SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2004

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 N. 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 X No .

Indicate by check mark whether the registrant is an accelerated filer as defined be rule 12b-2 of the Act. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of January 27, 2005:

Class A Common Stock, $0.01 Par Value - 53,767,459 shares
Class B Common Stock, $0.01 Par Value - 14,741,872 shares

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
FORM 10-Q
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SAFE HARBOR STATEMENT

Certain statements contained in this Quarterly Report of Form 10-Q regarding matters that are not historical facts or that contain the words "believe", "expect", "intend", "anticipate" or derivatives thereof and other words of similar meaning, are forward looking statements. Such forward-looking statements include risks and uncertainties, and actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those discussed under "Risk Factors" set forth in Westell Technologies, Inc.'s Annual Report on Form 10-K for the fiscal year ended March 31, 2004. Our actual results may differ from these forward-looking statements. Westell Technologies, Inc. undertakes no obligation to publicly update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or otherwise.



<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

| ASSETS | March 31, 2004 | Dec. 31, 2004 |
|---|---|---|
| | | (unaudited) |
| | (in thousands) | |
| <S> | <C> | <C> |
| Current assets: | | |
| Cash and cash equivalents........................................ | $ 11,241 | $ 21,659 |
| Accounts receivable (net of allowance of $662,000 and $621,000 respectively).................................................... | 23,807 | 28,477 |
| Inventories...................................................... | 16,075 | 28,083 |
| Prepaid expenses and other current assets......................... | 2,340 | 3,022 |
| Deferred income tax asset........................................ | 7,200 | 4,139 |
| Total current assets......................................... | 60,663 | 85,380 |
| Property and equipment: | | |
| Machinery and equipment......................................... | 42,462 | 42,552 |
| Office, computer and research equipment......................... | 23,414 | 24,960 |
| Leasehold improvements......................................... | 7,832 | 8,151 |
| | 73,708 | 75,663 |
| Less accumulated depreciation and amortization................... | 56,099 | 60,241 |
| Property and equipment, net.................................... | 17,609 | 15,422 |

| | | |
|---|---|---|
| Goodwill | 6,990 | 6,990 |
| Intangibles, net | 6,954 | 6,939 |
| Deferred income tax asset and other assets | 37,565 | 33,730 |
| Total assets | $ 129,781 | $ 148,461 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|---|---|
| Current liabilities: | | |
| Accounts payable | $14,163 | $ 23,458 |
| Accrued expenses | 10,105 | 10,440 |
| Accrued compensation | 6,808 | 4,742 |
| Current portion of long-term debt | 3,416 | 490 |
| Total current liabilities | 34,492 | 39,130 |
| Long-term debt | 326 | -- |
| Other long-term liabilities | 1,179 | 1,630 |
| Total liabilities | 35,997 | 40,760 |
| Minority Interest | 2,019 | 2,347 |
| Stockholders' equity: | | |
| Class A common stock, par $0.01 | 532 | 537 |
| Authorized - 109,000,000 shares | | |
| Issued and outstanding - 53,266,058 shares at March 31, 2004 and 53,738,389 shares at December 31, 2004 | | |
| Class B common stock, par $0.01 | 147 | 147 |
| Authorized - 25,000,000 shares | | |
| Issued and outstanding - 14,741,872 shares at March 31, 2004 and December 31, 2004 | | |
| Preferred stock, par $0.01 | -- | -- |
| Authorized - 1,000,000 shares | | |
| Issued and outstanding - none | | |
| Additional paid-in capital | 378,390 | 380,887 |
| Treasury stock at cost - 93,000 shares | (247) | (247) |
| Cumulative translation adjustment | (485) | (718) |
| Accumulated deficit | (286,572) | (275,252) |
| Total stockholders' equity | 91,765 | 105,354 |
| Total liabilities and stockholders' equity | $ 129,781 | $ 148,461 |

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

</TABLE>



<TABLE>

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

<CAPTION>

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|---|---|---|---|---|
| | 2003 | 2004 | 2003 | 2004 |
| | (unaudited) (in thousands, except per share data) | | | |
| <S> | <C> | <C> | <C> | <C> |
| Equipment sales | $ 49,203 | $ 63,574 | $ 139,830 | $ 159,076 |
| Services | 10,775 | 10,877 | 33,810 | 32,946 |
| Total revenues | 59,978 | 74,451 | 173,640 | 192,022 |

| | | | | |
|---|---|---|---|---|
| Cost of equipment sales | 33,167 | 48,484 | 93,996 | 117,086 |
| Cost of services | 7,693 | 5,409 | 21,231 | 16,553 |
| Total cost of goods sold | 40,860 | 53,893 | 115,227 | 133,639 |
| Gross margin | 19,118 | 20,558 | 58,413 | 58,383 |
| Operating expenses: | | | | |
| Sales and marketing | 4,647 | 5,740 | 14,857 | 16,622 |
| Research and development | 3,874 | 4,053 | 12,630 | 11,155 |
| General and administrative | 4,545 | 4,446 | 14,014 | 13,222 |
| Restructuring | -- | -- | -- | (452) |
| Intangible amortization | 364 | 324 | 1,091 | 1,012 |
| Total operating expenses | 13,430 | 14,563 | 42,592 | 41,559 |
| Gain on sale of product line | -- | -- | -- | 1,453 |
| Operating income | 5,688 | 5,995 | 15,821 | 18,277 |
| Other income, net | 212 | 395 | 402 | 788 |
| Interest expense | (127) | (7) | (683) | (58) |
| Income before minority interest and income taxes | 5,773 | 6,383 | 15,540 | 19,007 |
| Income taxes | -- | 2,614 | -- | 7,364 |
| Minority interest | 23 | 106 | 255 | 323 |
| Net income | $ 5,750 | $ 3,663 | $ 15,285 | $ 11,320 |
| Net income per common share: | | | | |
| Basic | $ 0.09 | $ 0.05 | $ 0.23 | $ 0.17 |
| Diluted | $ 0.08 | $ 0.05 | $ 0.22 | $ 0.16 |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 67,373 | 68,421 | 66,569 | 68,364 |
| Diluted | 70,897 | 71,081 | 70,502 | 70,874 |

