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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2017

OR

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

For the transition period from to

Commission File Number 0-27266

Westell Technologies, Inc.
(Exact name of registrant as specified in its charter)

DELAWARE	**36-3154957**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
750 North Commons Drive, Aurora, IL	**60504**
(Address of principal executive offices)	**(Zip Code)**

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

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☒
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of July 28, 2017:

Class A Common Stock, $0.01 Par Value – 12,004,975 shares Class B Common Stock, $0.01 Par Value – 3,484,287 shares

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
FORM 10-Q INDEX

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained herein that are not historical facts or that contain the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” “will,” “plan,” “should,” or derivatives thereof and other words of similar meaning are forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, product demand and market acceptance risks, customer spending patterns, need for financing and capital, economic weakness in the United States (“U.S.”) economy and telecommunications market, the effect of international economic conditions and trade, legal, social and economic risks (such as import, licensing and trade restrictions), the impact of competitive products or technologies, competitive pricing pressures, customer product selection decisions, product cost increases, component supply shortages, new product development, excess and obsolete inventory, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies), the ability to successfully consolidate and rationalize operations, the ability to successfully identify, acquire and integrate acquisitions, effects of the Company’s accounting policies, retention of key personnel and other risks more fully described in the Company's Form 10-K for the fiscal year ended March 31, 2017, under Item 1A - Risk Factors. The Company undertakes no obligation to publicly update these forward-looking statements to reflect current events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or otherwise.

Trademarks

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

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

	(unaudited) June 30, 2017	March 31, 2017	
Assets			
Current assets:			
Cash and cash equivalents	$ 23,688	$ 21,778	
Accounts receivable (net of allowance of $90 and $90 at June 30, 2017, and March 31, 2017, respectively)	10,337	12,075	
Inventories	12,190	12,511	
Prepaid expenses and other current assets	1,181	1,409	
Total current assets	47,396	47,773	
Land, property and equipment, gross	16,190	16,062	
Less accumulated depreciation and amortization	(14,280)	(14,078)	
Land, property and equipment, net	1,910	1,984	
Intangible assets, net	14,576	15,624	
Other non-current assets	153	160	
Total assets	$ 64,035	$ 65,541	
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	$ 5,027	$ 4,163	
Accrued expenses	3,678	4,273	
Accrued restructuring	738	1,171	
Deferred revenue	1,776	2,359	
Total current liabilities	11,219	11,966	
Deferred revenue non-current	1,008	1,102	
Net deferred income tax liability	7	—	
Accrued restructuring non-current	15	63	
Other non-current liabilities	228	236	
Total liabilities	12,477	13,367	
Commitments and contingencies (Note 9)			
Stockholders' equity:			
Class A common stock, par $0.01, Authorized – 109,000,000 shares Outstanding – 11,950,058 and 12,015,043[1] shares at June 30, 2017, and March 31, 2017, respectively	120	120	(1)
Class B common stock, par $0.01, Authorized – 25,000,000 shares Issued and outstanding – 3,484,287[1] shares at both June 30, 2017, and March 31, 2017	35	35	(1)
Preferred stock, par $0.01, Authorized – 1,000,000 shares Issued and outstanding – none	—	—	
Additional paid-in capital	416,751	416,422	(1)
Treasury stock at cost – 4,566,037 and 4,440,600 [1] shares at June 30, 2017, and March 31, 2017, respectively	(35,708)	(35,335)	
Cumulative translation adjustment	608	608	
Accumulated deficit	(330,248)	(329,676)	
Total stockholders' equity	51,558	52,174	
Total liabilities and stockholders' equity	$ 64,035	$ 65,541	

[1] All common stock (except authorized shares), equity, share and per share amounts have been retroactively adjusted to reflect a one-for-four reverse stock split which was effective June 7, 2017.

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

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

	Three months ended June 30, 2017	Three months ended June 30, 2016
Revenue		
Products	$ 15,545	$ 13,613
Services	1,029	1,203
Total revenue	$ 16,574	$ 14,816
Cost of revenue		
Products	9,424	9,601 [1]
Services	383	650
Total cost of revenue	9,807	10,251 [1]
Gross profit	6,767	4,565 [1]
Operating expenses		
Research and development	2,276	4,277
Sales and marketing	2,336	3,381
General and administrative	1,711	2,345
Intangible amortization	1,047	1,200
Restructuring	—	(36)
Long-lived assets impairment	—	1,181
Total operating expenses	7,370	12,348
Operating profit (loss)	(603)	(7,783)
Other income (expense), net	43	17
Income (loss) before income taxes	(560)	(7,766)
Income tax benefit (expense)	(12)	(2)
Net income (loss) [2]	$ (572)	$ (7,768)
Net income (loss) per share:		
Basic	$ (0.04)	$ (0.51) [3]
Diluted	$ (0.04)	$ (0.51) [3]
Weighted-average number of common shares outstanding:		
Basic	15,481	15,254 [3]
Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options [4]	—	—
Diluted	15,481	15,254 [3]

[1] The three months ended June 30, 2016, includes $1.4 million of E&O expense for ClearLink DAS inventory and pipeline inventory. See Note 2.
[2] Net income (loss) and comprehensive income (loss) are the same for the periods reported.
[3] All common stock (except authorized shares), equity, share and per share amounts have been retroactively adjusted to reflect a one-for-four reverse stock split which was effective June 7, 2017.
[4] The Company had 1.1 million shares represented by common stock equivalents for the three months ended June 30, 2017 , and 1.5 million shares represented by common stock equivalents for the three months ended June 30, 2016 , which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive. In periods with a net loss from continuing operations, the basic loss per share equals the diluted loss per share as all common stock equivalents are excluded from the per share calculation.

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands)	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Accumulated Translation Adjustment	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
Balance, March 31, 2017 [1]	$ 120	$ 35	$ 416,422	$ 608	$ (329,676)	$ (35,335)	$ 52,174
Net income (loss)	—	—	—	—	(572)	—	(572)
Common stock issued	1	—	(1)	—	—	—	—
Purchase of treasury stock	(1)	—	—	—	—	(373)	(374)
Stock-based compensation	—	—	330	—	—	—	330
Balance, June 30, 2017	$ 120	$ 35	$ 416,751	$ 608	$ (330,248)	$ (35,708)	$ 51,558

[1] All common stock (except authorized shares), equity, share and per share amounts have been retroactively adjusted to reflect a one-for-four reverse stock split which was effective June 7, 2017.

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

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

	Three months ended June 30,	
	2017	**2016**
Cash flows from operating activities:		
Net income (loss)	$ (572)	$ (7,768)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	1,277	1,585
Long-lived assets impairment	—	1,181
Stock-based compensation	330	406
Restructuring	—	(36)
Deferred taxes	7	2
Exchange rate loss (gain)	(4)	6
Changes in assets and liabilities:		
Accounts receivable	1,748	5,470
Inventories	321	(234)
Prepaid expenses and other current assets	228	120
Other assets	7	8
Deferred revenue	(677)	(448)
Accounts payable and accrued expenses	187	(3,184)
Accrued compensation	(407)	(960)
Net cash provided by (used in) operating activities	2,445	(3,852)
Cash flows from investing activities:		
Maturities of held-to-maturity short-term debt securities	—	2,530
Purchases of held-to-maturity short-term debt securities	—	(2,065)
Purchases of property and equipment	(155)	(396)
Net cash provided by (used in) investing activities	(155)	69
Cash flows from financing activities:		
Purchases of treasury stock	(374)	(84)
Payment of contingent consideration	—	(127)
Net cash provided by (used in) financing activities	(374)	(211)
Gain (loss) of exchange rate changes on cash	(6)	3
Net increase (decrease) in cash and cash equivalents	1,910	(3,991)
Cash and cash equivalents, beginning of period	21,778	19,169
Cash and cash equivalents, end of period	$ 23,688	$ 15,178

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

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

Note 1. *Basis of Presentation*

Reverse Stock Split

All common stock, equity, share and per share amounts in the financial statements and notes have been retroactively adjusted to reflect a one-for-four reverse stock split which was effective June 7, 2017.

