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

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 17, 2000

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

DELAWARE
(State or other jurisdiction of incorporation)

0-27266 36-3154957
(Commission File Number) (I.R.S. Employer Identification Number)

750 North Commons Drive, Aurora, Illinois 60504
(Address of principal executive offices) (Zip Code)

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

ITEM 7. Financial Statements and Exhibits.

(a) Financial Statements of business acquired:

Attached hereto as Exhibit 99.1 are the Audited Consolidated Financial Statements of Teltrend Inc. as of July 31, 1999 and July 25, 1998 and for the fiscal years ended July 31, 1999, July 25, 1998 and July 26, 1997

Attached hereto as Exhibit 99.2 are the Unaudited Consolidated Financial Statements of Teltrend Inc. as of and for the quarters and six months ended January 29, 2000 and July 31, 1999

(b) Pro forma financial information:

Attached hereto as Exhibit 99.3 are Certain Unaudited Pro Forma Financial Data of
Westell Technologies, Inc. and Teltrend Inc.

(c) Exhibits:

23.1 Consent of Ernst & Young, LLP
99.1 Audited Consolidated Financial Statements of Teltrend Inc. as of July 31, 1999 and July 25, 1998 and for the fiscal years ended July 31, 1999, July 25, 1998

and July 26, 1997

99.2 Unaudited Consolidated Financial Statements of Teltrend Inc. as of January 29, 2000 and July 31, 1999 and for the quarters and six months ended January 29, 2000 and January 30, 1999

99.3 Unaudited Pro Forma Condensed Consolidated Financial Data of Westell Technologies, Inc. and Teltrend Inc.

SIGNATURES

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

WESTELL TECHNOLOGIES, INC.

By: /s/ Nicholas Hindman

Nicholas Hindman
Chief Financial Officer

Dated: May 17, 2000

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 33-99914 and No. 333-32646) pertaining to the 1995 Stock Incentive Plan and Employee Stock Purchase Plan of Westell Technologies, Inc and in the Registration Statement (Form S-3 No. 333-79407) of Westell Technologies, Inc. of our report dated August 24, 1999, with respect to the consolidated financial statements of Teltrend Inc. included in this Current Report (Form 8-K/A) for the year ended July 31, 1999.

/s/ Ernst & Young LLP

Chicago, Illinois
May 18, 2000

REPORT OF INDEPENDENT AUDITORS

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF TELTREND INC., We have audited the accompanying consolidated balance sheets of Teltrend Inc. and subsidiaries as of July 31, 1999 and July 25, 1998, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years ended July 31, 1999, July 25, 1998, and July 26, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Teltrend Inc. and subsidiaries as of July 31, 1999, and July 25, 1998, and the results of their operations and their cash flows for each of the years ended July 31, 1999, July 25, 1998, and July 26, 1997, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Ernst & Young LLP
Chicago, Illinois
August 24, 1999

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	YEAR ENDED	
ASSETS	JULY 31, 1999	JULY 25, 1998
CURRENT ASSETS:		
Cash and cash equivalents	$25,915	$22,994
Marketable securities	-	1,951
Trade accounts receivable, net of allowance for doubtful accounts of $207 and $287	13,758	12,899
Inventories	9,466	10,656
Deferred income taxes	2,267	1,325
Prepaid expenses and other current assets	3,301	4,367
	54,707	54,192
Land and buildings	3,310	3,422
Machinery and equipment	19,240	18,076
Leasehold improvements	1,264	1,310
Accumulated depreciation	(13,937)	(12,080)
	9,877	10,728
Deferred income taxes	329	-
Intangible assets, less accumulated amortization of $769 and $380	1,479	4,830
Other assets, less accumulated amortization of $254 and $138	591	166
	$66,983	$69,916

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 4,774	$ 6,194
Accrued expenses	10,260	9,099
INCOME TAXES PAYABLE	710	690
	15,744	15,983
Deferred income taxes	-	629
Commitments and contingencies		-
Stockholders' equity:		
Common stock, $0.01 par value, 15,000,000 shares authorized and 6,512,537 and 6,462,046 issued and 5,792,537 and 6,361,046 outstanding, respectively	65	64
Additional paid-in capital	100,120	99,520
Treasury stock	(11,425)	(1,733)
Accumulated deficit	(37,556)	(44,718)
Accumulated other comprehensive income	35	171
	51,239	53,304
	$66,983	$69,916

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share data)

	YEAR ENDED		
	JULY 31, 1999	JULY 25, 1998	JULY 26, 1997
Net sales	$ 107,031	$ 96,762	$ 81,243
Cost of sales	58,337	52,125	45,296
Gross profit	48,694	44,637	35,947
Operating expenses:			
Dales and marketing	13,119	13,166	7,333
Research and development	15,474	14,307	9,686
General and administrative	8,153	7,253	4,495
Purchased in-process research and development	-	3,995	-
Loss on disposal of product line	1,300	-	-
	38,046	38,721	21,514
Income from operations	10,648	5,916	14,433
Other income (expense):			
Interest	1,147	1,339	1,468
Other - net	(256)	(737)	(31)
	891	602	1,437
Income before income tax provision	11,539	6,518	15,870
Provision for income taxes	4,377	4,279	6,242
Net income	$ 7,126	$ 2,239	$ 9,628
Net income per share of common stock	$ 1.20	$ 0.35	$ 1.50