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

</TABLE>



<TABLE>

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

<CAPTION>

| | Nine Months Ended December 31, | |
|---|---|---|
| | 2003 | 2004 |
| | (unaudited) (in thousands) | |
| <S> | <C> | <C> |
| Cash flows from operating activities: | | |
| Net income | $ 15,285 | $ 11,320 |

| | | |
|---|---|---|
| Reconciliation of net income to net cash provided by operating activities: | | |
| Loss on sale of fixed asset.................................... | 253 | 55 |
| Gain on sale of product technology.............................. | -- | (2,053) |
| Depreciation and amortization.................................. | 7,050 | 6,624 |
| Restructuring.................................................. | (733) | (1,337) |
| Deferred Taxes................................................. | | 7,036 |
| Minority interest.............................................. | | 329 |
| Tax benefit received on stock option exercises.................. | | 329 |
| Changes in assets and liabilities: | | |
| Accounts receivable............................................ | 24 | (4,711) |
| Inventory...................................................... | (594) | (12,009) |
| Prepaid expenses and other current assets....................... | (1,223) | (682) |
| Capitalization of software development costs.................... | -- | (1,436) |
| Other assets................................................... | 33 | (139) |
| Accounts payable and accrued expenses........................... | 2,865 | 11,782 |
| Accrued compensation........................................... | 681 | (2,067) |
| Net cash provided by operating activities.................... | 23,641 | 13,041 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment............................ | (3,112) | (3,486) |
| Proceeds from sale of land, building and equipment.............. | 17 | 5 |
| Proceeds from the gain on sale of product line | -- | 2,000 |
| Net cash used in investing activities | (3,095) | (1,481) |
| Cash flows from financing activities: | | |
| Net repayment under revolving promissory notes.................. | (19,956) | -- |
| Repayment of long-term debt and leases payable.................. | (8,471) | (3,251) |
| Proceeds from the issuance of common stock...................... | 7,095 | 2,172 |
| Net cash used in financing activities............................ | (21,332) | (1,079) |
| Effect of exchange rate changes on cash........................... | (10) | (63) |
| Net (decrease) increase in cash.................................. | (796) | 10,418 |
| Cash and cash equivalents, beginning of period.................... | 11,474 | 11,241 |
| Cash and cash equivalents, end of period.......................... | $10,678 | $ 21,659 |

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

</TABLE>



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

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2004.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's consolidated financial position and the results of operations and cash flows at December 31, 2004 and for all periods presented. The results of operations for the three month period ended December 31, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2005 ("fiscal year 2005").

NOTE 2. COMPUTATION OF INCOME PER SHARE

The computation of basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. The following table sets forth the computation of basic and diluted earnings per share:

<TABLE>
<CAPTION>

| Dollars in thousands, except per share amounts | Three months ended December 31, 2003 | Three months ended December 31, 2004 | Nine months ended December 31, 2003 | Nine months ended December 31, 2004 |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| BASIC EARNINGS PER SHARE: | | | | |
| Net income | $5,750 | $3,663 | $15,285 | $11,320 |
| Average basic shares outstanding | 67,373 | 68,421 | 66,569 | 68,364 |
| Basic net income per share | $0.09 | $0.05 | $0.23 | $0.17 |
| DILUTED EARNINGS PER SHARE: | | | | |
| Net income | $5,750 | $3,663 | $15,285 | $11,320 |
| Average basic shares outstanding | 67,373 | 68,421 | 66,569 | 68,364 |
| Effect of dilutive securities: stock options and warrants | 3,524 | 2,660 | 3,933 | 2,510 |
| Average diluted shares outstanding | 70,897 | 71,081 | 70,502 | 70,874 |
| Diluted net income per share | $0.08 | $0.05 | $0.22 | $0.16 |

</TABLE>

NOTE 3. RESTRUCTURING CHARGE

The Company recognized a restructuring charge of $6.3 million in fiscal year 2002. These charges included personnel, facility and certain development contract costs. The purpose of the fiscal year 2002 restructuring plan was to decrease costs primarily by a workforce reduction of approximately 200 employees and to realign the Company's cost structure with the Company's anticipated business outlook. During fiscal year 2003, a portion of a leased facility previously vacated was sublet resulting in a reversal of $0.9 million of facility lease costs accrued in fiscal year 2002. As of March 31, 2004 all of these restructuring costs had been paid.





The Company recognized a net restructuring expense of $1.7 million in fiscal year 2003 consisting of a charge of $2.6 million offset by the $0.9 million described above. This charge included personnel and facility costs related primarily to the closing of a Conference Plus, Inc. facility and personnel and facility charges at Westell Limited. Approximately 25 employees were impacted by these reorganizations. In September 2004, the Company terminated a lease that was partially reserved for in the 2003 restructuring. This termination resulted in the reversal of $452,000 of restructuring for facility costs. As of December 31, 2004, the Company paid approximately $1.8 million of these accrued restructuring costs leaving a balance of $322,000.

The Company recognized a restructuring expense of $698,000 in fiscal year 2004. This restructuring resulted from realigning the product focus at Westell Limited which caused or will cause a workforce reduction of approximately 14 employees. The Company paid approximately $428,000 of these costs as of December 31, 2004 leaving a balance of $270,000.