Description of Business

Westell Technologies, Inc. (the Company) is a holding company. Its wholly owned subsidiary, Westell, Inc., designs and distributes telecommunications products, which are sold primarily to major telephone companies. Noran Tel, Inc. is a wholly owned subsidiary of Westell, Inc. Noran Tel's operations focus on power distribution product development.

Basis of Presentation and Reporting

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. The Condensed Consolidated Financial Statements have been prepared using generally accepted accounting principles (GAAP) in the United States for interim financial reporting, and consistent with the instructions of Form 10-Q and Article 10 of Regulation S-X and, accordingly, they do not include all of the information and footnotes required in the annual consolidated financial statements and accompanying footnotes. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended March 31, 2017. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's condensed consolidated financial position and the results of operations, comprehensive income (loss) and cash flows at June 30, 2017, and for all periods presented. The results of operations for the periods presented are not necessarily indicative of the results that may be expected for fiscal year 2018.

Use of Estimates

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

Recently Adopted Accounting Pronouncements

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* (ASU 2015-11). The core principle of the guidance is that an entity should measure inventory at the "lower of cost and net realizable value" and options that currently exist for "market value" will be eliminated. The ASU defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation." The Company adopted ASU 2015-11 on April 1, 2017. The adoption of this ASU did not have a material impact to the Company's Consolidated Financial Statements or related disclosures.

In the fourth quarter of fiscal year 2017, the Company adopted ASU 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (ASU 2014-15). ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. For each annual and interim reporting period, management is required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The adoption of ASU 2014-15 had no significant effect on its Consolidated Financial Statements or related disclosures as of June 30, 2017.

Recently Issued Accounting Pronouncements Not Yet Adopted

In May 2017, the FASB issued ASU No. 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting* (ASU 2017-09). ASU 2017-09 clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The standard is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the potential impact ASU 2017-09 will have on the Company's Consolidated Financial Statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory* (ASU 2016-16). ASU 2016-16 requires the recognition of current and deferred income taxes for intra-entity asset transfers when the transaction occurs. ASU 2016-16 is effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted. ASU 2016-16 is effective for the Company in the first quarter of fiscal 2019, and the Company is currently in the process of evaluating the potential impact of adoption of this updated authoritative guidance on the Company's Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flow (Topic 230)* (ASU 2016-15). This update is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. The update provides new guidance regarding the classification of debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies,
distributions received from equity method investments, beneficial interests in securitized transactions, and separately identifiable cash flows and application of the predominance principle. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2017. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. The Company is currently evaluating the potential impact ASU 2016-15 will have on the Company's Consolidated Financial Statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Company is currently evaluating the impact that ASU 2016-02 will have on the Company's Consolidated Financial Statements and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. ASU 2014-09 becomes effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period; early adoption is not permitted. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) — Deferral of the Effective Date* (ASU 2015-14)*,* which defers the effective date of ASU 2014-09 for one year and permits early adoption as early as the original effective date of ASU 2014-09. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. In 2016, the FASB issued additional guidance to clarify the implementation guidance (ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations*; ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*; ASU 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients:*and ASU 2016-20 *(Topic 606) Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers.*

The Company has commenced the assessment of ASU 2014-09 during the first quarter of fiscal year 2018 and is in the process of developing a project plan to guide the implementation. This project plan includes analyzing the standard’s impact on the Company’s contract portfolio, comparing historical accounting policies and practices to the requirements of the new standard and identifying potential differences from applying the requirements of the new standard to its contracts. The Company will draft an updated accounting policy, evaluate new disclosure requirements and identify and implement appropriate changes to business processes, systems and controls to support recognition and disclosure under the new standard. The Company expects to adopt this new standard using the modified retrospective method that will result in a cumulative effect adjustment as of the date of adoption. The Company is currently evaluating this guidance and the impact it will have on the Company's Consolidated Financial Statements and related disclosures.

Note 2. *Restructuring Charges*

Due to a change in estimate, the Company recorded a restructuring credit of $36,000 in the three months ended June 30, 2016. There were no restructuring expenses recorded during the three months ended June 30, 2017.

In the second quarter of fiscal year 2017, the Company approved a restructuring plan (the 2017 restructuring) , including discontinuing development of the ClearLink Distributed Antenna System (DAS), a general reduction of headcount that spanned all three segments, and consolidation of facilities in Manchester, NH and Aurora, IL. The Company recognized a restructuring expense of $3.2 million in the twelve months ended March 31, 2017, inclusive of non-cash charges of approximately $1.2 million related to losses on leased facilities, $1.3 million of employee termination costs, and $0.7 million of other associated costs. In the three months ended June 30, 2016, a $1.2 million impairment charge of fixed assets and $1.4 million of E&O expense for ClearLink DAS inventory and pipeline inventory, associated with the IBW segment was recognized. The planned restructuring was substantially completed by March 31, 2017.

In the fourth quarter of fiscal year 2015, the Company approved a restructuring plan (the 2015 restructuring), including reduction of headcount and consolidation of office space within the Aurora headquarters facility, with the intent to optimize operations. The restructuring was completed during the fourth quarter of fiscal year 2015. The Company recognized a restructuring expense of $3.2 million in the three months ended March 31, 2015, inclusive of a non-cash charge of $2.7 million in other associated costs related to a loss on a lease.

As of June 30, 2017, $0.7 million and $15,000 of the restructuring costs, primarily related to the office space from the 2015 restructuring and 2017 restructuring, are unpaid and accrued on the Condensed Consolidated Balance Sheets presented in accrued restructuring and accrued restructuring non-current, respectively. As of March 31, 2017, $1.2 million and $63,000 of the restructuring costs, primarily related to the office space from the 2015 restructuring and 2017 restructuring, are unpaid and accrued on the Condensed Consolidated Balance Sheets presented in accrued restructuring and accrued restructuring non-current, respectively. The restructuring costs are expected to be paid in full by the first quarter of fiscal year 2019 concurrent with the termination date of the contractual lease.

Total liability for restructuring charges and their utilization for the three months ended June 30, 2017, and June 30, 2016, are summarized as follows:

	Three months ended June 30, 2017			Three months ended June 30, 2016		
(in thousands)	Employee-related	Other costs	Total	Employee-related	Other costs	Total
Liability at beginning of period	$ —	$ 1,234	$ 1,234	$ 441	$ 1,646	$ 2,087
Charged	—	—	—	2	(38)	(36)
Paid	—	(481)	(481)	(434)	(256)	(690)
Liability at end of period	$ —	$ 753	$ 753	$ 9	$ 1,352	$ 1,361

Note 3. *Interim Segment Information*

Segment information is presented in accordance with a “management approach", which designates the internal reporting used by the chief operating decision-maker (CODM) for making decisions and assessing performance as the source of the Company's reportable segments. Westell’s Chief Executive Officer is the CODM. The CODM continues to define segment profit as gross profit less research and development expenses. The accounting policies of the segments are the same as those for Westell Technologies, Inc. described in the summary of significant accounting policies included in the Company's Annual Report on Form 10-K for year ended March 31, 2017.

The Company’s three reportable segments are as follows:

In-Building Wireless (IBW) Segment

The IBW segment solutions enable cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well or at all by the existing "macro" outdoor cellular network. For commercial service, the IBW segment solutions include distributed antenna systems (DAS) conditioners and digital repeaters. For the public safety market, the IBW segment solutions include half-watt and two-watt repeaters and a battery backup unit. The Company's IBW segment also offers ancillary products that consist of passive system components and antennas for both the commercial and public safety markets.

Intelligent Site Management and Services (ISMS) Segment

The ISMS segment solutions include a suite of remote units which provide machine-to-machine (M2M) communications that enable operators to remotely monitor, manage, and control site infrastructure and support systems. Remote units can be and often are combined with the Company's Optima management software system. The Company also offers support agreement services (i.e., maintenance) and deployment services (i.e., installation).

Communications Network Solutions (CNS) Segment

The CNS segment solutions include a broad range of outdoor network infrastructure offerings consisting of integrated cabinets, power distribution products, copper and fiber connectivity panels, T1 network interface units (NIUs), and tower mounted amplifiers (TMAs).

