation of rules, regulations or requirements of the local fire department, Illinois Inspection and Rating Bureau, Fire Insurance Rating Organization, or any other similar authority having jurisdiction over the Building. Tenant shall not use the Premises for housing accommodations or, for any immoral or illegal purposes. Tenant shall not at any time do or permit the manufacture, sale, purchase, use or gift of any spirituous, fermented, intoxicating or alcoholic liquors.

K. SOUND DEVICES. Tenant shall not place any radio or television or other antenna aerial or wires or other equipment on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises; operate or permit to be operated any musical or sound producing instalment or device inside or outside the Premises which may be heard outside the Premises, operate any electrical, electronic or other device from which may emanate electrical, electronic or other waves which may interfere with or impair radio or television broadcasting or reception or any other transmission to, from or in the Building or elsewhere.

L. NUISANCES. Tenant shall not bring or permit to be in the Building any bicycle or other vehicle, or dog (except in the company of a blind person) or other animal; make or permit any noise, vibration or odor to emanate from the Premises; do anything therein tending to create, or maintain, a nuisance; disturb, solicit or canvass any occupant of the Building, or do any act tending to injure the reputation of the Building.

M. CLEANLINESS AND OBSTRUCTION OF PUBLIC AREAS. Tenant shall not

place anything or allow anything to be placed near the glass of any door, partition, or window which may be unsightly from outside the Premises; take or permit to be taken in or out of other entrances of the Building, or take or permit on other elevators, any item normally taken in or out through the trucking concourse or service doors or in or on freight elevators; or, whether temporarily, accidentally, or otherwise, allow anything to remain in, place or store anything in, or obstruct in any way, any passageway, exit, stairway, elevator, shipping platform, or truck concourse. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition and move all supplies, furniture and equipment as soon as received directly to the Premises and move all such items and waste, other than waste customarily removed by employees of the Building, being taken from the Premises, directly to the shipping platform at or about the time arranged for removal therefrom.

N. ADDITIONAL LOCKS. Tenant shall not attach or permit to be attached additional locks or similar devices to any door, transom or window; change existing locks or the

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mechanism thereof, or make or permit to be made any keys for any door other than those provided by Landlord. (If more than two keys for one lock are desired, Landlord will provide them upon payment therefor by Tenant.)

O. OVERLOAD ANY FLOOR. Tenant shall not overload any floors.

P. DEFACING PREMISES. Tenant shall not do any painting or decorating in the Premises; or mark, paint, cut or drill into, drive nails or screws into, or in any way deface any part of the Premises or the Building, outside or inside, without the prior written consent of Landlord. (If Tenant desires signal, communication, alarm or other utility or service connections installed or changed, the same shall be made by and at the expense of Tenant, with the approval and under direction of Landlord.)

Q. ALTERATIONS. Tenant shall not make installations, alterations or additions in or to the Premises without submitting plans and specifications to Landlord and securing the prior written consent of Landlord in each instance. Such work shall be done at the sole cost and expense of Tenant by employees of or contractors employed by Landlord, or with Landlord's consent in writing given prior to letting of contract, by contractors employed by Tenant, but in each case, only under written contract previously approved in writing by Landlord, and subject to all conditions Landlord may impose including, without limitation, conditions which will assure Landlord that all work will be performed lien free. All installations, alterations and additions shall be constructed in a good and workmanlike manner and only new and good grades of material shall be used, and shall comply with all insurance requirements, and with all ordinances and regulations of the local governmental subdivisions or any department or agency thereof, and with the requirements of all statutes and regulations of the State of Illinois or any department or agency thereof. Tenant shall permit Landlord to supervise all construction operations within the Premises and pay to the Landlord a supervision fee equal to 15% of the cost of all such construction. If alterations are made by Tenant's contractors, Tenant shall furnish to Landlord prior to commencement thereof, building permits and certificates of appropriate insurance and bonds, and upon completion of any installation, alteration or addition, Contractor's Affidavits and full and final Waivers of Lien covering all labor and material expended and used. Tenant shall hold Landlord harmless from all claims, costs, damages, liens and expenses which may arise out of or be connected in any way with said installations, alterations or additions.

R. RULES AND REGULATIONS. Tenant agrees to and agrees to cause its employees, agents, clients, customers, invitees, visitors and guests to comply with the reasonable Rules and Regulations for the Building promulgated by the Landlord from time to time.

9. RIGHTS RESERVED TO LANDLORD. Landlord shall have the following rights exercisable without notice and without liability to Tenant for damage or injury to property, person or business (all claims for damage being hereby released), and without

effecting an eviction or disturbance or Tenant's use or possession or giving rise to any claim for setoffs, or abatement of rent:

A. To change the name or street address of the Building.

B. To install and maintain signs on the exterior and interior of the Building or anywhere on the Property.

C. To designate all sources furnishing sign painting and lettering, ice, mineral or drinking water, beverages, foods, towels, vending machines or toilet supplies used or consumed on the Premises.

D. To have passkeys to the Premises.

E. To decorate, remodel, repair, alter or otherwise prepare the Premises for reoccupancy during the last month of the Term hereof, if during or prior to such time Tenant vacates the Premises, or any time after Tenant abandons the Premises.

F. To enter the Premises at reasonable hours to make inspections, or to exhibit the Premises to prospective tenants, purchasers or others, or for other reasonable purposes.

G. To have access to all mail chutes according to the rules of the United States Post Office.

H. To require all persons entering or leaving the Building during such hours as Landlord may from time to time reasonably determine to identify themselves to a watchman by registration or otherwise and to establish their right to leave or enter, and to exclude or expel any peddler, solicitor or beggar at any time from the Premises or the Property.

I. To approve the weight, size and location of safes, computers, all other heavy articles in and about the Premises and the Building and to require all such items and other office furniture and equipment to be moved in and out of the Property and Premises only at such time and in such manner as Landlord shall direct and in all events at Tenant's sole risk and responsibility.

J. At any time or times, to decorate and to make, at its own expense, repairs, alterations, additions and improvements, structural or otherwise, in or to the Premises, the Property or part thereof, and to perform any acts related to the safety, protection or preservation thereof, and during such operations to take into and through the Premises or any part of the Property all material and equipment required and to close or temporarily suspend operation of entrances, doors, corridors, elevators or other facilities, provided that Landlord shall cause as little inconvenience or annoyance to

Tenant as is reasonably necessary in the circumstances, and shall not do any act which permanently reduces the size of the Premises. Landlord may do any such work during ordinary business hours and Tenant shall pay Landlord for overtime and for any other expenses incurred if such work is done during other hours at Tenant's request.

K. To do or permit to be done any work in or about the Premises or the Property or any adjacent or nearby building, land, street or alley.

L. To grant to anyone the exclusive right to conduct any business or render any service on the Property, provided such exclusive right shall not operate to exclude Tenant from the use expressly permitted by Section

6 of this Lease.

M. To close the Building at 8:00 p.m. or at such other reasonable time as Landlord may determine, subject, however, to Tenant's right to admittance under such regulations as shall be prescribed from time to time by Landlord.

N. To prohibit the placing of vending or dispensing machines of any kind in or about the Premises without the prior written permission of the Landlord.

O. Landlord reserves the right to require Tenant to move to other space in the Building which, except for location or floor, is equivalent to the Premises, upon receipt of thirty (30) days' written notice from Landlord, in which event, Landlord shall pay all moving costs and all other reasonable costs associated with moving, the new space shall thereupon become the Premises demised hereunder at the same Rents as are provided for herein and the space from which Tenant is required to move shall cease to be the Premises demised hereunder.

P. All other rights reserved by the, Landlord pursuant to the provisions of this Lease.

10. TELEPHONE, ELECTRIC AND OTHER SERVICES.

A. Tenant shall make arrangements directly with the telephone companies servicing the Building for such telephone service in the Premises as may be desired by Tenant. Tenant shall pay the entire cost of the installation and maintenance of an electrical meter in the Premises, all telephone charges, electricity consumed within the Premises, maintenance of light fixtures and replacement of lamps, bulbs, tubes, ballasts and starters. Landlord and Tenant do hereby acknowledge that the electricity for the lighting fixtures located in the Premises does not (or will not) run through and be measurable by the electrical meter installed (or to be installed) in the Premises.

B. If Tenant desires telegraphic, telephonic, burglar alarm, computer installations or signal service (which service shall be at Tenant's sole expense), Landlord shall, upon request, direct where and how all connections and wiring for such service

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shall be introduced and run. In the absence of such directions, Tenant shall make no borings, cutting or install any wires or cables in or about the Premises.

C. Tenant covenants and agrees that Landlord shall in no event be liable or responsible to Tenant for any loss, damage or expense which Tenant may sustain or incur if either the quality or character of electrical service is changed or is no longer suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building when reviewed in conjunction with electrical usage of other tenants in the Building or the Premises or wiring or installation; and also that it shall make no alterations or additions to the electric equipment and/or appliances without the prior written consent of Landlord in each instance.

11. LANDLORD'S TITLE. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

12. QUIET ENJOYMENT. Subject to the provisions of this Lease, Landlord covenants that Tenant, on paying the Rent and performing the covenants of this Lease on its parts to be performed, shall and may peaceably and quietly have, hold and enjoy the Premises for the Term of this Lease.

13. WAIVER OF CERTAIN CLAIMS. To the full extent now, or hereafter, permitted by law, except any act of negligence on the part of Landlord, Tenant waives and releases all claims against Landlord, its officers, directors, agents, employees and servants, in respect of, and they shall not be liable for

injury to person or damage to property sustained by Tenant or by any occupant of the Premises or the Property, or any other person, occurring in or about the Property, or the Premises resulting directly, or indirectly, from any existing or future condition, defect, matter or thing in the Premises, the Property or any part of it, or from equipment or appurtenances therein, or from accident, or from any occurrence, act, or from negligence or omission of any Tenant or occupant of the Property, or of any other person including Landlord, its officers, directors, agents, employees and servants. This section shall apply especially, but not exclusively, to damage caused as aforesaid or by the flooding of basements or other subsurface areas or by refrigerators, sprinkling devices, air conditioning apparatus, water, snow, frost, steam, excessive heat or cold, falling plaster, broken glass, sewage, gas, odors or noise, or the bursting or leaking of pipes or plumbing fixtures, and shall apply equally whether any such damage results from the act or omission of other tenants, occupants or servants of the Property or of any other persons including Landlord, its officers, directors, agents, employees and servants, and whether such damage be caused or result from any thing or circumstance above mentioned, or any other thing or circumstance whether alike or wholly different in nature. If any such damage to the Premises or the Property or any equipment or appurtenance therein, or to tenants thereof, results from any act or omission or negligence of Tenant, its agents, employees or invitees, Landlord

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may, at Landlord's option, repair such damage and Tenant shall, upon demand by Landlord, reimburse Landlord forthwith for all costs of such repairs and damages both to the Property and to the tenants thereof. All property on the Property or in the Premises belonging to Tenant, its agents, employees or invitees, or to any occupant of the Premises shall be there at the risk of Tenant or other person only, and Landlord shall not be liable for damage thereto or theft, misappropriation or loss thereof. Tenant agrees to hold Landlord, its officers, directors, agents, employees and servants harmless and to indemnify it against claims and liability for injuries to all persons and for the damage to, or the theft, misappropriation or loss of all property occurring in or about the Premises, or due to any act or omission of Tenant, its agents or employees or invitees.

14. **CONDITION OF PREMISES.** Tenant's taking possession shall be conclusive evidence that the Premises were then in good order, repair and satisfactory condition. Except as may be set forth in Exhibit B attached hereto, no promise has been made to alter, remodel, improve, repair, decorate or clean the Premises or any part thereof, and no representation respecting the condition of the Premises or the Property has been made to Tenant, except as made herein.

15. **TERMINATION.** At the termination of this Lease, by lapse of time or otherwise:

A. **SURRENDER OF KEYS.** Tenant shall surrender all keys of the Premises to Landlord and make known to Landlord the explanation of all combination locks remaining on the Premises.

B. **RETURN OF PREMISES.** Tenant shall return to Landlord the Premises and all equipment and fixtures of Landlord in as good a condition and state of repair as when Tenant originally took possession subject, however, to (a) the provisions of Paragraphs C and D of this Section 15; (b) ordinary wear and loss or damage by fire; or (c) other casualty covered in Section 17 hereof, failing which Landlord may restore the Premises, equipment and fixtures to such condition and state of repair and Tenant shall, upon demand, pay to landlord the cost thereof.

C. **REMOVAL OF ADDITIONS.** All installations, additions, hardware, non-trade fixtures and improvements temporary or permanent, except movable furniture and equipment belonging to Tenant, in or upon the Premises, whether placed there by Tenant or Landlord, shall be Landlord's property and shall remain upon the Premises, all without compensation, allowance or credit to Tenant; provided, however, that if prior to such termination or within ten days thereafter Landlord so directs by notice, Tenant shall promptly remove the installations, additions, hardware, non-trade fixtures and improvements, placed in or upon the Premises by Tenant and designated in the notice, failing which

Landlord may remove the same and Tenant shall, upon demand, pay to Landlord the cost of such removal and of any necessary restoration of the Premises.

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D. FLOOR COVERING. Tenant may remove any floor covering entirely paid for and laid by Tenant, provided Tenant (a) removes all fastenings, paper, glue, bases and other vestiges thereof and restores the floor surface to its previous condition, or (b) pays to Landlord, upon demand, the cost of restoring the floor surface condition.

E. PROPERTY PRESUMED ABANDONED. All fixtures, installations, and personal property belonging to Tenant not removed from the Premises upon termination of this Lease and not required by Landlord to have been removed as provided in Paragraph C of this Section 15, shall be conclusively presumed to have been abandoned by Tenant and title thereto shall pass to Landlord under this Lease as by a Bill of Sale.

16. ASSIGNMENT AND SUBLETTING. Tenant shall not, without the prior written consent of Landlord in each instance: (i) assign, transfer, mortgage, pledge, hypothecate or encumber, or subject to or permit to exist upon or be subjected to any lien or charge, this Lease or any interest under it; (ii) allow to exist or occur any transfer of or lien upon this Lease or the Tenant's interest herein by operation of law; (iii) sublet the Premises or any part thereof, or (iv) permit the use or occupancy of the Premises or any part thereof for any purpose not provided for under Section 6 of this Lease or by anyone other than the Tenant and Tenant's employees. In no event shall this Lease be assigned or assignable by voluntary or involuntary bankruptcy proceedings or otherwise, and in no event shall this Lease or any rights or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings.

Tenant shall, by notice in writing, advise Landlord of its intention from, on and after a stated date (which shall not be less than sixty (60) days after date of Tenant's notice) to assign or transfer its interest as Tenant in this Lease, or sublet any part or all of the Premises for the balance or any part of the Term, and in such event, Landlord shall have the right to be exercised by giving written notice to Tenant thirty (30) days after receipt of Tenant's notice, to recapture the space described in Tenant's notice and such recapture notice shall, if given, cancel and terminate this Lease with respect to the space therein described as of the date stated in Tenant's notice. Tenant's said notice shall state the name and address of the proposed subtenant or assignee and a true and complete copy of the proposed sublease or assignment shall be delivered to Landlord with said notice. If Tenant's notice shall cover all of the Premises, and Landlord shall give the aforesaid recapture notice with respect thereto, the Term of this Lease shall expire and end on the date stated in Tenant's notice as fully and completely as if that date had been herein definitely fixed for the expiration of the Term. If, however, this Lease is canceled pursuant to the foregoing with respect to less than the entire Premises, the Rent herein reserved shall be adjusted on the basis of the number of square feet retained by Tenant in proportion to the number of square feet contained in the Premises, as described in this Lease. Tenant shall pay for the cost of physically separating the portion of space so recaptured from the Premises, and this Lease, as so amended, shall continue thereafter in full force and effect. If Landlord, upon receiving Tenant's said notice with respect to any such space, shall not exercise its right to cancel

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as aforesaid, Landlord will not unreasonably withhold its consent to Tenant's assignment as aforesaid or subletting the space covered by its notice.

Any subletting or assignment hereunder shall not release or discharge Tenant of or from any liability, whether past, present or future, under this Lease, and Tenant shall continue fully liable thereunder. The subtenant or subtenants or assignee shall agree to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease to the

extent of the space sublet or assigned, and Tenant shall deliver to Landlord promptly after execution, an executed copy of each such sublease or assignment and an agreement of compliance by each such subtenant or assignee.

Notwithstanding anything to the contrary in this Section 16, if Tenant is a corporation whose shares of stock are not publicly traded and if during the Term of this Lease the ownership of the shares of stock which constitutes control of Tenant changes by reason of sale, gift or death, Tenant shall notify Landlord of such change within five (5) days thereof, and if, and only if, the operation from the Premises changes the corporation, after giving effect to such change in ownership, has a net worth of less than the Tenant on the date of execution of this Lease, the Landlord, at its option, may at any time thereafter terminate this Lease by giving Tenant written notice of said termination at least sixty (60) days prior to the date of termination stated in the notice. The term "control", as used herein, means the power to directly or indirectly direct or cause the direction of the management or policies of the Tenant.

If Tenant shall assign or transfer its interest in this Lease or sublet the Premises whether or not it first obtained Landlord's consent at a rental in excess of the rent due and payable by Tenant under the provisions of Sections 3 and 4 of this Lease, 50% of said excess rent and all other consideration received by the Tenant relating to such assignment or sublet shall be paid to the Landlord and the Tenant shall be entitled to retain the remaining 50%.

Any sale, assignment, mortgage, transfer or subletting of this Lease which is not in compliance with the provisions of this paragraph at Landlord's written election shall be of no effect and void.

The Landlord may assign this Lease and thereafter shall not be liable hereunder; provided, that the Landlord's assignee shall assume the Landlord's obligations hereunder. No assignee, sublettee or licensee of Tenant shall be entitled to exercise or receive the benefits of any option or right contained in this Lease or any rider or future amendment hereto granting the Tenant the right:

- (1) to extend or renew the Term;
- (2) to lease any additional space in the Building;

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- (3) to utilize any reserved or underground parking space; or
- (4) to utilize any health club memberships.

17. UNFITNESS. In the event (a) Premises are made substantially unfit by fire or other casualty, or (b) the Building is so damaged by fire or other casualty that Landlord shall decide to demolish or not rebuild the same, then, in any of such events, Landlord shall have the right to terminate this Lease by notice to Tenant within ninety (90) days after the date of such fire or other casualty and the Rent shall be apportioned on a per them basis and paid to the date of such fire or other casualty. In the event the Premises are made unfit by fire or other casualty and Landlord shall decide to rebuild and restore the same, this Lease shall not terminate and Landlord shall repair and restore the Premises at Landlord's expense and with due diligence, subject, however, (i) to reasonable delays for insurance adjustments and (ii) delays caused by forces beyond Landlord's control, and the Rent shall abate on a per diem basis during the period of reconstruction and repair.

In the event the Premises are not made substantially unfit, then Landlord shall, except during the last year of the term hereof, proceed with all due diligence to repair and restore the Premises, subject, however, to (i) reasonable delays for insurance adjustments, and (ii) delays caused by forces beyond Landlord's control. In such event, the Rent shall abate in proportion to the non-useability of the Premises during the period while repairs are in progress unless such partial damages are due to the fault or neglect of Tenant. If the partial damage is the result of the fault or neglect

of Tenant, Rent shall not abate during said period. If the Premises are made partially untenable as aforesaid during the last year of the Term hereof, Landlord or Tenant shall have the right to terminate this Lease as of the date of fire or other casualty, in which event, the Rent shall be apportioned on a per diem basis and paid to the date of such fire or other casualty.

18. RIGHTS AND REMEDIES OF LANDLORD. All rights and remedies of Landlord herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law.

A. If any voluntary or involuntary petition or similar pleading under any section or sections of any bankruptcy act shall be filed by or against Tenant, or any voluntary or involuntary proceeding in any court or tribunal shall be instituted to declare Tenant insolvent or unable to pay Tenant's debts, or Tenant makes an assignment for Tenant or for the major part of assignment for the benefit of its creditors, or a trustee or receiver is appointed for Tenant or for the major part of Tenant's property, then and in any such event, Landlord may, if Landlord so elects, but not otherwise, and with notice of such election, and with or without entry or other action by Landlord, forthwith terminate this Lease, and, notwithstanding any other provisions of this Lease, Landlord shall forthwith upon such termination be entitled to recover damages in an amount

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equal to the then present value of the Rent specified in Sections 3 and 4 of this Lease for the residue of the stated term hereof and any extension or renewal thereof agreed to by Tenant, less the fair rental value of the Premises for the residue of the stated term and any extension or renewal thereof agreed to by Tenant.

B. If Tenant defaults in the prompt payment of Rent and such default shall continue for ten or more days after the same be due and payable or in the performance or observance of any other provision of this Lease and such other default shall continue for ten or more days after notice thereof shall have been given to Tenant, or if the leasehold interest of Tenant be levied upon under execution or attached by process of law, or if Tenant abandons the Premises, then and in any such event, Landlord, if it so elects, with or without notice or demand, forthwith, or at any time thereafter while such default continues, either may terminate Tenant's right to possession, without terminating this Lease, or may terminate this Lease. If the term of any lease, other than this Lease, made by Tenant for any premises in the Building shall be terminated or terminable after the making of this Lease because of any default by Tenant under such other lease, such fact shall empower Landlord, at Landlord's sole option, to terminate this Lease by notice to Tenant.

C. Upon termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of this Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord, and hereby grants to Landlord full and free license to enter into and upon the Premises in such event with or without process of law and to repossess Landlord of the Premises as of Landlord's former estate and to expel or remove tenant and any others who may be occupying or within the Premises and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction, forcible entry or detainer, or conversion of property, and without relinquishing Landlord's rights to Rent or any other right given to Landlord hereunder or by operation of law. Tenant expressly waives the right to a jury trial. Except for the notices specifically required by this Lease, Tenant expressly waives the service of any demand for payment of Rent or for possession and the service of any notice of Landlord's election to terminate this Lease or to reenter the Premises, including any and every form of demand and notice prescribed by any statute or other law, and agrees that the simple breach of any covenant or provision of this Lease by Tenant shall, of itself, without the service of any notice or demand whatsoever, except for the notices specifically required by this Lease, constitute a forcible detainer by Tenant of the Premises within the meaning of the statutes of the State of Illinois.

D. If Tenant abandons the Premises or otherwise entitles Landlord so to elect, and if Landlord elects to terminate Tenant's right without terminating this Lease, Landlord may, at Landlord's option, enter upon the Premises, remove Tenant's signs and other evidences of tenancy, and take and hold possession thereof as provided in Paragraph C of this Section 18, without such entry and possession terminating this

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Lease, or releasing Tenant, in whole or in part, from Tenant's obligation to pay the Rent hereunder for the full term, and in any such case, Tenant shall pay forthwith to Landlord a sum equal to the present value of the entire amount of the Rent specified in Section 3 of this Lease for the residue of the stated term plus any other sums then due hereunder. Upon and after entry into possession without termination of this Lease, Landlord may, but need not, relet the Premises or any part thereof for the account of Tenant to any person, firm or corporation other than Tenant for such rent, for such time and upon such terms as Landlord in Landlord's sole discretion shall determine, and Landlord shall not be required to accept any tenant offered by Tenant or to observe any instructions given by Tenant about such reletting. In any such case, Landlord may make repairs, alterations and additions in or to the Premises, and redecorate the same to the extent deemed by Landlord necessary or desirable, and Tenant shall, upon demand, pay the cost thereof, together with all expenses of the reletting. If the consideration collected by Landlord upon any such reletting for Tenant's account is not sufficient to pay the full amount of unpaid Rent reserved in this Lease, together with the cost of repairs, alterations, redecorating and Landlord's expenses, Tenant shall pay to Landlord the amount of any deficiency, upon demand. If the consideration so collected from any such reletting is more than sufficient to pay the full amount of the rent reserved herein, together with the costs and expenses of Landlord, Landlord, at the end of the stated term of this Lease, shall account for the surplus to Tenant.

E. ****INTENTIONALLY OMITTED****

F. Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed or stored in a commercial warehouse or otherwise by Landlord at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation and safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not removed from the Premises or retaken from storage by Tenant at the end of the term, however terminated, shall by Landlord's election made at any time be conclusively deemed to have forever abandoned by Tenant.

G. The prevailing party shall be entitled to collect, all costs, charges and expenses, including the fees of counsel, agents and others retained by the prevailing party, incurred by the prevailing party in enforcing the non-prevailing party's obligations hereunder or incurred by the prevailing party in any litigation, negotiation or transaction in which the non-prevailing party causes prevailing party, without its fault, to become involved or concerned.

H. If Tenant violates any of the terms and provisions of this Lease, or defaults in any of its obligations hereunder, other than the payment of Rent or other

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sums payable hereunder, such violations may be restrained or such obligation enforced by injunction.

I. Tenant hereby grants to Landlord a second lien and security interest upon the interest of Tenant under this Lease and the personal

property of the Tenant located in the Premises to secure the payment of monies due under this Lease, which lien may be foreclosed.

19. EMINENT DOMAIN. If the Property, or any portion thereof which includes a substantial part of the Premises, shall be taken or condemned by any competent authority for any public use or purpose, the term of this Lease shall end upon, and not before, the date when the possession of the part so taken shall be required for such use or purpose, and without apportionment of the award. Rent shall be apportioned as of the date of such termination. If any condemnation proceeding shall be instituted in which it is sought to take or damage any part of the Property, or if the grade of any street or alley adjacent to the Property is changed by any competent authority and such change of grade makes it necessary or desirable to remodel the Property to conform to the changed grade, Landlord shall have the right to cancel this Lease upon not less than ninety (90) days' notice prior to the date of cancellation designated in the notice. No money or other consideration shall be payable by Landlord to Tenant for said cancellation, and the Tenant shall have no right to share in the condemnation award or in any judgment for damages caused by said eminent domain proceeding. Notwithstanding the foregoing, Tenant shall have the right to make a separate claim with the condemning authorities for Tenant's moving costs and unamortized costs of Tenant improvements paid for by the Tenant.

20. SUBORDINATION OR SUPERIORITY OF THIS LEASE. The rights and interests of Tenant under this Lease shall be subject and subordinate to any mortgage or trust deed that exists now or may hereafter be placed upon the Building or Real Estate or Property and to any and all advances to be made thereunder and to the interest thereon, and to all renewals, replacements and extensions thereof. Any mortgagee or trustee may elect to give the rights and interests of Tenant under this Lease priority over the lien of its mortgage or trust deed. In the event of such election and upon notification by such mortgagee or trustee to Tenant to that effect, the rights and interests of Tenant under this Lease shall be deemed to have priority over the lien of said mortgage or trust deed, whether this Lease is dated prior to or subsequent to the date of such mortgage or trust deed. Tenant shall promptly execute and promptly deliver whatever reasonable instruments may be required for such purposes and in the event Tenant fails to so do within ten (10) days after demand, in writing, Tenant shall, without further notice, be deemed in default hereunder.

In the event of a foreclosure of a mortgage or the sale of the Property pursuant to a trust deed or if Landlord's interest in the Premises is conveyed or transferred in lieu of foreclosure (i) the successor landlord shall not be liable for any default of a prior

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landlord or any other matter which occurred prior to the date such successor succeeded to the Landlord's interest nor shall such successor be bound by or subject to any offsets or defenses which Tenant may have against Landlord; (ii) upon request of the successor landlord, Tenant shall attorn and will execute and deliver such instruments as may be necessary to evidence such attornment; and (iii) no successor to Landlord shall be bound to recognize any prepayment of Rent by more than thirty days, nor (iv) shall any successor to Landlord have any liability for any security deposit not physically received by it.