The Company's restructuring accrual balances and activity are presented in the following table:

<TABLE>
<CAPTION>

| (in thousands) | Balance Mar. 31, 2004 | Reversed though Dec. 31, 2004 | Paid through Dec. 31, 2004 | Balance Dec. 31, 2004 |
|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> |
| Employee costs....................... | $ 698 | $ -- | $ 415 | $ 283 |
| Legal, facility & other costs........ | 1,231 | (452) | 470 | 309 |
| Total............................... | $ 1,929 | $ (452) | $ 885 | $ 592 |

</TABLE>

NOTE 4. INTERIM SEGMENT INFORMATION

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

1) A telecommunications equipment manufacturer of broadband products, and

2) A multi-point telecommunications service bureau specializing in audio teleconferencing, multi-point video conferencing, broadcast fax and multimedia teleconference services.



Performance of these segments is evaluated utilizing revenue, operating income and total asset measurements. The accounting policies of the segments are the same as those for Westell Technologies, Inc. Segment information for the three and nine month periods ended December 31, 2003 and 2004, are as follows:

<TABLE>
<CAPTION>

| (in thousands) | Telecom Equipment | Telecom Services | Total |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| Three months ended December 31, 2003 | | | |
| Revenues......................... | $ 49,203 | $ 10,775 | $ 59,978 |
| Operating income................. | 5,600 | 88 | 5,688 |
| Depreciation and amortization..... | 1,310 | 978 | 2,288 |
| Total assets..................... | 86,154 | 19,820 | 105,974 |
| Three months ended December 31, 2004 | | | |
| Revenues......................... | $ 63,574 | $ 10,877 | $ 74,451 |
| Operating income................. | 4,179 | 1,816 | 5,995 |
| Depreciation and amortization..... | 1,316 | 890 | 2,206 |
| Total assets..................... | 131,030 | 17,431 | 148,461 |
| Nine months ended December 31, 2003 | | | |
| Revenues......................... | $ 139,830 | $ 33,810 | $ 173,640 |
| Operating income................. | 13,063 | 2,758 | 15,821 |
| Depreciation and amortization..... | 4,027 | 3,023 | 7,050 |
| Total assets..................... | 86,154 | 19,820 | 105,974 |

| | | | |
|---|---|---|---|
| Nine months ended December 31, 2004 | | | |
| Revenues......................... | $ 159,076 | $ 32,946 | $ 192,022 |
| Operating income................. | 12,513 | 5,764 | 18,277 |
| Depreciation and amortization..... | 3,899 | 2,725 | 6,624 |
| Total assets..................... | 131,030 | 17,431 | 148,461 |

</TABLE>





Reconciliation of Operating income for the reportable segments to income before income taxes and minority interest:

<TABLE>
<CAPTION>

| | Three months ended December 31, | | Nine months ended December 31, | |
|---|---|---|---|---|
| (in thousands) | 2003 | 2004 | 2003 | 2004 |
| <S> | <C> | <C> | <C> | <C> |
| Operating income ........................ | $ 5,688 | $ 5,995 | $ 15,821 | $ 18,277 |
| Other income, net........................ | 212 | 395 | 402 | 788 |
| Interest expense......................... | (127) | (7) | (683) | (58) |
| Income before income taxes and minority interest ............................... | $ 5,773 | $ 6,383 | $ 15,540 | $ 19,007 |

</TABLE>

NOTE 5. COMPREHENSIVE INCOME

The disclosure of comprehensive income, which encompasses net income and foreign currency translation adjustments, is as follows:

<TABLE>
<CAPTION>

| | Three months ended December 31, | | Nine months ended December 31, | |
|---|---|---|---|---|
| (in thousands) | 2003 | 2004 | 2003 | 2004 |
| <S> | <C> | <C> | <C> | <C> |
| Net income .................................. | $ 5,750 | $ 3,663 | $ 15,285 | $ 11,320 |
| Other comprehensive income | | | | |
| Foreign currency translation adjustment..... | (145) | (268) | (258) | (233) |
| Comprehensive Income ....................... | $ 5,605 | $ 3,395 | $ 15,027 | $ 11,087 |

</TABLE>

NOTE 6. INVENTORIES

The components of inventories are as follows:

<TABLE>
<CAPTION>

| | March 31, | December 31, |
|---|---|---|
| (in thousands) | 2004 | 2004 |
| <S> | <C> | <C> |
| Raw material ................................ | $ 12,374 | $ 17,295 |

| | | |
|---|---|---|
| Work in process.............................. | 14 | 63 |
| Finished goods............................... | 8,051 | 14,536 |
| Reserve for excess and obsolete inventory and net realizable value................. | (4,364) | (3,811) |
| | $ 16,075 | $ 28,083 |

</TABLE>



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

NOTE 7. STOCK OPTIONS

The Company has elected to follow Accounting Principle Board Opinion No. 25 "Accounting for Stock Issued to Employees" (APB No. 25) and related interpretations in accounting for its employee stock options and awards. Under APB No. 25, employee stock options are valued using the intrinsic method, and no compensation expense is recognized since the exercise price of the options equals or is greater than the fair market value of the underlying stock as of the date of the grant. The following table shows the effect on net income and income per share if the Company had applied the fair value recognition provisions of FASB Statement NO. 123, "Accounting for Stock Based Compensation."