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Segment information for the three months ended June 30, 2017, and 2016, is set forth below:

	Three months ended June 30, 2017			
(in thousands)	IBW	ISMS	CNS	Total
Revenue	$ 6,956	$ 4,130	$ 5,488	$ 16,574
Cost of revenue	3,942	2,004	3,861	9,807
Gross profit	3,014	2,126	1,627	6,767
Gross margin	43.3%	51.5%	29.6%	40.8%
Research and development	1,463	565	248	2,276
Segment profit	$ 1,551	$ 1,561	$ 1,379	4,491
Operating expenses:				
Sales and marketing				2,336
General and administrative				1,711
Intangible amortization				1,047
Restructuring				—
Long-lived assets impairment				—
Operating profit (loss)				(603)
Other income (expense), net				43
Income tax benefit (expense)				(12)
Net income (loss)				$ (572)

	Three months ended June 30, 2016			
(in thousands)	IBW	ISMS	CNS	Total
Revenue	$ 6,121	$ 4,139	$ 4,556	$ 14,816
Cost of revenue	5,127 (1)	2,120	3,004	10,251 (1)
Gross profit	994 (1)	2,019	1,552	4,565 (1)
Gross margin	16.2% (1)	48.8%	34.1%	30.8% (1)
Research and development	2,364	1,294	619	4,277
Segment profit (loss)	$ (1,370)	$ 725	$ 933	288
Operating expenses:				
Sales and marketing				3,381
General and administrative				2,345
Intangible amortization				1,200
Restructuring				(36)
Long-lived assets impairment				1,181
Operating profit (loss)				(7,783)
Other income (expense), net				17
Income tax benefit (expense)				(2)
Net income (loss) from continuing operations				$ (7,768)

(1) The three months ended June 30, 2016, includes E&O expense for ClearLink DAS inventory and pipeline inventory. See Note 2, *Restructuring Charges*.

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

Note 4. ***Inventories***

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

(in thousands)	June 30, 2017	March 31, 2017
Raw materials	$ 4,181	$ 3,871
Work-in-process	—	—
Finished goods	8,009	8,640
Total inventories	$ 12,190	$ 12,511

Note 5. ***Stock-Based Compensation***

The Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan (the 2015 Plan) was approved at the annual meeting of stockholders on September 16, 2015. The 2015 Plan replaced the Westell Technologies, Inc. 2004 Stock Incentive Plan (the 2004 Plan). If any award granted under the 2015 Plan or the 2004 Plan is canceled, terminates, expires, or lapses for any reason, any Shares subject to such award shall again be available for the grant of an award under the 2015 Plan. Shares subject to an award shall not again be made available for issuance under the Plan if such Shares are: (a) shares delivered to or withheld by the Company to pay the grant or purchase price of an award, or (b) shares delivered to or withheld by the Company to pay the withholding taxes related to an award. The stock options, restricted stock awards, and restricted stock units (RSUs) awarded under the 2015 Plan vest in equal annual installments over 3 years for employees and 1 year for independent directors. The stock options, restricted stock awards, and RSUs awarded under the 2004 Plan vest in equal annual installments over 4 years. Performance stock units (PSUs) earned vest over the performance period, as described below. Certain awards provide for accelerated vesting if there is a change in control (as defined in the 2015 Plan), or when provided within individual employment contracts. The Company accounts for forfeitures as they occur. The Company issues new shares for stock awards under the 2015 Plan.

The following table is a summary of total stock-based compensation expense resulting from stock options, restricted stock, RSUs and PSUs, during the three months ended June 30, 2017, and 2016:

	Three months ended June 30,	
(in thousands)	2017	2016
Stock-based compensation expense	$ 330	$ 406
Income tax benefit	—	—
Total stock-based compensation expense, after taxes	$ 330	$ 406

Stock Options

Stock option activity for the three months ended June 30, 2017, is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value [(1)] (in thousands)
Outstanding on March 31, 2017	362,396	$ 4.89	5.4	$ 39
Granted	—	—		
Exercised	—	—		
Forfeited	(49,166)	4.08		
Expired	(12,167)	9.88		
Outstanding on June 30, 2017	301,063	$ 4.83	4.9	$ 45

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

Restricted Stock

The following table sets forth restricted stock activity for the three months ended June 30, 2017:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2017	34,375	$ 4.11
Granted	—	—
Vested	(3,750)	11.67
Forfeited	—	—
Non-vested as of June 30, 2017	30,625	$ 3.18

RSUs

The following table sets forth the RSU activity for the three months ended June 30, 2017:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2017	373,886	$ 4.48
Granted	465,000	2.81
Vested	(58,872)	5.00
Forfeited	(52,917)	4.71
Non-vested as of June 30, 2017	727,097	$ 3.35

PSUs

The following table sets forth the PSU activity for the three months ended June 30, 2017:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2017 (at target)	76,053	$ 3.56
Granted, at target	—	—
Vested	(2,343)	10.22
Forfeited	(628)	10.22
Non-vested as of June 30, 2017 (at target)	73,082	$ 3.29

Note 6. *Product Warranties*

The Company's products carry a limited warranty ranging from one to five years for the products within the IBW segment, typically one year for products within the ISMS segment, and one to seven years for products within the CNS segment. The specific terms and conditions of those warranties vary depending upon the customer and the products sold. Factors that affect the estimate of the Company's warranty reserve include: the number of units shipped, anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the reserve as necessary. The current portions of the warranty reserve are $158,000 and $163,000 as of June 30, 2017, and March 31, 2017, respectively, and are presented on the Condensed Consolidated Balance Sheets in Accrued expenses. The non-current portions of the warranty reserves are $227,000 and $232,000 as of June 30, 2017, and March 31, 2017, respectively, and are presented on the Condensed Consolidated Balance Sheets in Other non-current liabilities.

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

	Three months ended June 30,	
(in thousands)	2017	2016
Total product warranty reserve at the beginning of the period	$ 395	$ 436
Warranty expense to cost of revenue	13	34
Utilization	(23)	(31)
Total product warranty reserve at the end of the period	$ 385	$ 439

Note 7. ***Variable Interest Entity and Guarantee***

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company evaluated ASC 810, *Consolidations*, and concluded that AKA is a variable interest entity (VIE) and the Company has a variable interest in the VIE. The Company has concluded that it is not the primary beneficiary of AKA and, therefore, consolidation is not required. As of June 30, 2017, and March 31, 2017, the carrying amount of the Company's investment in AKA was approximately $0.1 million, which is presented on the Condensed Consolidated Balance Sheets within Other non-current assets.

The Company's revenue from sales to AKA for the three months ended June 30, 2017, and 2016, was $0.8 million and $1.1 million, respectively. Accounts receivable from AKA was $0.3 million and $0.5 million as of June 30, 2017, and March 31, 2017, respectively. Deferred revenue, which primarily relates to AKA maintenance contracts, was $2.2 million and $2.8 million as of June 30, 2017, and March 31, 2017, respectively. The Company also has provided an unlimited guarantee for the performance of the other 50% owner in AKA, which primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of $0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and, therefore, did not assign value to the guarantee. The Company's exposure to loss as a result of its involvement with AKA, exclusive of lost profits, is limited to the items noted above.

Note 8. ***Income Taxes***

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

The Company recorded $12,000 of income tax expense in the three months ended June 30, 2017, using an effective income tax rate of (1.32)% plus discrete items. The Company recorded $2,000 of income tax expense in the three months ended June 30, 2016, using an effective rate of (0.02)% plus discrete items. The effective rate is impacted by the intraperiod allocation as a result of loss from continuing operations and income from discontinued operations, loss in a foreign jurisdiction with no valuation allowance, and states that base tax on gross margin and not pretax income.

Note 9. *Commitments and Contingencies*

Litigation and Contingency Reserves

The Company and its subsidiaries are involved in various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that may be incorporated in the Company's products, which are being handled and defended in the ordinary course of business. These matters are in various stages of investigation and litigation, and they are being vigorously defended. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable. Therefore, judgments could be rendered, or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and it records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of June 30, 2017, and March 31, 2017, the Company has not recorded any contingent liability attributable to existing litigation.