Average common shares outstanding	5,965	6,434	6,430
Net income per share of common stock - assuming dilution	$ 1.18	$ 0.34	$ 1.45
Average common shares outstanding - assuming dilution	6,071	6,503	6,654

The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except per share data)

<CAPTION>

	COMMON STOCK PAR $0.01	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	ACCUMU- LATED DEFICIT	ACCUMU- LATED OTHER COMPREHEN- SIVE INCOME	TOTAL STOCK HOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, July 27, 1996	$ 64	$ 99,166	-	$(56,585)	-	$42,645
Net income	-	-	-	9,628	-	9,628
Options exercised	-	18	-	-	-	18
Tax benefit from exercise of stock options	-	144	-	-	-	144
Balance, July 26, 1997	64	99,328	-	(46,957)	-	52,435
Net income	-	-	-	2,239	-	2,239
Other comprehensive income, net of tax; Adjustment for foreign currency translation	-	-	-	-	171	171
Comprehensive income for the year	-	-	-	-	-	2,410
Options exercised	-	77	-	-	-	77
Tax benefit from exercise of stock options	-	115	-	-	-	115
Purchase of 101,000 shares	-	-	(1,733)	-	-	(1,733)
Balance, July 25, 1998	64	99,520	(1,733)	(44,718)	171	53,304
Net income	-	-	-	7,162	-	7,162
Other comprehensive income, net of tax; Adjustment for foreign currency translation	-	-	-	-	(136)	(136)
Comprehensive income for the year	-	-	-	-	-	7,026
Options exercised	1	426	-	-	-	427
Tax benefit from exercise of - stock options	-	174	-	-	-	174
Purchase of 619,000 shares	-	-	(9,692)	-	-	(9,692)
Balance, July 31, 1999	$ 65	$100,120	$(11,425)	$(37,556)	$ 35	$51,239

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

<CAPTION>

	Year Ended		
	July 31,	July 25,	July 26,
0PERATING ACTIVITIES	1999	1998	1997
<S>	<C>	<C>	<C>
Net income	$ 7,162	$ 2,239	$ 9,628
Adjustments to reconcile net income to net cash provided by operating activities:			
Purchased in-process research and development	-	3,995	-
Loss on disposal of product line	1,300	-	-
Depreciation	2,953	2,899	2,028
Amortization	499	394	-
Loss (gain) on sale of equipment	121	6	(14)
Deferred income taxes	(1,900)	1,309	989
Changes in certain assets and liabilities:			
Accounts receivable	1,030	(2,926)	4,107
Inventories	(249)	2,589	1,301
Prepaid expenses and other current assets	(300)	(610)	170
Accounts payable	(1,326)	1,115	(2,574)
Income taxes payable	20	641	49
Accrued expenses	245	325	(1,718)
Other assets and liabilities	198	54	-
Net cash provided by operating activities	9,753	12,030	13,966
FINANCING ACTIVITIES			
Exercise of common stock options (including tax benefit)	601	192	162
Purchase of treasury stock	(9,692)	(1,733)	-
Net cash provided by (used for) financing activities	(9,091)	(1,541)	162
INVESTING ACTIVITIES			
Proceeds from sale of Packet Switched line, net of cash sold	3,140	-	
Capital expenditures	(2,961)	(4,049)	(4,192)
Acquisition of business, net of cash acquired	-	(14,394)	
Purchase of marketable securities	(10,750)	(1,951)	(40,745)
Proceeds from sale of marketable securities	12,701	20,930	19,815
Proceeds from sale of equipment	139	143	32
Other investing activities	(35)	(7)	(90)
Net cash provided by (used for) investing activities	2,234	672	(25,180)
Effect of exchange rate changes on cash	25	(4)	
Net increase (decrease) in cash and cash equivalents	2,921	11,157	(11,052)
Cash and cash equivalents, beginning of period	22,994	11,837	22,889
Cash and cash equivalents, end of period	$ 25,915	$ 22,994	$ 11,837

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

NOTES TO FINANCIAL STATEMENTS

1 BASIS OF PRESENTATION

ACQUISITION OF TELTREND LIMITED

On September 18, 1997 (the "Acquisition Date"), Teltrend purchased the outstanding shares of Securicor 3net Limited of Basingstoke, England (with operations in the United Kingdom, New Zealand and China) and its U.S. affiliate Securicor 3net Inc. (together "Teltrend Limited") for total acquisition costs of approximately $14.5 million. Teltrend Limited is a telecommunication equipment and software company having annualized revenues in excess of $15 million. The transaction was accounted for as a purchase and therefore the results of Teltrend Limited since the Acquisition Date are, included with the results of Teltrend. The purchase price was allocated to identifiable tangible and intangible assets, including purchased in-process research and development, on the basis of fair values as determined by an independent appraisal. All references in these notes to "Teltrend" or the "Company" refer to Teltrend Inc. and its wholly owned subsidiaries, collectively, which includes Teltrend Limited (and its wholly owned subsidiaries) from and after the Acquisition Date.