21. SPRINKLERS. If at any time during the Term a "sprinkler system" exists or is installed on the Property and if such "sprinkler system" (if any) or any of its appliances shall be damaged or injured or not in proper working order by reason of any act or omission of Tenant, Tenant's agents, servants, employees, licensees or visitors, Tenant shall forthwith restore the same to good working condition at its own expense; and if the Board of Fire Underwriters or Fire insurance Exchange or any bureau, department or official of the state or city government, requires or recommends that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business or the location of partitions, trade fixtures, or other contents of the Premises, or for any other reason, or if any such changes, modifications, alterations, additional sprinkler heads or other equipment, become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rate as fixed by said Exchange, or by any fire insurance company, Tenant shall,

at Tenant's expense, promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment.

22. PRIOR OCCUPANCY. In the event Tenant is permitted to occupy the Premises prior to commencement of the Term, then all the provisions of this Lease shall be in full force and effect commencing at such occupancy; such occupancy shall be on the basis of a month-to-month tenancy, and Rent for such period shall be paid at the monthly rate set forth in Sections 3 and 4.

23. NOTICE. In every instance where it shall be necessary or desirable for Tenant to give or serve any notice or demand upon Landlord, such notice or demand shall be sent by United States Registered or Certified Mail, postage prepaid, addressed to Landlord c/o the Rental Agent at the place where rental under this Lease is then being paid. Any notice or demand to be given or served by Landlord to Tenant shall be effective if mailed or delivered by Landlord or Landlord's Rental Agent to the Premises, or to such other address as may appear on the records of Landlord. Notice mailed as aforesaid shall be conclusively deemed to have been served at the close of the second business day following the date said notice was mailed.

24. SUCCESSORS AND ASSIGNS. Each provision hereof shall extend to and shall, as the case may require, bind and inure to the benefit of Landlord and Tenant and their respective heirs, legal representatives, successors and assigns, provided that this Lease

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shall not inure to the benefit of any assignee, heir, legal representative, transferee or successor of Tenant except upon the prior written consent or election of Landlord, as provided in Section 16.

The term "Landlord", as used in this Lease, means only the owner, or the mortgagee in possession, for the time being, of the Property (or the owner of a lease of the Building or of the Real Estate and the Building) of which the Premises form a part, so that in the event of any sale or sales of said Real Estate and the Building or of said Lease, or in the event of a lease of the Building, or of the Real Estate and the Building, Landlord shall be and hereby is entirely free and relieved of all covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser at any such sale, or the said lessee of the Building, or of the Real Estate and the Building, that the purchaser or the lessee of the Building has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder.

25. INSURANCE.

(a) Landlord and Tenant agree to have all property insurance policies which may be carried by either of them endorsed with a clause providing that any release from liability of or waiver of claim for recovery from the other party entered into in writing by the insured thereunder prior to any loss or damage shall not affect the validity of said policy or the right of the insured to recover thereunder. Without limiting any release or waiver of liability or recovery contained in any other paragraph of this Lease but rather in confirmation and furtherance thereof, Landlord and Tenant each hereby waive any and every claim for recovery from the other, its officers, agents, employees and beneficiaries for any and all loss of or damage to the Property or to the contents thereof, which loss or damage is covered by valid and collectible fire and extended coverage insurance policies, to the extent that such loss or damage is recoverable under said insurance policies. Inasmuch as this mutual waiver will preclude the assignment of any such claim by subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant each agree to give to each insurance company which has issued, or in the future may issue, to its policies of fire and extended coverage insurance, written notice of the terms of this mutual waiver, and to have said insurance policies properly endorsed, if necessary to prevent the invalidation of said insurance coverage by reason of said waiver.

(b) At all times during the Term of this Lease, Tenant shall at its sole cost and expense maintain in full force and effect insurance

protecting Tenant and Landlord and Landlord's beneficiaries and their respective agents and any other parties designated by Landlord from time to time, with terms, coverages and in companies at all times satisfactory to Landlord and with such increases in limits as Landlord may, from time to time, request. Initially, such coverage shall be in the following amounts:

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(i) Comprehensive General Liability Insurance, including Contractual Liability insuring the indemnification provisions contained in this Lease, with limits of not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence for Bodily Injury, Death and Property Damage. The Comprehensive General Liability policy shall include as additional insureds the Landlord, with a severability of interest endorsement.

(ii) Insurance against (A) "All Risks" of physical loss coverage for, movable fixtures, office equipment, furniture, trade fixtures, merchandise and all other items of Tenant's property on the Premises, and (B) loss of use of the Premises.

Tenant shall, prior to the commencement of the Term hereof and prior to the expiration of any policy, furnish Landlord certificates evidencing that all required insurance is in force and providing that such insurance may not be cancelled or changed without at least thirty (30) days' prior written notice to Landlord and Tenant (unless such cancellation is due to non-payment of premiums, in which event ten (10) days' prior written notice shall be provided).

26. MISCELLANEOUS.

A. Force Majeure. Wherever there is provided in this lease a time limitation for performance by the Landlord or Tenant of any construction, repair, maintenance or service (but not the payment of Rent), the time provided for shall be extended for as long as and to the extent that delay in compliance with such limitation is due to an act of God, strikes, governmental control or other factors beyond the reasonable control of the Landlord or Tenant.

B. If any provision of this Lease or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Lease or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable to any extent, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

C. The headings of sections are for convenience only and do not define, limit or construe the contents of such sections or subsections. References made in this Lease to numbered sections and subsections shall refer to the numbered sections or subsections of this Lease, unless otherwise indicated.

D. The Lease is to be executed in copies, each of which executed copy shall constitute an original. In the event of a conflict between the provisions of any

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original lease with the provisions of any other original lease, then in such event, the provisions of Landlord's original lease will govern and control.

E. Each of the parties agrees, at the request of the other, to execute such instruments or documents as any party may reasonably request, acknowledging: the date of Completion of the Premises; the date of acceptance of possession of the same; the date of commencement of rentals; the commencement of the term; the commencement and expiration dates of this Lease; the Operating Expenses; Taxes for any Lease Year; the number of rentable square

feet demised to the Tenant; Annual Base Rental amount; and the compliance or noncompliance by any party with any of the terms or provisions of this Lease; and to evidence such other or further matters as may be so reasonably requested by Tenant, Landlord or any Mortgagee or Trustee having a valid lien on the Property or any part thereof.

F. Tenant represents that except for Miglin-Beitler Management Corporation and C.B. Commercial Real Estate Group, Inc., it has not dealt with any real estate broker in connection with this Lease and, to its knowledge, no broker other than Miglin-Beitler Management Corporation and C.B. Commercial Real Estate Group, Inc. initiated or participated in the negotiation of this Lease, submitted or showed the Premises or any other space in the Building to Tenant or is entitled to any commission in connection with this Lease. Tenant hereby agrees to indemnify, defend, and hold Landlord harmless from and against any and all claims of any other real estate broker for commissions in connection with this Lease who claim to have dealt with the Tenant.

G. No receipt of money by Landlord from Tenant after the termination of this Lease, the service of any notice, the commencement of any suit or final judgment for possession shall reinstate, continue or extend the term of this Lease or affect any such notice, demand, suit or judgment.

H. No waiver of default of Tenant shall be implied, and no express waiver shall affect any default other than the default specified in such waiver and that only for the time and to the extent therein stated.

I. Clauses, plats, exhibits and riders, if any, signed by Landlord and Tenant and endorsed on or affixed to this Lease are part hereof and in the event of variation or discrepancy, the duplicate original hereof, including such clauses, plats and riders, if any, held by Landlord shall control.

J. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant. Submission of this instrument to Landlord, signed by Tenant, shall construe and irrevocable offer to lease the Premises on the terms herein stated for a period of thirty (30) days from the date of such submission.

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K. Wherever the consent of either Landlord or Tenant is required by the provisions of this Lease, such party shall not unreasonably withhold or delay such consent.

L. Rentable Area of the Premises. Tenant acknowledges that the rentable square feet of the Premises attributes to the Premises a portion of the common and service areas of the Building.

M. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement, in writing, between Landlord and Tenant. No modifications, termination or surrender of this Lease or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted, in writing, by Landlord, and no act by any representative or agent of Landlord, other than delivery of such a written agreement and acceptance by Landlord shall constitute an acceptance thereof.

N. This Lease shall be construed and enforced in accordance with the laws of the State of Illinois.

O. As used herein, the terms "Landlord" or "Tenant" and any pronouns used to refer to Landlord or Tenant shall, as the context requires, include the singular and the plural, and the masculine, feminine and neuter.

P. This Lease has been jointly reviewed and modified by all of the parties hereto and shall be construed accordingly; any principle or rule

of construction which construes any provision of this Lease against the drafter of the Lease is hereby declared to be inapplicable to this Lease and all parties to this Lease.

Q. Any claim which Tenant may have against Landlord for default in performance in any of the obligations herein contained to be kept and performed by the Landlord shall be deemed waived, unless such claim is asserted by written notice thereof to the Landlord within thirty (30) days of the commencement of the alleged default or of accrual of the cause of action and unless suit is brought thereon within twelve (12) months subsequent to the accrual of such cause of action. Furthermore, Tenant agrees to look solely to Landlord's interest in the Property for the recovery of any judgment from Landlord, it being agreed that Landlord or if Landlord is a partnership, its partners, whether general or limited, or if Landlord is a corporation, its directors, officers or shareholders, shall never be personally liable for any such judgment.

27. ESTOPPEL CERTIFICATES. The Tenant agrees that, from time to time upon not less than ten days prior written request by Landlord, the Tenant, or Tenant's duly authorized representative having knowledge of the following facts, will deliver to

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Landlord a statement in writing certifying: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease, as modified, is in full force and effect); (ii) the dates to which Rent and other charges have been paid; and (iii) that the Landlord is not in default under any provision of this Lease, or, if in default, the nature thereof in detail, it being intended that any such statement may be relied upon by any prospective purchaser or tenant of the Property, any mortgagees or prospective mortgagees thereof, or any prospective assignee of any mortgage thereof. Tenant shall execute and deliver whatever instruments may be required for such purposes and in the event Tenant fails so to do within twenty (20) days after demand in writing, Tenant shall be considered in default under this Lease.

28. LANDLORD'S EXONERATION. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of any Landlord while in form purporting to be the representations, warranties, covenants, undertakings and agreements of such Landlord are, nevertheless, each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by such Landlord, or for the purpose or with the intention of binding such Landlord personally, but are made and intended for the purpose only of subjecting such Landlord's interest in the Premises and the Property to the terms of this Lease and for no other purpose whatsoever, and in case of default hereunder by such Landlord (or default through, under or by any of its beneficiaries, or any of the agents or representatives of the Landlord or said beneficiaries), Tenant shall look solely to the interests of such Landlord in the Premises and the Property; that no Landlord nor any of the beneficiaries of any Landlord which is a land trust shall have any personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained and no liability or duty shall rest upon any Landlord which is a land trust to sequester the trust estate or the rents, issues and profits arising therefrom, or the proceeds arising from any sale or other disposition thereof, that no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against, Landlord, individually or personally, or against any of its beneficiaries or any of the beneficiaries under any land trust which may become the owner of any representation, warranty, covenant, if any, being expressly waived and released by Tenant and by all persons claiming by, through or under Tenant.

29. CONSTRUCTION OF PREMISES - CREDIT AND PAYMENT. The Landlord and the Tenant do hereby acknowledge that Tenant has delivered to the Landlord and Landlord has approved that certain set of plans (including Final Working Drawings) (the "Final Plans") dated January 31, 1992, prepared by The Interior Design Group, consisting of four pages, labelled 1 of 4, 2 of 4, 3 of 4 and 4 of 5. The Landlord does hereby agree to build out the Premises substantially

in accordance with the Final Plans. Notwithstanding the provisions of Exhibit B to the Lease to the contrary, the cost of all work (the "Work") necessary to build out the Premises in accordance with the Final Plans

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(including, but not limited to, Landlord's Work, Extra Work and all plans (including spare plans), specifications, working drawings, permits, meters, blinds and all labor and materials) shall, subject to the credit granted herein, be the responsibility of the Tenant and payment of such amount in excess of the credit granted herein shall be made by the Tenant to the Landlord no later than the Completion Date. The Landlord does hereby grant to the Tenant a credit (the "Construction Credit") equal to the lesser of: (i) the actual cost of the Work; or (ii) that amount determined by multiplying the number of rentable square feet contained in the Premises by \$12.00. The Construction Credit shall be applied by the Landlord to pay the cost of all Work necessary to build out the Premises, pursuant to said Exhibit B as the Work progresses.

30. OPERATING EXPENSE MODIFICATION. Section 4 of the Lease is amended by adding thereto the following provision:

"D. OPERATING EXPENSES. Notwithstanding any provision of this Lease to the contrary, it is mutually agreed that the Base Rent payable by the Tenant under this Lease does not include Operating Expenses. The Tenant agrees to pay to Landlord's Rental Agents the Tenant's Proportionate Share of all Operating Expenses, as follows:

(i) For the Base Year, the greater of either (a) the Tenant's Proportionate Share of the Operating Expenses paid or accrued during the Base Year multiplied by that fraction the numerator of which is twelve (12), minus the number of months that have elapsed from January 1 of the Base Year to the month immediately preceding the month in which the Term of this Lease commences and the denominator of which is twelve, or (b) one cent (.01);

(ii) For the first Lease Year immediately following the Base Year, the greater of either (a) the Tenant's Proportionate Share of the Operating Expenses paid or accrued during the said Lease Year, but not to exceed one hundred and eight percent (108%) of the amount that Tenant would have been required to pay if the Term of this Lease had commenced on January 1 of the Base Year, or (b) one cent (.01);

(iii) For the second Lease Year immediately following the Base Year, the greater of either (a) the Tenant's Proportionate Share of the Operating Expenses paid or accrued during the said Lease Year, but not to exceed one hundred sixteen percent (116%) of the amount that Tenant would have been required to pay if the Term of this Lease had commenced on January 1 of the Base Year, or (b) one cent (.01);

(iv) For the third Lease Year immediately following the Base Year, the greater of either (a) the Tenant's Proportionate Share of the Operating

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Expenses paid or accrued during the said Lease Year, but not to exceed one hundred twenty-four percent (124%) of the amount that Tenant would have been required to pay if the Term of this Lease had commenced on January 1 of the Base Year, or (b) one cent (.01);

(v) For the fourth Lease Year immediately following the Base Year, the greater of either (a) the Tenant's Proportionate Share of

the Operating Expenses paid or accrued during the said Lease Year, but not to exceed one hundred thirty-two percent (132%) of the amount that Tenant would have been required to pay if the Term of this Lease had commenced on January 1 of the Base Year, or (b) one cent (.01); and

(vi) For the fifth Lease Year immediately following the Base Year, subject to the provisions of paragraph 4G of this Lease, the greater of either (a) the Tenant's Proportionate Share of the Operating Expenses paid or accrued during the said Lease Year, but not to exceed one hundred forty percent (140%) of the amount that Tenant would have been required to pay if the Term of this Lease had commenced on January 1 of the Base Year, or (b) one cent (.01)."

31. CANCELLATION OPTION. Provided, and only provided, that the Tenant shall not have exercised either of the "Options" specified in Section 32 below, the Tenant is hereby granted an option to cancel this Lease effective as of the last day of any full calendar month which is more than _____-five () _____ the Commencement Date (the "Termination Option") under the following terms and conditions:

(i) If the Tenant desires to exercise its Termination Option to so terminate this Lease, it shall so notify the Landlord, in writing, at least twelve (12) months in advance of the intended date of termination of this Lease which shall be stated in said notice (the "Termination Date"), and only at a time when the Tenant is not in default under the terms of this Lease, the applicable cure period for which has expired.

(ii) The Tenant, after delivery of said notice, shall continue to comply with the terms and provisions of this Lease, as amended (including continuing to pay Rent, when due), to and including the Termination Date, as if no notice to terminate had been given.

(iii) The Tenant shall on or before the Termination Date deliver to the Rental Agent a cashier's check (the "Termination Fee") made payable to the order of the Rental Agent in an amount equal to the product of \$350.00, multiplied by that number of months determined by subtracting from 60 the number of months from and including the first full calendar month of the Term to and including the month in which the Termination Date occurs. The

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Termination Fee is not refundable and is payable by Tenant in addition to any other Rent payable by the Tenant under the Lease.

(iv) In the event the Tenant shall have delivered the notice required hereby and shall continue to make payments of Rent and all other sums due and owing under this Lease in a timely manner, without default, to and including the Termination Date and further provided that the Tenant vacates the Premises and returns the same to Landlord in the condition required by Section 15 of this Lease by the Termination Date, then in such event, and only in such event and subject to subparagraph (v) below, this Lease and all of Tenant's rights and liabilities thereunder shall terminate as of and upon the end of the Termination Date.

(v) Any attempt by the Tenant to exercise the right to terminate this Lease in any other manner or at any other time than as provided above or the Tenant's subsequent failure to make timely payments of such sums due up to and including the Termination Date, pursuant to the terms and provisions of this Lease, or to vacate the Premises within the time and in the manner proscribed above shall result, at Landlord's election, in either:

(a) The termination of Tenant's right to cancel this Lease, as provided herein, or

(b) Shall constitute a default under this Lease, the liability for which (notwithstanding any other provision of

this Section 31 to the contrary), including, but not limited to, the liability to pay all Rent and the Termination Fee, shall continue, notwithstanding the termination of this Lease as of the Termination Date and the Landlord shall be entitled to all remedies provided in this Lease, as if the Tenant were holding over after the expiration of the Term.

The Landlord shall notify the Tenant of its election no later than that date which is thirty business days subsequent to the Termination Date. In the event the Landlord shall have elected to terminate the Tenant's right to cancel this Lease, as provided hereinabove, this Lease shall continue in full force and effect for the remainder of the Term, as if the Tenant had not elected to exercise the cancellation option described in this Section 31.

32. EXPANSION OPTION. The Tenant is hereby granted two options (the "Options") to acquire all or any part of:

A. Effective during the first eighteen months of the Term, Tenant shall have the option (the "First Option") to acquire approximately 1,000 rentable square feet of additional contiguous space to the Premises, the location of which

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shall be selected by the Landlord (the "First Option Space") for occupancy commencing on the "Completion Date" of the First Option Space on the terms and conditions and only on the terms and conditions set forth in this subsection 32 A. If the Tenant desires to exercise the First Option, it shall do so in the following and only in the following manner:

(i) Tenant shall notify the Landlord of its desire to exercise the First Option, in writing, given no later than six (6) months prior to the expiration of the eighteenth (18th) month of the Term of this Lease and indicate in said notice the number of rentable square feet (up to 1,000) desired. Such notice shall only be effective if delivered at a time when the Tenant is not in default of its obligations pursuant to the terms of the Lease, as amended.

(ii) As soon as practical after the receipt of the notice by the Tenant electing to exercise the First Option, the Landlord shall forthwith prepare and transmit to the Tenant an appropriate lease amendment, specifying the location of the First Option Space, increasing the number of rentable square feet contained in Section 1 of the Lease by the number of rentable square feet designated in Tenant's notice and modifying Exhibit A to the Lease to indicate the inclusion of the First Option Space in the Premises. Such amendment shall also increase the Base Rent by the product of the then escalated per square foot rental rate (including Rent Adjustments), multiplied by the number of rentable square feet contained in the First Option Space and modifying the monthly installments of Base Rent to equal one-twelfth (1/12th) of the new Base Rent, as determined aforesaid. Such amendment shall also increase the numerator set forth in subsection 4A(iii) of the Lease by the number of rentable square feet contained in the First Option Space and modify the percentage contained in such subsection accordingly. Such amendment shall also increase the security deposit described in Section 5 by an amount equal to the monthly increase in Base Rent caused by the addition of the First Option Space.

If the First Option Space has been previously improved for another tenant, the Tenant shall take possession thereof in its then "as is" condition. If the First Option Space has not been previously improved for another tenant, there will be attached as an exhibit to the amendment an Exhibit B, identical in form to the Exhibit B to the Lease, with the following modifications:

(a) Any reference to the Premises in such Exhibit B will be construed as meaning only the First Option Space.

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(b) The date contained in subsection 3(d) of Exhibit B to the Lease will be deleted and in substitution thereof a date which is thirty days from the date of notice of exercise of the First Option by the Tenant will be inserted in lieu thereof.

(c) All references in said Exhibit B to "Completion", "Completion Date" shall refer solely and only to the improvements required to be made in and to the First Option Space as a result of Tenant's exercise of its Option.

(d) The provisions of subsection 6(b) of the current Exhibit B to the Lease shall have no application to the Exhibit B attached to said amendment and such provision shall be deleted.

(e) Paragraph 29 of the Lease, modified by deleting therefrom the phrase "contained in the Premises" and substituting therefor the phrase "contained in the 'First Option Space'", will be applicable to the First Option Space.

The effective date of the amendment shall be as of the Completion Date pursuant to the new Exhibit B attached to the amendment.

(iii) Promptly upon receipt of said amendment, the Tenant shall execute the same, and transmit it, together with the amount of the additional security deposit, to the Landlord within ten (10) days of the date of such receipt. The failure of the Landlord to receive the amendment so executed within ten days of the date of Landlord's transmission of the same to the Tenant will result, at Landlord's option, in the Tenant's exercise of the First Option automatically being null and void and of no further force or effect. Any attempt by the Tenant to exercise the Option granted hereby at a time or in a manner other than as specifically set forth herein shall be at the Landlord's sole option of no force or effect.

B. Provided and only provided Tenant has validly exercised the option granted to it pursuant to the provisions of subsection 32A and Tenant has not theretofore exercised its option to cancel granted to it pursuant to the provisions of Section 31, then in such event, effective during the period commencing on the first day following the Tenant's exercise of its First Option and ending on the last day of the thirty-sixth (36th) month of the Term, Tenant shall have the option (the "Second Option") to acquire approximately 1,000 rentable square feet of additional contiguous space to the Premises, the location of which shall be selected by the Landlord (the "Second Option Space") for occupancy commencing on the "Completion Date" of the Second Option Space on the terms and

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conditions and only on the terms and conditions set forth in this subsection 32 B. If the Tenant desires to exercise the Second Option, it shall do so in the following and only in the following manner:

(a) Tenant shall notify the Landlord of its desire

to exercise the Second Option, in writing, given no later than six (6) months prior to the expiration of the thirty-sixth (36th) month of the Term of this Lease and indicate in said notice the number of rentable square feet (up to 1,000) desired. Such notice shall only be effective if delivered at a time when the Tenant is not in default of its obligations pursuant to the terms of the Lease, as amended.

(b) As soon as practical after the receipt of the notice by the Tenant electing to exercise the Second Option, the Landlord shall forthwith prepare and transmit to the Tenant an appropriate lease amendment, specifying the location of the Second Option Space, increasing the number of rentable square feet contained in Section 1 of the Lease by the number of rentable square feet designated in Tenant's notice and modifying Exhibit A to the Lease to indicate the inclusion of the Second Option Space in the Premises. Such amendment shall also increase the Base Rent by the product of the then escalated per square foot rental rate (including Rent Adjustments), multiplied by the number of rentable square feet contained in the Second Option Space and modifying the monthly installments of Base Rent to equal one-twelfth (1/12th) of the new Base Rent, as determined aforesaid. Such amendment shall also increase the numerator set forth in subsection 4A(iii) of the Lease by the number of rentable square feet contained in the Second Option Space and modify the percentage contained in such subsection accordingly. Such amendment shall also increase the security deposit described in Section 5 by an amount equal to the monthly increase in Base Rent caused by the addition of the Second Option Space.

If the Second Option Space has been previously improved for another tenant, the Tenant shall take possession thereof in its then "as is" condition. If the Second Option Space has not been previously improved for another tenant, there will be attached as an exhibit to the amendment an Exhibit B, identical in form to the Exhibit B to the Lease, with the following modifications:

(a) Any reference to the Premises in such Exhibit B will be construed as meaning only the Second Option Space.

(b) The date contained in subsection 3(d) of Exhibit B to the Lease will be deleted and in substitution thereof a date which is thirty days

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from the date of notice of exercise of the Second Option by the Tenant will be inserted in lieu thereof.

(c) All references in said Exhibit B to "Completion", "Completion Date" shall refer solely and only to the improvements required to be made in and to the Second Option Space as a result of Tenant's exercise of its Option.

(d) The provisions of subsection 6(b) of the current Exhibit B to the Lease shall have no application to the Exhibit B attached to said amendment and such provision shall be deleted.

(e) Paragraph 29 of the Lease, modified by deleting therefrom the phrase "contained in the Premises" and substituting therefor the phrase "contained in the 'Second Option Space'", will be applicable to the Second Option Space.

The effective date of the amendment shall be as of the Completion Date pursuant to the new Exhibit B attached to the amendment.

(iii) Promptly upon receipt of said amendment, the

Tenant shall execute the same, and transmit it, together with the amount of the additional security deposit, to the Landlord within ten (10) days of the date of such receipt. The failure of the Landlord to receive the amendment so executed within ten days of the date of Landlord's transmission of the same to the Tenant will result, at Landlord's option, in the Tenant's exercise of the Second Option automatically being null and void and of no further force or effect. Any attempt by the Tenant to exercise the Option granted hereby at a time or in a manner other than as specifically set forth herein shall be at the Landlord's sole option of no force or effect.

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IN WITNESS WHEREOF, this instrument has been duly executed by the parties hereto, as of the date first above written.

LANDLORD

TENANT

THE FIRST NATIONAL BANK OF BOSTON, as Trustee aforesaid:

CONFERENCE PLUS, a Delaware corporation

BY: CIGNA INVESTMENTS, INC., acting pursuant to Power of Attorney

BY: /s/ Mark DePucchio

BY: /s/ Richard P. Riviere

TITLE: Vice President

Its: President & CEO

Attest: /s/ Melvin J. Simon

Its: Secretary

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LANDLORD'S ACKNOWLEDGEMENT

STATE OF CONNECTICUT)
) ss
COUNTY OF HARTFORD)

I, Mary Caron, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Mark V. DePucchio, Vice President of CIGNA Investments, Inc., and _____, personally known to me to be the Vice President and Secretary, of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Vice President and _____ Secretary, they signed and delivered the said instrument as _____ President and _____ Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of _____ of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this 6th day of February, 1992.

/s/ Mary Caron
Notary Public

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TENANT'S ACKNOWLEDGMENT

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, Kendra K Szymanski, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard P. Riviere, President of CONFERENCE PLUS, a Delaware corporation and Melvin J. Simon, personally known to me to be the Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Secretary, they signed and delivered the said instrument as President and Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this 8th day of January, 1992.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/93

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard P. Riviere and Melvin J. Simon, personally known to me to be the same persons whose names are subscribed to the foregoing instrument appeared before me this day in person and acknowledged that _____ signed, sealed and delivered the said instrument as _____ free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

GIVEN under my hand and official seal this 8th day of January, 1992.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/93

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CORPORATE GUARANTEE

The undersigned, in consideration of the leasing of the Premises described in the attached Lease to the Tenant therein mentioned, does hereby absolutely, unconditionally and irrevocably guarantee to Landlord the full and complete performance of all of Tenant's covenants and obligations under such lease and the full payment by Tenant of all Rent and other charges and amounts required to be paid thereunder.