In the ordinary course of operations, the Company receives claims where the Company believes an unfavorable outcome is possible and/or for which is probable and no estimate of possible losses can currently be made. A significant customer is a defendant in a patent infringement claim and is asserting possible indemnity rights under contracts with the Company. The customer is currently in litigation and making settlement efforts and has informed the Company that the customer intends to seek to recover from the Company a share of the potential settlement and defense costs. The Company has not been involved in any settlement discussions and therefore management is currently unable to estimate a range of potential loss associated with this claim with any degree of certainty, and the Company is not yet able to calculate the exposure to this claim which will vary depending upon whether the matter is settled by the customer or resolved by court proceedings.

Note 10. *Fair Value Measurements*

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

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

The Company's money market funds are measured using Level 1 inputs.

The following table presents available-for-sale securities measured at fair value on a recurring basis as of June 30, 2017:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets:					
Money market funds	$ 17,189	$ 17,189	—	—	Cash and cash equivalents

The following table presents available-for-sale securities measured at fair value on a recurring basis as of March 31, 2017:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets:					
Money market funds	$ 17,162	$ 17,162	—	—	Cash and cash equivalents

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

In connection with an acquisition in the quarter ended June 30, 2012, payment of a portion of the purchase price was contingent upon the profitability of the acquired products for post-closing periods through June 30, 2016, and was offset by working capital adjustments and other indemnification claims. The Company estimated the fair value of contingent consideration as the present value of the expected payments over the term of the arrangement based on financial forecasts of future profitability of the acquired products, and reaching the forecast. The final calculation performed during the quarter ended June 30, 2016, determined the actual cash payment for the contingent consideration to be $2.1 million, which was paid in full as of September 30, 2016.

Note 11. ***Share Repurchases***

In May 2017, the Board of Directors authorized a new share repurchase program whereby the Company may repurchase up to an aggregate of $2.0 million of its outstanding Class A Common Stock (the 2017 authorization). The 2017 authorization is in addition to the $0.1 million that was remaining from the August 2011 $20.0 million authorization (the 2011 authorization). There were 105,031 shares repurchased under the 2011 and 2017 authorizations during the three months ended June 30, 2017. There were no shares repurchased under the 2011 authorization during the three months ended June 30, 2016. There was approximately $1.8 million remaining for additional share repurchases under the 2017 authorization as of June 30, 2017.

Additionally, in the three months ended June 30, 2017, and June 30, 2016, the Company repurchased 21,267 and 18,129 shares of Class A Common Stock, respectively, from certain employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, RSUs and PSUs. These repurchases were not included in the authorized share repurchase programs and had a weighted-average purchase price of $2.78 and $4.64 per share, respectively.

Note 12. ***Intangible and Long-Lived Assets***

Intangible Assets

Intangible assets include customer relationships, trade names, developed technology and other intangibles. Intangible assets with determinable lives are amortized over their estimated useful lives. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. Intangible asset impairment charges are presented in Intangible amortization on the Condensed Consolidated Statements of Operations.

There was no intangible asset impairment during three months ended June 30, 2017 or the three months ended June 30, 2016, for the IBW, ISMS and CNS reporting units.

Long-lived Assets

Long-lived assets consist of property and equipment. Long-lived assets that are held and used should be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived assets might not be recoverable. Due to a significant adverse change in the business climate connected to the ClearLink DAS development project, the Company determined indicators of impairment were present as of June 30, 2016. The Company determined that equipment related to development and manufacturing of this product was fully impaired and recorded an impairment charge of $1.2 million in the three months ended June 30, 2016. Long-lived asset impairment charges are presented in Long-lived assets impairment on the Condensed Consolidated Statements of Operations. See Note 2 *Restructuring Charges*.

There was no intangible asset impairment during three months ended June 30, 2017.

Note 13. ***Accrued Expenses***

The components of accrued expenses are as follows:

(in thousands)	June 30, 2017	March 31, 2017
Accrued compensation	$ 849	$ 1,256
Accrued contractual obligation	1,445	1,445
Other accrued expenses	1,384	1,572
Total accrued expenses	$ 3,678	$ 4,273

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

Overview

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

Westell Technologies, Inc., (the Company) is a leading provider of high-performance wireless infrastructure solutions focused on innovation and differentiation at the edge of communication networks where end users connect. The Company's portfolio of products and solutions enable service providers and network operators to improve performance and reduce operating expenses. With millions of products successfully deployed worldwide, Westell is a trusted partner for transforming networks into high performance, reliable systems.

The Company's three reportable segments are as follows:

In-Building Wireless (IBW) Segment

The IBW segment solutions enable cellular coverage in stadiums, arenas, malls, buildings, and other indoor areas not served well or at all by the existing "macro" outdoor cellular network. For commercial service, the IBW segment solutions include distributed antenna systems (DAS) conditioners and digital repeaters. For the public safety market, the IBW segment solutions include half-watt and two-watt repeaters and a battery backup unit. The Company's IBW segment also offers ancillary products that consist of passive system components and antennas for both the commercial and public safety markets.

Intelligent Site Management and Services (ISMS) Segment

The ISMS segment solutions include a suite of remote units which provide machine-to-machine (M2M) communications that enable operators to remotely monitor, manage, and control site infrastructure and support systems. Remote units can be and often are combined with the Company's Optima management software system. The Company also offers support agreement services (i.e., maintenance) and deployment services (i.e., installation).

Communications Network Solutions (CNS) Segment

The CNS segment solutions include a broad range of outdoor network infrastructure offerings consisting of integrated cabinets, power distribution products, copper and fiber connectivity panels, T1 network interface units (NIUs), and tower mounted amplifiers (TMAs).

Customers

The Company's customer base for its products includes communications service providers, systems integrators, neutral-host operators, and distributors. Due to the stringent customer quality specifications and regulated environments in which customers operate, the Company must undergo lengthy approval and procurement processes prior to selling most of its products. Accordingly, the Company must make significant up-front investments in product and market development prior to actual commencement of sales of new products. The prices for the Company's products vary based upon volume, customer specifications, and other criteria, and are subject to change for a variety of reasons, including cost and competitive factors.

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

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

During the fourth quarter of fiscal year 2017, the Company executed a new three-year lease beginning in October 2017 for approximately 83,000 square feet, a portion of our current Aurora, Illinois headquarters facility. The reduced footprint is more suitable to our current operation and is expected to generate cash savings of approximately $2.0 million annually. Our current lease expires on September 30, 2017.

On May 17, 2017, the Company issued a press release announcing that the Company’s Board of Directors approved a new share repurchase program of up to $2 million of its Class A common stock.

Effective June 7, 2017, the Company effected a reverse stock split of its outstanding Class A and Class B Common Stock at a ratio of one-for-four. The reverse stock split is intended to increase the per share trading price of Westell’s common stock to satisfy the $1.00 minimum bid price requirement for continued listing on the NASDAQ Capital Market. All common stock, equity, share and per share amounts in the financial statements and notes have been retroactively adjusted to reflect the reverse stock split.

On July 10, 2017, the Company announced that the Board of Directors appointed Matthew B. Brady as President and Chief Executive Officer. Mr. Brady succeeded Kirk R. Brannock, who served as interim President and CEO since October 2016.

Results of Operations

Below is a table that compares revenue for the three months ended June 30, 2017, and 2016, by segment.

Revenue

	Three months ended June 30,		
(in thousands)	2017	2016	Change
IBW	$ 6,956	$ 6,121	$ 835
ISMS	4,130	4,139	(9)
CNS	5,488	4,556	932
Consolidated revenue	$ 16,574	$ 14,816	$ 1,758

IBW revenue was $7.0 million in the three months ended June 30, 2017, compared to $6.1 million in the same periods in the prior year. The increase in revenue in the three month period was primarily driven by increases in sales of the Company’s Universal DAS Interface Tray (UDIT) and public safety repeaters. These increases were partly offset by a decrease in sales of commercial repeaters. While the market for UDIT, a stand-alone active DAS conditioner, has remained strong, the market is expected to shift to where the primary function of stand-alone conditioners, attenuating the RF signal, is integrated into larger network elements, such as the DAS head-end. It is also expected that the market for commercial repeaters will either remain flat or continue to decline, as customers continue to shift to other forms of commercial in-building coverage, such as small cells. The IBW public safety market is expected to grow as local municipalities pass and inforce ordinances that define in-building cellular communication coverage for public safety in buildings.