<TABLE>
<CAPTION>

| | Three months ended December 31, | | Nine months ended December 31, | |
|---|---|---|---|---|
| (in thousands, except per-share amounts) | 2003 | 2004 | 2003 | 2004 |
| <S> | <C> | <C> | <C> | <C> |
| Net income, as reported ............................... | $ 5,750 | $ 3,663 | $ 15,285 | $ 11,320 |
| Stock-based employee compensation expense included in reported net earnings, net of related tax effects.. | | | | |
| Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects ................ | (443) | (608) | (1,398) | (1,812) |
| Pro forma net income.................................. | $ 5,307 | $3,055 | $13,887 | $9,508 |
| Earnings per common share: | | | | |
| As reported...................................... | $0.09 | $0.05 | $0.23 | $0.17 |
| Pro forma ........................................ | $0.08 | $0.04 | $0.21 | $0.14 |
| Earnings per common share, assuming dilution: | | | | |
| As reported ...................................... | $0.08 | $0.05 | $0.22 | $0.16 |
| Pro forma ........................................ | $0.07 | $0.04 | $0.20 | $0.13 |

</TABLE>

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. The estimate for fiscal year 2005 grants assumes, among other things, a risk-free interest rate of 3.5%, no dividend yield, expected volatility of 95% and an expected life of 5 years.

NOTE 8. WARRANTY RESERVE

Most of the Company's products carry a limited warranty ranging from one to seven years. The specific terms and conditions of those warranties vary depending upon the product sold. Factors that enter into our estimate of our warranty reserve include the number of units shipped historical and 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 Company reports warranty reserve as both current and long term liabilities. The following table presents the changes in our product warranty reserve:

| (in millions) | Nine months ended December 31, 2003 | 2004 |
|---|---|---|
| Total product warranty reserve at the beginning of the period............. | $ 1,520 | $ 1,670 |
| Warranty expense........................ | 1,551 | 1,533 |
| Charged to other accounts.............. | -- | -- |
| Deductions............................. | (1,551) | (1,314) |
| Total product warranty reserve at the end of the period................... | $1,520 | $1,889 |



NOTE 9. SALE OF PRODUCT LINE

On July 1, 2004, the Company sold its Data Station Termination product lines and specified fixed assets for $2.2 million to Enginuity Communications Corporation (Enginuity). The Company received $2.0 million in cash, $200,000 in the form of a note receivable and provided an unconditional guarantee in the amount of $1.62 million relating to a 10 year term Enginuity note payable to a third party lender that financed the transaction. This guarantee will stay in place until the note is paid in full. The Company must pay all amounts due under the note payable upon demand from the lender. The Company assessed its obligation under this guarantee pursuant to the provisions of FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" and recorded a $300,000 liability for the value of the guarantee. The transaction resulted in a net gain on the sale of a product line in the amount of $1.5 million.

NOTE 10. DEFERRED COMPENSATION

The Company has a deferred compensation program with an executive that is funded through a rabbi trust. The rabbi trust qualifies as a Variable Interest Entity under FASB Interpretation No. 46, Consolidation of Variable Interest Entities and as such is consolidated in the Company's financial statements. Approximately $615,000 of cash has been funded into the rabbi trust as of December 31, 2004 and the Company has recorded a $1.2 million long term liability to accrue for the deferred compensation liability. The rabbi trust is subject to the creditors of the Company. All amounts deferred under this compensation program vest on the earlier of March 31, 2006, the executive's death, permanent disability or a change in control of the Company.

NOTE 11. NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123 (revised 2004) Share-Based payment, which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. Statement 123 (R) supersedes Accounting Principal Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees, and amends FASB No. 95, Statement of Cash Flows. Generally, the approach to accounting in Statement 123 (R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Currently the Company accounts for these payments under the intrinsic value provisions of APB No. 25 with no expense recognition in the financial statements. Statement 123 (R) is effective for the Company beginning July 1, 2005. The Company is currently evaluating Statement 123(R), but has not yet determined the impact to the Company's results of operations.

In November 2004, the FASB issued Statement of Financial Accounting Standards No. 151 ("SFAS No. 151"), Inventory Costs , an amendment of APB No. 43, Chapter 4. The amendments made by SFAS No. 151 will improve financial reporting by requiring that abnormal amounts of idle facility expense, freight, handling costs, and wasted materials (spoilage) be recognized as current-period charges and by requiring the allocation of fixed production overheads to inventory based on the normal capacity of production facilities. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Earlier application is permitted for inventory costs incurred during fiscal years beginning after November 24, 2004. The Company is currently evaluating the impact that the adoption of SFAS No. 151 will have on its financial position and results of operations, but does not expect significant impact.



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

OVERVIEW

The Company is comprised of two segments: telecommunications equipment manufacturer and teleconference services bureau. The equipment manufacturing segment consists of two product lines: Customer Networking Equipment (CNE) products and Network Service Access (NSA) products. The CNE product line includes broadband and digital subscriber line (DSL) technology products that allow the transport of high-speed data over the local loop and enable telecommunications companies to provide broadband services over existing copper infrastructure. The Company's NSA product line consists of manageable and non-manageable T1 transmission equipment, associated mountings and special service plugs for the legacy copper telephone network. Westell realizes the majority of its revenues from the North American market.

The Company's teleconference service segment is comprised of a 91.5% owned subsidiary, Conference Plus, Inc. Conference Plus provides audio, video, and web conferencing services. Businesses and individuals use these services to hold voice, video or web conferences with many people at the same time. Conference Plus sells its services directly to large customers, including Fortune 1000 companies, and serves other customers indirectly through its private label reseller program.

The equipment manufacturing segment of the Company's business consists of two product lines, offering a broad range of products that facilitate the broadband transmission of high-speed digital and analog data between a telephone company's central office and end-user customers. These two product lines are:

- o Customer Networking Equipment (CNE): Westell's family of broadband products enable the transport of high-speed data over existing local telephone lines and allow telecommunications companies to provide broadband services using their current copper infrastructure. The Company's broadband products also enable residential, small business and Small Office Home Office (SOHO) users to network multiple computers, telephones and other devices to access the Internet. Digital Subscriber Lines (DSL) products make up the majority of the revenue in this product group.
- o Network Service Access (NSA): Westell's NSA product family consists of manageable and non-manageable T1 transmission equipment for telephone services, and an array of mounting products used for connecting telephone wires and cables, and special service plugs. The T1 transmission equipment termed Network Interface Units (NIU) and the associated NIU mounting products make up the majority of revenue from this product group.