The undersigned does hereby waive any and all requirements of notice of the acceptance of this Guarantee and all requirements of notice of breach or non-performance by Tenant. The undersigned further waives any demand by

Landlord and/or prior action by Landlord of any nature whatsoever against Tenant. The undersigned's obligations hereunder shall remain fully binding although Landlord may have waived one or more defaults by Tenant or granted indulgences to the Tenant, or extended the time of performance by Tenant, modified or amended the Lease, released, returned or misapplied other collateral given later as additional security (including other guarantees), released Tenant from the performance of its obligations under such Lease, or failed or neglected to exercise any of Landlord's rights against the Tenant.

This Guarantee shall be binding upon the undersigned and its respective successors, successors in interest, representatives and assigns and shall continue in effect subsequent to any assignment of the Lease by Tenant or by operation of law.

This Guarantee shall be governed and construed under the laws of the State of Illinois. This Guarantee shall be construed as an absolute, continuing and unlimited Guarantee of all of the Tenant's obligations under said Lease, without regard to regularity, validity or enforceability of any liability or obligation of the Tenant hereby guaranteed; the Landlord shall not be obligated to proceed first against the Tenant or any other person, firm or corporation or against any collateral, if any, held by or on behalf of the Landlord and the undersigned shall be bound on this Guarantee to the Landlord as if the Tenant's obligations under the Lease were the primary obligations of the undersigned.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed on its behalf by its duly authorized officers and its corporate seal affixed hereto all on this 10th day of January, 1992.

R-COM, INC.,
a Delaware corporation

BY: /s/ Gary F. Seamans
ITS: Chairman

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STATE OF)
) SS
COUNTY OF)

On this 10th day of January, 1992, before me, a Notary Public in and for said County, appeared Gary F. Seamans, to me personally known, who being by me sworn, did say that he is the Chairman of R-COM, Inc., the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said G.F. Seamans acknowledged said instrument to be the free act and deed of said corporation.

/s/ Mary Lou Meyers
Notary Public

My Commission Expires: October 5, 1992

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NON-CORPORATE GUARANTEE

The undersigned, in consideration of the leasing of the Premises described in the attached Lease to the Tenant therein mentioned, do hereby absolutely, unconditionally and irrevocably guarantee to Landlord the full and complete performance of all of Tenant's covenants and obligations under the Lease and the full payment by Tenant of all Rent and other charges and amounts

required to be paid thereunder.

The undersigned do each hereby waive any and all requirements of notice of the acceptance of this Guarantee and all requirements of notice of breach or nonperformance by Tenant. The undersigned further waive any demand by Landlord and/or prior action by Landlord of any nature whatsoever against Tenant. The undersigned's obligations hereunder shall remain fully binding although landlord may have waived one or more defaults by Tenant, or granted indulgences to the Tenant, or extended the time of performances by Tenant, modified or amended the Lease, released, returned or misapplied other collateral given later as additional security (including other guarantees), released Tenant from the performances of its obligations under such Lease, or failed or neglected to exercise any of Landlord's rights against the Tenant.

If this Guarantee is signed by more than one person, their obligations shall be joint and several and the release of one of such guarantors shall not release any other of such guarantors. This Guarantee shall be binding upon the undersigned and their respective heirs, successors, successors of interest, executors, administrators, representatives and assigns and shall continue in effect subsequent to any assignment of the Lease by Tenant or by operation of law.

This Guarantee shall be governed and construed under the laws of the State of Illinois. This Guarantee shall be construed as an absolute, continuing and unlimited Guarantee of all of the Tenant's obligations under said Lease, without regard to regularity, validity or enforceability of any liability or obligation of the Tenant hereby guaranteed; the Landlord shall not be obligated to proceed first against the Tenant or any other person, firm or corporation or against any collateral, if any, held by or on behalf of the Landlord and the undersigned shall be bound on this Guarantee to the Landlord as if the Tenant's obligations under the Lease were the primary obligations of the undersigned.

IN WITNESS WHEREOF, the undersigned have set their bands and seals this ____ day of _____, 19__.

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STATE OF)
) SS
COUNTY OF)

On this ____ day of _____, 19__, before me, a Notary Public in and for said County, personally appeared _____, _____, and _____, to be known to be the person(s) described in and who executed the foregoing instrument and acknowledged that (he) (they) executed the same as (his) (their) free act and deed.

Notary Public

The Premises consist of that area outlined in red or a heavy line on the plan affixed (excluding from the foregoing any, if any: elevator shafts; flues; stacks; pipes; shafts; vertical and horizontal ducts; pillars; demising walls; electrical boxes; firehose cabinets; telephone closets; janitorial closets; mechanical closets; and stairways) together with the right to use in common with all other occupants of the Building, their invitees and the Landlord, the common areas of the Building consisting of corridors, elevators and lobby for ingress and egress to the Premises, washrooms and similar common facilities for their intended purposes, all subject to the terms and provisions of the Lease.

LANDLORD

TENANT

THE FIRST NATIONAL BANK OF BOSTON,
as Trustee
BY: CIGNA INVESTMENTS, INC.,
acting pursuant to Power of Attorney

CONFERENCE PLUS, a Delaware corporation

BY: /s/ Richard P. Riviere
Its President & CEO

ATTEST: /s/ Melvin J. Simon

BY: /s/ Mark DePucchio
Title: Vice President

Its Secretary

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[drawing of floor plan]

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EXHIBIT B
Construction Rider

THE FIRST NATIONAL BANK OF BOSTON, as Trustee (the "REMIC Trustee") pursuant to that certain Pooling and Servicing Agreement dated as of April 1, 1988 by among CIGNA Mortgage Securities, Inc. and CIGNA INVESTMENTS, INC., as Servicer ("Servicer") (the REMIC Trustee and Servicer are collectively referred to herein as the "Landlord") and CONFERENCE PLUS, a(n) _____ corporation, as tenant (the "Tenant") are executing simultaneously herewith a written lease (the "Lease") leasing certain space (the "Premises") in a building (the "Building") situated on real estate (the "Real Estate") commonly known as the THREE NATIONAL PLAZA AT WOODFIELD, 999 Plaza Drive, Schaumburg, Illinois and more particularly described in the Lease. In consideration of the respective covenants of the parties described in the Lease, Landlord and Tenant further mutually agree as follows:

CONSTRUCTION OF THE PREMISES: The Landlord and the Tenant agree that their respective rights and obligations in reference to the construction of the Premises shall be as follows:

1. LANDLORD'S PLANS AND SPECIFICATIONS

a. Landlord shall cause to be prepared complete mechanical plans and specifications where necessary for the installation of the building standard air conditioning systems and ductwork, heating, electrical and plumbing and other mechanical plans for Landlord's Work.

b. Landlord may make such changes in the mechanical plans and specifications described in subparagraph 1a hereof as Landlord may desire,

excepting that any such changes shall not materially or adversely affect Tenant's occupancy.

c. Landlord, at its sole option, may substitute for building standard materials described in paragraph 2 hereof other materials of comparable kind and quality.

2. LANDLORD'S WORK - STANDARD OF THE BUILDING

Landlord shall furnish and install the following labor and materials ("Landlord's Work") ("Building Standard"):

1. One lineal foot of partition for each 15 usable square feet of floor area within the Premises to enclose interior offices. There shall be no jogs, curves, angles or irregular offsets in any partition. Partitions terminating at the Building exterior walls shall either be aligned with a window mullion or meet column enclosure.

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2. One pre-finished solid core wood veneer interior door, with frame, hinges and latchset hardware, for each 25 lineal feet of partition, and one pre-finished solid core wood veneer entrance door.

3. 2' x 4' suspended tile ceiling throughout the Premises.

4. One 24" x 48" recessed fluorescent light fixture with prismatic cell lenses for each 80 usable square feet of ceiling area within the Premises and one wall switch for each 350 usable square feet of floor area within the Premises.

5. Carpet allowance of \$1.00 per square foot of usable area within the Premises. Floor slab finished to standard industry tolerances and suitable for padded carpeting installation.

6. 2 1/2" vinyl base in building standard color.

7. Thin slat horizontal blinds in building standard color on all peripheral windows.

8. Painting of building standard partitions and columns in Landlord's _____ selected by Tenant from Landlord's building standard colors.

9. One duplex electrical wall receptacle for each 150 usable square feet of floor area within the Premises.

10. One wall telephone outlet for each 200 usable square feet of floor area within the Premises.

11. A heat pump system and central circulating unit providing heating, ventilation and air conditioning service to the Premises during the hours set forth in the Lease such that the temperature conditions described in the Lease are maintained during such hours, with tolerances normal in first-class office buildings.

12. Landlord's Work does not include hardware, 2-1/2" vinyl base or painting for any door or partition supplied as Extra Work.

No credit shall be granted by Landlord for any of the Building Standard Work which is not used by Tenant.

3. TENANT'S PLANS AND SPECIFICATIONS

a. Tenant, at Tenant's sole cost and expense, shall cause to be prepared complete, finished, detailed architectural, telephone and electrical plans including all

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dimensions and specifications for all Extra Work to be performed by Landlord pursuant to Section 4 hereof ("Tenant's Plans").

b. Tenant's Plans shall also include all information as shall be required by Landlord's engineers to prepare mechanical plans pursuant to Section 1 hereof, which information shall include, but not be limited to, the following:

(1) Any special floor loading conditions which may exceed the structural weight limits of the floor.

(2) Specifications of any heat emanating equipment to be installed by Tenant which may require special air conditioning.

(3) Electrical specifications of any equipment that requires non-standard electrical power outlets.

(4) Complete specifications of any data-line wiring required, including cable routing, conduit size, cable type, etc.

c. Tenant's Plans are expressly subject to Landlord's prior written approval, which shall not be unreasonably withheld. Upon such approval, landlord shall cause Tenant's Plans, together with the mechanical plans and specifications provided for in paragraph 1 hereof, to be filed with the governmental agencies having jurisdiction thereof, in order to obtain all governmental permits and authorizations which may be required in connection with the work to be done.

d. ****INTENTIONALLY OMITTED****

4. EXTRA WORK

a. Tenant, on Tenant's Plans, may designate substitutions (except for Building Standard Blinds), additional or extra work and/or materials over and above Landlord's Work ("Extra Work") to be performed by Landlord, provided that the Extra Work, at Landlord's option, (i) shall not delay completion of Landlord's Work or the Commencement Date of the Lease; (ii) shall be practicable and consistent with the existing physical conditions in the Building and with the plans, for the Building which have been filed with the governmental authorities having jurisdiction thereover; (iii) shall not impair Landlord's ability to perform any of Landlord's obligations hereunder or under the Lease or any other lease of space in the Building; and (iv) shall not affect any portion of the Building other than the Premises. Without the prior written consent of Landlord, Tenant shall make no changes in Tenant's Plans after approval thereof by Landlord.

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(1) In the event Tenant requests Landlord to perform Extra Work and if Landlord accedes to such request, then and in that event, prior to commencing such Extra Work, Landlord shall submit to Tenant a written estimate ("Estimate") for said Extra Work to be performed. Within five (5) days after Landlord's submission of the Estimate, Tenant shall, in writing, either accept or reject the Estimate. Tenant's failure either to accept or reject the Estimate within said five (5) day period shall be deemed rejection thereof.

(2) In the event that Tenant rejects the Estimate or the Estimate is deemed rejected, Tenant shall within five (5) days after such rejection furnish Landlord with necessary revisions of Tenant's Plans, so as to enable Landlord to proceed as though no such Extra Work had been requested. Should Tenant fail to submit such necessary revisions of Tenant's Plan within said five day period, Landlord, in its sole discretion, may proceed to complete Landlord's Work (building standard work) in accordance with Tenant's Plan already submitted, with such variations as in Landlord's sole discretion may be necessary so as to eliminate the Extra Work set forth on Tenant's Plans.

b. Tenant may request the omission of an item of Landlord's Work provided that such omission shall not delay the completion of Landlord's Work, and Landlord thereafter shall not be obligated to install the same. No credit shall be granted to Tenant for items omitted or not installed. Credits for substitution shall be granted in amounts determined by Landlord's unit prices for substitutions and shall be applied against the final payments by Tenant for all Extra Work to be performed by Landlord. In no event shall there be any cash credits.

c. In the event Landlord performs Extra Work hereunder, Tenant shall pay to Landlord, upon acceptance of the Estimate, or submission of Landlord's bid therefor, as the case may be, a sum equal to twenty percent (20%) of the Estimate or bid price. Thereafter, Tenant shall pay to Landlord the balance of the cost of the Extra Work at such time or times as agreed to, but in no event shall the balance be paid later than the completion of the Extra Work.

5. COMPLETION - PUNCH LIST

When the Landlord is of the opinion that the Landlord's Work is Complete, then the Landlord shall so notify the Tenant. The Tenant agrees that upon such notification, the Tenant promptly (and not later than two business days after the date of Landlord's said notice) will inspect the Premises and furnish to the Landlord a written statement that the Building and Premises have been completed and are complete as required by the provisions of this Exhibit B and the Lease with the exception of certain specified and enumerated items (hereinafter referred to as the "Punch List"). The Tenant agrees that at the request of the Landlord from time to time hereafter, the Tenant will promptly furnish to the Landlord revised Punch Lists

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reflecting any completion of any prior Punch List items. It is mutually agreed that if the Punch List or any revised Punch List consists only of items that can be completed within a relatively short period of time, and if the non-completion of such Punch List items would not materially impair the Tenant's use or occupancy of the Premises, then, in such event, the Tenant will acknowledge in writing that the Premises are Complete and accept possession of the Premises; provided, however, that such acknowledgment or acceptance shall not relieve the Landlord of its obligations to promptly complete all such Punch List items. The date which is the earlier of either (i) the date on which the Tenant acknowledges that the Premises are Complete, or (ii) the date on which the Premises were Complete, pursuant to the provisions of this subparagraph 6 is sometimes referred to as the 'Completion Date'.

6. POSSESSION - EXTENSION OF TERMS AND ACKNOWLEDGMENTS

a. Possession. The Tenant will take possession of the Premises as of and on the Completion Date. Landlord has not agreed or represented that the Premises will be substantially ready for occupancy on the date specified in Section 2 of the Lease for the commencement of the Term. If for any reason whatsoever the Premises are not Complete on said date, this Lease shall nevertheless continue in full force and effect, and no liability shall arise against Landlord because of any such delay; provided, however, that all Rent due hereunder shall abate on a per diem basis until the Completion Date. Notwithstanding the foregoing, there shall be no abatement of Rent if the Premises are not substantially Complete due to any special equipment, fixtures, changes, alterations, or additions requested by Tenant, any delay of Tenant in submitting plans, supplying information or approving or authorizing plans, specifications, estimates or other matters, or any other act or omission of Tenant. If Tenant shall occupy all or any part of the premises prior to the Completion Date, all of the covenants and conditions of this Lease, including the obligation to pay Rent, shall be binding upon the parties hereto in respect to such occupancy as if the first day of the Term had been the date when Tenant began such occupancy.

b. **INTENTIONALLY OMITTED**

7. TENANT'S ENTRY PRIOR TO COMPLETION DATE

Landlord may permit Tenant and/or its agents or laborers to enter the Premises at Tenant's sole risk prior to the Completion Date in order to perform through Tenant's own contractors such work as Tenant may desire, at the same time that Landlord's contractors are working in the Premises. The foregoing license to enter prior to the Completion Date, however, is conditioned upon Tenant's labor not interfering with Landlord's contractors or with any other tenant or its labor. If at any time such entry shall cause disharmony, interference or union disputes of any nature whatsoever, or if Landlord shall, in Landlord's sole judgment, determine that such entry, such work or the continuance thereof shall interfere with, hamper or prevent Landlord from

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proceeding with the completion of the Building or the Premises at the earliest possible date, this license may be withdrawn by Landlord immediately upon written notice to Tenant. Such entry shall be deemed to be under and subject to all of the terms, covenants and conditions of the Lease and Tenant shall comply with all of the provisions of the Lease which are the obligation or covenants of the Tenant, except that the obligation to pay Rent shall not commence until the Completion Date or as otherwise provided for in the Lease. In the event that Tenant's agents or labor incurs any charges from Landlord, including but not limited to charges for the use of construction or hoisting equipment on the building site, then and in that event, such charges shall be deemed an obligation of Tenant and shall be collectible as Rent pursuant to the Lease and upon default in payment thereof, Landlord shall have the same remedies as for a default in payment of Rent pursuant to the Lease.

8. LANDLORD'S ENTRY AFTER SUBSTANTIAL COMPLETION

Landlord's Work shall be substantially complete prior to the Completion Date. At any time after the Completion Date, Landlord may enter the Premises to complete unfinished details of Landlord's Work and such entry by Landlord, its agents, servants, employees or contractors for such purpose shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents.

9. DELAYS

Landlord and Tenant mutually acknowledge that the Landlord's construction process in order to Complete the Building and the Premises requires a coordination of activities and a compliance by the Tenant without delay with all matters imposed upon the Tenant pursuant to this Exhibit B and that time is of the essence of the Tenant's obligation and compliance with the terms and provisions of this Exhibit B. The parties further mutually acknowledge that delays in such compliance by the Tenant would cause injury to the Landlord, delays in the completion of the Building and the Premises and damages to the Landlord, the nature and extent of which are difficult to ascertain and accordingly, the Tenant agrees to pay to the Landlord as liquidated damages and not as a penalty, a sum equal to 1/365 of the annual rent described in paragraph 3 of the Lease for each day of delay in:

a. The failure of the Tenant to deliver Tenant's Plans strictly in accordance with the Plans Submission Date set forth in subparagraph 3d of this Exhibit B; or

b. The failure of the Tenant to submit revisions of the Tenant's Plans strictly in accordance with the provisions of subparagraph 4a(2) of this Exhibit B, including, but not limited to, the five (5) day period described in said subparagraph.

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10. PROVISIONS SUBJECT TO LEASE

The provisions of this Exhibit B are specifically subject to the provisions of the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Exhibit B as of the date of the said Lease.

LANDLORD

TENANT

THE FIRST NATIONAL BANK OF BOSTON,
as Trustee
BY: CIGNA INVESTMENTS, INC.,
acting pursuant to Power of Attorney

CONFERENCE PLUS, a Delaware corporation
BY: /s/ Richard P. Riviere
Its President & CEO

ATTEST: /s/ Melvin J. Simon
BY: /s/ Mark DePucchio
Title: Vice President

Its Secretary

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EXHIBIT C
THREE NATIONAL PLAZA AT WOODFIELD
RULES AND REGULATIONS

1. REMOVAL PERMIT. Tenant shall list all furniture, equipment and similar articles Tenant desires to remove from the Premises or the Building and deliver a copy to Landlord and procure a removal permit from the Office of the Building authorizing Building employees to permit such articles to be removed.

2. DOORS TO BE LOCKED. Before leaving the Premises unattended, Tenant shall close and securely lock all doors and transoms and shut off all utilities in the Premises. Any damage resulting from failure to do so shall be paid by Tenant.

3. SIGNS. Tenant shall not paint, display, inscribe or affix any sign, trademark, picture, advertising, notice, lettering or direction on any part of the outside or inside of the Building, or on the Premises, except on the public hallway doors of the Premises, and then only such name or names or matter and of such color, size, style, character and material as shall be first approved by Landlord in writing. Landlord reserves the right to remove any other matter, without notice to Tenant and at the cost and expense of Tenant.

4. SOUND DEVICES. Tenant shall not place any radio or television antenna on the roof or on or in any part of the inside or outside of the Building other than the inside of the Premises, or operate or permit to be operated any musical or sound producing instrument or device inside or outside the Premises which may be heard outside the Premises, or operate any electrical device from which may emanate electrical waves which may interfere with or impair radio or television broadcasting or reception from or in the Building or elsewhere.

5. NUISANCES. Tenant shall not bring or permit to be in the Building any bicycle or other vehicle, or dog (except in the company of a blind person) or other animal or bird; make or permit any noise, vibration or odor to emanate from the Premises; or do anything therein tending to create, or maintain, a nuisance; or disturb, solicit or canvass any occupant of the Building, or do any act tending to injure the reputation of the Building.

6. CLEANLINESS AND OBSTRUCTION OF PUBLIC AREAS. Tenant shall not place anything or allow anything to be placed near the glass of any door, partition, or window which may be unsightly from outside the Premises; or take or permit to be taken in or out of other entrances of the Building, or take or permit on other elevator, any item normally taken in or out through the trucking concourse or service doors or in or on freight elevators; or, whether temporarily, accidentally, or otherwise, allow anything to remain in, place or store anything in, or obstruct in any way, any passageway, exit, stairway,

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elevator, shipping platform, or truck concourse. Tenant shall lend its full cooperation to keep such areas free from all obstruction and in a clean and sightly condition and move all supplies, furniture and equipment as soon as received directly to the Premises and move all such items and waste, other than waste customarily removed by employees of the Building, being taken from the Premises, directly to the shipping platform at or about the time arranged for removal therefrom.

7. ADDITIONAL LOCKS. Tenant shall not attach or permit to be attached additional locks or similar devices to any door, transom or window; or change existing locks or the mechanism thereof; or make or permit to be made any keys for any door other than those provided by Landlord. (If more than two keys for one lock are desired, Landlord will provide them upon payment therefor by Tenant.)

8. OVERLOAD ANY FLOOR. Tenant shall not overload any floors.

9. DEFACING PREMISES. Tenant shall not do any painting or decorating in the Premises; or mark, paint, cut or drill into, drive nails or screws into, or in any way deface any part of the Premises or the Building, outside or inside, without the prior written consent of Landlord. (If Tenant desires signal, communication, alarm or other utility or service connections installed or changed, the same shall be made by and at the expense of Tenant, with the approval and under direction of Landlord.)

10. SPECIAL FREIGHT ELEVATOR SERVICE FOR TENANT. Upon written application by Tenant, and approval thereof by Landlord, Landlord shall furnish freight elevator service for Tenant at times other than those times provided for in the Lease at rates for such usage from time to time maintained in effect by Landlord.

11. EMERGENCY PROCEDURES. Tenant shall appoint a floor warden from Tenant's organization who shall be responsible for educating Tenant's employees in the proper fire evacuation procedures and the scheduling and conducting of at least one (1) fire drill per year for Tenant's employees who normally occupy the Tenant's Premises in the Building. The Tenant shall notify the Office of the Building of the date and time of Tenant's scheduled fire evacuation drill.

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FIRST AMENDMENT TO LEASE

This First Amendment to Lease is made and entered into as of the 27th day of April, 1992 at Chicago, Illinois by and between THE FIRST NATIONAL BANK OF BOSTON, as Trustee (the "REMIC Trustee") pursuant to that certain Pooling and Servicing Agreement dated as of April 1, 1988 by and among CIGNA Mortgage Securities, Inc. and CIGNA INVESTMENTS, INC., as Servicer ("Servicer") (the REMIC Trustee and Servicer are collectively referred to herein as the "Landlord") and CONFERENCE PLUS, a Delaware corporation (the "Tenant").

RECITALS:

A. The Landlord and the Tenant have previously executed a written lease dated as of December 24, 1991 (the "Lease"), leasing certain premises (the "Premises") in a building (the "Building") located on the real estate commonly known as Three National Plaza at Woodfield, located at 999 Plaza Drive, Schaumburg, Illinois, as more particularly set forth in the Lease.

B. The Tenant desires to expand the Premises by an additional 668 rentable square feet (the "Expansion Space"). The location of the Expansion Space (and the original Premises) is indicated on Exhibit A-E attached hereto.

C. The Landlord and Tenant desire to modify and amend some of

the provisions of the Lease by the terms and provisions of this First Amendment to Lease (the "First Amendment").

NOW, THEREFORE, in consideration of the respective covenants of the parties hereto contained in the Lease, Landlord and Tenant further mutually agree as follows:

1. CONTROLLING LANGUAGE. Insofar as the specific terms and provisions of this First Amendment purport to amend or modify or are in conflict with the specific terms and provisions of the Lease (the specific, but not implied), the terms and provisions of this First Amendment shall govern and control; in all other respects, the terms and provisions (and definitions) of the Lease shall remain in full force and effect and unmodified.

2. PREMISES. Effective immediately: (i) Section 1 of the Lease is hereby amended by deleting the number of rentable square feet contained therein, "969", and in lieu thereof, substitute the number "1, 637", and (ii) Exhibit A attached to the Lease showing the location of the original Premises is hereby deleted and in lieu thereof, Exhibit A-E attached hereto is substituted.

3. TERM. The Tenant and Landlord do hereby acknowledge that the Term, as set forth in Section 2 of the Lease, shall, in relation to both the original Premises and the Expansion Space added to the Premises hereby end on the last day of February, 1997.

4. BASE RENT. Effective as of May 15, 1992, the Base Rental table set forth in subsection 3 A of the Lease is hereby deleted and in lieu thereof Tenant shall pay as and for Base Rent and monthly installments of Base Rent during the remainder of the Term those amounts set forth in the following rental table in relation to the applicable months of the remainder of the Term:

<TABLE>

<CAPTION>

MONTH OF TERM	RATE PER SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT	ANNUAL BASE RENT
<S>	<C>	<C>	<C>
1 - 12	\$5.25	\$ 716.19	\$ 8,594.25
13 - 24	5.36	731.19	8,774.32
25 - 36	5.47	746.20	8,954.39
37 - 48	5.58	761.21	9,134.46
49 - 6	5.69	776.21	9,314.53

</TABLE>

For the purposes of determining the applicable Base Rent and monthly installments of Base Rent, the beginning and ending months are inclusive in the applicable rate periods above.

Notwithstanding the foregoing, Landlord and Tenant do hereby acknowledge that due to the fact that the monthly installment of Base Rent for May, 1992 is determined, in part, pursuant to the Base Rental table set forth in the original Lease and in part by the table contained in this Section 4, the monthly installment of Base Rent payable by Tenant to Landlord for and in relation to the month of May, 1992 shall be the sum of \$570.07.

5. SECURITY DEPOSIT. The Landlord and Tenant do hereby acknowledge that the Tenant has delivered to the Landlord and the Landlord has received from the Tenant pursuant to Section 5 of the Lease a security deposit in the amount of \$1,043.16. Effective immediately, the security deposit required by Section 5 of the Lease shall be the sum of \$1,359.90. The Tenant shall deliver to the Landlord the additional \$316.24 necessary to increase the amount of the security deposit held by the Landlord pursuant to Section 5 of the Lease, as modified by this Section 5 of the First Amendment

6. TENANT'S PROPORTIONATE SHARE. Effective as of and including May 15, 1992, the provisions of subsection 4A(iii) of the Lease are hereby amended by deleting the numerator of the fraction contained therein, "969", and in lieu thereof, inserting the figure of "1,637" and by deleting the percentage contained in said subsection, "0.7218 percent", and in lieu thereof, inserting the percentage figure of "1.2194 percent".

7. ELIMINATED PROVISIONS. Effective immediately, the provisions of Exhibit B attached to the Lease and Section 31 of the Lease are hereby deleted in their entirety.

8. BROKERS. The Tenant does hereby represent to the Landlord that except for Miglin-Beitler Management Corporation, no broker has been involved in this transaction concerning the Expansion Space. The Tenant does hereby agree to indemnify, defend and hold the Landlord harmless from and against any and all claims of any real estate broker except for Miglin-Beitler Management Corporation who claims to be entitled to commissions in connection with this Lease as a result of representing Tenant.