ISMS revenue was $4.1 million in the three months ended June 30, 2017, compared to $4.1 million in the same period in the prior year. While the revenue comparison was essentially flat, the revenue mix within ISMS shifted between these comparable periods. The three months ended June 30, 2017 had a lower percentage of hardware revenue (the Company’s suite of Remote units) and a higher percentage of software revenue (the Company’s Optima management system). This shift was driven by the incremental customer demand to have Optima directly connect to a third-party device. While we expect this particular customer to continue to require Optima “direct connect,” we also expect other existing ISMS customers to continue to expand their remote monitoring capabilities throughout their networks with our Remote units and Optima, as well as related services.

CNS revenue was $5.5 million in the three months ended June 30, 2017, compared to $4.6 million, in the same period in the prior year. The increase in the three months ended June 30, 2017 was primarily driven by a large increase in sales of Integrated

Cabinets as well as increased revenue of our Power Distribution panels. These increases were partly offset by lower sales of Tower Mounted Amplifiers (TMAs) and T1 Network Interface Units (NIUs). We expect sales of Integrated Cabinets, which are heavily project-based, to remain uneven, while sales of Power Distribution panels are expected to remain steady. We expect TMA and T1 NIU revenue to decrease over time as these products are in declining markets.

Gross Margin

	Three months ended June 30,		
	2017	**2016**	**Change**
IBW	43.3%	16.2%	27.1 %
ISMS	51.5%	48.8%	2.7 %
CNS	29.6%	34.1%	(4.5)%
Consolidated gross margin	40.8%	30.8%	10.0 %

The consolidated gross margin increase was driven primarily by the IBW segment margin increase, which was largely due to a one-time charge in the prior period of $1.4 million for obsolete inventory associated with the Company's decision to discontinue the ClearLink DAS program. The ISMS and CNS segment gross margin changes were attributable to product revenue mix changes within each of those segments as noted above.

Research and Development

	Three months ended June 30,		
(in thousands)	**2017**	**2016**	**Change**
IBW	$ 1,463	$ 2,364	$ (901)
ISMS	565	1,294	(729)
CNS	248	619	(371)
Consolidated research and development expense	$ 2,276	$ 4,277	$ (2,001)

Consolidated research and development expenses decreased by $2.0 million in the three months ended June 30, 2017, compared to the same period in the prior year. The decrease was part of the Company's resetting of its expense structure, which included R&D expense reductions across all three segments to a level more suitable to current revenues. In the case of the IBW segment, R&D expense reductions associated with the discontinuation of the ClearLink DAS program announced in July 2016, were partly offset by an increase in R&D expense related to current spending to expand the Company's product offerings in public safety.

Sales and Marketing

	Three months ended June 30,		
(in thousands)	**2017**	**2016**	**Change**
Consolidated sales and marketing expense	$ 2,336	$ 3,381	$ (1,045)

Sales and marketing expense decreased $1.0 million in the three months ended June 30, 2017, compared to same period in the prior fiscal year. The decrease was part of the Company's recent resetting of its expense structure, including lower payroll and headcount related expenses in our sales and marketing organization.

General and Administrative

	Three months ended June 30,		
(in thousands)	**2017**	**2016**	**Change**
Consolidated general and administrative expense	$ 1,711	$ 2,345	$ (634)

Consolidated general and administrative expense decreased $0.6 million in the three months ended June 30, 2017, compared to the same period in the prior fiscal year. The decrease was part of the Company's recent resetting of its expense structure, including lower payroll and headcount related expenses across the various G&A functions, including information technology, accounting and finance, auditing, human resources, and legal.

Intangible amortization

	Three months ended June 30,		
(in thousands)	2017	2016	Change
Consolidated intangible amortization	$ 1,047	$ 1,200	$ (153)

The intangible assets consist of product technology, customer relationships, trade names, and backlog derived from acquisitions. The decrease in the three months ended June 30, 2017, compared to the same period in the prior fiscal year resulted primarily from repeater product intangibles from the acquisition of Cellular Specialties, Inc. becoming fully amortized.

Restructuring

Due to a change in estimate, the Company recorded a restructuring credit of $36,000 in the three months ended June 30, 2016. There were no restructuring expenses recorded during the three months ended June 30, 2017.

Long-lived assets impairment

Due to a significant adverse change in the business climate connected to the ClearLink DAS development project, the Company determined indicators of impairment were present as of June 30, 2016. The Company determined that equipment related to development and manufacturing of this product was fully impaired and recorded an impairment charge of $1.2 million during the three months ended June 30, 2016. There were no long-lived assets impaired during the three months ended June 30, 2017.

Other income (expense)

	Three months ended June 30,		
(in thousands)	2017	2016	Change
Consolidated other income (expense)	$ 43	$ 17	$ 26

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

Income tax benefit (expense)

The Company recorded $12,000 of income tax expense in the three months ended June 30, 2017, using an effective income tax rate of (1.32)% plus discrete items. The Company recorded $2,000 of income tax expense in the three months ended June 30, 2016, using an effective rate of (0.02)% plus discrete items. The effective rate in both periods is impacted by the intraperiod allocation as a result of loss from continuing operations, and states which base tax on gross margin and not pretax income. The effective rate for the period ended June 30, 2016, was also impacted by a loss in a foreign jurisdiction with no valuation allowance.

Net income (loss)

Net loss was $0.6 million in the three months ended June 30, 2017, and $7.8 million in the three months ended June 30, 2016. The changes were a result of the cumulative effects of the variances identified above.

Liquidity and Capital Resources

Overview

At June 30, 2017, the Company had $23.7 million in cash and cash equivalents consisting of bank deposits and money market funds that invest only in government securities.

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

Cash Flows

The Company's operating activities generated cash of $2.4 million in the three months ended June 30, 2017, which resulted primarily from a $0.6 million net loss, adjusted for non-cash charges of $1.6 million of amortization, depreciation and stock-based compensation expense and $1.4 million generated from net working capital. The Company's investing activities used cash of $0.2 million, which resulted from capital equipment purchases. In the three months ended June 30, 2017, the Company's financing activities used $0.4 million of cash resulting primarily from the purchase of treasury stock.

As of June 30, 2017, the Company had net deferred tax assets of approximately $52.1 million before a valuation allowance of $52.1 million, resulting in a net deferred tax liability of $7,000. Also, as of June 30, 2017, the Company had a $3.0 million tax contingency reserve related to uncertain tax positions which is offset against deferred tax assets. The federal net operating loss carryforward begins to expire in fiscal year 2023. Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration, among other factors. The Company weighed positive and negative evidence to assess the need for a valuation allowance against deferred tax assets and whether a tax benefit should be recorded when taxable losses are incurred. The existence of a valuation allowance does not limit the availability of tax assets to reduce taxes payable when taxable income arises. Management periodically evaluates the recoverability of the deferred tax assets and may adjust the valuation allowance against deferred tax assets accordingly.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

A complete description of the Company's significant accounting policies is discussed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2017. There have been no material changes in the Company's critical accounting policies from those disclosed in the Annual Report on Form 10-K for the year ended March 31, 2017.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings incidental to the Company's business and its previously owned operations. In the ordinary course of operations, the Company receives claims where the Company believes an unfavorable outcome is possible and/or for which is probable and no estimate of possible losses can currently be made. A significant customer is a defendant in a patent infringement claim and is asserting possible indemnity rights under contracts with the Company. The customer is currently in litigation and making settlement efforts and has informed the Company that the customer intends to seek to recover from the Company a share of the potential settlement and defense costs. The Company has not been involved in any settlement discussions and therefore management is currently unable to estimate a range of potential loss associated with this claim with any degree of certainty, and the Company is not yet able to calculate the exposure to this claim which will vary depending upon whether the matter is settled by the customer or resolved by court proceedings.