Below is a table that compares equipment and service revenues for the quarter ended December 31, 2003 with the quarter ended December 31, 2004 by product line.

<TABLE>
<CAPTION>

| | Three months ended December 31, | | | | Nine months ended December 31, | | | |
|---|---|---|---|---|---|---|---|---|
| (in thousands) | 2003 | % | 2004 | % | 2003 | % | 2004 | % |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| CNE................... | $ 35,761 | 59.6% | $ 54,484 | 73.2% | $ 97,805 | 56.3% | 125,592 | 65.4% |
| NSA................... | 13,442 | 22.4% | 9,090 | 12.2% | 42,025 | 24.2% | 33,484 | 17.4% |
| Total equipment........ | 49,203 | 82.0% | 63,574 | 85.4% | 139,830 | 80.5% | 159,076 | 82.8% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Services.............. | 10,775 | 18.0% | 10,877 | 14.6% | 33,810 | 19.5% | 32,946 | 17.2% |
| Total revenues......... | $ 59,978 | | $ 74,451 | | $ 173,640 | | $ 192,022 | |

</TABLE>

The prices for the products within each market group vary based upon volume, customer specifications and other criteria and are subject to change due to competition among telecommunications manufacturers. Increasing competition, in terms of the number of entrants and their size, and increasing size of the Company's customers because of past mergers, continues to exert downward pressure on prices for the Company's products.

On January 31, 2005, SBC and AT&T announced that they had entered into an agreement for SBC to acquire AT&T. SBC and AT&T indicated that the acquisition is subject to approval by AT&T's shareholders and regulatory authorities, and other customary closing conditions and is expected to close by the first half of 2006. In the nine months ended December 31, 2004, sales to SBC generated approximately 12% of the Company's total revenues, 4% for the equipment segment (primarily NSA products) and 8% for the services segment. SBC is the largest customer of Conference Plus. AT&T offers services similar to Conference Plus.



The Company is unable to predict how the merger will impact the Company's results of operations in the future.

The Company reached profitability and positive cash flow from operations for the first time as a public company in fiscal 2003. In fiscal 2004, the Company improved its profitability primarily due to gains achieved from volume efficiencies, productivity improvements and favorable component pricing in the CNE product line of the equipment manufacturing segment. The transition to higher speed digital transmission services continued to negatively impact the NSA product line of the equipment segment.

The Company's customer base is comprised primarily of the Regional Bell Operating Companies (RBOCs), independent domestic local exchange carriers and public telephone administrations located outside the U.S. Due to the stringent quality specifications of its customers and the regulated environment in which its customers operate, the Company must undergo lengthy approval and procurement processes prior to selling its products. Accordingly, the Company must make significant upfront investments in product and market development prior to actual commencement of sales of new products.

In addition, to remain competitive, the Company must continue to invest in new product development and invest in targeted sales and marketing efforts to cover new product lines. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change or otherwise, would have a material adverse effect on the Company's business and results of operations. The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities. The Company is focusing on expanding its product offerings in the equipment segment from basic high speed broadband to more sophisticated applications such as networking, wireless and managed services. This will require the Company to continue to invest in research and development and sales and marketing, which could adversely affect short-term results of operations. In view of the Company's reliance on the DSL market for revenues and the unpredictability of orders and pricing pressures, the Company believes that period-to-period comparisons of its financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Revenues from NSA products such as NIUs have declined in recent years due primarily to reduced demand resulting from the migration by telephone companies to high-speed digital transmission products and the sale of Data Station Termination product lines that occurred in the first quarter of fiscal 2005.

In the equipment manufacturing segment, the Company is focusing on new product opportunities in the DSL wireless gateway, voice/media-over-IP, managed services, and vertical applications. The Company has introduced new products including UltralineTM, ProLineTM, VersaLinkTM , TriLinkTM and EnVoyTM which are targeted at the home networking, small office/home office (SOHO) and small business markets. In addition, the Company announced a partnership with Verizon to develop Verizon OneTM a multimedia access device using DSL broadband technology that the Company expects Verizon to introduce in fiscal 2006. The Company is also focusing on expanding existing and new products into the international markets.

The Company expects its revenues to remain flat in the fourth quarter of fiscal 2005 compared to the third quarter of fiscal 2005. As a result of VersaLinkTM sales in the quarters ended September 30, 2004 and December 31, 2004, the Company incurred expediting and new product introduction costs which resulted in depressed margins. These costs are expected to continue in the quarter ended March 31, 2005 at lower amounts and are expected to continue to negatively impact margins. The Company believes that its customers continue to expect growth in the broadband market that the Company's CNE products serve. More users are subscribing to DSL services and some subscribers currently using DSL technology desire new DSL technology as the older modems cannot deliver newer applications that require higher broadband speed.

The NSA market continues to decline as the transition to high-speed digital service continues. The Company's goal is to increase market share in mountings and NIUs in the NSA market to offset in part reduced prices for NIUs and mountings. The Company is investing in new products in the NSA product line that complement the broadband market products such as PowerSpan which may support the deployment of VoIP in residential markets.

Revenues. The Company's revenues increased 24.1% from $60.0 million in the three months ended December 31, 2003 to $74.5 million in the three months ended December 31, 2004. This revenue increase was due to increased equipment revenue of $14.4 million. The increased equipment revenue was due primarily to increased sales of the Company's broadband products which in the quarter ended December 31, 2004 increased to $54.5 million compared to $35.8 million in the same quarter one year ago. The increase in revenues from broadband products is due primarily to 31% higher unit volume and 15% average price per unit increases.