9. OPERATING EXPENSE MODIFICATION. Notwithstanding any provision of Section 30 of the Lease to the contrary, the Landlord and Tenant do hereby acknowledge that for the purposes of determining the percentage limitations on the Tenant's duty to pay Tenant's Proportionate Share of all Operating Expenses set forth in subparagraphs 30D(ii), (iii), (iv), (v) and (vi) of the Lease, such percentage limitations shall be determined as if the Expansion Space added by this First Amendment had been a part of the Premises from inception of the Lease and the Tenant's Proportionate Share during the entire Base Year had been 1.2194 percent.

10. MUTUAL INCORPORATION. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement, in writing, between Landlord and Tenant. No modifications, termination, or surrender of this First Amendment or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted, in writing, by the Landlord and no act by any representative or agent of the Landlord other than delivery of such a written agreement and acceptance by the Landlord shall constitute acceptance thereof. Any prior negotiations or intentions of the parties, whether oral or evidenced by written documentation dated prior to the date of this First Amendment, are null and void.

11. EXPANSION OPTION. The Landlord and Tenant do hereby acknowledge and agree that for the purposes of subsection 32 A of the Lease:

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(i) The Tenant has exercised its First Option;

(ii) The Expansion Space added hereby constitutes the First Option Space;

(iii) The First Option Space had been previously improved for another tenant;

(iv) This First Amendment constitutes the amendment required by subparagraph 32A(iii) of the Lease;

(v) Neither the addition of the Expansion Space to the Premises nor the execution of this First Amendment by Tenant and Landlord shall be deemed or construed as eliminating the Tenant's right to exercise the Second Option, as set forth and in accordance with the provisions of subsection 32B of the Lease.

12. REDECORATING. The Landlord and Tenant do hereby acknowledge that the Expansion Space has been previously built out for a prior tenant. Notwithstanding the provisions of subsection 32 A of the Lease which provides that in such circumstances the Tenant is required to take the Expansion Space in its then "as is" condition, the Landlord does hereby agree at Landlord's sole cost and expense, to cause the Expansion Space on or about May 15, 1992 to

be completely recarpeted with Building Standard carpet and to be repainted with one coat of Building Standard paint. The Tenant shall select from the Building Standard colors for carpet and paint those colors for said carpeting and painting desired by the Tenant and notify the Landlord of such selection as soon as feasible. Except as provided in this Section 12, the Tenant does hereby acknowledge that the Landlord has made no promise to the Tenant to construct, alter or otherwise decorate or redecorate the Expansion Space.

13. LANDLORD'S EXONERATION. Landlord's exoneration clause, as set forth in Paragraph 28 of the Lease, is hereby incorporated herein by reference, as if fully set forth.

LANDLORD	TENANT
THE FIRST NATIONAL BANK OF BOSTON, as Trustee	CONFERENCE PLUS, a Delaware corporation
BY: _____	BY: _____
Its	Its
ATTEST: _____	ATTEST: _____
Its	Its

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STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

I, _____, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, President of _____ and _____, personally known to me to be the _____ Secretary of said corporation, and personally known to be to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such _____ President and _____ Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of _____ of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this _____ day of _____, 19__.

Notary Public

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STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

I, _____, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, personally known to me to be the _____ President of CONFERENCE PLUS, a Delaware corporation authorized to conduct business in the State of Illinois, and _____, said corporation, personally known to me to be _____ Secretary of said corporation, and personally known to me to be the same persons whose names

are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such _____ President and _____ Secretary, they signed and delivered the said instrument as _____ President and _____ Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of _____ of said corporation as their free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this _____ day of _____, 19__.

Notary Public

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Third Floor Plan
Plan Grid is 2' x 4'

WOODFIELD PARK OFFICE PLAZA
999 PLAZA DRIVE
Schaumburg, Illinois

EXHIBIT A-E
[MIGLIN-BEITLER LETTERHEAD]

March 10, 1993

Mr. Rick Riviere
Conference Plus, Inc.
999 Plaza Drive, Suite 370
Schaumburg, Illinois 60173

Dear Rick;

Enclosed please find an executed copy of your Second Amendment to Lease at National Plaza at Woodfield for your files.

Congratulations on your new expansion, we hope to continue meeting your needs here at Miglin-Beitler Management. Please feel free to call me if you have any questions.

Sincerely,

MIGLIN-BEITLER ASSET MANAGEMENT

James G. Bushy

General Building Manager

JGB/dg

enc.

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease is made and entered into as of the 13th day of January, 1993 at Chicago, Illinois by and between CONNECTICUT GENERAL LIFE INSURANCE COMPANY, BY: CIGNA INVESTMENTS, INC., its agent, as Landlord, and CONFERENCE PLUS, a Delaware corporation (the "Tenant").

R E C I T A L S:

A. The Tenant, as tenant, and The First National Bank of Boston, as Trustee (the "REMIC Trustee") pursuant to that certain Pooling and Servicing Agreement dated as of April 1, 1988 by and among CIGNA Mortgage Securities, Inc. and CIGNA INVESTMENTS, INC., as Servicer ("Servicer") (the REMIC Trustee and Servicer collectively referred to herein as the "Prior Landlord"), as landlord, previously executed a written lease dated as of December 24, 1991 (the "Lease") and a first amendment to lease dated the 27th day of April, 1992 (the "First Amendment") (collectively, herein referred to as the "Lease"), leasing certain premises (the "Premises") in a building (the "Building") located on the real estate commonly known as Three National Plaza at Woodfield, located at 999 Plaza Drive, Schaumburg, Illinois, as more particularly set forth in the Lease.

B. The Landlord has succeeded to the interests of the Prior Landlord as the result of mesne conveyances.

C. The Tenant desires to lease an additional 3,183 rentable square feet, of which 2,689 rentable square feet are contiguous to the Premises and the remaining 494 rentable square feet are not contiguous to the Premises (the "Expansion Space"). The location of the Expansion Space is depicted on Exhibit A-E2 attached hereto.

D. The Landlord and Tenant desire to modify and amend some of the provisions of the Lease by the terms and provisions of this second amendment (the "Second Amendment").

NOW, THEREFORE, in consideration of the respective covenants of the parties hereto contained in the Lease and in this Second Amendment, Landlord and Tenant further mutually agree as follows:

1. CONTROLLING LANGUAGE. Insofar as the specific terms and provisions of this Second Amendment purport to amend or modify or are in conflict with the specific terms and provisions of the Lease (the specific, but not implied), the terms and provisions of this Second Amendment shall govern and control; in all other respects, the terms and provisions (and definitions) of the Lease shall remain in full force and effect and unmodified.

2. PREMISES. Effective as of March 1, 1993 and until the Temporary Term Expiration Date and not thereafter, Section 1 of the Lease is hereby amended by deleting the number of rentable square feet contained therein, "1,637", and in lieu thereof, substitute the number "4,820", and (ii) Exhibit A-E attached to the Lease showing the location of the original Premises and the Temporary Expansion Space is hereby deleted and in lieu thereof, Exhibit A-E2 attached hereto is substituted. Effective as of the day immediately following the Temporary Term Expiration Date, Section 1 of the Lease, as amended above in this Section 2, shall be further amended by deleting the number of rentable square feet contained therein, "4,820", and in lieu thereof, substituting the number "4,152" and by deleting the Temporary Expansion Space from Exhibit A- E2 attached hereto.

3. TEMPORARY TERM. The Tenant and Landlord do hereby agree that pursuant to the provisions contained in Section 3 of the First Amendment, the Term, as set forth in Section 2 of the Lease, shall, in relation to the Temporary Expansion Space added to the Premises by the First Amendment and only the Temporary Expansion Space (and not the original Premises or the Expansion Space added by this Second Amendment) end on the earlier of (i) the "Early Termination Date" (as defined in Section 13 of the First Amendment); or (ii) the last day of May, 1993 (the earlier of (i) and (ii) above being hereinafter referred to as the "Temporary Term Expiration Date").

4. BASE RENT. Effective as of March 1, 1993 (and not before), the Base Rental tables set forth in subsection 3 A of the Lease, as amended by Section 4 of the First Amendment are hereby deleted and in lieu thereof, Tenant shall pay as and for Base Rent and monthly installments of Base Rent during the remainder of the Term those amounts set forth in the following rental table in relation to the applicable months of the remainder of the Term:

<TABLE>
<CAPTION>

MONTH OF TERM	RATE PER SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT	ANNUAL BASE RENT
1 - 12	\$5.25	\$2,108.75	\$ 25,305.00
13 - 24	5.36	2,152.93	25,835.20
25 - 36	5.47	2,197.12	26,365.40
37 - 48	5.58	2,241.30	26,895.60
49 - 60	5.69	2,285.48	27,425.80

</TABLE>

For the purposes of determining the applicable Base Rent and monthly installments of Base Rent, the beginning and

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ending months are inclusive in the applicable rate periods above.

Notwithstanding the foregoing, the Landlord and Tenant do hereby acknowledge that effective as of the Temporary Term Expiration Date, the amounts set forth in the annual Base Rent column in the table above for and in relation to each of applicable rate periods specified above occurring after the Temporary Term Expiration Date shall be reduced by that amount determined by multiplying the rate per square foot figure contained in the table above for such rate period by 668, and the monthly installments of Base Rent for each such rate period shall be modified in relation to each such rate period occurring after the Temporary Term Expiration Date to equal one-twelfth (1/12th) of the new annual Base Rent, as determined aforesaid.

5. SECURITY DEPOSIT. The Landlord and Tenant do hereby acknowledge that the Tenant has delivered to the Landlord and the Landlord has received from the Tenant pursuant to Sections 5 of the Lease and First Amendment, a security deposit in the amount of \$1,359.90. Effective immediately, the security deposit required by Sections 5 of the Lease and First Amendment shall be the sum of \$2,781.64. The Tenant shall deliver to the Landlord the additional \$1,421.74 necessary to increase the amount of the security deposit held by the Landlord pursuant to Section 5 of the Lease, as modified by this Section 5 of the Second Amendment, concurrently with the execution and delivery of this Second Amendment by the Tenant to the Landlord. Nothing herein contained shall be deemed or construed as eliminating Landlord's duty to return to the Tenant pursuant to Section 5 of the First Amendment the \$316.24 delivered by the Tenant concurrently with the execution of the First Amendment upon the occurrence of the Temporary Term Expiration Date, as determined pursuant to Section 3 of this Second Amendment.

6. TENANT'S PROPORTIONATE SHARE. Effective as of and including March 1, 1993 to and including the Temporary Term Expiration Date, the provisions of subsection 4A(iii) of the Lease, as modified by Section 6 of the First Amendment, is hereby amended by deleting the numerator of the fraction contained therein, "1,637", and in lieu thereof, inserting the figure of "4,820" and by deleting the percentage contained in said subsection, "1.2194 percent", and in lieu thereof, inserting the percentage figure of "3.59 percent". Effective as of and including the first day following the Temporary Term Expiration Date, the provisions of subsection 4A(iii) of the Lease, as modified by both Section 6 of the First Amendment and the modifications contained above in this Section 6 shall be further amended by deleting the

numerator of the fraction contained therein, "4,820", and in lieu thereof, inserting the figure of, "4,152", and by deleting the percentage contained in said subsection, "3.59 percent", and in lieu thereof, inserting the percentage figure of "3.09 percent".

7. ELIMINATED PROVISIONS. Effective immediately, the provisions of Section 11 of the First Amendment and Subsection 32A of the Lease are hereby deleted

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in their entirety. It is hereby acknowledged that for the purposes of Subsection 32B of the Lease, Tenant has exercised its First Option and the Tenant's right to exercise the Second Option remains unaffected by this Second Amendment.

8. BROKERS. The Tenant does hereby represent to the Landlord that except for Miglin-Beitler Management Corporation, no broker has been involved in this transaction concerning the Expansion Space. The Tenant does hereby agree to indemnify, defend and hold the Landlord harmless from and against any and all claims of any real estate broker except for Miglin-Beitler Management Corporation who claims to be entitled to commissions in connection with this Lease as a result of representing Tenant.

9. OPERATING EXPENSE MODIFICATION. Notwithstanding any provision of Section 30 of the Lease to the contrary, the Landlord and Tenant do hereby acknowledge that for the purposes of determining the percentage limitations on the Tenant's duty to pay Tenant's Proportionate Share of all Operating Expenses set forth in subparagraphs 30D of the Lease, such percentage limitations shall be determined:

(a) For that period of time commencing March 1, 1993 and ending on the Temporary Term Expiration Date as if the Temporary Expansion Space added by the First Amendment and the Expansion Space added by this Second Amendment had been a part of the Premises from inception of the Lease and the Tenant's Proportionate Share during the entire Base Year had been 3.59 percent.

(b) For that period of time commencing on the date immediately following the Temporary Term Expansion Date and for the remainder of the Term, as if the Expansion Space added hereby had been a part of the Premises from the inception of the Lease and Tenant's Proportionate Share during the entire base year had been 3.09 percent.

10. MUTUAL INCORPORATION. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement, in writing, between Landlord and Tenant. No modifications, termination, or surrender of this Second Amendment or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted, in writing, by the Landlord and no act by any representative or agent of the Landlord other than delivery of such a written agreement and acceptance by the Landlord shall constitute acceptance thereof. Any prior negotiations or intentions of the parties, whether oral or evidenced by written documentation dated prior to the date of this Second Amendment, are null and void.

11. REDECORATING. The Landlord and Tenant do hereby acknowledge that the Expansion Space has been previously built out for a prior tenant. The Tenant does hereby acknowledge that the Landlord has made no promise to the Tenant to construct, alter or otherwise decorate or redecorate the Expansion Space, except as indicated

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below. Notwithstanding the foregoing, the Landlord and Tenant do hereby acknowledge that the Tenant has submitted and the Landlord has approved that certain plan, prepared by I.D.G., Ltd. and dated 1/8/93 consisting of one (1) page, labelled Scope of Work (the "Tenant's Plans"). Except as hereinafter

provided, the Landlord does hereby agree to build out the Premises at Landlord's sole cost and expense in accordance with the items indicated on the Tenant's Plans. Notwithstanding the foregoing, Tenant shall:

(i) pay for the cost of the Landlord purchasing and installing interior glass partitioning and building standard mini-blinds, the cost of which shall be \$2,595.00;

(ii) purchase and install, at its own cost with its own contractors all above building standard electrical work;

(iii) pay to the Landlord the sum of \$745.91 for carpeting installed by Landlord in Suite 385; and

(iv) not require Landlord to construct nor shall Tenant cause to be constructed the doorway opening in the wall between the Temporary Expansion Space and the Expansion Space indicated on Tenant's Plans.

12. LANDLORD'S EXONERATION. Landlord's exoneration clause, as set forth in Paragraph 28 of the Lease, is hereby incorporated herein by reference, as if fully set forth.

LANDLORD	TENANT
CONNECTICUT GENERAL LIFE INSURANCE COMPANY, BY: CIGNA INVESTMENTS, INC., its agent	CONFERENCE PLUS, a Delaware corporation BY: /s/ Richard P. Riviere Its President & CEO
BY: /s/ John R. Schumann Title: Vice President	ATTEST: /s/ Melvin J. Simon Its Secretary
ATTEST: /s/ William S. Woodsome Its Vice President	

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STATE OF CONNECTICUT)
COUNTY OF HARTFORD)

I HEREBY CERTIFY THAT on this day personally appeared before me, an officer duly authorized to administer and take acknowledgements, John R. Schumann, to me known to be Vice President of CIGNA Investments, Inc.; and William S. Woodsome to me known to be Vice President of CIGNA Investments, Inc. and they severally acknowledged to and before me that be executed the foregoing instrument as such officer in the name and on behalf of said corporation and that he affixed thereto the corporate seal of said corporation, for the uses and purposes therein set forth and under due authority from said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in said State and County this 2nd Day of March, 1993.

/s/ Jeannene M. Whitcomb
Notary: Jeannene M. Whitcomb

My Commission Expires: 9/30/97

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STATE OF)
) SS
COUNTY OF)

I, _____, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that

_____, President of _____
and _____, personally known to me to be the
_____ Secretary of said corporation, and personally known to be to
be the same persons whose names are subscribed to the foregoing instrument,
appeared before me this day in person and severally acknowledged that as such
_____ President and _____ Secretary of said
corporation, and caused the corporate seal of said corporation to be affixed
thereto, pursuant to authority given by the Board of _____ of said
corporation as their free and voluntary act and as the free and voluntary act
and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this _____ day of
_____, 19__.

Notary Public

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STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, Kendra K Szymanski, a Notary Public in and for said County,
in the State aforesaid, DO HEREBY CERTIFY that Richard P. Riviere, personally
known to me to be the President of CONFERENCE PLUS, a Delaware corporation
authorized to conduct business in the State of Illinois, and Melvin J. Simon,
personally known to me to be the Secretary of said corporation, and personally
known to me to be the same persons whose names are subscribed to the foregoing
instrument, appeared before me this day in person and severally acknowledged
that as such President and Secretary, they signed and delivered the said
instrument as President and Secretary of said corporation, and caused the
corporate seal of said corporation to be affixed thereto, pursuant to authority
given by the Board of Directors of said corporation as their free and voluntary
act for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this 23rd day of February,
1993.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/97

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CORPORATE GUARANTEE

The undersigned, in consideration of the leasing of the Expansion
Space described in the attached Second Amendment to Lease to the Tenant therein
mentioned (Conference Plus), does hereby absolutely, unconditionally and
irrevocably guarantee to Landlord the full and complete performance of all of
Tenant's covenants and obligations under that certain Lease dated as of the
24th day of December, 1991, as subsequently amended by a First Amendment to
Lease date as of April 27, 1992 and the attached Second Amendment to Lease
dated as of the 13th day of January, 1993 (in the aggregate, the "Lease") and
the full payment by Tenant of all Rent and other charges and amounts required
to be paid thereunder.

The undersigned does hereby waive any and all requirements of notice
of the acceptance of this Guarantee and all requirements of notice of breach or
non-performance by Tenant. The undersigned further waives any demand by
Landlord and/or prior action by Landlord of any nature whatsoever against

Tenant. The undersigned's obligations hereunder shall remain fully binding although Landlord may have waived one or more defaults by Tenant or granted indulgences to the Tenant, or extended the time of performance by Tenant, modified or amended the Lease, released, returned or misapplied other collateral given later as additional security (including other guarantees), released Tenant from the performance of its obligations under such Lease, or failed or neglected to exercise any of Landlord's rights against the Tenant.

This Guarantee shall be binding upon the undersigned and its respective successors, successors in interest, representatives and assigns and shall continue in effect subsequent to any assignment of the Lease by Tenant or by operation of law.

This Guarantee shall be governed and construed under the laws of the State of Illinois. This Guarantee shall be construed as an absolute, continuing and unlimited Guarantee of all of the Tenant's obligations under said Lease, without regard to regularity, validity or enforceability of any liability or obligation of the Tenant hereby guaranteed; the Landlord shall not be obligated to proceed first against the Tenant or any other person, firm or corporation or against any collateral, if any, held by or on behalf of the Landlord and the undersigned shall be bound on this Guarantee to the Landlord as if the Tenant's obligations under the Lease were the primary obligations of the undersigned.

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IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed on its behalf by its duly authorized officers and its corporate seal affixed hereto all on this 23rd day of February, 1993.

ELECTRONIC INFORMATION TECHNOLOGIES, INC.,
a Delaware corporation

BY: /s/ Melvin J. Simon
ITS: Secretary

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STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

On this 23rd day of February, 1993, before me, a Notary Public in and for said County, appeared Melvin J. Simon, to me personally known, who being by me sworn, did say that he is the Secretary of ELECTRONIC TECHNOLOGIES, INC., the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, _____ and said _____ acknowledged said instrument to be the free act and deed of said corporation.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/97

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WOODFIELD PARK OFFICE PLAZA
999 PLAZA RIVE
Schaumburg, Illinois

EXHIBIT A-E2
CONSENT BY LANDLORD TO SUBLEASE

The undersigned, CONNECTICUT GENERAL LIFE INSURANCE COMPANY, BY: CIGNA INVESTMENTS, INC., its agent, as landlord (the "Landlord") under that certain Lease (as amended, if amended, the "Lease"), dated as of the 24th day of December, 1991, with CONFERENCE PLUS, INC., as tenant (the "Tenant"), leasing certain premises (the "Premises") on the 3rd floor of the building commonly known as Three National Plaza at Woodfield does hereby consent to a certain sublease (the "Sublease") between the Tenant, as sublessor, and Information Network Systems, Inc., as sublessee (the "Sublessee"), dated March 5, 1993, having an effective date as of March 1, 1993, or the date of Landlord's consent (the "Effective Date") a copy of which is attached hereto, upon the express understandings and conditions that:

1. Landlord neither approves nor disapproves of the terms, conditions, and agreements contained in the Sublease (all of which shall be subordinate and subject to the terms, conditions, and agreements of the Lease) and the Landlord assumes no liability or obligation of any kind whatsoever to the Sublessee, or for or on account of anything contained in the Sublease;
2. Notwithstanding the sublease, or anything in the Sublease to the contrary, and notwithstanding the provisions of this instrument to the contrary, the Tenant shall continue to remain liable, primarily as a principal and not secondarily as a surety or guarantor, for the payment of rent and the full, faithful, and prompt performance of all of the covenants and obligations of the Tenant under and as set forth in the Lease, including, but not limited to, the payment of rent and the responsibility of the Tenant for all actions and any neglect of the Sublessee and its officers, partners, employees, agents, guests, and invitees as if such Sublessee and such persons were employees of the Tenant;
3. There shall be no further subletting of the Tenant's or Sublessee's interest in the Lease, or of all or any portion of the Premises demised under the Lease except strictly in accordance with the terms, conditions, provisions, and limitations of the Lease; and
4. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of any Landlord while in form purporting to be the representations, warranties, covenants, undertakings and agreements of such Landlord are, nevertheless, each and every one of them made and intended, not as personal representations, warranties, covenants, undertakings and agreements by such Landlord, or for the purpose or with the intention of binding such Landlord personally, but are made and intended for the purpose only of subjecting such Landlord's interest in the Premises and the Property to the terms of this Lease and for no other purpose whatsoever, and in case of default hereunder by such Landlord (or default through, under or by any of its beneficiaries, or any of the agents or representatives of the Landlord or said beneficiaries), Tenant shall look solely to the interests of such Landlord in the Premises and the Property; that no Landlord nor any of the beneficiaries of any Landlord which is a land trust shall have any

personal liability to pay any indebtedness accruing hereunder or to perform any covenant, either express or implied, herein contained and no liability or duty shall rest upon any Landlord which is a land trust to sequester the trust estate or the rents, issues and profits arising therefrom, or the proceeds arising from any sale or other disposition thereof; that no personal liability or personal responsibility of any sort is assumed by, nor shall at any time be asserted or enforceable against, Landlord, individually or personally, or against any of its beneficiaries or any of the beneficiaries under any land trust which may become the owner of any representation, warranty, covenant, undertaking or agreement of Landlord in this Lease contained, either express or implied, all such personal liability, if any, being expressly waived and released by Tenant and by all persons claiming by, through or under Tenant.

Dated: March 23, 1993.

LANDLORD
CONNECTICUT GENERAL LIFE INSURANCE COMPANY
BY: CIGNA INVESTMENTS, INC., its agent

BY: /s/ John G. Eisele
TITLE: Vice President

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[MIGLIN-BEITLER LETTERHEAD]

March 16, 1993

Mr. Richard Riviere
Conference Plus, Inc.
999 Plaza Drive, Suite 370
Schaumburg, Illinois 60173

Dear Rick:

This letter is to confirm that CONFERENCE PLUS, INC. has accepted Suite 370 and Suite 385 on March 1, 1993. According to the provisions of your Lease, (Section 2), the term of your expansion will be effective on March 1, 1993 and end on February 28, 1997.

Please confirm and execute a copy of this letter which will become a permanent part of your lease file.

Sincerely,

MIGLIN-BEITLER ASSET MANAGEMENT

James G. Bushy
General Building Manager

Agreed and Accepted:

/s/ Richard P. Riviere

Date: 3/18/93

JGB/dg

cc: Prashant Bodhanwala

THIRD AMENDMENT TO LEASE

This Third Amendment to Lease is made and entered into as of the 20th day of January, 1994 at Chicago, Illinois by and between CONNECTICUT GENERAL LIFE INSURANCE COMPANY, BY: CIGNA INVESTMENTS, INC., its agent, as Landlord, and CONFERENCE PLUS, a Delaware corporation (the "Tenant").

RECITAL OF FACTS:

A. The Tenant, as tenant, and The First National Bank of Boston, as Trustee (the "REMIC Trustee") pursuant to that certain Pooling and Servicing Agreement dated as of April 1, 1988 by and among CIGNA Mortgage Securities, Inc. and CIGNA INVESTMENTS, INC., as Servicer ("Servicer") (the REMIC Trustee and Servicer collectively referred to herein as the "Prior Landlord"), as landlord, previously executed a written lease dated as of December 24, 1991 (the "Original Lease"), a first amendment to lease dated the 27th day of April, 1992 (the "First Amendment") and a second amendment to lease dated January 13, 1993 (the "Second Amendment") (collectively, herein referred to as the "Lease"), leasing certain premises (the "Premises") in a building (the "Building") located on the real estate commonly known as Three National Plaza at Woodfield, located at 999 Plaza Drive, Schaumburg, Illinois, as more particularly set forth in the lease.

B. The Landlord has succeeded to the interests of the Prior Landlord as the result of mesne conveyances.

C. Tenant desires to utilize an additional 3,665 rentable square feet (the "Second Temporary Expansion Space") on a temporary month-to-month basis (not to exceed six months in total). The location of the Second Temporary Expansion Space (and the Premises described in the Lease prior to this Third Amendment) is indicated on Exhibit A-E3 attached hereto.

D. The Landlord and Tenant desire to modify and amend some of the provisions of the Lease by the terms and provisions of this Third Amendment to Lease (the "Third Amendment").

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the respective covenants of the parties hereto contained in the Lease, Landlord and Tenant further mutually agree as follows:

1. CONTROLLING LANGUAGE. Insofar as the specific terms and provisions of this Third Amendment purport to amend or modify or are in conflict with the specific terms and provisions of the Lease (the specific, but not implied), the terms and provisions of this Third Amendment shall govern and control; in all other respects, the terms and provisions (and definitions) of the Lease shall remain in full force and effect and unmodified. The above set forth "Recital of Facts" is hereby incorporated herein by reference.

2. PREMISES. Effective as of February 1, 1994 and until the "Second Temporary Term Expiration Date" (as hereinafter defined) and not thereafter, Section 1 of the Lease is hereby amended by deleting the number of rentable square feet contained therein, "4,152", and in lieu thereof, substitute the number "7,817", and (ii) Exhibit A-E2 attached to the Lease showing the location of the Premises described in the Lease prior to this Third Amendment is hereby deleted and in lieu thereof, Exhibit A-E3 attached hereto is substituted. Effective as of the day immediately following the "Second Temporary Term Expiration Date" (as hereinafter defined), Section 1 of the Lease, as amended above in this Section 2, shall be further amended by deleting the number of rentable square feet contained therein, "7,817", and in lieu thereof, substituting the number "4,152" and by deleting the Second Temporary Expansion Space from Exhibit A-E3 attached hereto.

3. TERM. The Tenant and Landlord do hereby acknowledge that the Term, as set forth in Section 2 of the Lease, shall, in relation to the Second Temporary Expansion Space added to the Premises hereby and only the Second Temporary Expansion Space (and not the Premises described in the Lease prior to this Third Amendment) end on the earlier of (i) the "Early Termination Date" (as hereinafter defined); or (ii) the last day of July, 1994 (the earlier of (i) and (ii) above being hereinafter referred to as the "Second Temporary Term Expiration Date").