ITEM 1A. RISK FACTORS

See "Risk Factors" in Part 1 – Item 1A of the Company's Annual Report on Form 10-K for the year ended March 31, 2017, for information about risk factors. There have been no material changes in the Company's risk factors from those disclosed in the Company's Annual Report on Form 10-K for the year ended March 31, 2017.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information about the Company's repurchase activity for its Class A Common Stock during the three months ended June 30, 2017.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (b)	Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Programs (b)
April 1 - 30, 2017	17,668	$ 2.8000	—	$ 112,741
May 1 - 31, 2017	3,599	2.6755	—	2,112,741
June 1 - 30, 2017	105,031	2.9985	104,155	1,797,809
Total	126,298	$ 2.9615	104,155	$ 1,797,809

(a) In the three months ended June 30, 2017, the Company repurchased 21,267 shares from employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, restricted stock units and performance-based restricted stock units. These repurchases were not included in the authorized share repurchase program and had a weighted-average purchase price of $2.78 per share.

(b) In May 2017, the Board of Directors authorized a new share repurchase program whereby the Company may repurchase up to an aggregate of $2.0 million of its outstanding Class A Common Stock in addition to the $0.1 million remaining from the August 2011 authorization. The August 2011 authorization was exhausted during the first quarter of fiscal year 2018 and there was approximately $1.8 million remaining under the May 2017 authorization as of June 30, 2017.

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

ITEM 6. EXHIBITS

Exhibit Number	Description
Exhibit 3.1	Certificate of Amendment of Amended and Restated Certificate of Incorporation, dated May 30, 2017 (incorporated by reference to Exhibit 3.2 to the Westell Technologies, Inc. Form 8-K filed on May 31, 2017).
Exhibit 10.1	Offer Letter for Matthew B. Brady, dated July 4, 2017 (incorporated by reference to Exhibit 10.1 to the Westell Technologies, Inc. Form 8-K filed on July 10, 2017).
Exhibit 10.2	Letter Regarding Employment Agreement Matters to Thomas P. Minichiello, dated July 5, 2017 (incorporated by reference to Exhibit 10.2 to the Westell Technologies, Inc. Form 8-K filed on July 10, 2017).
Exhibit 10.3	Form of Restricted Stock Unit Award Agreement for award granted to Matthew B. Brady on July 17, 2017.
Exhibit 10.4	Form of performance-based Restricted Stock Unit Award Agreement for award granted to Matthew B. Brady on July 17, 2017.
Exhibit 10.5	Form of Stock Option Award Agreement for award granted to Matthew B. Brady on July 17, 2017.
Exhibit 10.6	Form of Restricted Stock Award Agreement for award granted to Kirk R. Brannock on July 7, 2017.
Exhibit 31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification by the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101	The following financial information from the Quarterly Report on Form 10-Q for the period ended June 30, 2017, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Stockholders' Equity (iv) the Condensed Consolidated Statements of Cash Flows; and (v) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

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

	WESTELL TECHNOLOGIES, INC.
	(Registrant)
DATE: August 11, 2017	By: /s/ Matthew B. Brady
	Matthew B. Brady
	Chief Executive Officer
	By: /s/ Thomas P. Minichiello
	Thomas P. Minichiello
	Chief Financial Officer

WESTELL TECHNOLOGIES, INC.
EXHIBIT INDEX

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Exhibit 10.3

WESTELL TECHNOLOGIES, INC.

FORM of RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT is granted by WESTELL TECHNOLOGIES, INC. (the ***"Company"***) to Matthew B. Brady (the ***"Participant"***) this 17th day of July 2017 (the "***Grant Date***") pursuant to the Company's 2015 Omnibus Incentive Compensation Plan (the ***"Plan"***). The applicable terms of the Plan are incorporated herein by reference, including the definitions of terms contained therein.

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

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

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

1. Restricted Stock Units Award. The Company hereby grants to the Participant 40,000 "***Restricted Stock Units***". The Restricted Stock Units granted under this Agreement are units that will be reflected in a book account maintained by the Company until the shares of Common Stock have been issued pursuant to Section 3 or have been forfeited. This Award is subject to the terms and conditions of this Agreement and the Plan.

2. Vesting of Award.

(a) Vesting Schedule. The Restricted Stock Units will vest according to the following schedule, with respect to each installment shown in the schedule, on and after the vesting date applicable to such installment:

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

(b) Vesting Conditions and Provisions Applicable to Award. The period of time during which the Restricted Stock Units are forfeitable is referred to as the ***"Restricted Period"***. Except as provided in Section 5 if the

Participant's employment with the Company or one of its subsidiaries terminates during the Restricted Period for any reason, then the unvested Restricted Stock Units shall be forfeited to the Company on the date of such termination, without any further obligation of the Company to the Participant and all of the Participant's rights with respect to unvested Restricted Stock Units shall terminate.

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

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

5. Change in Control.

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

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

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

(A) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, except the Voting Trust (together with its affiliates) formed pursuant to the Voting Trust Agreement dated February 23, 1994, as amended, among Robert C. Penny III and Melvin J. Simon, as co-trustees, and certain members of the Penny family and the Simon family, of ownership of shares representing more than 50% of the combined voting power of the Company's voting securities entitled to vote generally (determined after giving effect to the purchase);

(B) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be);

(C) a sale of all or substantially all of the Company's assets, except that a Change in Control shall not exist under this clause (C) if the Company or persons who were shareholders of the Company immediately prior to such sale continue to collectively own 50% or more of the combined voting power entitled to vote generally of the acquirer; or

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

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

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

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

(iii) ***"Good Reason"*** means that concurrent with or within twelve months following a Change in Control, the Participant's base salary is reduced or the Participant's total compensation and benefits package is materially reduced without the Participant's written approval, or the Participant's primary duties and responsibilities prior to the Change in Control are materially reduced or modified in such a way as to be qualitatively beneath the duties and responsibilities befitting of a person holding a similar position with a company of comparable size in the Company's business in the United States, without the Participant's written approval (other than may arise as a result of the Company ceasing to be a reporting company under the Exchange Act or ceasing to be listed on NASDAQ), or the Participant is required, without his consent, to relocate his principal office to a location, or commence principally working out of another office located, more than 30 miles from the Company's office which represented the Participant's principal work location.

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

(c) Solely for purposes of the definitions of "Triggering Event", "Good Reason" and "Cause" under this Section 5 (and not for purposes of the definition of "Change in Control" hereunder), the Company shall be deemed to include any of Westell Technologies, Inc.'s direct and indirect subsidiary companies and the term Board shall be deemed to include the Board of Directors of any such subsidiary.

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

7. Miscellaneous.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Participant, the Beneficiary and the personal representative(s) and heirs of the Participant, except that the Participant may not transfer any interest in any Restricted Stock Units prior to the release of the restrictions imposed by Sections 2 and 4.

(e) In addition to the terms noted above, Participant’s stock must be held in accordance with the Stock Retention Policy applicable at the time of vesting.

(f) These awards are subject to the terms of the Company's claw back policies, as may be adopted or amended from time to time.

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

Westell Technologies, Inc.

By: /s/ Thomas P. Minichiello

Name (printed): Thomas P. Minichiello

Title: Chief Financial Officer

/s/ Matthew B. Brady

Name (printed): Matthew B. Brady

Exhibit 10.4

WESTELL TECHNOLOGIES, INC.

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT FOR AWARD GRANTED TO MATTHEW B. BRADY ON JULY 17, 2017

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT is granted by WESTELL TECHNOLOGIES, INC. (the "***Company***") to Matthew B. Brady (the "***Participant***") this 17th day of July 2017 (the "***Grant Date***") pursuant to the Company's 2015 Omnibus Incentive Compensation Plan (the "***Plan***"). The applicable terms of the Plan are incorporated herein by reference, including the definitions of terms contained therein.

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

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

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

1. **Restricted Stock Units Award**. The Company hereby grants to the Participant 40,000 "***Restricted Stock Units***." The Restricted Stock Units granted under this Agreement are units that will be reflected in a book account maintained by the Company until the shares of Common Stock have been issued pursuant to Section 4 or have been forfeited. This Award is subject to the terms and conditions of this Agreement and the Plan.

2. **Measurement of Performance Metrics.**

(a) The number of Restricted Stock Units that may become vested pursuant to the vesting calculation in Section 3 is determined based on revenue and Non-GAAP operating profit results (the "Performance Metrics") as described on Exhibit 1 attached hereto. The measurement of the Performance Metrics is determined and calculated by comparing the Company's actual revenue and Non-GAAP operating profit for the second, third, fourth, and combined second through fourth quarters of fiscal year 2018 to pre-established performance goals established by the Committee. For purposes of this Agreement, the Performance Targets shall be defined in Exhibit 1. Following the close of each fiscal quarter, the Committee will compare the Company's performance to the pre-established performance goals to determine the number of points that are earned.