The price increase is a result of selling the VersaLinkTM product in the quarter ended December 31, 2004 which has a higher average selling price per unit than traditional modems and accounted for over 50% of broadband revenue. Revenue from the Company's NSA products in the equipment segment decreased from $13.4 million in the three months ended December 31, 2003 to $9.1 million in the three months ended December 31, 2004. The overall decrease in NSA product revenue is due primarily to reduced demand resulting from the migration by telephone companies to high-speed digital transmission products and the sale of Data Station Termination product lines that occurred in the first quarter of fiscal 2005. The Company's revenues increased 10.6% from $173.6 million in the nine months ended December 31, 2003 to $192.0 million in the nine months ended December 31, 2004. This revenue increase was due to increased equipment revenue of $19.2 million and was offset by a decrease in teleconference service revenue of $864,000. The increased equipment revenue was due primarily to increased sales of the Company's broadband products which in the nine months ended December 31, 2004, increased to $125.6 million compared to $97.8 million in the same period one year ago. The increase in revenues from broadband products is due primarily to 42% higher unit volume offset by price reductions of 12%. Revenue from the Company's NSA products in the equipment segment decreased from $42.0 million in the nine months ended December 31, 2003 to $33.5 million in the nine months ended December 31, 2004. NSA product revenue in the June 30, 2004 quarter included an $883,000 contractual settlement from a customer. Revenues from NSA products such as NIUs have declined in recent years due to price reductions and the transition by telephone companies to networks that deliver higher speed digital transmission services and the sale of Data Station Termination product lines that occurred in the first quarter of fiscal 2005. The decrease in revenue in the services segment is attributable to less revenue per call minute offset in part by an increase in minutes at the Company's Conference Plus, Inc. subsidiary.

Gross Margin. Overall gross margin as a percentage of revenue decreased from 31.9% in the three months ended December 31, 2003 to 27.6% in the three months ended December 31, 2004. Margin in the equipment segment decreased from 32.6% in the three month period ended December 31, 2003 to 23.7% in the three months ended December 31, 2004. This decrease in equipment segment gross margin percentage is due primarily to expediting and other costs related to the introduction of the VersaLinkTM product. Teleconference service gross margin increased from 28.6% in the three months ended December 31, 2003 to 50.3% in the three months ended December 31, 2004. Teleconference margins in the December 31, 2003 period were negatively impacted by a $775,000 charge taken for an early contract termination penalty of a long distance contract. The Company believes continued pricing pressures and continued reduction of NSA sales affecting its equipment segment and expediting and other costs related to the introduction of the VersaLinkTM product could continue to adversely impact margins in the future. It is the Company's strategy to offset the effects of these anticipated price reductions with continued cost reductions and introducing new products that have higher sales prices.

Overall gross margin as a percentage of revenue decreased from 33.6% in the nine months ended December 31, 2003 to 30.4% in the nine months ended December 31, 2004. Margin in the equipment segment decreased from 32.8% in the nine month period ended December 31, 2003 to 26.4% in the nine months ended December 31, 2004. The June 30, 2004 margin includes the $833,000 contractual settlement mentioned above. This decrease in equipment segment gross margin percentage is due to price reductions in broadband products along with expediting and other costs related to the introduction of the VersaLinkTM product. Teleconference service gross margin increased from 37.2% in the nine months ended December 31, 2003 to 49.8% in the nine months ended December 31, 2004. Teleconference margins in the December 31, 2003 period were negatively impacted by a $775,000 charge taken for an early contract termination penalty of a long distance contract. Teleconference service segment gross margin percent improvement is also impacted by reduced telecommunications costs in the nine month period ended December 31, 2004 compared to the same period in the prior year. The Company believes continued pricing pressures and continued reduction of NSA sales affecting its equipment segment could continue to adversely impact margins in the future. It is the Company's strategy to offset the effects of these anticipated price reductions with continued cost reductions and introducing new products that have higher sales prices.

Sales and Marketing. Sales and marketing expense increased 23.5% from $4.6 million to $5.7 million in the three months ended December 31, 2004, and increased 11.9% from $14.9 million to $16.6 million in the nine months ended December 31, 2004 when compared to the same period last year. Sales and marketing expenses as a percentage of revenues was 7.7% in both the three months ended December 31, 2003 and December 31, 2004. The equipment segment sales and marketing expenses increased by $625,000 and $716,000 in the three and nine months periods ended December 31, 2004 compared to the same periods in the prior year. The increase resulted primarily from increased use of temporary labor and



an increased warranty reserve required due to increased unit broadband product sales. Sales and marketing expenses increase by $467,000 and $1 million in Company's services segment for the three and nine months periods ended December 31, 2004 compared to the same periods in the prior year. This increase was primarily a result of more sales and marketing employees at Conference Plus. The Company believes that sales and marketing expense in the future will continue to be a significant percent of revenue and will be required to expand its product lines, bring new products to market and service customers. The Company is planning to increase sales and marketing expense in the equipment segment of the business to sell its CNE equipment in Europe.

Research and Development. Research and development expenses increased 4.6%, from $3.9 million to $4.1 million in the three months ended December 31, 2004, and decreased 11.7%, from $12.6 million to $11.2 million in the nine months ended December 31, 2004 when compared to the same period last year. The decrease in research and development expense in the nine month period is primarily a result of $900,000 recorded for customer reimbursed engineering costs offset in part by a $300,000 expense for engineering performed by a third party. In addition, the Company capitalized $506,000 and $1.4 million of engineering expenses as an intangible asset for EnVoyTM software in the three and nine months ended December 31, 2004, respectively. The Company believes that research and development expenses will increase in the fourth quarter of fiscal year 2005 as the Company intends to continue to expand its product offerings to include networking, wireless, managed services and other broadband applications.