The following table summarizes, on an unaudited pro forma basis, the combined results of operations as if the above described acquisition had taken place on July 28, 1996. Purchased in-process research and development assets of approximately $4 million were written off in the fiscal 1998 Consolidated Statement of Income, and this is reflected in the fiscal 1997 pro forma results presented below.

PRO FORMA INFORMATION

(in thousands, except per share data)	FOR THE FISCAL YEAR ENDED	
	JULY 25, 1998	JULY 26, 1997
Net sales	$97,975	$ 99,444
Net income (loss)	$ 1,797	$ (1,593)
Net income (loss) per share - assuming dilution	$ 0.28	$ (0.24)

NOTES TO FINANCIAL STATEMENTS (continued)

The value of in-process research and development purchased in the Teltrend Limited acquisition was determined by estimating the projected net cash flows relating to products under development and discounting such cash flows to their net present values. The four significant projects acquired by the Company were: (1) the PAC+DPM API; (2) the SS7/Q931 for Lucent Definity: Phase 3; (3) the Interchange iQ5OOO PRI/BRI; and (4) the Interchange '97/98. These projects represent approximately 88% of the acquired purchased research and development fair value. The following table summarizes the nature of each of these significant research and development projects as well as their respective fair values at the Acquisition Date.

<TABLE>

PROJECT	NATURE OF PROJECT	FAIR VALUE (000'S)
<S>	<C>	<C>
PAC+DMP API	The Application Programming Interface (API) for the NiQ router software that enables third parties to develop and integrate, within the NiQ router, their own special or custom communications software.	$ 440
SS7/Q931 for Lucent Definity: Phase 3	Phase 3 added an updated processor and common board for all protocol applications to Phase 2. For SS7 application, it provides dual board resilience, added maintenance features and features for enhanced call center solutions.	$1,329
Interchange iQ5000 PRI/BRI	The 5000 concentrates up to 16 Basic Rate ISDN lines and converts these onto a single Primary Rate ISDN line. Used by service providers and campus networks to deploy Basic Rate ISDN services remote from the ISDN switch.	$1,098
Interchange '97/98	A combination of channel grooming, address translation and traffic concentration features added to the Interchange software.	$ 643

</TABLE>

The most significant and uncertain assumptions that affected the Company's valuation of the purchased in-process research and development projects include: (i) the period of time over which economic benefits were expected to commence; (ii) their expected income or cash flow generating ability; and (iii) the risk adjusted discount rate. The cash flows from the significant research and development projects were forecast to begin upon the completion of the development process, peak two to three years thereafter, and be followed by a steady decline. The following table summarizes, for each significant in-process project acquired, the original estimated completion date, the projected peak year of sales for the related product and the projected average after-tax cash flow decline for the related product after its sales peak.

<TABLE>

PROJECT	ORIG. EST. COMPLETION DATE	PEAK YEAR OF SALES	AVERAGE ANNUAL AFTER-TAX CASH FLOW DECLINE
<S>	<C>	<C>	<C>
PAC+DMP API	June 98	2000	-41%
SS7/Q931 for Lucent Definity: Phase 3	Feb 98	2001	-42%
Interchange iQ5000 PRI/BRI	Dec 97	2002	-39%
Interchange '97/98	July 98	2000	-38%

</TABLE>

The assumed income generating ability of the various projects was based on the sales and profit potential of the related product, as well as the allocation of product income to the in-process technologies relative to existing developed and post acquisition yet-to-be-defined technologies expected to ultimately support the product upon project completion. Sales estimates were based on targeted market share, historical pricing trends and expected product life cycles. Projects PAC+DPM API, SS7/Q931 for Lucent Definity: Phase 3, Interchange iQ5000 PRI/BRI and Interchange '97/98 were projected to have gross margins of 40%, 70%, 70% and 60%, respectively. This is compared to historical gross margins for the fully developed products acquired in the Teltrend Limited purchase that were greater than 65% on average. Other operating expenses, which included selling and marketing and general and administrative expenses, were estimated at approximately 30% of sales. In addition, the discount rate utilized for all acquired in-process technologies was estimated at 30% in consideration of Teltrend Limited's 15% estimated Weighted Average Cost of Capital ("WACC") and the fact that the in-process technology had not yet reached technological feasibility as of the date of valuation. In utilizing a discount rate greater than Teltrend Limited's WACC, management reflected the risk premium associated with achieving the timing and estimated cash flows associated with these projects. Management is responsible for the integrity of the financial information utilized in the valuation of the acquired research and development.

2 DISPOSITION OF PRODUCT LINE

On May 28, 1999, the Company sold substantially all of the assets of its Packet Switched product line to Centrecorn Systems Limited of England for approximately $3.1 million. The loss is composed largely of the write-off of intangible assets associated with the Packet Switched product line.

3 DESCRIPTION OF BUSINESS

The Company designs, manufactures and markets a broad range of products, such as channel units, repeaters and termination units, that are used by telephone companies to provide voice and data services over the existing telephone network, primarily in the Local Loop, as well as a range of products which provide ISDN and protocol interworking solutions. The Company's fiscal year-end is the last Saturday in July.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts and transactions of the Company and its wholly owned subsidiaries. Intercompany amounts and transactions have been eliminated in consolidation. Exchange rate fluctuations from translating the financial statements of subsidiaries located outside the United States into U.S. dollars are recorded in a separate component of stockholders' equity. All other foreign exchange gains and losses (approximately a $0.1 million loss and a $0.7 million loss in fiscal 1999 and fiscal 1998, respectively) are included on the income statement under the caption "Other-net."