(b) The Committee's determination shall be final, conclusive and binding on the Company and the Participant.

3. **Vesting of Award.**

(a) Vesting Schedule. The Restricted Stock Units shall become 100% vested and nonforfeitable on the first anniversary of the Grant Date, only if the Company achieves the performance objectives set forth in Exhibit 1, provided that the Participant has not incurred a Termination of Employment prior to prior to the first anniversary of the Grant Date. The Committee shall make such determination as to whether the performance objective was achieved on or prior to the first anniversary of the Grant Date. The Committee's determination shall be final, conclusive and binding on the Company and the Participant.

(b) Vesting Conditions and Provisions Applicable to Award. The period of time during which the Restricted Stock Units are forfeitable is referred to as the "***Restricted Period.***" Except as provided in Section 6 if the Participant's employment with the Company or one of its subsidiaries terminates during the Restricted Period for any reason, then the unvested Restricted Stock Units shall be forfeited to the Company on the date of such termination, without any further obligation of the Company to the Participant and all of the Participant's rights with respect to unvested Restricted Stock Units shall terminate.

Any portion of the Restricted Stock Units that have not become fully vested on the date immediately following the first anniversary of the Grant Date shall be cancelled and forfeited for no consideration.

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

5. **Rights During the Restricted Period.** Prior to vesting as described in Section 3, the Participant will not receive any certificates with respect to the Restricted Stock Units and will not have any right to vote the Restricted Stock Units. The Participant will not be deemed a stockholder of the Company with respect to any of the Restricted Stock Units. The Restricted Stock Units may not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of prior to vesting. After Restricted Stock Units are converted to shares of Common Stock, the Participant shall receive a cash payment or payments from the Company equal to any cash dividends paid with respect to the number of shares of Restricted Stock relating to Restricted Stock Units that are earned hereunder during the period beginning with the date of Award through the date the shares of Common Stock become issued and outstanding.

6. **<u>Change in Control.</u>**

(a) Notwithstanding the provisions of Section 3, in the event of a Triggering Event or a termination of Participant's employment by the Company or one of its subsidiaries without Cause no more than three months prior to and in anticipation of a Change in Control, the Participant will become immediately vested in all Restricted Stock Units.

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

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

(A) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, except the Voting Trust (together with its affiliates) formed pursuant to the Voting Trust Agreement dated February 23, 1994, as amended, among Robert C. Penny III and Melvin J. Simon, as co-trustees, and certain members of the Penny family and the Simon family, of ownership of shares representing more than 50% of the combined voting power of the Company's voting securities entitled to vote generally (determined after giving effect to the purchase);

(B) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be); or

(C) a sale of all or substantially all of the Company's assets, except that a Change in Control shall not exist under this clause (C) if the Company or persons who were shareholders of the Company immediately prior to such sale continue to collectively own 50% or more of the combined voting power entitled to vote generally of the acquirer; or

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

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

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

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

(iii) “***Good Reason***” means that concurrent with or within twelve months following a Change in Control, the Participant’s base salary is reduced or the Participant’s total compensation and benefits package is materially reduced without the Participant’s written approval, or the Participant’s primary duties and responsibilities prior to the Change in Control are materially reduced or modified in such a way as to be qualitatively beneath the duties and responsibilities befitting of a person holding a similar position with a company of comparable size in the Company’s business in the United States, without the Participant’s written approval (other than may arise as a result of the Company ceasing to be a reporting company under the Exchange Act or ceasing to be listed on NASDAQ), or the Participant is required, without his consent, to relocate his principal office to a location, or commence principally working out of another office located, more than 30 miles from the Company’s office which represented the Participant’s principal work location.

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

(c) Solely for purposes of the definitions of “***Triggering Event***”, “***Good Reason***” and “***Cause***” under this Section 6 (and not for purposes of the definition of “***Change in Control***” hereunder), the Company shall be deemed to include any of Westell Technologies, Inc.’s direct and indirect subsidiary companies and the term Board shall be deemed to include the Board of Directors of any such subsidiary.

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

8. **Miscellaneous.**

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Participant, the Beneficiary and the personal representative(s) and heirs of the Participant, except that the Participant may not transfer any interest in any Restricted Stock Units prior to the release of the restrictions imposed by Sections 3 and 5. Additionally, Participant's stock must be held in accordance with the Stock Retention Policy applicable at the time of vesting.

(e) These awards are subject to the terms of the Company's claw back policies, as may be adopted or amended from time to time.

[The remainder of this page intentionally left blank. Signature page follows.]

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

Westell Technologies, Inc.

By: /s/ Thomas P . Minichiello

Name: Thomas P. Minichiello

Title: Chief Financial Officer

/s/ Matthew B. Brady

____

Name (Printed): Matthew B. Brady

Exhibit 10.5

WESTELL TECHNOLOGIES, INC.

NON-QUALIFIED STOCK OPTION

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

1. OPTION GRANT

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

2. TIME OF EXERCISE

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

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

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

(c) This option may not be exercised:

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

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

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

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

3. Change in Control and Limitations on Sales .

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

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

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

(1) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, except the Voting Trust (together with its affiliates) formed pursuant to the Voting Trust Agreement dated February 23, 1994, as amended, among Robert C. Penny III and Melvin J. Simon, as co-trustees, and certain members of the Penny family and the Simon family, of ownership of shares representing more than 50% of the combined voting power of the Company's voting securities entitled to vote generally (determined after giving effect to the purchase);

(2) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be);

(3) a sale of all or substantially all of the Company's assets, except that a Change in Control shall not exist under this clause (C) if the Company or persons who were shareholders of the Company immediately prior to such sale

continue to collectively own 50% or more of the combined voting power entitled to vote generally of the acquirer; or

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

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

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

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

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

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

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

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

(d) Notwithstanding the provisions in the paragraphs above, Participant's stock must be held in accordance with the Stock Retention Policy applicable at the time of vesting.

4. METHOD OF EXERCISE

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

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

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

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

5. CONDITIONS

I agree that I shall not within twelve months following my resignation of employment with the Company engage in any Competitive Activity, without prior written consent of the Board of the Company (which may be given or denied in its sole discretion). Competitive Activity means any service to a competitor related to the work I have done at Westell or with knowledge of confidential information gained at Westell.

6. NON-TRANSFERABILITY; DEATH

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

7. These awards are subject to the terms of the Company's claw back policies, as may be adopted or amended from time to time.

* * *

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

WESTELL TECHNOLOGIES, INC.

/s/ Thomas P. Minichiello

By________________________________

Matthew B. Brady

____

Employee Name

/s/ Matthew B. Brady

____

Employee Signature

NOTICE OF GRANT OF STOCK OPTION FOR THE PURCHASE OF

CLASS A COMMON STOCK

Name: Matthew B. Brady

You have received a grant with the following parameters:

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

Award Number: 10124

Shares Granted: 100,000

Exercise Price: $3.06

Award Type: NQSO

Award Date: 07/17/2017

Vesting Schedule: 33.3% on 07/17/2018

33.3% on 07/17/2019

33.4% on 07/17/2020

Expiration Date: 07/17/2024

If you have any questions, contact Sharon Hintz at 630-375-4160.

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

Westell Technologies, Inc.

By: /s/ Thomas P. Minichiello

Name (printed): Thomas P. Minichiello

Title: Chief Financial Officer

_/s/ Matthew B. Brady______

Name (Printed): Matthew B. Brady

Exhibit 10.6

WESTELL TECHNOLOGIES, INC.

<u>RESTRICTED STOCK AWARD AGREEMENT</u>

THIS RESTRICTED STOCK AWARD AGREEEMENT ("Award") is entered into and granted this 7th day of July, 2017 (the "***Grant Date***") by Westell Technologies, Inc., a Delaware corporation (the " ***Company***") to Kirk R. Brannock (**"Mr. Brannock", "you", or** the "***Participant***") pursuant to the Company's 2015 Omnibus Incentive Compensation Plan (the "***Plan***"). The applicable terms of the Plan are incorporated herein by reference, including the definitions of terms contained therein.