General and Administrative. General and administrative expenses decreased 2.2%, from $4.5 million in the three months ended December 31, 2003 to $4.4 million in the three months ended December 31, 2004. General and administrative expenses decreased 5.7%, from $14.0 million in the nine months ended December 31, 2003 to $13.2 million in the nine months ended December 31, 2004. General and administrative expenses decreased by $233,000 and $826,000 in the Company's equipment segment in the three and nine months ended December 31, 2004 respectively when compared with the same periods in the prior year. This decrease is due primarily to lower legal expenses resulting from the settlement of litigation. General and administrative expenses increased by $124,000 and $34,000 in the Company's service segment in the three and nine month periods ended December 31, 2004 when compared to the same periods in the prior year.

Intangible amortization. Intangible assets include product technology related to the March 17, 2000 acquisition of Teltrend Inc. valued at $213.6 million. Intangible amortization expense was $364,000 and $324,000 for the three months ended December 31, 2003 and 2004, respectively. Intangible amortization was $1.1 million and $1.0 million in the nine months ended December 31, 2003 and 2004, respectively.

Gain on sales product line. The Company sold its Data Station Termination product lines and specified related fixed assets and related intangibles for $2.2 million. This sale resulted in a gain of $1.5 million in the three months ended September 30, 2004.

Other income, net. Other income, net was $212,000 and $395,000 in the three months and $403,000 and $788,000 in the nine months ended December 31, 2003 and 2004, respectively. Other income, net in the nine months ended December 31, 2004 contains a $400,000 legal settlement. The remainder of other income, net for the three and nine month period ended December 31, 2004 and all of the period ended December 31, 2003 was comprised of a interest income earned on temporary cash investments and unrealized gains or losses on intercompany balances denominated in foreign currency.

Interest expense. Interest expense decreased from $127,000 in the three months ended December 31, 2003 to $7,000 in the three months ended December 31, 2004 and decreased from $683,000 in the nine months ended December 31, 2003 to $58,000 in the nine months ended December 31, 2004. The decrease in interest expense during the current period is a result of lower net obligations outstanding during the period under promissory notes, capital leases, and vendor debt.

Income taxes. The Company recorded $2.6 million and $7.4 million of income tax expense in the three and nine months December 31, 2004 based on an estimated tax rate for the year of approximately 40%. In the three and nine month periods ended December 31, 2003, no tax provision was recorded since net operating loss carryforwards were available to offset taxable income that were fully reserved by valuation allowances. Deferred tax assets continue to offset taxable income in fiscal 2005, but the utilization now results in income tax expense since the valuation allowance of deferred tax assets was reduced in the fourth quarter of fiscal 2004. This resulted from management's belief that is it was more likely than not these deferred assets would be realized through the generation of taxable income.



LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2004, the Company had $21.7 million in cash and cash equivalents consisting primarily of the highest rated grade corporate commercial paper. At December 31, 2004, the Company had nothing outstanding and $27.5 million available under its secured revolving credit facility.

The Company's revolving credit facility ("facility") provides for maximum borrowings of up to $30 million. The term of the facility expires on June 30, 2006 and provides for total borrowings based upon 85% of eligible accounts receivable and 30% of eligible inventory not to exceed $4.3 million as of December 31, 2004. The $4.6 million inventory limitation is reduced by $0.1 million on the first day of each month. Borrowings under this facility accrue interest to be paid by the Company at the prime rate or Libor rate plus 2.5%. The facility contains covenants regarding EBITDA, tangible net worth and maximum capital expenditures. The Company was in compliance with these covenants on December 31, 2004 and expects to comply with these covenants for the term of the facility.

In connection with the Company's management changes implemented at its subsidiary Conference Plus, Inc., in fiscal year 2003, the Company purchased 3.2% of the outstanding shares of common stock of Conference Plus, Inc. from former officers of Conference Plus, Inc. for approximately $1.6 million which was financed in part by notes payable. The purchase price was based upon the minority interest value set forth in an appraisal of Conference Plus, Inc. that was completed by an independent financial advisor. As of December 31, 2004, there was $332,000 outstanding under these notes.

The Company's operating activities generated cash of $13.0 million in the nine months ended December 31, 2004. This resulted primarily from net income, non-cash depreciation and amortization and increased accounts payable and accrued expense, offset by increases in inventory and accounts receivable. The increase in inventory was primarily a result of component accumulation to meet the anticipated demand for the VersaLinkTM product and the advance purchase of flash and SDRAM memory components, which are used in the Company's modem products. The increase in accounts payable is a result of increased inventory and the timing of vendor payments. The increase in accounts receivable is due to increased revenue.

Capital expenditures for the nine month period ended December 31, 2004 were approximately $3.5 million. Approximately $2.9 million of the expenditures was in the equipment segment with $606,000 spent in the services segment. The Company expects to spend approximately $2.5 million and $400,000 for capital expenditures for the remainder of fiscal year 2005 in the equipment and services segments related primarily for machinery, computer and research equipment purchases needed to produce products such as ProLineTM, , TriLinkTM, and Verizon OneTM.

At December 31, 2004 the Company's principle sources of liquidity were $21.7 million of cash and available borrowings under its facility. Cash in excess of operating requirements, if any, will be used to invest on a short-term basis in the highest rated grade commercial paper. The Company believes its future cash requirements for the next twelve months will be satisfied by cash generated from operations and its current credit facility.