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

MARKETABLE SECURITIES

The Company invests in debt instruments from time to time with a maturity of greater than three months and less than or equal to one year. Such securities are classified as held-to-maturity, as the Company has the intent and the ability to hold these securities until maturity. These securities are carried at amortized cost, which approximates fair value.

INVENTORIES

Inventories are stated at the lower of cost, as determined by the first in, first out method, or market value.

REVENUE RECOGNITION

The Company recognizes revenue upon shipment of goods and transfer of title to customers.

INCOME TAXES

The Company accounts for income taxes using the liability method as required by Financial Accounting Standards Board ("FASB"), Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes".

PROPERTY, PLANT, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Land, buildings, equipment and leasehold improvements are recorded at cost. The Company uses the straightline method of computing provisions for depreciation and amortization of property, equipment and leasehold improvements. Service lives for principal assets are 35 to 39 years for buildings and three to ten years for equipment and leasehold improvements.

INTANGIBLE ASSETS

Intangible assets represent the excess of purchase price over net assets acquired in acquisitions accounted for as a purchase. At each balance sheet date, the Company evaluates for recognition of potential impairment its recorded intangible assets against its projected undiscounted cash flows. If the evaluation would indicate such an impairment, the Company would measure the impairment loss using discounted cash flows. Intangible assets are principally being amortized over 15 years.

Intangible assets reflect the fiscal 1999 disposition of those intangible assets related to the Packet Switched product line. In addition, the valuation allowance related to net deferred tax assets acquired in the acquisition of Teltrend Limited were reversed in fiscal 1999 with the offset representing a reduction of recorded intangibles.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed when incurred. Purchased in-process research and development is recognized in purchase business combinations for the portion of the purchase price allocated to the appraised value of in-process technologies. The portion assigned to in-process technologies excludes the value of core and developed technologies, which are recognized as intangible assets.

ADVERTISING

All costs associated with advertising and promoting products are expensed in the period incurred. Total advertising expenses were approximately $253,000, $260,000 and $116,000 in fiscal 1999, fiscal 1998 and fiscal 1997, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

EARNINGS PER SHARE

In January 1998, the Company adopted SFAS No. 128, "Earnings Per Share," requiring dual presentation of basic and diluted income per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution from the exercise or conversion of securities, such as stock options into common stock. EPS amounts for all periods have been presented, and where necessary, restated to conform to SFAS No. 128 requirements.

The following table sets forth the computation of basic and diluted income per share (in thousands of dollars, except per share data).

<TABLE>

	Year Ended		
	July 31, 1999	July 25, 1998	July 26, 1997
Numerator:			
<S>	<C>	<C>	<C>
Net income	$ 7,162	$ 2,239	$ 9,628
Denominator:			
Weighted average shares outstanding	5,965	6,434	6,430
Effect of dilutive stock options	106	69	224
Weighted average shares outstanding - assuming dilution	6,071	6,503	6,654
Net income per share	$ 1.20	$ 0.35	$ 1.50
Net income per share - assuming dilution	$ 1.18	$ 0.34	$ 1.45

</TABLE>

STOCK OPTIONS

Stock options are accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB #25"). Under APB #25, no compensation expense is recognized when the exercise price of the option equals the fair value of the underlying stock on the grant date.

COMPREHENSIVE INCOME

In fiscal 1999, the Company adopted FASB Statement No. 130, "Reporting Comprehensive Income." Statement 130 establishes new rules for the reporting and displaying of comprehensive income and its components; however, the adoption of this Statement had no impact on the Company's net income or equity. Statement 130 requires foreign currency translation adjustments to be included in accumulated other comprehensive income, which prior to adoption were reported separately in stockholders' equity. Prior year financial statements have been reclassified to conform to the requirements of Statement 130.

NEW PRONOUNCEMENTS

In June 1998, the FASB issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement is not required to be adopted until fiscal years beginning after June 15, 2000. Statement 133 will require the Company to recognize all derivatives on the consolidated balance sheet at fair value. The Company does not anticipate that the adoption of Statement 133 will have a significant impact on its results of operations or financial position.

RECLASSIFICATION
Certain amounts in the fiscal 1998 and 1997 consolidated financial statements have been reclassified to conform to fiscal 1999 presentations.

5 RETIREMENT INVESTMENT PLAN

The Company has a defined-contribution plan covering full- and part-time personnel in the United States, who have a minimum of one-half year of service and have attained the age of 21. Participants may contribute between 1% and 15% of their annual compensation. The Company also has a defined-contribution plan covering all permanent employees in the United Kingdom who have completed three months of service and are under the age of 65. Participants contribute 4% of their annual compensation, and the Company contribution is determined on a scale basis, which is dependent on the age of the participant. Company contributions to its defined-contribution plans were $789,000; $620,000; and $349,000 for the years ended July 31, 1999, July 25, 1998, and July 26, 1997, respectively.