4. BASE RENT. Effective as of February 1, 1994 and until the Second Temporary Term Expiration Date, the Base Rental table set forth in Section 4 of the Second Amendment forming a part of the Lease is hereby deleted and in lieu thereof Tenant shall pay as and for Base Rent and monthly installments of Base Rent during the remainder of the Term those amounts set forth in the following rental table in relation to the applicable months of the remainder of the Term:

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<TABLE>
<CAPTION>

MONTH OF TERM	RATE PER SQUARE FOOT	MONTHLY INSTALLMENT OF BASE RENT	ANNUAL BASE RENT
1 - 12	\$5.25	\$3,419.94	\$ 41,039.25
13 - 24	5.36	3,491.59	41,899.12
25 - 36	5.47	3,563.25	42,758.99
37 - 48	5.58	3,634.91	43,618.86
49 - 60	5.69	3,706.56	44,478.73

</TABLE>

For the purposes of determining the applicable Base Rent and monthly installments of Base Rent, the beginning and ending months are inclusive in the applicable rate periods above.

Notwithstanding the foregoing, Landlord and Tenant do hereby acknowledge that effective as of the Second Temporary Term Expiration Date, the Base Rental table set forth in Section 4 of the Second Amendment forming a part of the Lease shall apply for the remainder of the Term in relation to the original Premises described in the Lease prior to this Third Amendment.

5. SECURITY DEPOSIT. The Landlord and Tenant do hereby acknowledge that the Tenant has delivered to the Landlord and the Landlord has received from the Tenant pursuant to Section 5 of the Lease a security deposit in the amount of \$2,465.40. Effective immediately, the security deposit required by Section 5 of the Lease shall be the sum of \$3,886.48. The Tenant shall deliver to the Landlord the additional \$1,421.08 necessary to increase the amount of the security deposit held by the Landlord pursuant to Section 5 of the Lease, as modified by this Section 5 of the Third Amendment concurrently with the execution and delivery of this Third Amendment by the Tenant to the Landlord. Provided Tenant is not in default as of the Second Temporary Term Expiration Date, the Landlord shall return the \$1,421.08 delivered herewith to the Tenant.

6. TENANT'S PROPORTIONATE SHARE. Effective as of and including February 1, 1994 to and including the Second Temporary Term Expiration Date, the provisions of subsection 4A(iii) of the Original Lease, as modified by Section 6 of the First Amendment and Section 6 of the Second Amendment, is hereby amended by deleting the numerator of the fraction contained therein, "4,152", and in lieu thereof, inserting the figure of "7,817" and by deleting the percentage contained in said subsection, "3.09 percent", and in lieu thereof, inserting the percentage figure of "5.82" percent". Effective as of and including the first day following the Second Temporary

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Term Expiration Date, the provisions of subsection 4A(iii) of the Original Lease, as modified by Section 6 of the First Amendment, Section 6 of the Second Amendment and the modifications contained above in this Section 6 shall be further amended by deleting the numerator of the fraction contained therein, "7,817", and in lieu thereof, inserting the figure of, 4,152", and by deleting the percentage contained in said subsection, "5.82 percent, and in lieu thereof, inserting the percentage figure of "3.09 percent".

7. BROKERS. The Tenant does hereby represent to the Landlord that except for Miglin-Beitler Management Corporation, no broker has been involved in this transaction concerning the Second Temporary Expansion Space. The Tenant does hereby agree to indemnify, defend and hold the Landlord harmless from and against any and all claims of any real estate broker except for Miglin-Beitler Management Corporation who claims to be entitled to commissions in connection with this Third Amendment as a result of representing Tenant.

8. OPERATING EXPENSE MODIFICATION. Notwithstanding any provision of Section 30 of the Lease to the contrary, the Landlord and Tenant do hereby acknowledge that for the purposes of determining the percentage limitations on the Tenant's duty to pay Tenant's Proportionate Share of all Operating Expenses set forth in subparagraphs 30D of the Lease, such percentage limitations shall be determined, for and in relation to that period of time and only that period of time, commencing February 1, 1994 and ending on the Second Temporary Term Expiration Date as if the Second Temporary Expansion Space added by this Third Amendment had been a part of the Premises from inception of the Lease and the Tenant's Proportionate Share during the entire Base Year had been 5.82 percent. The percentage limitations on Tenant's duty to pay Tenant's Proportionate Share of Operating Expenses for the remainder of the Term after the Second Temporary Term Expiration Date shall be governed by the provisions contained in subsection 9(b) of the Second Amendment.

9. MUTUAL INCORPORATION. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement, in writing, between Landlord and Tenant. No modifications, termination, or surrender of this Third Amendment or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted, in writing, by the Landlord and no act by any representative or agent of the Landlord other than delivery of such a written agreement and acceptance by the Landlord shall constitute acceptance thereof. Any prior negotiations or intentions of the parties with respect to this Third Amendment, whether oral or evidenced by written documentation dated prior to the date of this Third Amendment, are null and void.

10. REDECORATING. The Landlord and Tenant do hereby acknowledge that the Second Temporary Expansion Space has been previously built out for a prior tenant.

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The Tenant does hereby acknowledge that the Landlord has made no promise to the Tenant to construct, alter or otherwise decorate or redecorate the Second Temporary Expansion Space, except as indicated below. Notwithstanding the foregoing, the Landlord, at Landlord's sole cost and expense, agrees to install standard electrical service to the Second Temporary Expansion Space and open one passageway between the Second Temporary Expansion Space and the portion of the Premises known as Suite 370.

11. EARLY TERMINATION RIGHT. Notwithstanding any other provision of this Third Amendment to the contrary, either the Landlord or the Tenant shall have the right upon not less than thirty days' advance written notice to the other party to terminate the Tenant's right to use the Second Temporary Expansion Space as of the last day of any calendar month which shall be stated in such notice (the "Early Termination Date"). In the event either party hereto shall exercise such early termination right, the Tenant shall vacate the Second Temporary Expansion Space on or before said Early Termination Date and return the same to the Landlord in the condition required by Section 15 of the Lease, failing which, the Tenant shall be deemed to be holding over in the Second Temporary Expansion Space and the Landlord shall have all rights and remedies available under the Lease in relation to a hold over in the Premises (however, damages shall be prorated on based on the size and Rent applicable to the Second Temporary Expansion Space only, and not the original Premises described in the Lease prior to this Third Amendment and further provided that Landlord shall not have the right to renew the Second Temporary Expansion Space for a term of one (1) year, as provided in Section 8D of the Lease).

12. LANDLORD'S EXONERATION. Landlord's exoneration clause, as set forth in Paragraph 28 of the Lease, is hereby incorporated herein by reference,

as if fully set forth.

LANDLORD

TENANT

CONNECTICUT GENERAL LIFE CONFERENCE PLUS, a Delaware
INSURANCE COMPANY, corporation

BY: CIGNA INVESTMENTS, INC.,
its agent BY: /s/ Richard P. Riviere
Its President & CEO

BY: /s/ James H. Rogers
Title: Vice President ATTEST: /s/ Judith H. Riley
Its Vice President-Sales

ATTEST: /s/ Thomas Johnson
Its Vice President

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STATE OF CONNECTICUT)
) SS
COUNTY OF HARTFORD)

I, Jeannene M. Whitcomb, in and for said County in the State aforesaid, DO HEREBY CERTIFY that James H. Rogers, Vice President of CIGNA Investments, Inc. and Thomas Johnson, personally known to me to be the Vice President of said corporation, and personally known to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Vice President and Vice President, they signed and delivered the said instrument as Vice President and Vice President of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 24th day of February, 1994.

/s/ Jeannene M. Whitcomb
Notary Public

My Commission Expires: 9/30/97

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STATE OF ILLINOIS)
) Ss
COUNTY OF DUPAGE)

I, Kendra K Szymanski, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard Riviere, personally known to me to be the President of CONFERENCE PLUS, a Delaware corporation authorized to conduct business in the State of Illinois, and Judith H. Riley, personally known to me to be the Vice President-Sales of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Vice President-Sales of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this 7th day of February, 1994.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/97

On this 7th day of February, 1993, before me, a Notary Public in and for said County, appeared Melvin J. Simon, to me personally known, who being by me sworn, did say that he is the Secretary of ELECTRONIC TECHNOLOGIES, INC., the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, _____ and said Secretary acknowledged said instrument to be the free act and deed of said corporation.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/97

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3rd floor plan
Plan Grid is 2' x 4'

NATIONAL PLAZA AT WOODFIELD
999 PLAZA DRIVE
Schaumburg, Illinois

"EXHIBIT A-E3"
FOURTH AMENDMENT TO LEASE

THIS FOURTH AMENDMENT TO LEASE (the "FOURTH AMENDMENT") is made and entered into as of the 22nd day of December, 1994 at Chicago, Illinois by and between NATIONAL PLAZA III, an Illinois limited liability company, (the "LANDLORD") and CONFERENCE PLUS, INC., a Delaware corporation (the "TENANT").

RECITAL OF FACTS:

A. The Tenant, as tenant and The First National Bank of Boston, as Trustee (the "REMIC TRUSTEE") pursuant to that certain Pooling and Servicing Agreement dated as April 1, 1988 by and among CIGNA Mortgage Securities, Inc. and CIGNA INVESTMENTS, INC., as Servicer ("SERVICER") (the REMIC Trustee and Servicer collectively referred to herein as the "ORIGINAL LANDLORD"), as landlord, previously executed a written lease dated as of December 24, 1991 (the "ORIGINAL LEASE"), and a First Amendment to Lease dated the 27th day of April, 1992 (the "FIRST AMENDMENT") and Connecticut General Life Insurance Company ("CONNECTICUT GENERAL"), as successor in interest to the Original Landlord, and Tenant executed a Second Amendment to Lease dated January 13, 1993 (the "SECOND AMENDMENT") and a Third Amendment to Lease dated the 20th day of January, 1994 (the "THIRD AMENDMENT") (the Original Lease as modified by the First Amendment, the Second Amendment and the Third Amendment being collectively herein referred to as the "LEASE"), leasing certain premises (the "PREMISES") in a building (the "BUILDING") located on the real estate commonly known as THREE NATIONAL PLAZA AT WOODFIELD, located at 999 Plaza Drive, Schaumburg, Illinois, as more particularly set forth in the Lease.

B. The Landlord has succeeded to all of the interest of Connecticut General in and to the Lease.

C. The Tenant and Landlord desire to substitute space located on the 4th floor of the Building (the "SUBSTITUTE SPACE") containing 17,343 rentable square feet for the original Premises described in the Lease (the "ORIGINAL SPACE") located on the 3rd floor of the Building and containing 7,817 rentable square feet. The location of the Substitute Space is indicated on Exhibit AS-1 attached hereto.

D. The Landlord and Tenant desire to modify and amend some of the provisions of the Lease by the terms and provisions of this Fourth Amendment.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the respective covenants of the parties hereto contained in the Lease, Landlord and Tenant further mutually agree as follows:

1. CONTROLLING LANGUAGE. Insofar as the specific terms and provisions of this Fourth Amendment purport to amend or modify or are in conflict with the specific terms and provisions of the Lease (the specific, but not implied), the terms and provisions of this Fourth Amendment shall govern and control; in all other respects, the term and provisions (and definitions) of the Lease shall remain in full force and effect and unmodified. The above set forth "Recital of Facts" is hereby incorporated herein by reference.

2. TERM/PREMISES.

A. Effective as of the date of this Fourth Amendment the Term of the Lease is hereby extended until that date (the "TERM ENDING DATE") which is 60 months subsequent to the "COMMENCEMENT DATE" (as hereinafter defined). That period of time commencing and including the Commencement Date to and including the Term Ending Date is hereinafter referred to as the "MODIFIED TERM". For the purposes of this Fourth Amendment the term "COMMENCEMENT DATE" shall mean the earlier of (i) the Completion Date for the Substitute Space (as determined pursuant to Section 8 below) or (ii) the date upon which Tenant utilizes the Substitute Space for Tenant's reasonable business purposes or (iii) March 1, 1995. In the event the Commencement Date occurs on a date other than the first day of a month the Term Ending Date shall be sixty (60) months following the first day of the, next succeeding month.

B. Effective as of the Commencement Date, the description of the Premises set forth in the Lease is hereby modified by eliminating any reference to the Original Space and in lieu thereof, substituting the description of the Substitute Space as and for the Premises.

3. REMOVAL FROM ORIGINAL SPACE.

A. The Tenant shall vacate all of the original Space and return the same to the Landlord in the condition required by Section 15 of the Lease by that date which is ten (10) business days subsequent to the Commencement Date.

B. In the event the Tenant shall fail to deliver the Original Space to the Landlord within the time and in the condition required above, such failure shall constitute a default under the terms and provisions of the Lease and the Landlord shall be entitled to any and all remedies provided for in the Lease or at law as a result of such failure to the same extent as if such failure constituted a hold over in a portion of the Premises after the expiration of the Term of the Lease in relation and only in relation to the Original Space. Nothing herein contained shall, be deemed as granting to the Landlord the right to terminate the Lease, as amended, in relation to the Substitute Space or shall otherwise affect any other rights or obligations of Landlord and Tenant, respectively, with respect to the Substitute Space only as a result of a holdover by the Tenant in the Original Space.

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4. BASE RENT.

A. Effective as of the Commencement Date, Section 4 of the Third Amendment is hereby amended by deleting the provisions and Rental Table contained therein, and in lieu thereof, inserting the following Rental Table and provisions.

"Notwithstanding the provisions contained in Section 3A of the Lease, as annual Base Rent and monthly installments of Base Rent, the following sums are due and payable by the Tenant to the Landlord

during the Modified Term:

<TABLE>
<CAPTION>

MONTHS OF MODIFIED TERM	PER SQ. FT RENTAL	MONTHLY INSTALLMENT OF BASE RENT	ANNUAL BASE RENT
<S> 1-60	<C> \$15.07	<C> \$21,779.92	<C> \$261,359.04

</TABLE>

Each installment of monthly Base Rent shall be due promptly on the first day of each and every calendar month during the Modified Term. In the event the Modified Term begins or ends on a date other than the first or last day of a calendar month, the monthly installment of Base Rent for such month(s) shall be printed accordingly."

B. Notwithstanding anything to the contrary contained in this Fourth Amendment, Tenant shall be entitled to an abatement of Base Rent only in the amount of \$9,750.00, which abatement shall be applied at the rate of \$1,625.00 per month for the first six (6) months of the Modified Term and accordingly the monthly installments of Base Rent payable during the first six (6) months of the Modified Term shall be \$20,154.92.

C. Effective as of the Commencement Date and throughout the Modified Term, Tenant shall not be required to pay any "Rent Adjustments", Tenant's Proportionate Share of Operating Expenses", Rent Adjustment Deposits" and "Operating Expense Deposits" as required under the provisions of Section 3B of the Lease.

5. TENANT'S PROPORTIONATE SHARE. Effective as of the Commencement Date throughout the Modified Term, the provision contained in subparagraph 4A(iii) of the Original Lease as modified by the First through Third Amendment are hereby replaced with the following provision:

"Tenant Proportionate Share" means 17,343/134,249 or 12.92 (12.92%) percent."

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6. BROKERS. Each of the parties hereto does hereby represent to the other that except for Miglin-Beitler Management Corporation and CB Commercial, no broker has been involved in this transaction. Each of the parties hereto does hereby agree to indemnify, defend and hold the other party harmless from and against any and all claims of any real estate brokers except for Miglin-Beitler Management Corporation and CB Commercial who claim to be entitled to commissions in (connection with this Fourth Amendment as a result of representing such party.

7. MUTUAL INCORPORATION. All negotiations, considerations, representations and understandings between Landlord and Tenant are incorporated herein and may be modified or altered only by agreement, in writing, between Landlord and Tenant. No modifications, termination, or surrender of this Fourth Amendment or surrender of the Premises or any part thereof or of any interest therein by Tenant shall be valid or effective unless agreed to and accepted, in writing, by the Landlord and no act by any representative or agent of the Landlord other than delivery of such a written agreement and acceptance by the Landlord shall constitute acceptance thereof. Any prior negotiations or intentions of the parties with respect to this Fourth Amendment, whether oral or evidenced by written documentation dated prior to the date of this Fourth Amendment, are null and void.

8. CONSTRUCTION OF NEW PREMISES.

A. The Landlord acknowledges that it has approved the proposed layout of the Substitute Space as indicated in the Preliminary Electric Voice Data Plan dated November 9, 1994 prepared by The Interior Design Group, Ltd. under Project Code 1651-93 (the "SPACE PLAN"). Tenant shall also

deliver to Landlord for Landlord's approval, which approval shall not be unreasonably withheld, detailed working drawings for the Substitute Space substantially in accordance with the Space Plan. Within five (5) days after receipt of such drawings Landlord will provide Tenant with any objections Landlord may have to Tenant's drawings. If Landlord fails to object to such drawings within said five (5) day period, Landlord shall be deemed to have approved Tenant's drawings. Tenants drawings as approved pursuant to the provisions of this Section 8A are hereinafter referred to as the "TENANT'S PLANS". Except as provided below in this Section 8, the Landlord and Tenant do hereby agree that the Substitute Space shall be built-out at Tenant's sole cost and expense in accordance with the items indicated on the Tenant's Plans attached hereto by Brodrick Construction Company ("TENANT'S CONTRACTOR"). Tenant shall have the right, subject to Landlord's reasonable approval, to select a general contractor other than Tenant's Contractor (in which event such general contractor shall be deemed the "Tenant's Contractor" under this Section 8) and/or subcontractors performing work in the Substitute Space pursuant to Tenant's Plans. For the purposes of this Fourth Amendment, the date upon which all the work shown on Tenant's Plans is, substantially complete (including the completion and installation of all modular partitions, electrical wiring and installation of all computer and telephone systems) such that the noncompletion of any items of work Indicated on Tenant's Plans would not materially impair the Tenant's utilization of the Substitute Space for Tenant's

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reasonable business, purposes is hereinafter referred to as the "COMPLETION DATE FOR THE SUBSTITUTE SPACE". The Tenant's Contractor shall be Permitted to utilize and occupy the Substitute Space prior to the Commencement Date for construction purpose only, upon the last to occur of:

- (i) The date this Fourth Amendment is signed by all necessary parties; and
- (ii) the date upon which the Tenant or Tenant's Contractor has supplied all necessary pre-construction information, documentation and proof required by subsection 8Q of the Lease to the Landlord (including, but not limited to proof of appropriate insurance covering the construction by Tenant's Contractor in the Substitute Space, copies of all requisite permits and copies of all executed contracts for the work to be done in ft Substitute Space pursuant to Tenant's Plans); provided, however, that Tenant shall not be required to submit to Landlord, prior to commencement of construction of the Substitute Space, copies of executed contracts for minor items of work not necessary for commencement of construction of the Substitute Space.

B. The Tenant and Landlord do hereby acknowledge that Landlord's approval of Tenant's plans does not constitute an agreement or warranty by the Landlord that the Substitute Space when constructed with the items shown on Tenant's Plans will be in compliance with all laws, ordinances, rules and regulations applicable to the Premises nor that the Substitute Space will be suitable for Tenant's purposes or in compliance with the Americans with Disabilities Act, as amended from time to time, as the same applies to Tenant's business from and in the Substitute Space. All such determination as to compliance and suitability of the Substitute Space when built-out in accordance with Tenant's Plans shall be the responsibility and obligations of the Tenant. For the purposes of the Lease, as amended, any and all actions or inactions on the part of the Tenant's Contractor or any subcontractor in building out the Substitute Space shall be deemed and construed as actions and inactions of the Tenant. No delay in the occurrence of the Completion Date for the Substitute Space shall delay the occurrence of the Commencement Date except to the extent, on a day for day basis, the cause for such delay is a result of the Landlord's negligent or willfully intentional acts. The Tenant shall advise the Landlord of the occurrence of the Completion Date for the Substitute Space as soon as feasible after occurrence of the same. The occurrence of the Completion Date for the Substitute Space shall not eliminate or modify the Tenant's obligations pursuant to subsection 8Q of the Lease to provide the Landlord with all

requisite documentation specified therein upon completion of the work to the Substitute Space including, but not limited to providing the Landlord with copies of final sworn general contractor's statement from Tenant's Contractor and final lien waivers from the Tenant's Contractor and all subcontractors and material suppliers utilized by Tenant's

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Contractor in performing the work to the Substitute Space pursuant to the Tenant's Plans.

C. The Landlord does hereby grant the Tenant a credit ("CONSTRUCTION CREDIT") equal to \$294,425.20. The Landlord agrees to Pay to the Tenant the lesser of (i) the actual cost of the work necessary to build-out the Substitute Space pursuant to Tenant's Plans (including the amount of the supervisory fee set forth in Section 9 of this Fourth Amendment and the cost of preparing the Space Plan and Tenant's working drawings) or (ii) the Construction Credit within thirty (30) days following Landlord's receipt of the documentation required by subsection 8Q of the Lease and this Section 8 relating to occupancy permits, final general contractor's statement, final lien waivers and an estoppel certificate in accordance with Section 27 Of the Lease. In the event the Construction Credit shall exceed the cost of the work necessary to build-out the Premises pursuant to Tenant's Plans, the Landlord does hereby agree to credit the lesser of (i) such excess amount or (ii) \$26,014.50 (the "ADDITIONAL CONSTRUCTION CREDIT") against the first monthly installments of Base Rent to become due pursuant to the terms and provisions of this Fourth Amendment during the Modified Term.

D. Landlord agrees to cause the Construction Credit to be deposited with Chicago Title and Trust Company ("CHICAGO TITLE") within ten (10) days after the execution of this Fourth Amendment. The sum of \$184,418.84 has been deposited in a construction escrow between Chicago Title, Landlord and Connecticut General (the "CONNECTICUT GENERAL ESCROW") and the balance in the amount of \$100,006.36 shall be deposited in a construction escrow between Landlord, Tenant and Chicago Title (the "LANDLORD ESCROW"; and the Connecticut General Escrow and the Landlord Escrow being hereinafter collectively referred to as the "CONSTRUCTION ESCROWS"). The cost of the Landlord Escrow shall be divided equally between Landlord and Tenant. Upon completion of Tenant's work to the Substitute Space pursuant to Tenant's Plans and delivery of the documentation required in Paragraph C above and compliance with the provisions of the Construction Escrows, including but not limited to the delivery of final waivers of lien from Tenant's Contractor and any other contractors and or subcontractors providing work or materials in connection with building out the Substitute Space and delivery of an estoppel certificate in accordance with Section 27 of the Lease, the Construction Credit shall be paid to Tenant within the time period provided for in Subparagraph C above. All payments shall be paid to Tenant by Chicago Title to the order of Tenant or at Tenant's direction.

E. In addition to the Construction Credit Landlord agrees to reimburse Tenant for one-half (1/2) of the out-of-pocket costs incurred by Tenant in preparing the Space Plan and Tenant's working drawings for the Substitute Space; provided, however, that in no event shall Landlord be required to pay an amount in excess of \$6,000.00 (the "PLAN REIMBURSEMENT"). Landlord shall pay Tenant the Plan Reimbursement at such time as Tenant provides Landlord with copies of the paid bills and lien waivers from the parties providing such services, provided, however, that Landlord shall not be required

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to pay the Plan Reimbursement prior to the first disbursement under the Construction Escrows.

9. ALTERATIONS. Effective as of the date hereof, Section 8Q of the Lease is hereby amended by deleting the percentage "15%" and substituting in lieu thereof a percentage of "5%".

10. LANDLORD'S EXONERATION. Landlord's exoneration clause, as set forth in Section 28 of the Lease, is hereby incorporated herein by reference, as if fully set forth.

11. EXPANSION OPTION. The Tenant is hereby granted an option (the "OPTION") to lease all or, subject to the size and configuration limitations hereinafter specified, any part of that portion of the second (2nd) floor of the Building containing approximately 7,000 rentable square feet, the location of which is indicated on Exhibit B attached hereto as the Option Space (the "OPTION SPACE") for occupancy commencing at any time prior to September 1, 1996 on the terms and conditions and only on the terms and conditions set forth in this Section 11. In the event the Tenant desires to exercise the Option on less than all of the Option Space, the Tenant must initially exercise the Option as to the portion of the Option Space located on the southeast corner of the second (2nd) floor of the Building located within the Option Space and if the Tenant thereafter exercises the Option for less than the remaining portion of the Option Space, the Tenant must exercise the Option for space immediately contiguous to the portion of the Option Space which has previously been exercised by Tenant pursuant to this Section 11. In addition, if Tenant exercises the Option on less than all of the Option Space, such exercise must result in the, portion of the Option Space on which the Tenant is not exercising the Option being (i) at least 1,000 rentable square feet in size, (ii) contiguous within itself, (iii) having a roughly square or rectangular shape, and (iv) containing a proportionate share of all exterior window frontage on the second (2nd) floor of the Building, in the same proportion that the space on the second (2nd) floor of the Building not leased by the Tenant bears to all rentable square footage (whether leased or unleased) on the second (2nd) floor of the Building. If the Tenant desires to exercise the Option, it shall do so in the following and only in the following manner:

A. Tenant shall notify the Landlord of its desire to exercise the Option, in writing no later than August 1, 1996 and indicate in said notice the date of occupancy desired by the Tenant (which must be prior to September 1, 1996, the number of rentable square feet (up to 7,000), and the location and configuration desired by the Tenant; provided, however, that in the event the size desired is less than the entire Option Space, such size and configuration shall not violate the limitations contained in the first paragraph of this Section 11. In the event Tenant does not exercise its right to lease all of the Option Space, Tenant shall have the further right, from time to time, to exercise the Option with respect to the remaining portions of the unexercised Option Space (subject to the requirements set forth in the first paragraph of this Section 11) provided Tenant exercises such Option prior August 1, 1996 and Tenant takes

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occupancy of such Option Space prior to September 1, 1996. Any notices hereunder shall only be effective if delivered at a time when the Tenant is not in default of its obligations pursuant to the terms of the Lease as amended.

B. As soon as practical after the receipt of the notice or notices by the Tenant electing to exercise the Option, the Landlord shall forthwith prepare and transmit to the Tenant an appropriate lease amendment having as its effective date the date of occupancy specified in Tenant's notice. Such amendment shall increase the number of rentable square feet contained in the Premises by the number of rentable square feet designated in Tenant's notice and modifying Exhibit AS-1 to the Lease to indicate the inclusion of the portion of the Option Space designated in Tenant's notice in the Premises. Such amendment shall also increase the Base Rent by the product of the rental rate set forth in Section 4 hereof, multiplied by the number of rentable square feet contained in the portion of the Option Space designated in Tenant's notice and modifying the monthly installments of Base Rent to equal one-twelfth (1/12th) of the new Base Rent, as determined aforesaid. Such amendment shall also increase the numerator set forth in subsection 4A(iii) of the Lease by the number of rentable square feet contained in the Option Space designated in Tenant's notice and modify the percentage contained in such subsection accordingly. The Tenant shall take possession of the portion of the Option Space designated in Tenant's notice for business purposes in its then "as is" condition on the occupancy date specified in Tenant's notice. Such

amendment shall also grant the Tenant the right to access and utilize the portion of the Option Space designated in Tenant's notice prior to the occupancy date specified in Tenant's notice solely and only for the purpose of constructing such improvements in and to the portion of the Option Space designated in Tenant's notice as Tenant may desire. The Tenant in making any such improvements to the portion of the Option Space designated in Tenant's notice shall comply with all the terms and provision of subsection 8Q of the Lease. Such amendment shall grant to the Tenant a credit (the "ALTERATION CREDIT") equal in dollar amount to the lesser of (i) the actual cost of the alterations made by the Tenant to the portion of the Option Space by which such amendment relates prior to the occupancy date specified in Tenant's notice or (ii) did amount equal to the aggregate of both (a) the product of the number of rentable square feet contend in the portion of the Option Space designated in Tenant's notice multiplied by \$16.40 and further multiplied by that fraction the numerator of which is equal to the number of months remaining in the Modified Term as of the date of occupancy specified in Tenant's notice and the denominator of which is 60 and (b) the portion, if any, of the Construction Credit specified in Section 8 of this Fourth Amendment, which was neither paid to the Tenant or credited against the first monthly installments of Base Rent to become due pursuant to the terms and provisions of this Fourth Amendment. Said Alteration Credit shall be payable by the Landlord to the Tenant within thirty (30) days of the Tenant providing the Landlord with all necessary documentation and proof of payment of all costs relating to the alteration work desired by the Tenant in and to the portion of the Option Space designated in Tenant's notice and compliance by the Tenant with the provisions of Section 8Q of the Lease. In the event the Landlord fails to provide Tenant with the Alteration Credit when it is then due and payable, Tenant

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shall have the right, upon ten (10) days written notice to Landlord, to set off as a credit against rent any amounts owing to Tenant for said Alteration Credit.