The Company has various future obligations and commitments consisting primarily of facility operating leases, obligations to purchase raw material in the equipment segment and local and long distance telephone service commitments in the services segment. The purchase obligations arise in the normal course of business operations. A December 31, 2004 the Company had future obligations and commitments as follows:



<TABLE>
<CAPTION>

| | Payments due by fiscal year | | | | | | |
|---|---|---|---|---|---|---|---|
| (in thousands) | 2005 | 2006 | 2007 | 2008 | 2009 | Thereafter | Total |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Debt and capital leases..... | 166 | 324 | -- | -- | -- | -- | 490 |
| Purchase obligations........ | 21,834 | 22,144 | 1,887 | 236 | -- | -- | 46,101 |
| Future minimum lease payments for operating leases.................. | 2,855 | 3,283 | 3,058 | 3,048 | 2,940 | 20,175 | 35,359 |
| Future obligations and commitments............. | 24,855 | 25,751 | 4,945 | 3,284 | 2,940 | 20,175 | 81,950 |

</TABLE>

The Company had net deferred tax assets of approximately $72.8 million at December 31, 2004. The Company has recorded a valuation allowance reserve of $35.9 million to reduce the recorded net deferred tax asset to $36.9 million.

The net operating loss carryforwards begin to expire in 2012. Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. The Company uses estimates of future taxable income and a tax planning strategy that involves the potential sale of the Company's 91.5% subsidiary Conference Plus, Inc. to access the valuation allowance required against deferred tax assets. Management periodically evaluates the recoverability of the deferred tax assets and will adjust the valuation allowance against deferred tax assets accordingly.

The Company sold its Data Station Termination Product lines and specified fixed assets for $2.2 million to Enginuity Communications Corporation (Enginuity). The Company received $2.0 million in cash, $200,000 in the form of a note receivable and provided an unconditional guarantee in the amount of $1.62 million relating to a 10 year term Enginuity note payable to a third party lender used to finance this sale. This guarantee will stay in place until the note is paid in full. The Company must pay all amounts due under the note upon demand from the lender.

## CRITICAL ACCOUNTING POLICIES

There were no changes in critical accounting policies during the quarter.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Westell is subject to certain market risks, including foreign currency and interest rates. The Company has foreign subsidiaries in the United Kingdom and Ireland that develop and sell products and services in those respective countries. The Company is exposed to potential gains and losses from foreign currency fluctuations affecting net investments and earnings denominated in foreign currencies. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical decrease in the ending exchange rate of 10%. If such a decrease occurred, the Company would incur approximately $613,000 in additional other expense based on the ending intercompany balance outstanding at December 31, 2004. The Company's future primary exposure is to changes in exchange rates for the U.S. dollar versus the British pound and the Euro.

As of December 31, 2004, the balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized loss of $718,000.

The Company does not have significant exposure to interest rate risk related to its debt obligations due to its low levels of debt. The Company's debt obligations are primarily U.S. Dollar denominated. The Company's market risk is the potential loss arising from adverse changes in interest rates. The Company's debt consists primarily of a floating-rate bank line-of credit and subordinated term notes. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical increase in interest rates of 10% (i.e. from approximately 6.3% to approximately 6.9%) average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately $12,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended December 31, 2004. The Company does not feel such additional expense is significant. The Company does



not currently use any derivative financial instruments relating to the risk associated with changes in interest rates or foreign currency.

## ITEM 4. CONTROLS AND PROCEDURES

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

Our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's disclosure controls and procedures are effective in all material respects in ensuring that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no changes in the Company's internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION
- --------------------------

ITEM 1. LEGAL PROCEEDINGS
- -------------------------

The Company is involved in various other legal proceedings incidental to the Company's business. Management believes that the outcome of such proceedings will not have a material adverse effect on our consolidated operations or financial condition.

ITEM 6. EXHIBITS
- ----------------

Exhibit 10.26 Form of Restricted Stock Award under the Westell Technologies, Inc. 2004 Stock Incentive Plan (incorporated by reference to Exhibit 10.26 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 3, 2005)

Exhibit 10.27 Form of Stock Option Award under the Westell Technologies, Inc. 2004 Stock Incentive Plan

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 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



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.
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(Registrant)

DATE: February 9, 2005 By: /s/ E. VAN CULLENS
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E. VAN CULLENS
Chief Executive Officer

By: /s/ NICHOLAS C. HINDMAN, Sr.
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NICHOLAS C. HINDMAN, Sr.
Chief Financial Officer

Exhibit 10.27

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 2004 Stock Incentive 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 3 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 25% of the total shares covered hereby on and after the first anniversary of the Date of Grant; 50% of the total shares commencing on and after the second anniversary of the Date of Grant; 75% of the total shares commencing on and after the third anniversary of the Date of Grant; 100% of the total shares commencing on and after the fourth 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 fourth 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 Stock Incentive Committee.

(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. 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 for at least six months (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.

4. CONDITIONS

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

5. 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 Committee, 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 Committee.

* * *

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

WESTELL TECHNOLOGIES, INC.

By______________________________

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Employee Name

--------------------------------
Employee Signature

EXHIBIT 31.1

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

I, E. Van Cullens, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended December 31, 2004 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)) 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) 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

(c) 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: February 9, 2005

/s/ E. VAN CULLENS

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E. Van Cullens

President and Chief Executive Officer

EXHIBIT 31.2

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

I, Nicholas C. Hindman, Sr., certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended December 31, 2004 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)) 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) 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

(c) 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: February 9, 2005

/s/NICHOLAS C. HINDMAN, Sr.

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Nicholas C. Hindman, Sr.
Treasurer, Secretary, Senior Vice President and
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 ending December 31, 2004 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. ss. 1350, as adopted pursuant to ss. 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/ E. VAN CULLENS
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E. Van Cullens
Chief Executive Officer
February 9, 2004

/s/NICHOLAS C. HINDMAN, Sr.
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Nicholas C. Hindman, Sr.
Chief Financial Officer
February 9, 2005

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.