6 INVENTORIES

Inventories at July 31, 1999 and July 25, 1998 were as follows:

(Dollars in thousands)	1999	1998
Raw materials	$ 5,124	$ 6,052
Work-in-process	1,252	1,795
Finished goods	3,090	2,809
	$ 9,466	$10,656

7 ACCRUED EXPENSES

Accrued expenses at July 31, 1999 and July 25, 1998 consisted of

(Dollars in thousands)	1999	1998
Salaries, wages, and bonuses	$ 4,594	$ 3,258
Warranty	1,254	1,404
Other	4,412	4,437
	$10,260	$ 9,099

8 CREDIT FACILITY

In 1995, the Company entered into a credit facility (the "Bank Facility") which provides, subject to certain restrictions, up to $15 million on an unsecured basis for working capital financing. As amended, the Bank Facility will expire on July 31, 2001 and, as of July 31, 1999, no amounts were outstanding. Under the Bank Facility agreement, dividends on the Company's Common Stock are restricted so as not to exceed 50% of the Company's net income for the immediately preceding fiscal year.

9 COMMON STOCK OPTIONS

The Company has a stock option plan (the "Plan") which provided for the grant of both incentive stock options and nonqualified stock options to purchase shares of the class of Class A Common Stock of the Company existing prior to the recapitalization of the Company in fiscal 1995 (the "Old Class A Stock"). Unless the applicable agreement expressly provided otherwise, each option granted under the Plan was exercisable as to 20% of the shares covered thereby immediately upon grant and as to an additional 20% of such shares on each of the next four anniversaries of the date of grant.

In fiscal 1994, the Board of Directors approved a resolution to decrease the exercise price of all options outstanding to the then-estimated value of $.1643 per share from $4.1077 per share. All options outstanding under the Plan to purchase Old Class A Stock were converted into options to purchase shares of Common Stock, and the Company's Board of Directors amended the Plan to provide that no additional options could be granted thereunder in the future. As of July 31, 1999, there were 30,816 options outstanding under the Plan.

During June 1995, the Company adopted the Teltrend Inc. 1995 Stock Option Plan (the "1995 Stock Option Plan") which provides for the grant of both incentive stock options in accordance with Section 422A of the Internal Revenue Code and nonqualified stock options. A maximum of 440,000 shares of Common Stock may be issued in the aggregate to key employees of the Company. The Compensation Committee of the Company's Board of Directors, which administers the 1995 Stock Option Plan, will determine when and to whom options will be granted. Unless the applicable agreement expressly provides otherwise, options shall become exercisable as to 25% of the shares covered thereby on the first anniversary of the date of grant and as to an additional 25% of such shares on each of the next three anniversaries of the date of grant. As of July 31, 1999, there were 310,600 options outstanding under the 1995 Stock Option Plan, all with an exercise price of $16 per share.

During September 1996, the Company adopted the Teltrend Inc. 1996 Stock Option Plan (the "1996 Stock Option Plan") which provides for the grant of both incentive stock options in accordance with Section 422A of the Internal Revenue Code and nonqualified stock options. A maximum of 700,000 shares of Common Stock may be issued in the aggregate to key employees of the Company. The Compensation Committee of the Company's Board of Directors, which administers the 1996 Stock Option Plan, will determine when and to whom options will be granted. Unless the applicable agreement expressly provides otherwise, options shall become exercisable as to 25% of the shares covered thereby on the first anniversary of the date of grant and as to an additional 25% of such shares on each of the next three anniversaries of the date of grant. As of July 31, 1999, there were 420,671 options outstanding under the 1996 Stock Option Plan with a range of exercise prices of $12.25 to $26.25 per share.

During October 1997, the Company adopted the Teltrend Inc. 1997 Non-Employee Director Stock Option Plan (the "1997 Director Option Plan"), which provides for the grant of nonqualified stock options. A maximum of

250,000 shares of Common Stock may be issued to nonemployee directors of the Company.

Each individual elected as a director of the Company at the December 11, 1997 Annual Meeting who qualified as a non-employee director was granted an option (an "Initial Option") to purchase UP TO 6,000 shares of Common Stock on the date of the Annual Meeting. Thereafter, each non-employee director who has not previously been granted an option under the 1997 Director Option Plan will receive an Initial Option to purchase up to 6,000 shares of Common Stock on the date of his or her initial election to the Board. Additionally, each continuing non-employee director will be granted an additional option (an "Annual Option") to purchase up to 1,500 shares of Common Stock on each anniversary of the date his or her Initial Option was granted. Initial Options will generally vest and become exercisable as to 25% of the shares of Common Stock subject thereto on the first anniversary of the date of grant and as to an additional 25% of such Common Stock subject thereto on each of the next three anniversaries of the date of grant. All Annual Options granted under the 1997 Director Option Plan will generally vest and become exercisable on the first anniversary of the date of grant thereof. As of July 31, 1999, 45,000 options were outstanding under the 1997 Director Option Plan, with a range of exercise prices of $17.62 to $21.75.