C. Provided the amendment conforms to the provisions of Subsection B above, the Tenant shall execute the same, and transmit it to the Landlord within ten (10) days of the date of the receipt of the amendment from Landlord. The failure of the Landlord to receive the amendment so executed within ten (10) days of the date of Landlord's transmission of the same to the Tenant will result, at Landlord's option, in the Tenant's exercise of the Option automatically being null and void and of no further force or effect. Any attempt by the Tenant to exercise the Option granted hereby at a time or in a manner other than as specifically set forth herein shall be at the Landlord's sole option of no force or effect

D. The provisions of Exhibit B attached to the Lease and Section 8 of this Fourth Amendment shall be of no force or effect in relation to such amendment.

E. In the event Tenant exercises the Option for all or any portion of the Option Space as provided for in this Section 11, the Tenant Cancellation Option set forth in Section 13 of this Fourth Amendment shall terminate and be null and void and Tenant shall have no right to terminate the Lease as provided for in said Section 13.

12. RENEWAL OPTION. The Tenant is hereby granted one (1) five (5) year option to renew the Lease (the "RENEWAL OPTION") at a Base Rental Rate equal to the then current Building market rate as mutually determined by Landlord and tenant (the "EXTENDED TERM RENT"). If the Tenant desires to exercise its Renewal Option, it shall do so in the following, and only in the following manner:

A. If the Tenant desires to exercise its Renewal Option, it shall so notify the Landlord, in writing, no earlier than the first day of the twelfth (12th) month prior to the expiration date of the Modified Term and no later than the first day of the tenth (10th) month prior to the expiration date of the Modified Term. Such notice shall be effective if delivered at a time when the Tenant is not in default of its obligations under the terms and provisions of the Lease as amended.

B. Within twenty-one (21) days Of Landlord's receipt of Tenant's notice of its desire to exercise its Renewal Option, given at the time and in the manner provided above, the Landlord shall notify the Tenant in writing of the Landlord's estimate of the Extended Term Rent. The Landlord and Tenant agree to negotiate in good faith for a period of thirty (30) days after Tenant's receipt of Landlord's estimate of the Extended Term Rent in an attempt to mutually agree on the Extended Term Rent. In the event for any reason the Landlord and Tenant are unable to mutually agree on the Extended Term Rent within said thirty (30) day period, then in such event the Tenant's purported exercise of the Renewal option shall be null and void and of no further force or effect. In the event the Landlord and Tenant are able to mutually agree upon the Extended Term Rent within said thirty (30) day period, the Landlord shall as

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soon after the parties have reached mutual agreement as to the Extended Term prepare and transmit to the Tenant an appropriate lease amendment to the Lease extending the Term for five years (the "EXTENDED TERM") and modifying the Base Rent to equal the Extended Term Rent, and modifying the monthly installments of the Base Rent to equal 1/12th of the new Base Rent, as determined aforesaid.

C. The Landlord shall transmit such lease amendment to the Tenant for execution and provided the amendment conforms to the provisions of Subsection B above Tenant shall execute and deliver the same to the Landlord within ten (10) days of Tenant's receipt thereof. In the event the Tenant falls for any reason to execute and deliver the lease amendment to the Landlord within the time period provided herein, then in such event, at Landlord's option, Tenant's purported exercise of its Renewal Option shall be of no force or effect and the Renewal Option shall become null and void.

D. The provisions of Exhibit B to the Lease and the provisions of Sections 4, 8 and 11 of this Fourth Amendment shall be of no force or effect during such Extended Term brought about as a result of Tenant's exercise of its Renewal Option.

13. TENANT CANCELLATION OPTION. Tenant shall have an option (herein referred to as the "TENANT CANCELLATION OPTION") to terminate this Lease effective as of January 31, 1998 (the forgoing being herein referred to as the "Early Termination Date") by notifying Landlord of its election, in a written notice, given not later than January 31, 1997. In the event that Tenant does not give its notice excising such right by such date, all further rights of Tenant with respect to the Tenant Cancellation Option shall terminate. In addition, the Tenant Cancellation Option shall be void and of no force and effect if Tenant exercises its option to lease all or any part of the Option Space as provided for in Section 11 of this Fourth Amendment. The Tenant Cancellation Option is further subject to the following terms, conditions and limitations:

(i) No later than thirty (30) days prior to the Early Termination Date, Tenant shall deliver to Landlord a Cancellation fee in the aggregate amount of (x) six (6) months Base Rent and (y) the unamortized balance of Landlord's Leasing Costs (as hereinafter defined) based on a ten (10) year amortization schedule and a ten (10%) percent interest rate. For purposes hereof, "LANDLORD'S LEASING COSTS" shall be the aggregate of (A) the leasing commissions paid by Landlord with respect to this Fourth Amendment plus (B) the amount of the Construction Credit and the Additional Construction Credit, if any (as provided for in Article 8 of this Fourth Amendment) plus (C) the amount of the Base Rent abatement provided for in Section 4B of this Fourth Amendment.

(ii) Tenant shall have the right to exercise the Tenant Cancellation Option only if no default exists at the time of such exercise. Additionally, if a default shall occur at any time after the election by Tenant of the Tenant Cancellation Option and prior to the Early Termination Date, and such default is

not cured during the, applicable grace period, if any, the exercise by Tenant of the Tenant Cancellation Option shall be deemed null and void and of no further force and effect, Tenant shall have no further rights and options under this Section 13 as to the Tenant Cancellation Option and Landlord shall have an rights and remedies on account of the occurrence of such default as provided for in the Lease; and

(iii) Notwithstanding anything herein to the contrary, in the event of any assignment, sublet or transfer by Tenant of this Lease or any interest under it, Tenant shall have no rights under this Section 13.

14. ELIMINATION PROVISIONS. Effective as of the Commencement Date of the Modified Term the following provisions are hereby eliminated from the Lease and shall not apply during the Modified Term:

1. Section 3B of the Original Lease;
2. Sections 4D, 4E, 4F, 4G and 4H of the Original Lease;
3. Section 29 of the Original Lease;
4. Section 31 of the Original Lease; and
5. Section 32 of the Original Lease

15. OPERATING EXPENSE MODIFICATIONS. Landlord and Tenant agree that Section 30 of the Lease shall be modified as follows:

A. For the calendar year 1994 (being the second (2nd) Lease Year following the Base Year under the Lease) Tenant shall pay the greater of either (a) Tenant's Proportionate Share of the Operating Expenses paid or accrued during said calendar year, but not to exceed one hundred sixteen (116%) percent of the amount that Tenant would have been required to pay if the Term of the Lease had commenced on January 1 of the Base Year, or (b) one cent (.01). The calculation hereunder shall be made based on Tenant's Proportionate Share of 5.82% as reflected in the Third Amendment.

B. For that portion of the calendar year 1995 commencing January 1, 1995 and ending on the date immediately preceding the Commencement Date of the Modified Term Tenant shall pay the greater of either (a) Tenant's Proportionate Share of the Operating Expenses paid or accrued during such calendar year, but not to exceed one hundred twenty four (124%) percent of the amount that Tenant would have been required to pay if the Term of the Lease had commenced on January 1 of the Base Year, or (b) one cent (.01), which amount shall be prorated based on the ratio that the number of days between January 1, 1995 through the date preceding the

Commencement Date bears to 365. The calculation hereunder shall be based on Tenant's Proportionate Share of 5.82% as reflected in the Third Amendment.

C. For that portion of the calendar year 1995 commencing on the Commencement Date and continuing through the expiration of the Modified Term, Tenant shall not be required to pay Tenant Proportionate Share of Operating Expenses.

16. UPS SYSTEM. Landlord grants to Tenant the right to Install and maintain an uninterrupted power supply system (hereinafter the "UPS"), on the roof of the Building, in accordance with all the terms and provisions of this Section 16:

(a) Tenant shall here all costs of installation of the UPS, related cables and all other related equipment, including Landlord approved modifications required for the installation and costs of fulfilling all the requirements set forth in this Section 16.

(b) Landlord shall designate the actual location of the UPS so that no interference with the safety of the Building or use of the Building by Landlord and other tenants will occur.

(c) Tenant shall provide plans and specifications for the UPS and related equipment for Landlord's approval, which approval shall not be unreasonably withheld.

(d) Access to the roof, cables, mechanical rooms or other areas of the Building and all work undertaken by Tenant shall be in accordance with Landlord's required Procedures and regulations.

(e) If required by local codes or ordinances, Tenant shall supply stamped engineering drawings in which the installation is to be accomplished certifying that the proposed location will safely and legally support the UPS installation.

(f) Installation shall be performed so as to cause no structural damage to the Building. Any damage to the Building caused by such installation or by the operation, maintenance or existence of the UPS shall be repaired by Tenant immediately. At the termination of this Lease by expiration of time or otherwise, Tenant, at its sole cost and expense, shall remove the UPS and all related equipment and shall restore the roof of the Building to its condition existing prior to the Installation of the UPS, ordinary wear and tear excepted. Tenant shall further repair, at its sole cost and expense, any damage or destruction caused by the removal of the UPS. Restoration and repair hereby required to be performed by Tenant shall be completed under the supervision of a representative of Landlord at such time and in such manner as is satisfactory to Landlord.

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In the event Tenant fails to remove the UPS upon the expiration of the term or fails to repair or restore the roof as required hereunder, Landlord, at Landlord's option shall have the right to perform any repairs and removal and restoration at Tenant's sole cost and expense and such expense shall be reimbursed to Landlord promptly upon demand. Notwithstanding anything contained herein, Tenant shall not remove, and shall not be reimbursed for the cost of, any equipment which is affixed to, embedded in or permanently attached in or to the Building including, but not limited to, cables and other wiring, unless Landlord so directs otherwise.

(g) Tenant shall insure that the installation is accomplished so that the UPS is securely attached to the roof and Tenant assumes full responsibility for any physical damage to the roof which may be caused in whole or in part by the UPS or its support equipment. Tenant shall be responsible for the maintenance and repair of the UPS System and shall repair any damage to the roof or the Building in the performance of any such maintenance and repair. Tenant shall also provide insurance on the UPS System and shall be solely responsible for any loss or damage to the UPS System.

(h) Tenant shall have the right to negotiate with and purchase from Delta Air Lines the existing UPS System currently owned and operated by Delta Air Lines and located on the roof of the Building. Upon purchase of such UPS System from Delta Air Lines, the obligations of Tenant set forth above shall apply to such UPS System.

LANDLORD:

TENANT:

NATIONAL PLAZA, III,
an Illinois limited liability
company

CONFERENCE PLUS, INC., a
Delaware corporation

BY: /s/

BY: /s/ Richard P. Riviere

Its Manager

Its President

ATTEST: /s/ Melvin J. Simon
Its Secretary

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Barbara M. Bermea, in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Lawrence Weiner, Manager of NATIONAL PLAZA III and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Manager he signed and delivered the said instrument as Manager of said corporation as his free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and _____ seal this 29th day of December, 1994.

/s/ Barbara M. Bermea
Notary Public

My Commission Expires: 12/21/97

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STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, Kendra K. Szymanski, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Richard P. Riviere, personally known to me to be the _____ President of CONFERENCE PLUS, INC., a Delaware corporation authorized to conduct business in the State of Illinois, and Melvin J. Simon, personally known to me to be the _____ Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such _____ President and _____ Secretary, they signed and delivered the said instrument as _____ President and _____ Secretary of said corporation, and caused the corporate seal of said corporation to be affixed thereto, pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act for the uses and purposes therein set forth..

GIVEN under my hand and _____ seal this 29th day of December, 1994.

/s/ Kendra K. Szymanski
Notary Public

My Commission Expires: 1/16/97

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CORPORATE GUARANTEE

The undersigned, in consideration of the leasing of the Substitute Space described in the attached Fourth Amendment to Lease to the Tenant therein mentioned (Conference Plan, Inc.) does hereby absolutely, unconditionally and

irrevocably guarantee to Landlord the full and complete performance of all of Tenant's covenants and obligations under that certain Lease dated as of the 24th day of December, 1991, as subsequently amended by a First Amendment to Lease date as of April 27, 1992, the Second Amendment to Lease dated as of the 13th day of January, 1993, the Third Amendment to Lease dated as of the 20th day of January, 1994 and the Fourth Amendment to Lease dated as of the 22nd day of December, 1994 (in the aggregate, the "Lease") and the full payment by Tenant of all Rent and other charges and amounts required to be paid thereunder.

The undersigned does hereby waive any and all requirements of notice of the acceptance of this Guarantee and all requirements of notice of breach or non-performance by Tenant. The undersigned further waives any demand by Landlord and/or prior action by Landlord of any nature whatsoever against Tenant. The undersigned's obligations hereunder shall remain fully binding although Landlord may have waived one or more defaults by Tenant or granted indulgence to the Tenant, or extended the time of performance by Tenant, modified or amended the Lease, released, returned or misapplied other collateral given later as additional security (including other guarantees), released Tenant from the performance of its obligations under such Lease, or failed or neglected to exercise any of Landlord's rights against the Tenant.

This Guarantee shall be binding upon the undersigned and its respective successors, successors in interest, representations and assigns and shall continue in effect subsequent to any assignment of the Lease by Tenant or by operation of law.

This Guarantee shall be governed and construed under the laws of the State of Illinois. This Guarantee shall be construed as an absolute, continuing and unlimited Guarantee of all of the Tenant's obligations under said Lease, without regard to regularity, validity or enforceability of any liability or obligation of the Tenant hereby guaranteed; the Landlord shall not be obligated to proceed first against the Tenant or any other person, firm or corporation or against any collateral, if any, held by or on behalf of the Landlord and the undersigned shall be bound on this Guarantee to the Landlord as if the Tenant's obligations under the Lease were the primary obligations of the undersigned.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed on its behalf by its duly authorized officers and its corporate seal affixed hereto all on this 29th day of December, 1994.

ELECTRONIC INFORMATION TECHNOLOGIES, INC.,

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a Delaware corporation

BY: /s/ Melvin J. Simon
ITS: Secretary

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FOX VALLEY EXECUTIVE OFFICE CENTER LEASE

This Lease, made as of December 10, 1993 between LASALLE NATIONAL TRUST, N.A., as successor trustee to LaSalle National Bank of Chicago, Illinois, not individually, but as Trustee under Trust Agreement dated August 1, 1979, known as Trust No. 101293 (hereinafter called "Landlord"), and Westell, Incorporated, an Illinois Corporation (hereinafter called "Tenant").

WITNESSETH:

ARTICLE 1: Demised Premises; Term

Landlord does hereby demise and lease to Tenant for use only by Tenant, and Tenant hereby accepts, the premises shown crosshatched on Exhibits A1 and A2 attached hereto and made a part hereof, containing approximately 29,999 square feet of rentable area (4,753 square feet on Level 1 and 25,246 square feet on Level 4), commonly known as Suite Nos. 110, 112 & 400 of the Fox Valley Executive Office Center (hereinafter called the "Premises"), located at 75 Executive Drive in the City of Aurora, Illinois (said building and the land upon which' it is situated, and such land and improvements as designated by Landlord for use in conjunction with said building, are hereinafter collectively referred to as the "Building"), for a term commencing on March 1, 1994 (the "Commencement Date"), and terminating on February 28, 1998 (hereinafter called the "Term") ; unless sooner terminated as herein provided, subject to the provisions herein contained.

ARTICLE 2: Use

Tenant shall use and occupy the Premises for general office purposes and incidental uses, and for no other purpose whatsoever. Tenant shall not use or permit upon the Premises anything that will invalidate any policies of insurance now or hereafter carried on the Building or that will increase the rate of insurance on the Premises or on the building. Tenant shall pay all extra insurance premiums which may be caused by the use over and above the use described above which Tenant shall make of the Premises. Tenant shall not use or permit upon the Premises anything that may be dangerous to life or limb. Tenant shall comply with all governmental, health and police requirements and regulations respecting the Premises, and shall not conduct or permit to be conducted on the Premises any business which is contrary to the laws of the United States of America or of the State of Illinois, or which is contrary to the ordinances of the City of Aurora. Tenant shall not use the premises for lodging, sleeping or for any immoral or illegal purposes. Tenant shall not at any time use the Premises, nor permit the Premises to be used, for the manufacture, sale, barter, trade, gift or service of any spirituous, fermented, intoxicating or alcoholic liquors on the Premises. Tenant shall not at any time sell, purchase or give away, or permit the sale, purchase or gift of, food in any form by or to any Tenant's agent or employees or any other parties on the Premises, provided, however the use of vending machines installed in the Premises for use by Tenant's employees, guests and invitees shall be permitted.

ARTICLE 3: Base Rent

Tenant shall pay to Landlord, at the office of Landlord or at such other place as Landlord may designate, rent for the Premises (hereinafter called "Base Rent") at the annual rate specified below during the applicable portion of the Term payable in equal monthly installments in advance on the first day of each and every calendar month of the Term specified below:

<TABLE>

<CAPTION>

LEASE YEAR	BASE RENT	ANNUAL RENTAL RATE	MONTHLY BASE RENT	MONTHLY BASE RENT
<S>	<C>	<C>	<C>	<C>
1	\$ 10.25	\$307,489.75	\$25,624.15	
2	\$ 11.00	\$329,989.00	\$27,499.08	
3	\$ 12.50	\$374,987.50	\$31,248.96	
4	\$ 13.50	\$404,986.50	\$33,748.88	

</TABLE>

All unpaid amounts due to Landlord under this' Lease, including, but not limited to Base Rent, shall bear interest at the rate of 12% per annum from 10

days after Landlord's notice thereof until paid. Rent for any partial month shall be prorated based on the monthly rent for the subsequent month.

ARTICLE 4: Rent Adjustments

4.1 In addition to paying the Base Rent specified in Article 3 hereof, Tenant shall pay as "Additional Rent", the amount determined as hereinafter set forth. The Base Rent and the Additional Rent are sometimes collectively referred to as the "Rent". All amounts due under this Section as Additional Rent shall be payable for the same periods and in the same manner, time and place as the Base Rent, except that the obligation to pay the Additional Rent shall not commence until January 1, 1996. Without limitation on other obligations of Tenant which shall survive the expiration of the Term, the obligations of Tenant to pay the Additional Rent provided for in Article 4 shall survive the expiration of the term. For any partial Calendar Year, Tenant shall be obligated to pay only a pro rata share of the Additional Rent, based on the number of the days of the Term falling within such Calendar year.

4.2 Definitions. As used in this Article 4, the terms:

4.2.1 "Calendar Year" shall mean each calendar year in which any part of the Term falls, through and including the year in which the Term expires;

4.2.2 "Base Year" shall mean calendar year 1995 as it relates to Taxes and shall mean calendar year 1996 as it relates to Operating Expenses.

4.2.3 "Taxes" shall mean all taxes and assessments of every kind and nature which Landlord shall pay or become obligated to pay in respect to a Calendar Year because of or in connection with the ownership, leasing, management, control and operation of the Building, subject to the following:

(i) the amount of ad valorem real and personal property taxes against Landlord's real and personal property to be included shall be the amount shown by the latest available tax bills on the last day of the Calendar Year in respect to which Taxes are being determined;

(ii) the amount of special taxes or special assessments to be included shall be limited to the amount of the installments (plus any interest, other than penalty interest, payable thereon) of such special taxes or special assessments required to be paid during the Calendar Year in respect to which Taxes are being determined;

(iii) the amount of any tax or excise levied by the State of Illinois, the City of Aurora, any political subdivision or either, or any other taxing body on rents or other income from the Building to be included shall not be greater than the amount which would have been payable on account of such tax or excise by Landlord during the Calendar Year in respect to which Taxes are being determined had the income received by Landlord from the Building (excluding amounts payable under this subparagraph (iii)) been the sole taxable income of Landlord for such Calendar Year, and shall not be included unless levied or assessed as a substitute, in whole or in part, for real property taxes;

(iv) the amounts reasonably expended by Landlord in any Calendar Year for attorneys, appraisers and other costs and expenses in respect to any effort by Landlord to minimize Taxes shall be included in Taxes for the Calendar Year in which such fees, costs or expenses are incurred, regardless of whether any reduction or limitation is obtained;

(v) there shall be excluded from Taxes all income taxes (except those which may be included in subparagraph A(iii) above) excess profits taxes, franchise capital stock, inheritance or estate taxes, and license, inspection or permit fees.

4.2.4 "Operating Expenses" shall mean all expenses, costs and disbursements (other than Taxes) of every kind and nature which Landlord shall pay or become obligated to pay in respect to a Calendar Year because of or in connection with the ownership, management, maintenance, operation and repair of the Building and of the personal property, fixtures, machinery, equipment, systems and apparatus located thereon or used in connection therewith, except the following:

- (i) costs of alterations of tenant spaces (including tenant spaces pursuant to Article 9 hereof);
- (ii) depreciation, interest and principal payments on mortgages, and other debt costs, if any;
- (iii) expenses incurred in leasing or procuring new tenants, such as real estate brokers' leasing commissions (including all renewal leasing commissions) or compensation and advertising expenses;
- (iv) expenses for repairs or other work occasioned by fire, windstorm or other casualty;
- (v) legal expenses in enforcing the terms of any other lease in the Building;
- (vi) any amount payable by Landlord to any tenant by reason of Landlord's default in obligations to such tenant or as damages, reimbursement or indemnity to any person because of any act or omission of Landlord;
- (vii) salary costs for management personnel above level of building manager; and
- (viii) capital expenditures, except those: (a) made primarily to reduce Operating Expenses, or to comply with any municipal, state or federal laws or other governmental requirements or (b) for replacements (as opposed to additions or new improvements) of nonstructural items located in the common areas of the property required to keep such areas in good condition; provided all such permitted capital expenditures (together with reasonable financing charges) shall be amortized for purposes of this Lease over the shorter of (i) their useful lives, or (ii) the period during which the reasonably estimated savings in operating Expenses equals the expenditures.

If the Building is not fully occupied during all or a portion of any Calendar Year, Landlord may elect to make an appropriate adjustment to the variable components of operating Expenses for such year employing sound accounting and management principles, to determine the amount of Operating Expenses that would have been paid had the Building been fully occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year.

4.2.5 "Tenant's Proportionate Share" shall be the percentage resulting from dividing the number of square feet of rentable area included in the Premises, which is 29,999 square feet, by the number of square feet of rentable area in the Building, which is approximately one Hundred Seven Thousand Two Hundred Thirty-One (107,231) square feet. Tenant's Proportionate Share is 27.98%.

4.3 Tenant shall pay to Landlord or Landlord's agent as Additional Rent, in addition to the Base Rent required by Paragraph 3 hereof, an amount ("Expense Adjustment Amount") equal to Tenant's Prorata Share of the amount by which the Operating Expenses (subject to adjustment pursuant to Subparagraph 4.4 hereof) incurred with respect to each Calendar Year exceeds the operating Expenses incurred in the Base Year. The Expense Adjustment Amount with respect to each Calendar Year shall be paid in monthly installments, in an amount estimated from time to time by Landlord and communicated by written notice to Tenant. Landlord shall cause to be kept books and records showing Operating Expenses in accordance with an appropriate system of accounts and accounting practices, consistently maintained. Following the close of each Calendar Year, Landlord shall cause the amount of the Expense Adjustment Amount for such Calendar Year to be computed based on Operating Expenses for such Calendar Year and Landlord shall deliver to Tenant a statement of such amount and Tenant shall pay any deficiency to Landlord as shown by such statement within thirty (30) days after receipt of such statement. If the total of the estimated monthly installments paid by Tenant during any Calendar Year exceeds the actual Expense Adjustment Amount due from Tenant for such Calendar Year, at Landlord's option such excess shall be refunded by Landlord, provided Tenant is not then in default hereunder. Delay in computation or billing of the Expense Adjustment Amount shall not be deemed a default hereunder or a waiver of Landlord's right to collect the Expense Adjustment Amount.

4.3.1 Tenant shall pay to Landlord or Landlord's agent as Additional Rent, in addition to the Base Rent required by Paragraph 3 hereof, an amount ("Tax Adjustment Amount") equal to Tenant's Prorata Share of the amount by which the Taxes incurred with respect to each Calendar Year exceeds the Taxes incurred in the Base Year. The Tax Adjustment Amount with respect to each Calendar Year shall be paid in monthly installments, in an amount estimated from time to time by Landlord and communicated by written notice to Tenant. Landlord shall cause to be kept books and records showing Taxes in accordance with an appropriate system of accounts and accounting practices, consistently maintained. Following the close of each Calendar Year, Landlord shall cause the amount of the Tax Adjustment Amount for such Calendar Year to be computed based on Taxes for such Calendar Year and Landlord shall deliver to Tenant a statement of such amount and Tenant shall pay any deficiency to Landlord as shown by such statement within thirty (30) days after receipt of such statement. If the total of the estimated monthly installments paid by Tenant during any Calendar Year exceeds the actual Tax Adjustment Amount due from Tenant for such Calendar Year, at Landlord's option such excess shall be refunded by Landlord, provided Tenant is not then in default hereunder. Delay in computation or billing of the Tax Adjustment Amount shall not be deemed a default hereunder or a waiver of Landlord's right to collect the Tax Adjustment Amount.

In determining the amount of Taxes for any year, Landlord shall take the benefit of the provisions of any statute or ordinance permitting any special assessment to be paid over a period of time, and Tenant shall be obligated to pay only its proportionate share of the installments (plus any interest payable thereon) of any such assessments which shall become due and payable during the term of this Lease. Landlord shall, where appropriate, protest the assessment used in computing real estate taxes against the Building or the Premises. All references to Taxes "for" a particular year shall be deemed to refer to taxes paid during such year without regard to when such Taxes are assessed or levied.

In the event this Lease shall have been in effect for less than the full Calendar Year immediately preceding Tenant's receipt of such report, Expense Adjustment Amount for such Calendar Year shall be prorated.

4.4 If Landlord is not furnishing any particular work or service to another tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord or for any other reason (the cost of which, if performed by Landlord, would be included in operating Expenses), Operating Expenses shall be deemed for the purposes of this Paragraph to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such other tenant.