WHEREAS, the Company believes it to be in the best interests of the Company and its stockholders for the Participant to have a discretionary Award and as consideration for an orderly transition and the restricted covenant considered herein.

NOW, THEREFORE, in consideration of services rendered to the Company by Mr. Brannock and the other conditions required hereunder, the Company hereby grants this discretionary Award to Mr. Brannock on the terms expressed herein.

1. <u>Stock Award</u>. The Company hereby grants to Mr. Brannock an award of forty-three thousand-seven-hundred-fifty (43,750) shares of Class A Common Stock of Westell Technologies (the "Award Shares"), subject to the non-transferability provisions set forth in Section 2, and the other terms and conditions set forth herein.

2. <u>Restrictions</u>. Mr. Brannock shall not sell, assign, transfer, convey, pledge, hypothecate, encumber, donate or otherwise dispose of any of the Award Shares under any conditions (and any disposition or attempted disposition shall be void and of no force or effect whatsoever) until the twelve month anniversary of the Grant Date, at which time the Award Shares shall be released from the restrictions herein.

<u>Confidential Information</u>: You acknowledge that you will and have obtained information, observations and data during the course of your employment by the Company concerning the Business and affairs of the Company and its direct and indirect subsidiary companies (the "Westell Companies") or of third parties that the Westell Companies may be required to keep confidential (the "Westell Company Information") and that Westell Company Information is confidential and the property of the Westell Companies or of such third parties. You agree that you shall not at any time, whether during employment with the Company or subsequent to termination of employment, disclose to any unauthorized person or use for your own account or for the account of any third party any Westell Company Information without the Company's prior written consent, unless and then only to the extent the Westell Company Information becomes generally known to and available for use by the public other than as a result of your acts or failure to act. You agree that you shall use your best efforts to prevent the unauthorized misuse, espionage, loss or theft of the Westell Company Information. You further agree to deliver to the Company at the termination of your employment, or at any other time the Company may request in writing, all memoranda, notes, plans, records, reports

and other documents (and copies thereof) relating to the Business of the Westell Companies that you may then possess or have under your control. For purposes of the covenants in this letter, Business means the design, development, manufacture and sale of DSL modem, broadband products, telco access products and related services, and intelligent site management solutions and services of the Westell Companies as they exist or are being developed, extensions of those products and services during your employment and new products and services commenced or in development during your employment.

Competition: While employed and for one (1) year following termination, you agree that you shall not, directly or indirectly, for yourself, or for any business, whether a corporation, partnership, sole proprietorship, limited liability company, joint venture or other entity ("°Entity"±), without the prior written consent of the Board of Company (which may be given or denied in its sole discretion):

(a) engage in or Participate In the Business or any other business that competes with, or develops or offers products or services competitive with the products or services of the Business, from Illinois or any state or country in which the Westell Companies have ongoing Business or customers, or have solicited customers; or

(b) engage in or Participate In the Business or any other business that competes with, or develops or offers products or services competitive with the products or services of the Business, from any other location throughout the world; or

(c) call upon, solicit, serve, or accept business, from any customer or prospective customer (wherever located) of the Westell Companies with whom you had contact while employed at the Company for the purpose of selling products or services competitive with the products or services of the Business; or

(d) interfere with any business relationship of the Westell Companies, with any of their customers or prospective customers or induce any such customers or prospective customers to discontinue or reduce their relationship with the Westell Companies.

For purposes of this grant, "°Participate In" means the having of any direct or indirect interest in any Entity, whether as a partner, shareholder, member, operator, sole proprietor, agent, representative, independent contractor, consultant, franchiser, franchisee, joint venturer, owner or otherwise, or the rendering of any direct or indirect service or assistance to any Entity (whether as a director, officer, manager, supervisor, employee, agent, consultant or otherwise); provided that the term "°Participate In"± shall not include the mere ownership of less than 5% of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market.

To the extent that you become employed by or consult for an Entity which is a subsidiary, division or other affiliate of a larger business enterprise, the determination as to whether you have violated this covenant shall be made solely by reference to the business activities conducted by the particular subsidiary, division or affiliate by which you become employed or serve as consultant.

No Solicitation: You agree that you shall not, for one (1) year following termination: (i) induce or attempt to induce any person who is employed by the Westell Companies in any capacity to leave such person's position, or in any way interfere with the relationship between the Westell Companies and such person, or (ii) hire directly or through another entity, in any capacity, any person who was employed by the Westell Companies within twelve (12) months prior to termination of your employment or during the twelve (12) months after termination, unless and until such person has been separated from employment with the Westell Companies for at least six (6) months.

Transition Assistance. For one year following termination of employment, Mr. Brannock agrees to make himself reasonably available to facilitate an orderly transition of the responsibilities previously performed by Mr. Brannock in his role as President and Chief Executive Officer.

3. Legend. Certificates representing the Award Shares (and any shares received in respect of the Award Shares as contemplated by Paragraph 5) shall bear a legend as follows:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS SET FORTH IN A RESTRICTED STOCK AWARD AGREEMENT BETWEEN THE ISSUER AND THE HOLDER DATED JULY 7th, 2017. A COPY OF SUCH AGREEMENT MAY BE OBTAINED BY THE HOLDER HEREOF AT THE ISSUER'S PRINCIPAL PLACE OF BUSINESS WITHOUT CHARGE."

4. Dividends. Mr. Brannock shall be entitled to receive and retain all dividends and other distributions paid on the Award Shares granted under this Award forfeited except for stock dividends on unvested Award Shares (which shall be subject to Section 5).

5. Adjustments and Certain Distributions. In the event that, prior to the termination of the restrictions hereunder on all the Award Shares, Westell Technologies shall have effected one or more stock splits, stock dividends or other increases of its common stock outstanding without receiving consideration therefore, all stock received by Mr. Brannock in respect of the Award Shares that are then subject to the restrictions and risk of forfeiture hereunder shall also be held subject to such restrictions and risk of forfeiture. In addition, any stock or other securities of any Westell Technologies subsidiaries received by Mr. Brannock in respect of any Award Shares that are then subject to the restrictions and risk of forfeiture hereunder shall also be held subject to such restrictions and risk of forfeiture.

6. Withholding Taxes. Under current law and based upon the status of Mr. Brannock as a employee of Westell Technologies, the grant creates a withholding obligation that Mr. Brannock will pay via check to the Company. If Mr. Brannock does not make such payment when requested, Westell Technologies may refuse to deliver the Award Shares and to remove the legend on the Award Shares unless and until arrangements satisfactory to Westell Technologies for such payment have been made.

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

8. Miscellaneous.

(a) This Agreement shall be governed and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein between residents thereof.

(b) This Agreement may not be amended or modified except by the written consent of the parties hereto.

(c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.

(d) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Participant, the Beneficiary and the personal representative(s) and heirs of the Participant, except that the Participant may not transfer any interest in any Award Shares prior to the release of the restrictions imposed by Sections 2.

[*The remainder of this page intentionally left blank. Signature page follows.*]

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

Westell Technologies, Inc.

By: /s/ Thomas P. Minichiello
Name: Thomas P. Minichiello
Title: Chief Financial Officer

ACCEPTED:

/s/ Kirk R. Brannock

Kirk R. Brannock

Exhibit 31.1

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

I, Matthew B. Brady, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2017 of the Company;

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

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

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

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

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

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

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

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

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

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

Date: August 11, 2017

/s/ Matthew B. Brady

Matthew B. Brady
Chief Executive Officer

Exhibit 31.2

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

I, Thomas P. Minichiello, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended June 30, 2017 of the Company;

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

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

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

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

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

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

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

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

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

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

Date: August 11, 2017

/s/ Thomas P. Minichiello
Thomas P. Minichiello
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Westell Technologies, Inc. (the “Company”) on Form 10-Q for the fiscal period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that based on their knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of and for the periods covered in the Report.

/s/ Matthew B. Brady

Matthew B. Brady
Chief Executive Officer

August 11, 2017

/s/ Thomas P. Minichiello

Thomas P. Minichiello
Chief Financial Officer

August 11, 2017

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

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