Transactions involving stock options granted under the Plan, the 1995 Stock Option Plan, the 1996 Stock Option Plan and the 1997 Director Option Plan are summarized as follows:

<TABLE>

<S>	NUMBER OF OPTIONS <C>	EXERCISE PRICE <C>
Outstanding, July 27, 1996	555,754	$19.10
Granted	273,600	17.50 to 46.25
Exercised	(13,725)	.16 to 16.00
Canceled	(162,108)	.16 to 47.00
Outstanding, July 26, 1997	653,521	$17.59
Granted	417,500	13.25 to 21.125
Exercised	(25,725)	.16 to 16.00
Canceled	(151,500)	16.00 to 20.00
Outstanding, July 25, 1998	893,796	$15.89
Granted	187,371	12.25 to 26.25
Exercised	(50,491)	.16 to 20.00
Canceled	(223,589)	.16 to 21.125
Outstanding July 31, 1999	807,087	$16.60

</TABLE>

The weighted average remaining contractual life of the options outstanding is 7.3 years. Of the 807,087 stock options outstanding at July 31, 1999, 449,941 are currently exercisable with a weighted average exercise price of $15.45.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, "Accounting for Stock-Based Compensation," and has been determined as if the Company had accounted for its employee stock options under the fair value method of that Statement. The fair value of these options was estimated at the date of grant using a BlackScholes option pricing model with the following weighted-average assumptions for fiscal 1999, fiscal 1998 and fiscal 1997: risk-free interest rate of 6.0 percent; dividend yields of 0.0 percent; volatility factors of the expected market price of the Company's Common stock of 0.59, 0.34, and 0.25, respectively; and a weighted-average expected life of the option of 6 years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

The weighted-average fair value of options was $11.08 for options granted in fiscal 1999, $5.06 for options granted in fiscal 1998 and $7.04 for options granted in fiscal 1997.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows (in thousands except for earnings per share information):

	FISCAL YEAR ENDED JULY		
	1999	1998	1997
Net earnings - as reported	$ 7,162	$ 2,239	$ 9,628
Net earnings - pro forma	$ 6,221	$ 836	$ 8,723
Diluted earnings per share - as reported	$ 1.18	$ 0.34	$ 1.45
Diluted earnings per share - pro forma	$ 1.02	$ 0.13	$ 1.31

The pro forma effect on net income for fiscal 1999, fiscal 1998 and fiscal 1997 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to grants made prior to fiscal 1997.

10 LEASE COMMITMENTS

The Company has operating leases in effect for vehicles, equipment and facilities. Lease expense for the fiscal years ended July 31, 1999, July 25, 1998, and July 26, 1997 totaled $1,332,000; $1,072,000; and $540,000 respectively.

The Company's current lease agreement for its domestic main facility continues through September 30, 2000. As of July 31, 1999, the Company is negotiating to extend this lease through September 30, 2002. The expected financial impact of the lease extension upon the future minimum annual lease payments shown below would be $0, $456,000 and $565,000 for fiscal years 2000, 2001 and 2002 respectively.

Future minimum annual rental payments required under the leases are $1,637,000 as follows:

(Dollars in thousands)

Fiscal Year 2000	$ 932
Fiscal Year 2001	433
Fiscal Year 2002	272
	$ 1,637

NOTES TO FINANCIAL STATEMENTS (continued)

11 INCOME TAXES

Deferred income taxes reflect the net tax effect of temporary differences between the amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes are as follows:

(Dollars in thousands)	FISCAL YEAR ENDED JULY 31, 1999	JULY 25, 1998
Deferred tax assets (liabilities):		
Product warranty accruals	$ 483	$ 496
Inventory reserves	588	316
Vacation accrual	506	437
Medical reserve	271	240
Purchased in-process research and development	1,406	1,473
Accrued license fee	286	-
Other	133	(15)
Intangible Packet Switched assets disposed	774	-
Capital loss	3,814	-
Tax over book depreciation	76	(397)
Total deferred tax assets	8,337	2,550
Valuation allowance	(5,741)	(1,854)
Net recorded deferred tax assets	2,596	$ 696
Recognized in balance sheet:		
Net deferred tax assets - current	2,267	$ 1,325
Net deferred tax assets - noncurrent	329	-
Net deferred tax liabilities - noncurrent	-	(629)
Net deferred tax assets	$ 2,596	$ 696

The capital loss was generated on the disposition of the Company's Packet Switched product line. The carryforward will expire in fiscal 2004. Due to the uncertainty of the Company's ability to utilize the capital loss within the carryforward period, a valuation allowance has been provided.

Significant components of the provision (benefit) for income taxes are as follows:

(Dollars in thousands)	FISCAL YEAR ENDED JULY 1999	1998	1997
Current provision			
Federal	$ 5,544	$ 2,369	$ 4,103
State	733	601	1,150
	6,277	2,970	5,253
Deferred provision			
Federal	(1,683)	1,044	772
State	(217)	265	217
	(1,900)	1,309	989
Provision for income taxes	$ 4,377	$ 4,279	$ 6,242

Income taxes paid in fiscal years 1999, 1998 and 1997 totaled $3,884,000; $3,874,000 AND $4,826,000, respectively.

Total income tax provision for each year varied from the amount computed by applying the statutory U.S. federal income tax rate to income before taxes for the reasons set forth in the following reconciliation.