4.5 In no event shall rent adjustment result in a decrease in the annual Base Rent payable hereunder.

ARTICLE 5: Services

5.1 Landlord shall provide the following services during the Term hereof:

5.1.1 All interior and exterior janitorial and maintenance services in a manner consistent with comparable office buildings in Aurora, including removal of refuse from the Building's exterior trash collection area, landscape maintenance, exterior window washing, building maintenance, snow removal and parking lot maintenance, all at intervals to be reasonably determined by Landlord.

5.1.2 Heating and air-conditioning to provide, in Landlord's reasonable judgement, for normal comfort in the Premises from 7:00 a.m. to 7:00 p.m. Monday through Friday, Saturdays from 7:00 a.m. to 1:00 p.m., Sundays and holidays excepted.

5.1.3 Water (cold) from regular Building outlets for drinking, lavatory and toilet purposes, and electric service to the Premises. The cost for water service shall be included in Operating Expenses. Electric service shall be individually metered to the Premises at Landlord's sole cost and expense. All charges for electric service shall be billed directly to Tenant by the company furnishing same and Tenant shall be solely responsible for making such arrangements with the utility company as may be necessary for the furnishing thereof to the Premises.

5.2 Tenant, at Tenant's sole cost and expense, shall provide for replacement of fluorescent bulbs and ballasts.

5.3 Neither Landlord nor Landlord's beneficiary, nor any company, firm or individual operating, maintaining, managing or supervising the plant or facilities furnishing any of the services described in the paragraph immediately preceding, nor any of their respective agents, customers, or invitees or anyone claiming through or under Tenant, for any damages, injuries, losses, expenses, claims or causes of action, because of any interruption or discontinuance at any time for any reason in the furnishing of any of the services described in the paragraph immediately preceding; nor shall any such interruption or discontinuance be deemed an eviction or disturbance of Tenant's use or possession of the Premises or any part thereof; nor shall any such interruption or discontinuance relieve Tenant from full performance of Tenant's obligations under this Lease. Notwithstanding anything to the contrary in the Lease, if: (a) any services or utilities are interrupted or discontinued (and not as a result of any act of Tenant), and Tenant is unable to and does not use, the Premises as a result of such interruption or discontinuance, and (b) Tenant shall have given written notice respecting such interruption or discontinuance to Landlord, and Landlord shall have failed to cure such interruption or discontinuance within five (5) consecutive days after receiving such notice, or such additional time as may be required due to acts of God, force majeure, casualty damage, strikes, shortages of labor or materials, or other causes beyond Landlord's reasonable control, Rent hereunder shall thereafter be abated until such time as such services or utilities are restored or Tenant begins using the Premises again, whichever shall first occur.

ARTICLE 6: Possession

6.1 In the event that Landlord fails (i) to substantially complete any improvements to the Premises required to be performed by Landlord under any separate agreement signed by both parties, or (ii) to deliver possession of the Premises, for any other reason, including but not limited to, holding over by prior occupants, this Lease shall nevertheless continue in full force and effect, and no liability shall arise against Landlord out of any such delay beyond the abatement of rent until the Premises are ready for occupancy; provided however, there shall be no abatement of rent if the Premises are not ready for occupancy because of failure to complete the installation of special equipment, of fixtures or materials ordered by Tenant or due to any fault of Tenant. If Tenant shall enter into possession of all or any part of the Premises prior to the Commencement Date, all of the covenants and conditions of this Lease shall be binding upon the parties hereto in respect to such possession the same as if the first day of the Term had been fixed as to the date when Tenant entered into said possession, except that Tenant shall not be obligated to pay rent to Landlord for the period prior to the Commencement Date.

ARTICLE 7: Assignment and Subletting

7.1 Tenant shall not transfer, assign, sublet, enter into a license or concession agreement or hypothecate this Lease or Tenant's interest in and to the Premises, permit any transfer of Tenant's interest created hereby or allow any lien upon Tenant's interest whether by operation of law or otherwise, nor permit the use or occupancy of the Premises or any part thereof by anyone other than Tenant I without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Any attempt to transfer, assign, sublet, license, hypothecator transfer by operation of law or permit the occupancy of the Premises by a party other than Tenant shall be void and confer no rights on any third party. Each transfer, assignment, subletting, license, hypothecation, transfer by operation of law or occupation by a party other than Tenant to which there has been consent shall be by an instrument in writing, in form reasonably satisfactory to Landlord, and shall be executed by the transferrer, assignor, sublessor, licensor, hypothecator, or mortgagor and the transferee, assignee, sublessee, licensee, or mortgagee who shall agree in writing for the benefit of the Landlord to assume, to be bound by, and to perform the terms, covenants and conditions of this Lease to be done, kept and performed by Tenant one executed copy of such written instrument inform satisfactory to Landlord shall be delivered to Landlord prior to the effective date thereof.

7.2 Consent by Landlord to any assignment or subletting shall not include consent to the assignment or transferring of any lease renewal option rights or space option rights of the Premises, special privileges or extra

services granted to Tenant by this Lease, or rider or amendment hereto or letter of agreement, unless Landlord specifically grants in writing such options, rights, privileges, or services to such assignee or sublessee.

7.3 The consent by Landlord to any transfer, assignment, subletting, license, hypothecation, transfer by operation of law or occupation by a party other than Tenant shall not constitute a waiver of the necessity of such consent to any subsequent or additional transfer, assignment, subletting, license, hypothecation, transfer by operation of law or occupation by a party other than Tenant, nor constitute a release of Tenant's liability or responsibility hereunder.

7.4 In the event that Landlord consents to any assignment or sublease of any portion of the Premises, as a condition of Landlord's consent, if Landlord so elects to consent, Tenant shall pay to Landlord fifty percent (50%) of all profit derived by Tenant from such assignment or sublease after deducting any reasonable tenant improvement allowance or free rent periods. Tenant shall furnish Landlord with a sworn statement, certified by an independent certified public accountant, setting forth in detail the computation of profit (which computation shall be based upon generally accepted accounting principles), and Landlord, or its representatives, shall have access to the books, records and papers of Tenant in relation thereto, and to make copies of such assignment shall be deemed an item of such profit. If a part of the consideration for such assignment shall be payable other than in cash, the payment to Landlord shall be payable in accordance with the foregoing percentage of the cash and other non-cash considerations in such form as is reasonably satisfactory to Landlord. Such percentage of Tenant's profits shall be paid to Landlord promptly by Tenant upon Tenant's receipt from time to time of periodic payments from such assignee or subtenant or at such other time as Tenant shall realize its profits from such assignment or sublease.

7.5 Notwithstanding anything in this Lease to the contrary, Tenant shall have the right to assign this Lease or sublet all or a portion of the Premises to an entity which (i) is a subsidiary of Tenant or is an entity of which the controlling owners are the controlling owners of Tenant and (ii) has a net worth substantially similar to that of Tenant.

ARTICLE 8: Condition of Premises

Tenant's taking possession of the Premises shall be conclusive evidence that the Premises were in good order and satisfactory condition when Tenant took possession thereof except as to latent defects. No promise of Landlord to alter, remodel, repair, decorate, clean or improve the Premises or the Building, and no representation respecting the condition of the Premises or the Building has been made by Landlord to Tenant, other than as may be contained herein.

ARTICLE 9: Repairs

Tenant shall, at its sole expense, keep the Premises in good repair and tenable condition during the Term, and Tenant shall repair all damages to the Premises (except for reasonable wear and tear and as otherwise provided in Article 12 of the Lease), including the replacement or repair of all damaged or broken glass, fixtures and appurtenances within any reasonable period of time specified by Landlord, all such repairs and replacements to be made under the supervision and with the prior reasonable approval of Landlord, using only contractors or other persons reasonably acceptable to the Landlord. If Tenant does not promptly after notice by Landlord make such repairs or replacements, the reasonable amount paid by Landlord for such repairs and replacements shall be deemed Additional Rent reserved under this Lease due and payable forthwith. Landlord may, but shall not be required so to do, enter the Premises at all reasonable times to make any repairs, alterations, improvements or additions and Landlord shall desire or deem necessary for the safety or preservation of the Premises or the Building, or as Landlord may be required to do by the City of Aurora or by the order or decree of any court or by any other proper authority. The cost of all repairs made by Landlord to the Building which are made necessary as a result of misuse or neglect by Tenant or its employees, invitees or agents shall be immediately paid by Tenant to Landlord upon being billed for same.

ARTICLE 10: Alterations and Improvements

Tenant shall not, without prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed, make any alterations,

improvements, additions or installations or perform any decorating, painting or other similar work in or about the Premises. If Landlord so consents, before commencement of any such work or delivery of any materials into the Premises or the Building, Tenant shall furnish to Landlord for approval architectural plans and specifications, names and addresses of all contractors, contracts, necessary permits and licenses, certificates of insurance and instruments of indemnification against any and all claims, costs, expenses, damages and liabilities which may arise in connection with such work, all in such form and amount as may be reasonably satisfactory to Landlord. Whether or not Tenant furnishes the forgoing, Tenant agrees to hold Landlord, and the Landlord's beneficiaries, and their respective agents and employees forever harmless against all claims and liabilities of every kind, nature and description which may arise out of, or in any way be connected with, such work. All such work shall be done only by contractors or mechanics approved by Landlord and at such time and in such manner as Landlord may from time to time designate. Tenant shall promptly pay the cost of all such work and the cost of decorating the Premises and the Building occasioned thereby. Upon completion of such work, Tenant shall furnish Landlord with contractors' affidavits and full and final waivers of lien and receipted bills covering all labor and materials expended and used in connection therewith. All such work shall comply with all insurance requirements and with all laws, ordinances, rules and regulations of all governmental authorities, and shall be done in a good and workmanlike manner and with the use of good grades of materials. Tenant shall permit Landlord to supervise construction operations in connection with such work. All alterations, improvements, additions and installations to or on the Premises other than trade fixtures and professional equipment, shall become part of the Premises at the time of their installation.

ARTICLE 11: Covenant Against Liens

Tenant agrees not to permit or suffer any lien of any mechanic or material supplier to be placed or filed against the Premises or the Building. Nothing contained in the Lease shall authorize Tenant to do any act which shall in any way encumber Landlord's title to any claims by way of lien or encumbrance, whether claimed by operation of law or by virtue of any expressed or implied contract of Tenant, and any claim to a lien upon the Building or Premises arising from any act or omission of Tenant shall attach only against Tenant's interest and shall in all respects be subordinate to Landlord's title to the Building and the Premises. In the event any lien (or any notice preliminary to lien) shall be asserted against Landlord, Tenant shall promptly remove any such lien or encumbrance by bond or otherwise. If Tenant has not satisfied any such lien (or notice) within fifteen (15) days after written notice to Tenant by Landlord, Landlord may pay the amount necessary to satisfy same, without being responsible for making any investigation as to the validity thereof, and the amount so paid shall be deemed Additional Rent reserved under this Lease due and payable forthwith.

ARTICLE 12: Damage or Destruction by Fire or Casualty

12.1 If the Building (including machinery and equipment used in its operation) or the Premises are destroyed or made substantially untenable by fire or other casualty, and in the event any such damage has not been caused by any act or neglect of Tenant, its agents, servants, employees, guests, licensees or invitees, the Base Rent plus rent adjustments shall abate beginning with the date of such fire or other casualty and ending with the date when the Premises are again rendered tenantable, such abatement to be in an amount bearing the same ratio to the total amount of rent for such period as the untenable portion of the Premises bears to the entire Premises. Landlord may elect to: (i) terminate this Lease as of the date of such fire or other casualty by delivery of a notice of termination to Tenant within sixty (60) days after said date; or (ii) proceed, at Landlord's expense, with due diligence to repair, restore or rehabilitate the Building or the Premises, other than leasehold improvements paid for by Tenant, in as good condition as when Tenant took possession.

12.2 If the Premises or the Building are damaged by fire or other casualty, but are not made substantially untenable, however, then Landlord shall proceed with due diligence to repair and restore the Building or the Premises, unless such damage occurs during the last twelve (12) months of the Term, in which event Landlord shall have the right to terminate this Lease as of the date of such fire or other casualty by delivery of written notice of termination to Tenant within thirty (30) days after said date.

12.3 Landlord shall have no duty to repair or restore Tenant's fixtures,

including, but not limited to, office fixtures, special wall and floor coverings, special lighting fixtures, built-in cabinets and bookshelves, decorations or furniture.

12.4 Notwithstanding Article 12 of the Lease to the contrary, Tenant may terminate this Lease if Tenant is unable to use all or a substantial portion of the Premises as a result of fire or other casualty not caused by Tenant or its employees or agents and; (a) Landlord fails to commence restoration work to the Premises and access thereto within sixty (60) days after the damage occurs or (b) Landlord fails to substantially complete such work within 180 days after commencing the same, or such additional time as may be necessary due to strikes, lock-outs or other labor troubles, shortages of equipment or materials, governmental requirements, power shortages or outages or other causes beyond Landlord's reasonable control, or (c) such work is reasonably estimated (which estimate Landlord shall provide within sixty (60) days following the casualty), to take more than 180 days to substantially complete after being commenced, or (d) more than 25% of the Premises is affected by the damage and fewer than 12 months remain in the Term. In order to exercise any of the foregoing rights, Tenant must send Landlord at least sixty (60) days, (but not more than 120 days) advance notice specifying the basis for termination, and such notice shall be given no later than thirty (30) days following the occurrence of the condition serving as a basis of the termination right invoked by Tenant. Such termination rights shall not be available to Tenant if Landlord substantially completes the repairs to the Premises and access thereto within sixty (60) days after Tenant's notice. Notwithstanding anything to the contrary contained herein, if Tenant or its officers, employees, contractors, invitees or agents delay Landlord in performing the repairs, Landlord shall have additional time to complete the work equal to such delay and Tenant shall pay Landlord all Rent for the period of such delay.

ARTICLE 13: Insurance

13.1 Landlord shall purchase and keep in full force and effect insurance on the Building, and such other portions of the Building which in Landlord's reasonable judgment are used in conjunction with or required for the Building, against fire, extended coverage and "all risks" perils (including flood and earthquake, if applicable) in an amount not less than the full replacement cost of the Building, or an amount sufficient to prevent Landlord from becoming a co-insurer under the terms of the applicable policies.

13.2 Tenant shall purchase and maintain throughout the Term at its sole expense physical damage insurance from insurers reasonably acceptable to Landlord covering all additions, improvements and alterations to the Premises other than the building standard tenant improvements provided by Landlord (or the equivalent value thereof) and all office furniture, trade fixtures, office equipment, merchandise and all other items of Tenant's property on the Premises. Such insurance shall be written on an "all risks" of physical loss or damage basis, for the full replacement cost value of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance.

13.3 Landlord and Tenant intend that the risk of loss or damage be borne by responsible insurance carriers to the extent above provided and Landlord and Tenant hereby agree to look solely to, and to seek recovery only from the respective insurance carriers in the event of a loss of a type described above to the extent that such coverage is agreed to be provided hereunder. For this purpose, any applicable deductible amount shall be treated as though it were recoverable under such policies. Landlord and Tenant agree that monies collected from such insurance shall be used toward the full compliance of the obligations of Landlord and Tenant under this Lease in connection with damage resulting from fire or other casualty, subject to the rights and approval of any ground lessor or any mortgagee holding a first mortgage lien on the Building or any portion thereof which the Premises are a part.

So long as it may be permitted by Landlord's insurer, without payment of extra premiums, Landlord hereby agrees to waive its right of recovery against Tenant, its successors or assigns, for, any fire and or any other peril covered by any policy of insurance for losses to the Premises, and the building including any structural alterations. In consideration thereof, Tenant waives, as long as it may be permitted by Tenants's insurer, without payment of extra premiums, and shall cause its insurance carrier to waive, its right of recovery against Landlord, or mortgagee, its partners, affiliates, any ground lessor and their respective employees, agents, successors and assigns, for any fire or any

other peril covered by policy of insurance for losses occurring to the property belonging to Tenant which may be placed in the Premises or the Building.

13.4 Tenant shall purchase and maintain, commencing with the date hereof, insurance coverage with respect to the Premises in companies licensed to do business in the state where the property is located and reasonably satisfactory to Landlord and with such increases in limits as Landlord may from time to time request. All such insurance shall include the condition that it is primary and that any such insurance maintained by Landlord is excess and noncontributory. Tenant shall maintain the following coverages in the following amounts:

(i) comprehensive general liability insurance covering Tenant and Landlord, its partners, affiliates, any ground lessor or mortgagee and their respective agents and employees as additional insured parties for claims of bodily injury, personal injury and property damage arising out of Tenant's operations, assumed liability or use of the Premises, for limits of liability not less than:

Bodily Injury and Property Damage Liability
\$2,000,000 each occurrence/aggregate

Personal Injury Liability
\$2,000,000 each occurrence/aggregate

(ii) Comprehensive automobile insurance covering Tenant and Landlord, its partners, affiliates, any ground lessor or mortgagee and their respective agents and employees as additional insured parties for claims of bodily injury, personal injury and property damage arising out of all owned, non-owned and hired automobiles of Tenant including the loading and unloading of any automobile with limits of liability not less than:

Bodily Injury and Property Damage
\$2,000,000 each accident

Tenant shall provide Landlord with duplicate copies Of policies or original certificates of insurance ten (10) days after the date hereof and from time to time thereafter as required by Landlord evidencing that the aforesaid insurance is in full force and effect. All policies and certificates shall provide that a minimum of thirty (30) days written notice shall be given to Landlord and to Landlord's managing agent by any such insurance company prior to the cancellation, termination or material change of such coverage. All insurance herein required shall be deemed to be additional obligations of Tenant and not in discharge of or a limitation to Tenant's obligation to indemnify Landlord, any ground lessor or mortgagee and their respective employees and agents under Article 15 hereto. Any insurance policies hereunder may be "blanket policies".

13.5 Tenant shall comply with all applicable laws and ordinances, all orders and decrees of court and all requirements of other governmental authorities, and shall not, directly or indirectly, make use of the Premises which may thereby be prohibited or be dangerous to person or property or which may jeopardize any insurance coverage or may increase the cost of insurance or require additional insurance coverage. If by reason of the failure of Tenant to comply with the provisions of this Paragraph, any insurance coverage is jeopardized or insurance premiums are increased, Landlord shall have the option either to terminate this Lease or to require Tenant to make immediate payment of the increase insurance premium.

13.6 Landlord shall maintain during the Term comprehensive (or commercial) general liability insurance, with limits of not less than \$1,000,000 combined single limit for personal injury, bodily injury or death, or property damage or destruction (including loss of use thereof) for any one occurrence.

ARTICLE 14: Condemnation

14.1 If the whole or any substantial part of the Premises or Building shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, this Lease shall terminate upon the date of the taking of possession by the condemning authority.

14.2 If less than a substantial part of the Building or the Premises shall be taken or condemned for any public or quasi-public use or purpose, or if any adjacent property or street shall be condemned or improved in such

manner as to require the use of any part of the Premises or of the Building, then at the election of Landlord expressed by delivery of written notice to Tenant within sixty (60) days after said date of taking, condemnation or improvement, this Lease shall terminate as of said date without any payment to Tenant therefor. Tenant shall have reciprocal termination rights if the whole or any material part of the Premises is permanently taken, or if access to the Premises is permanently materially impaired.

14.3 In the event of any such termination, rent shall be apportioned as of the date of such termination.

14.4 The entire compensation awarded in or by reason of said eminent domain proceedings shall belong to Landlord without any deduction therefrom for any present or future estate or interest of Tenant, and Tenant hereby assigns to Landlord all of Tenant's rights, title and interest in and to any and all such compensation together with any and all rights, estate and interest of Tenant now existing or hereafter arising in and to the same or any part thereof. Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Term, and for moving expenses (so long as such claim does not diminish the award available to Landlord or any Holder, and such claim is payable separately to Tenant).

ARTICLE 15: Waiver of Claims

15.1 Tenant agrees that except for the wrongful actions or negligence of Landlord, its beneficiaries, agents, invitees and employees, Landlord, its beneficiaries and their officers, agents, servants and employees shall not be liable and Tenant waives all claims, for any damage either to persons or property sustained by Tenant or by other persons due to the Building or Premises or any part thereof or any appurtenances thereto becoming out of repair, or due to the happening of any occurrence in or about the Building or Premises. This provision shall apply particularly (but not exclusively) to damage caused by: (a) any: equipment or appurtenances becoming out of repair; (b) the Premises or the Building being out of repair; (c) injury or damage done or occasioned by wind, water, flooding, freezing, fire, explosion, earthquake, excessive heat or cold, vandalism, riot or disorder or other casualty; (d) any defect in or failure of plumbing, heating ventilating or air conditioning equipment, electric wiring or installation thereof, gas, water, steam pipes, stairs, railing or walks; (e) broken glass; (f) the backing up of any sewer pipe or downspout or any sewer gas or other odor; (g) the bursting or leaking of any tank, tub, washstand, water closet, waste pipe, drain, cooling coil or any other pipe or tank in, upon or about the Building or Premises; (h) the escape of steam or hot water; (i) water, snow or ice being upon or coming through the roof, walls, skylight, trapdoor, stairs, walks or any other place upon or near the Building or Premises or otherwise; (j) the falling of any fixture, plaster or stucco; or (k) any act, omission, or negligence of co-tenants or of other persons or occupants of the Building or of adjoining or contiguous buildings or of owners of adjacent or contiguous property, and shall apply without distinction to the person whose act or neglect was responsible for the damage and whether the damage was due to any of the causes specifically enumerated above or to some other cause of an entirely different kind or nature. Tenant further agrees that all personal property upon the Premises shall be at the risk of Tenant only, and that Landlord shall not be liable for any damage thereto or theft thereof.

15.2 Except for those arising out of the negligence of Landlord, its beneficiaries and their agents, servants, invitees and employees, Tenant agrees to protect, defend, indemnify and save Landlord, Landlord's beneficiaries and their officers, agents, servants and employees harmless from and against any and all liabilities, damages and expenses arising out of or in connection with Tenant's use or occupancy of the Premises or Tenant's activities in the Building.

15.3 Except for those arising out of the negligence of Tenant, its beneficiaries and their agents, servants, invitees and employees, Landlord agrees to protect, defend, indemnify and save Tenant, Tenant's beneficiaries and their officers, agents, servants and employees harmless from and against any and all liabilities, damages and expenses arising out of or in connection with Landlord's use of the Premises or Landlord's activities in the Building.

ARTICLE 16: Default

16.1 It is agreed that in the event: (a) Tenant vacates or abandons the

Premises or permits the same to remain vacant or unoccupied for a period of twenty (20) days and fails to pay Rent as it comes due, (b) the Base Rent, rent adjustments or any part thereof shall be paid for five (5) days after written notice thereof to Tenant; (c) default shall be made in the prompt and full performance of any covenant, condition or agreement of this Lease to be kept or performed by Tenant and Tenant shall fail to promptly and fully cure such default or breach of performance within thirty (30) days after written notice thereof by Landlord or if such default or breach is not susceptible to cure within said thirty (30) days, Tenant fails to promptly commence said cure and diligently prosecute said cure to completion; (d) all or any substantial part of the assets of Tenant, including the leasehold interest hereunder of Tenant, are attached, seized, or become subject to a writ or distress warrant, are levied upon or come within the possession of any receiver, trustee, custodian, or assignee for the benefit of creditors and such attachment, seizure, writ, warrant or levy is not withdrawn or removed within twenty (20) days after becoming effective; (e) a notice of lien or levy is filed with respect to all or any of Tenant's assets located on the Premises by any federal, state, county or municipal body, department, agency or instrumentality for taxes or debts then owing by tenant and such notice is not released or withdrawn within twenty (20) days after its filing (provided Tenant shall have the right to protest in good faith); or (f) any proceeding shall be commenced to declare Tenant or any Guarantor of this Lease bankrupt or insolvent or to obtain relief under any chapter or provision of any bankruptcy or debtor relief law or act or to reduce or modify Tenant's or Guarantor's debts or obligations or to delay or extend the payment thereof, or any assignment of Tenant's or Guarantor's property be made for benefit of creditors, or if a receiver or trustee be appointed for Tenant or Guarantor or Tenant's or Guarantor's property or business (unless in the case of a petition filed against Tenant or Guarantor the same is dismissed within sixty (60) days), then Landlord may treat the occurrence of any one or more of the foregoing events as a breach of this Lease and thereupon at its option, without further notice or demand of any kind to Tenant or Guarantor or any other person, may have, in addition to all other legal or equitable remedies, the following described remedies:

(i) Landlord may elect to terminate this Lease and the Term created hereby in which event Landlord forthwith may repossess the Premises and Tenant shall pay at once to Landlord as damages, in addition to other sums of money and damages due or to become due to Landlord from Tenant, a sum of money equal to the Base Rent and rent adjustments provided in this Lease and all other sums provided to be paid by Tenant to Landlord for the balance of the stated term over the fair rental value of the Premises for said period. For purposes of determining the rent adjustments to be paid by Tenant pursuant to this subparagraph, Landlord shall use the rent adjustment payable for the Calendar Year immediately preceding the year in which the Lease is terminated pursuant to this subparagraph multiplied by the remaining years and fractions thereof of the stated Term of this Lease.

(ii) Landlord may elect to terminate Tenant's right of possession without termination of this Lease in which event Tenant agrees to surrender possession and vacate the Premises immediately and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises, in whole or in part, with or without process of law, to repossess Landlord of the Premises or any part thereof and to expel or remove Tenant and any other person, firm or corporation who may be occupying or within the Premises or any part thereof and remove any and all property therefrom without terminating the Lease or releasing tenant in whole or in part from Tenant's obligation to pay rent and perform the covenants, conditions and agreements to be performed by Tenant as provided in this Lease without being deemed in any manner guilty of trespass.

16.2 Upon and after entry into possession without terminating this Lease and subject to the requirement of any applicable law to mitigate damages, Landlord may, but shall not be obligated to, relet all or any part of the Premises for such rent and upon such terms and to such person, firm or corporation and for such period or periods as Landlord in Landlord's sole discretion shall determine, including the right to relet the Premises for a term greater or lesser than that remaining under the stated Term of this Lease and the right to relet the Premises as a part of a larger area and the right to change the character or use made of the Premises, and Landlord shall not be required to accept any tenant offered by Tenant, to observe any instruction given by Tenant about such reletting or to do any act or exercise any care or diligence with respect to such reletting or to the mitigation of damages of

Tenant. For the purpose of such reletting, Landlord may decorate or make reasonable repairs, changes, alterations or additions in or to the Premises to the extent in good faith deemed by Landlord reasonably necessary. All such consideration so received shall be the sole property of Landlord; provided, however, if the consideration collected by Landlord upon any such reletting for Tenant's account is not sufficient to pay the rent and other sums reserved in this Lease, together with an amount equal to (i) five percent (5%) of the then unpaid Rent due over the balance of the existing Term as liquidated damages and (ii) the cost of repairs, alterations, redecorating and Landlord's other reasonable expenses including brokerage commissions, Tenant agrees to pay to Landlord such deficiency upon demand. If Landlord has not terminated this Lease or Tenant's right of possession, Landlord shall have no obligation to mitigate damages, and may permit the Premises to remain vacant or abandoned; in such case, Tenant may seek to mitigate damages by attempting to sublease the Premises or assign this Lease (subject to Article 7).

16.3 Any other act or acts resulting in the termination of Tenant's right to possession of the Premises shall not relieve Tenant from Tenant's obligation to pay the rent hereunder during the balance of the Term or any extension thereof, except as herein expressly provided. Landlord may collect and receive any rent due from Tenant, and the payment thereof shall not constitute a waiver of any rights or remedies which Landlord has in equity or at law or by virtue of this Lease.

16.4 The acceptance of liquidated damages by Landlord shall not preclude Landlord from the subsequent enforcement of any of the covenants or agreements of this Lease, nor shall any other act which infers recognition of the tenancy operate as a waiver of Landlord's right to terminate this Lease or operate as an extension of this Lease. Notwithstanding any reletting by Landlord without termination of this Lease as allowed above or by law, Landlord may, at any time thereafter, elect to terminate this Lease for any such previous breach.

ARTICLE 17: Surrender of Possession

17.1 On or before the date this Lease and the Term hereby created terminates, or on or before the date Tenant's right of possession terminates, whether by lapse of time or otherwise, Tenant shall:

17.1.1 restore the Premises to the same condition as they were in at the beginning of the Term (except for reasonable wear and tear and as otherwise provided in Article 9 of this Lease) and remove those alterations, improvements or additions (except the original leasehold improvements) installed by Tenant or acquired by Tenant from former tenants which Landlord shall request Tenant to remove;

17.1.2 remove from the Premises and the Building all of Tenant's personal property; and

17.1.3 surrender possession of the Premises to Landlord.

17.2 If Tenant shall fail or refuse to restore the Premises to the above-described condition on or before the above-specified date, Landlord may put the Premises in such condition and recover from Tenant Landlord's reasonable cost of so doing. If Tenant shall fail or refuse to comply with Tenant's duty to remove all personal property from the Premises and the Building on or before the above-specified date, the parties hereby agree and stipulate that Landlord may, at its election:

17.2.1 treat such failure or refusal as an offer by Tenant to transfer title to such personal property to Landlord, in which event title thereto shall thereupon pass under this Lease as a bill of sale to and vest in Landlord absolutely without any cost either by set-off, credit, allowance or otherwise, and Landlord may, at its option, dispose of all or any part of said personal property in any manner that Landlord shall choose;

17.2.2 treat such failure or refusal as conclusive evidence on which Landlord shall be entitled absolutely to rely and act, that Tenant has forever abandoned such personal property, and without accepting title thereto, Landlord may, at Tenant's expense, remove, store, destroy, discard or otherwise dispose of all or any part thereof in any manner that Landlord shall choose without incurring liability to Tenant or to any other person.

17.3 The failure of Tenant to remove all personal property from the Premises and the Building shall forever bar Tenant from bringing any action or

from asserting any liability against Landlord with respect to any such property which Tenant fails to remove. If Tenant shall fail or refuse to surrender possession of the Premises to Landlord as required by the terms of this Lease, Landlord may forthwith re-enter the Premises and repossess itself thereof as of its former estate and remove all persons and effects therefrom, using such force as may be necessary, without being guilty of any manner of trespass or forcible entry or detainer.

ARTICLE 18: Holding Over

Tenant shall pay to Landlord one and one half (1 1/2) times the Base Rent plus rent adjustments then applicable for each month or portion thereof Tenant shall retain possession of the Premises or any part thereof after the termination of this Lease, whether by lapse of time or otherwise, and also shall pay all damages sustained by Landlord on account thereof. The provisions of this Article shall not operate as a waiver by Landlord of any right of re-entry hereinbefore provided. At the option of Landlord, expressed in a written notice to tenant, such holding over shall constitute a renewal of this Lease for a period from month to month or a renewal for a period of one year.

ARTICLE 19: Subordination

This Lease and all rights of Tenant hereunder are subject and subordinate to any mortgage or mortgages, blanket or otherwise, which do now or may hereafter affect all or a portion of the real property of which the Building forms a part and to any and all renewals, modifications, consolidations, replacements and extensions thereof, provided, this Lease shall only be subordinate to Mortgages entered after the date of this Lease, if the Holders thereof agree to recognize this Lease, and not disturb Tenant's occupancy hereunder (so long as Tenant does not commit an uncured Default hereunder). Tenant shall, upon at least ten (10) days' prior notice execute, acknowledge and deliver to Landlord any and all instruments that may be necessary or proper to subordinate this Lease and all rights of Tenant hereunder to any such mortgage or mortgages or to confirm or evidence such subordination. Tenant covenants and agrees, in the event any proceedings are brought for the foreclosure of any such mortgage, or in the event there is a transfer in lieu of such foreclosure proceedings, to attorn, without any deductions or set-offs whatsoever, to the purchaser upon any such foreclosure sale, or in such transfer, if so requested to do by such purchaser, and to recognize such purchaser as the Landlord under this Lease. Tenant agrees to execute and deliver at any time and from time to time, within ten (10) days after receipt of written request of Landlord or of any holder of such mortgage or of such purchaser, any instrument which, in the sole judgment of such requesting party, may be necessary or appropriate in any such foreclosure proceeding or otherwise to evidence such attornment. Tenant further waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease, or the obligations of Tenant hereunder in the event any such foreclosure proceeding is brought, prosecuted or completed or in the event of any transfer in lieu thereof.

ARTICLE 20: Compliance with Laws

Tenant and Landlord shall operate the Premises and Building respectively in compliance with all applicable federal, state and municipal laws, ordinances, and regulations (except those requiring the installation of a fire-protection system or structural alterations to the Building) and shall not knowingly, directly or indirectly, make any use of the Premises or Building which is prohibited by any such laws, ordinances or regulations.

ARTICLE 21: Estoppel

Tenant agrees that from time to time within ten (10) days after receipt of written request by Landlord, Tenant, or Tenant's duly authorized representative having knowledge of the following facts, will deliver to Landlord a statement in writing certifying: (a) that this Lease is unmodified and in full force and effect (or if there have been modifications that the Lease as modified is in full force and effect); (b) the dates to which the rent and other charges have been paid; (c) that, to the best knowledge of Tenant, the Landlord is not in default under any provisions of this Lease, or, if in default, the nature thereof in detail; (d) that all work required to be performed by Landlord has been substantially completed; (e) Tenant is in possession of the Premises; and (f) to any other matters which Landlord may reasonably request.

ARTICLE 22: Certain Rights Reserved by Landlord

22.1 Landlord shall have the following rights, exercisable without notice and without liability to Tenant for damage or injury to property, person or business and without effecting an eviction, constructive or actual, or disturbance of Tenant's use or possession or giving rise to any claim for set-off or abatement of rent:

22.1.1 To change the Building's name or street address.

22.1.2 To install, affix and maintain any and all signs on the exterior and/or interior of the Buildings (not in Premises).

22.1.3 To designate and/or approve, prior to installation by Tenant, all types of window shades, blinds, drapes, awnings, window ventilators, and other similar equipment, and all internal lighting, fixtures or equipment within the Premises that may be visible from the exterior of the Building.

22.1.4 To reserve to Landlord the exclusive right to designate, limit, restrict and/or control any business or any service in or to the Building and its tenants, provided that the charges therefor are reasonable.

22.1.5 To grant to anyone the exclusive right to conduct any business or render any service in or to the Building.

22.1.6 Upon reasonable advance verbal notice to show the Premises to prospective tenants at reasonable hours during the last nine (9) months of the Term and, if vacated during the Term, to prepare the Premises for re-occupancy.

22.1.7 To approve the weight, size and location of safe and other heavy equipment and bulky articles in and about the Premises and the Building (so as not to overload the floor of the Premises) . Any damages done to the Building or Premises or to other tenants in the Building by taking in or putting out safes, furniture or other articles, or from overloading the floor in any way, shall be paid by Tenant. Movements of Tenant's property into or out of the premises are entirely at the risk and responsibility of Tenant.

22.1.8 To retain at all times, and to use in appropriate instances, keys to all doors within and into the Premises.

22.1.9 To enter the Premises to make inspections, repairs, alterations or additions in or to the Premises or Building at reasonable times and at any time in the event of emergency, and to perform any acts related to the safety, protection, preservation, sale or improvement of the Premises or the Building.

22.1.10 To decorate or make repairs, alterations, additions or improvements, whether structural or otherwise, in and about the Building, or any part thereof, and for such purpose upon reasonable advance verbal notice (except in emergency) to enter into the Premises and during the continuance of any of said work, to interrupt or temporarily suspend Building services and facilities, all without abatement of rent or affecting any of Tenant's obligations hereunder so long as the Premises are reasonably accessible and provided such work is diligently prosecuted.

22.1.11 To reasonably approve in writing all telegraph, telephone, signal, alarm and electric connections which Tenant may desire before the same are installed, and to approve, at Landlord's sole discretion, the location of all wires and the work in connection therewith.

22.1.12 To control and prevent access to the parking areas, sidewalks, entrances, passages and roof by all persons whose presence in Landlord's reasonable judgment shall be prejudicial to the safety, character, reputation and interest of the Building and the Building's tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business, unless such persons are engaged in illegal or objectional activities.

22.1.13 To provide for the display of the name and location of tenants and to specify the manner in which Tenant is listed on the Building directory.

22.1.14 To establish controls for the purposes of regulating all property and packages, both personal and otherwise, to be moved into or out of the Building and Premises and all persons using the Building after normal

office hours.

22.1.15 To erect, use and maintain necessary pipes, ducts, wiring and conduits, and appurtenances thereto, in and through the Premises at reasonable locations.

22.2 Landlord, its beneficiaries and their respective agents or employees, may enter upon the Premises and may exercise any or all of the foregoing rights hereby reserved without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to Tenant.

ARTICLE 23: Rules and Regulations

23.1 Tenant agrees for itself, its employees, agents, servants, clients, customers, invitees, licensees and guests to observe and comply at all times with the following rules and regulations and with such reasonable modifications thereof and additions as Landlord may from time to time make for the building, and that failure to observe and comply with such reservations, rules and regulations shall constitute a default under this Lease:

23.1.1 No sign, picture, advertisement or notice, typewritten or otherwise, shall be displayed, inscribed, painted or affixed on any part of the outside or inside of the Building, except as approved by Landlord.

23.1.2 Tenant shall not, without Landlord's written consent, put up or operate any steam engine, boiler, stove, machinery or mechanical devices upon Premises or carry on any mechanical business of a nature not directly related to Tenant's permitted use of the Premises.

23.1.3 Tenant shall not use oil, burning fluids, camphene, kerosene or natural gas for heating, warming or lighting in or about the Building or Premises.

23.1.4 No explosives or other articles deemed extra hazardous shall be brought into the Premises.

23.1.5 Tenant shall not in any manner deface or injure the Building or any part thereof or overload the floors of the Premises.

23.1.6 Tenant shall not make noises, cause disturbances or vibrations, or use or operate any electrical or electronic devices or other devices that emit sound or other waves of disturbances, or create odors, any of which may be offensive to other tenants and occupants of the Building, or that would interfere with the operations of any device or equipment or radio or television broadcasting or reception from or within the Building or elsewhere, and shall not place or install any projections, antennae, aerials or similar devices inside or outside of the Premises.

23.1.7 Tenant, its customers, invitees, licensees, agents, servants, employees and guests shall not encumber or obstruct sidewalks, entrances, passages or courts in or about the Building.

23.1.8 No bicycle or other vehicle and no animals, birds or other pets shall be allowed in any part of the Building or the Premises.

23.1.9 Tenant shall not cause, maintain or permit any nuisance or commit or suffer the commission of any waste in, on or about the Premises, and Tenant agrees to cooperate fully with Landlord to assure the most effective operation of the Building.

23.1.10 Tenant assumes full responsibility for protecting the Premises from weather, theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed and secured.

23.1.11 Peddlers, solicitors and beggars shall be reported to the office of the Building or as Landlord otherwise requests.

23.1.12 Tenant shall not install or cause to be installed any automatic garbage disposal equipment without the prior written consent of Landlord.

23.1.13 Tenant shall cooperate and participate in all security programs affecting the Building. The exercise of any security measures by

Landlord, its beneficiaries and their respective agents and employees and the resulting interruption of service and/or cessation of Tenant's business, if any, shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, or any part thereof, or render Landlord, its beneficiaries and their respective agents and employees liable to Tenant for any resulting damages or relieve Tenant from Tenant's obligations under this Lease.

23.1.14 Tenant shall not make any room-to-room canvass to solicit business from other tenants in the Building.

23.1.15 Tenant shall neither use the name of the Building, except as the address of its business, nor pictures of the Building in correspondence, notices, advertising or other publicity without Landlord's prior written consent.

23.1.16 Tenant shall comply with all applicable codes of professional conduct and shall not advertise or conduct its profession or business carried on in the Premises in any manner which violates the letter or spirit of such codes.

23.1.17 Tenant, its customers, invitees, licensees and guests shall not go upon the roof of the Building or enter into areas reserved exclusively for the use of the Landlord, its employees, or invitees.

23.1.18 Whenever requested by Landlord, Tenant will supply upon demand a list of all Tenant's employees working at the Premises, together with facsimiles of their signatures.

23.1.19 No locks shall be changed or additional locks installed without the prior written consent of Landlord. Upon termination of this Lease or of Tenant's possession, Tenant shall surrender all keys to the Premises and shall make known to Landlord the combination of all combination locks on all safes, cabinets and vaults that may be located within the Premises.

23.2 Landlord shall not be responsible to Tenant for the nonperformance by any other tenant or occupant of the Building of any rule or regulation, nor shall such non-performance in any way affect Tenant's obligation to adhere to such rules and regulations.

ARTICLE 24: Miscellaneous

Landlord and Tenant further covenant with each other that:

24.1 All rights and remedies of Landlord under this Lease shall be cumulative, and none shall exclude any other rights and remedies allowed by law.

24.2 The word "Tenant" wherever used herein shall be construed to mean Tenants in all cases where there is more than one (1) tenant, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

24.3 Each of the provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit of not only Landlord and Tenant, but also their respective heirs illegal representatives, successors and assigns. References to "Landlord" herein shall be interpreted as including Landlord's beneficiaries, who shall have the right to enforce the obligations of Tenant in this Lease set forth in their own names or through an agent.

24.4 All of the representations and obligations of Landlord are contained herein and no modification, waiver or amendment of this Lease or any of its conditions or provisions shall be binding upon Landlord unless in writing signed by Landlord or a duly authorized agent.

24.5 No rights to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease.

24.6 Sectional headings in this Lease are solely for the convenience of reference and shall not in any way limit or amplify the terms and provisions hereof.

24.7 The submission of this Lease for examination does not constitute an

offer to lease, or a reservation of or option for the Premises, and this Lease becomes effective only upon execution thereof by Landlord and delivery to Tenant.

24.8 Landlord's receipt of money from Tenant shall not constitute a waiver of or affect any notice or demand given, suit instituted or judgment obtained by Landlord, or be held to waive, affect, change, modify or alter the rights or remedies which Landlord has in equity or at law or by virtue of this Lease.

24.9 No waiver of any default of Tenant hereunder shall be implied from any failure by Landlord to take any action on account of such default, whether or not such default persists or is repeated, and no express waiver shall affect any default other than the default specified in such waiver and then only for the time and to the extent therein stated.

ARTICLE 25: Notice

25.1 Any notice, demand, request or other instrument which may be or is required to be given under this Lease shall be delivered in person or sent by United States certified or registered mail, postage prepaid. Such notices shall be deemed to have been given upon receipt thereof by the party to whom the notice was given.

25.2 All notices to Landlord shall be sent to Landlord in care of:

JMB Properties Company
900 North Michigan Avenue
Chicago, Illinois 60611
Attention: General Counsel

or at such other address as Landlord may designate by written notice and all notices to Tenant shall be sent or delivered to the Premises or such other address as Tenant shall designate by written notice. All notices to Tenant shall be sent to Tenant in care of:

Westell Incorporated
101 Kendall Point Drive
Oswego, Illinois 60543
Attention: Curtis L. Benton

ARTICLE 26: Landlord's Obligation on Sale of Building

In case Landlord or any successor-owner of the Building shall convey or otherwise dispose of any portion thereof to another person, such other person who shall become owner of the Building or such portion thereof, shall thereupon be and become Landlord hereunder and shall assume fully in writing and be liable for all liabilities and obligations of this Lease to be performed by Landlord which first arise after the date of conveyance, and such original Landlord or successor-owner of the Building or such portion thereof shall, from and after the date of conveyance, be free of all liabilities and obligations not then incurred.

ARTICLE 27: Brokers

Tenant represents and warrants to Landlord that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker, other than CB Commercial and Realsource, Inc., in the negotiation or making of this Lease, and Tenant agrees to indemnify and hold Landlord harmless from any claim or claims as well as costs and expenses including attorneys' fees incurred by Landlord in conjunction with any such claim or claims, or of any broker or brokers claiming to have interested Tenant in the Building or Premises or claiming to have caused Tenant to enter into this Lease.

ARTICLE 28: Modifications

Should any mortgage, leasehold or otherwise, require a modification or modifications of this Lease, which modification or modifications will not bring about any increased cost or expense to Tenant or in any other way substantially change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees to so modify this Lease.

ARTICLE 29: Quiet Enjoyment

So long as Tenant shall perform its obligations under this Lease, it shall be entitled to peaceful and quiet enjoyment of the Premises, subject to the terms hereof.

ARTICLE 30: Costs, Expenses, and Attorneys' Fees

In case Landlord shall, without fault on its part, be made a party of any litigation commenced by or against Tenant, then Tenant shall pay all costs, expenses and reasonable attorneys' fees incurred or paid by Landlord in connection with such litigation. Tenant shall also pay all costs, expenses and reasonable attorneys' fees that may be incurred or paid by Landlord in successfully enforcing Tenant's covenants and agreements in this Lease. Landlord shall pay all costs, expenses and reasonable attorneys' fees that may be incurred or paid by Tenant in successfully enforcing Landlord's covenants and agreements in this Lease.

ARTICLE 31: Prohibition Against Recording

Neither this Lease, nor any memorandum affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant and the recording thereof in violation of this provision shall make this Lease null and void at Landlord's election.'

ARTICLE 32: Security Deposit

Intentionally omitted.

ARTICLE 33: Trustee Clause

It is expressly understood and agreed that this Lease is executed on behalf of LASALLE NATIONAL TRUST, N.A., not personally but as trustee as aforesaid, in the exercise of the power and authority conferred upon and invested in it as such Trustee, and under the direction of the beneficiaries of a certain Trust Agreement, dated August 1, 1979 and known as Trust No. 101293. It is further expressly understood and agreed that LASALLE NATIONAL TRUST, N.A., as Trustee as aforesaid, has no right or power whatsoever to manage, control or operate said real estate in any way or to any extent and is not entitled at any time to collect or receive for any purpose, directly or indirectly, the rents, issues, or profits or proceeds of said real estate or any lease or sale of any mortgage or any disposition thereof. Nothing in this Lease contained shall be construed as creating any personal liability or personal responsibility of the trustee or any of the beneficiaries of the trust, and in particular, without limiting the generality of the foregoing there shall be no personal liability to any indebtedness accruing hereunder or to perform any covenant, either expressly or implicitly herein contained, or to keep, preserve or sequester any property of said trust, or for said trustee to continue as said Trustee; and that so far as the parties herein are concerned, the owner of any indebtedness or liability accruing hereunder shall, from time to time look solely to the trust estate, subject to the provisions of said Trust Agreement thereof, Tenant hereby expressly waiving and releasing said personal liability and personal responsibility on behalf of itself and all persons claiming by, through or under Tenant.

ARTICLE 34: Option to Extend

Tenant is hereby granted an option to extend the Term for two (2) additional periods of two (2) consecutive years (each such period being referred to herein as an "Extension Period"), on the same terms and conditions in effect under the Lease immediately prior to the Extension Period, except that Monthly Base Rent for the Extension Period shall be increased to the Prevailing Rental Rate but in no event shall the Prevailing Rental Rate exceed \$16.00 per rentable square foot for the first Extension Period and \$17.00 per rentable square foot for the second Extension Period, and Tenant shall have no further option to extend. "Prevailing Rental Rate" means the average per square foot rental rate per month for all leases approximately as long as the Extension Periods, executed by tenants for similar uses for comparable space in the Building during the six (6) months immediately prior to the date upon which such Prevailing Rental Rate is to become effective, where such renewal rates were not set by the terms of such leases, subject to reasonable adjustments for comparable space on more desirable, or less desirable, floors or areas of the Building. If leases for no such comparable space have been renewed during such

six (6) month period, the rental rates used for purposes of this provision shall, be adjusted to the amounts Landlord would have used had leases for such comparable space been renewed. The option to extend may be exercised only by giving Landlord irrevocable and unconditional written notice thereof no later than six (6) months prior to the commencement of the relevant Extension Period, and said exercise shall, at Landlord's election, be null and void if Tenant is in default under the Lease at the date of said notice or at any time thereafter and prior to commencement of the Extension Period. In all cases, the Prevailing Rental Rate shall be determined without regard to any free rent periods, improvement allowances, take-over lease obligations, or other economic incentives.

If the parties are unable to agree on the Prevailing Rental Rate with sixty (60) days after the commencement of the Extension Period, either party may request that the Prevailing Rental Rate be determined by arbitration, under the Commercial Arbitration Rules of the American Arbitration Association then in effect. Such determination shall be final and binding upon the parties. In recognition that the Prevailing Rental Rate will not be determined until after the commencement of the Extension Period, Tenant shall pay, during each Extension Period until the Prevailing Rental Rate is determined, one hundred fifty percent (150%) of the amount of Rent in effect immediately prior thereto (including Base Rent and all other charges). If the Prevailing Rental Rate is determined to be greater or lesser than such amount, Tenant shall pay Landlord, or Landlord shall pay Tenant, as the case may be, within thirty (30) days after written request therefor, the difference between the amount required by such determination of the Prevailing Rental Rate, and the amount of Rent theretofore paid by Tenant during the Extension Period.

In no event shall the Prevailing Rental Rate as determined by the parties or by arbitration be less than the Base Rent rental rate for the Lease Year immediately preceding the relevant Extension Period nor more than \$16.00 per rsf for the first Extension Period nor more than \$17.00 per rsf for the second Extension Period.

If Tenant shall fail to exercise either the options herein provided, said options shall terminate, and shall be null and void and of no further force and effect. Tenant's exercise of said option shall not operate to cure any default by Tenant of any of the terms or provisions in the Lease, nor to extinguish or impair any rights or remedies of Landlord arising by virtue of such default. If the Lease or Tenant's right to possession of the Premises shall terminate in any manner whatsoever before Tenant shall exercise either option herein provided., or if Tenant shall have subleased or assigned all or any portion of the Premises, then immediately upon such termination, sublease or assignment, the option herein granted to extend the Term, shall simultaneously terminate and become null and void. Such option is personal to Tenant. Under no circumstances whatsoever shall the assignee under a partial assignment of the Lease, or a subtenant under a sublease of the Premises, have any right to exercise either option to extend granted herein. Time is of the essence of this provision.

ARTICLE 35: Right of First Offer

Landlord agrees that at any time that Landlord desires to lease any space in the Building which is or may become available (each such space being referred to singularly as "Additional Space" and collectively, as, the "Additional Spaces") to any person or entity (other than to an existing tenant of Additional Space if such tenant had, with respect to such Additional Space, in its original lease, a right to renew or extend the term of such lease or, with regard to an existing tenant in the Building, had a right of first opportunity to lease in regard to such space), Landlord shall first offer, in writing (the "Offer Notice") the Additional Space to Tenant upon the basic economic terms upon which, in Landlord's good faith and judgment, Landlord will attempt to lease, such space to third parties, provided that the Base Rent for such Additional Space(s) shall be at the Base Rent set forth in Article 3 of the Lease until the earlier to occur of (i) the first day of the third Lease Year or (ii) when the Premises exceeds 45,000 rentable square feet. Tenant shall then have a period of thirty (30) days (the "Election Period") within which to elect to lease the Additional Space on the economic terms set forth in the Offer Notice, such election to be made in a written notice to Landlord within the Election Period. If Tenant does not so elect within the Election Period or if after having made such election, Tenant and Landlord fail to amend this Lease so as to add the Additional space to the Premises (Landlord and Tenant each hereby agreeing to proceed in good faith to do so), Landlord shall

have the right to lease the Additional Space to any other person or entity.

With respect to any Additional Space added to the Premises pursuant to this Article 34, Tenant shall receive an improvement allowance for such Additional Space equal to \$5.00 per rentable square foot reduced proportionately to reflect the number of days remaining in the Term:

\$5.00 times number of days remaining in Term divided by number of days in original Term, e.g. 1,460

The Termination Fee (as defined in Article 36) shall be increased on a per rentable square foot basis to include all Additional Space added to the Premises pursuant to this Article 34.

Landlord's obligation to offer the Additional Space at any time shall be conditioned upon Tenant not then being in default (after expiration of all cure periods) under the terms of this Lease. All rights under this Article 34 shall cease and terminate upon Tenant's written exercise of the termination of Lease as set forth in Article 36 hereof. All rights herein granted to Tenant shall be subject to any rights of existing tenants to expand and subject to existing tenants' decisions to renew their existing leases whether or not an extension or renewal option is granted in such leases.

ARTICLE 36: Exterior Building Signage

Tenant shall have the right to maintain signs (not to exceed two (2)) on the exterior face of the Building in locations, size and design that are acceptable to both the Landlord and the City of Aurora. The design, fabrication, installation and removal of said signs shall be at Tenant's sole cost and expense, and subject to any reasonable rules or regulations promulgated by Landlord or the City of Aurora. Landlord may also allow other tenants leasing space in the Building to maintain signs on the exterior face of the Building. At the expiration or earlier termination of the lease, Tenant shall remove all signs and restore any damage caused by such removal, all at Tenant's sole cost and expense. Any failure by Tenant to do so shall entitle Landlord to cause the removal of the signs and repair or restoration, all at Tenant's sole cost and expense and such changes shall constitute "Additional Rent" under the Lease.

ARTICLE 37: Termination Rights

Subject to the terms and conditions herein contained, Tenant shall have the right to terminate this Lease as of the end of either of the second or third Lease Years (each of such Lease Years being herein called a "Lease Termination Year") by so notifying Landlord, in writing, at least six (6) months prior to the last day of the applicable Lease Termination Year provided that Landlord shall have the right to reject and cancel any such election by Tenant if at the time of such election or at any time thereafter a default has occurred which has not been cured within any applicable time period outlined in Article 16. Tenant's exercise of the termination option herein contained shall be subject to the payment of a termination fee (the "Termination Fee") ninety (90) days preceding the last day of the applicable Lease Termination Year, in an amount determined as follows:

after Second Lease Year: \$ 5.93 per square foot of rentable area of the Premises

after Third Lease Year: \$ 3.17 per square foot of rentable area of the Premises

Failure by Tenant to make payment of the Termination Fee as aforesaid shall cause Tenant's election to terminate to be void and of no further force or effect and shall further constitute a default hereunder.

ARTICLE 38: Exclusivity

Landlord agrees not to lease space in the Building to any of the following tenants or knowingly to any other "competitor" of Tenant (as hereafter defined):

- TELLABS
- TELTREND
- CHARLES INDUSTRIES (WESCOM)
- NORTHERN TELCOM
- ADTRAN

- ADC
- AT&T NETWORK SYSTEMS
- ALCATEL

For purposes of this Article 38 "competitor" of Tenant shall mean any business that deals in the sale, design and/or manufacture of local telephone network transmission equipment.

LANDLORD:

LaSalle National Trust, N.A., not individually, but as Trustee under a Trust Agreement dated August 1, 1979 and known as Trust No. 101293.

By: _____

Its: _____

TENANT:

Westell, Incorporated

By: _____

Its: _____

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statement File No. 33-99914.

ARTHUR ANDERSEN LLP

Chicago, Illinois
June 28, 1996

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This schedule contains summary financial information extracted from the Company's year-end financial statements and is qualified in its entirety by reference to such financial statements.

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