<TABLE>

(Dollars in thousands)	FISCAL YEAR ENDED JULY 1999	1998	1997
<S>	<C>	<C>	<C>
Income tax provision at the statutory rate	$ 4,039	$ 2,281	$ 5,555
Increase (reduction) resulting from:			
State income taxes, net of federal tax benefit	516	362	794
Valuation allowance for non-United States net operating losses	152	1,980	-
Research and development tax credits	(450)	(533)	-
Other, net	120	189	(107)
Actual income tax provision	$ 4,377	$ 4,279	$ 6,242

</TABLE>

In fiscal 1999, foreign losses before income taxes of $1.0 million reduced consolidated income before income taxes to $11.5 million. In fiscal 1998, foreign losses before income taxes of $8.1 million reduced consolidated income before income taxes to $6.5 million.

12 COMMITMENTS AND CONTINGENT LIABILITIES

Under purchase contracts with various vendors the Company has commitments to purchase raw materials totaling approximately $5,530,000 at July 31, 1999 and $8,986,000 at July 25, 1998.

13 SIGNIFICANT CUSTOMERS

Five customers represented: 23.7%, 19.2%, 14.9%, 10.7% and 7.1% of consolidated net sales in 1999; 30.1%, 16.8%, 13.8%, 10.8% and 10.3% in fiscal 1998; and 30.5%, 26.0%, 15.1%, 13.4% and 10.8% in fiscal 1997.

At July 31, 1999, five customers represented 16.3%, 13.5%, 8.3%, 8.2% and 6.9% of consolidated accounts receivable, and at July 25, 1998, five customers represented 21.8%, 18.6%, 8.9%, 8.1 % and 6.7% of consolidated accounts receivable.

During fiscal 1998 there were two mergers involving significant customers of the Company. Pacific Telesis Group merged with SBC Communications, Inc. and NYNEX merged with Bell Atlantic Corp. The above percentages relating to the Company's net sales and accounts receivable were computed, for consistency, as if these mergers had been in effect for each of the years specified.

14 QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

<TABLE>

	FISCAL 1999 - QUARTER ENDED			
	OCTOBER 31, 1998	JANUARY 30, 1999	May 1, 1999(1)	JULY 31, 1999
<S>	<C>	<C>	<C>	<C>
Net sales	$ 30,198	$ 24,436	$ 26,403	$ 25,994
Gross profit	13,927	11,202	11,599	11,966
Net income	$ 2,531	$ 1,110	$ 1,000	$ 2,521
Net income per common share - assuming dilution	$ 0.41	$ 0.18	$ 0.17	$ 0.42

	FISCAL 1998 - QUARTER ENDED			
	OCTOBER 25, 1997(2)	JANUARY 24, 1998	APRIL 25, 1998	JULY 25, 1998
<S>	<C>	<C>	<C>	<C>
Net sales	$ 21,677	$ 22,817	$ 25,271	$ 26,998
Gross profit	9,386	10,369	11,860	13,022
Net income (loss)	$ (2,511)	$ 863	$ 1,737	$ 2,149
Net income (loss) per common share - assuming dilution	$ (0.38)	$ 0.13	$ 0.27	$ 0.33

(1) In the third quarter of fiscal 1999 the Company recorded a $1.3 million charge to recognize the impairment of the Packet Switched product line assets acquired in the acquisition of Teltrend Limited. This charge reduced the carrying value of the assets to be disposed of to fair value less cost to sell.

(2) As required by generally accepted accounting principles, the Company recorded a $4.0 million charge immediately after the acquisition of Teltrend Limited to write off the portion of the purchase price allocated to in-process research and development.

</TABLE>

15 SEGMENT INFORMATION

The Company has adopted SFAS No. 131, "Disclosures about Segments and Related Information." The Company is managed in two operating segments: (i) the United States; and (ii) Europe and the Far East. Operations in Europe and the Far East were acquired in the first quarter of fiscal 1998 as disclosed more fully in Note 1, "Basis of Presentation." Therefore, segment disclosures are not applicable for fiscal year 1997.

The accounting policies of the operating segments are the same as those described in Note 3, "Summary of Significant Accounting Policies." Intersegment sales are not significant. Revenues are attributed to geographic areas based upon the location of the areas producing the revenues.

<TABLE>

	FISCAL 1999					
(Dollars in thousands)	NET SALES	INCOME (LOSS) BEFORE TAXES	NET INCOME (LOSS)	IDENTIFIABLE ASSETS	CAPITAL EXPENDITURES	DEPRECIATION AND AMORTIZATION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	$ 89,962	$12,569	$ 8,132	$57,816	$ 2,610	$ 2,516
Europe, Far East	17,069	(1,030)	(970)	9,167	351	936
Total	$ 107,031	$11,539	$ 7,162	$66,983	$ 2,961	$ 3,452

</TABLE>

NOTES TO FINANCIAL STATEMENTS (continued)

<TABLE>

	FISCAL 1998					
(Dollars in thousands)	NET SALES	INCOME (LOSS) BEFORE TAXES	NET INCOME (LOSS)	IDENTI-FIABLE ASSETS	CAPITAL EXPEND-ITURES	DEPRE-CIATION AND AMORTI-ZATION
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States	$ 83,984	$14,636	$ 9,268	$63,520	$ 3,781	$ 2,198
Europe, Far East	12,778	(8,118)	(7,029)	8,250	268	5,090
Total	$ 96,762	$ 6,518	$ 2,239	$71,770	$ 4,049	$ 7,288

</TABLE>

Operations listed in Europe, and the Far East are comprised of operations in the United Kingdom, New Zealand and China. Included in income (loss) before taxes in the Europe and the Far East segment for fiscal 1999 is a $1.3 million charge for the loss on the disposition of the Company's Packet Switched product line. See Note 2, "Disposition of Product Line." In fiscal 1998, income (loss) before income taxes and amortization and depreciation for the Europe and Far East segment includes a $4 million charge for the write-off of acquired in-process research and development costs. Interest income is earned principally within the United States operating segment.

16 RIGHTS PLAN

On January 16, 1997, the Board of Directors of the Company declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of Common Stock of the Company. The dividend was payable on January 27, 1997 to the holders of record of the Common Stock as of the close of business on that date. Each Right entitles the registered holder to purchase from the Company, under certain circumstances involving the acquisition or the announcement of the intent to acquire 20% or more of the Company's Common Stock, one one-hundredth of a share of Series A Junior Participating Preferred Stock, par value $.01 per share, of the Company (the "Preferred Stock") at a price of $160.00 per one one-hundredth of a share of Preferred Stock, subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement dated January 16, 1997, as amended on June 1, 1998, and as the same may be further amended from time to time, between the Company and LaSalle National Bank, as Rights Agent.

NOTES TO FINANCIAL STATEMENTS (continued)

MARKET FOR COMPANY'S SECURITIES AND RELATED MATTERS

The Common Stock, $.01 par value per share (the "Common Stock"), of the Company is quoted on the Nasdaq National Market under the symbol "TLTN." There are no shares of the Company's Class A Common Stock, $.01 par value per share, outstanding (and hence no established public trading market therefor). The following table sets forth the high and low closing sale prices for the Common Stock for the periods indicated as reported on the Nasdaq National Market:

<TABLE>

	PRICE RANGE OF COMMON STOCK	
FISCAL 1998	High	Low
<S>	<C>	<C>
First Quarter (from July 27, 1997 through October 25, 1997)	$ 21 1/4	$14 7/8
Second Quarter (from October 26, 1997 through January 24, 1998)	$ 18 13/16	$14 1/8
Third Quarter (from January 25, 1998 through April 25, 1998)	$ 16 7/8	$12 1/4
Fourth Quarter (from April 26, 1998 through July 25, 1998)	$ 18 5/8	$14 3/4
FISCAL 1999		
First Quarter (from July 26, 1998 through October 31, 1998)	$ 16 1/2	$11 7/8
Second Quarter (from November 1, 1998 through January 30, 1999)	$ 25 1/16	$13 1/8
Third Quarter (from January 31, 1999 through May 1, 1999)	$ 26 1/4	$14 5/8
Fourth Quarter (from May 2, 1999 through July 31, 1999)	$ 22 3/8	$17 1/2
FISCAL 2000		
First Quarter (partial) (from August 1, 1999 through September 24, 1999)	$ 23 3/4	$16 13/16

</TABLE>

On September 24, 1999, the last reported sale price of the Common Stock as reported on the Nasdaq National Market was $18-5/8 per share. On that same date, there were 95 registered holders of record of the Common Stock.

The Company has not paid any cash dividends since 1988. The terms of the Bank Facility prohibit the Company from declaring and paying in any fiscal year dividends which exceed, in the aggregate, 50% of the Company's net income for the immediately preceding fiscal year. Otherwise, the declaration and payment of dividends will be at the sole discretion of the Board of Directors of the Company and subject to certain limitations under the General Corporation Law of the State of Delaware. The timing, amount and form of dividends, if any, will depend, among other things, on the Company's results of operations, financial condition, cash requirements, plans for expansion and other factors deemed relevant by the Board of Directors. The Company does not anticipate paying any cash dividends in the foreseeable future.

<TABLE>

TELTREND INC.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)
(Unaudited)

<CAPTION>

<S>	JANUARY 29, 2000 <C>	JULY 31, 1999 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$21,054	$25,915
Marketable securities	8,768	---
Trade accounts receivable, net of allowance	12,834	13,758
Inventories	10,871	9,466
Deferred income taxes	2,267	2,267
Prepaid expenses and other current assets	2,056	3,301
	57,850	54,707
Land and buildings	3,362	3,310
Machinery and equipment	20,258	19,240
Leasehold improvements	1,279	1,264
Accumulated depreciation	(15,309)	(13,937)
	9,590	9,877
Deferred income taxes	329	329
Intangible assets, net	1,383	1,479
Other assets, net	602	591
	$69,754	$66,983
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$5,002	$4,774
Accrued expenses	8,831	10,260
Income taxes payable	---	710
	13,833	15,744
Commitments and contingencies	---	---
Stockholders' equity:		
Common stock, $0.01 par value, 15,000,000 shares authorized and 6,573,587 and 6,512,537 issued and 5,838,587 and 5,792,537 outstanding, respectively	66	65
Additional paid-in capital	100,843	100,120
Treasury stock	(11,728)	(11,425)
Accumulated deficit	(33,293)	(37,556)
Accumulated other comprehensive income	33	35
	55,921	51,239
	$69,754	$66,983

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

<TABLE>

TELTREND INC.
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share data)
(Unaudited)

<CAPTION>

	FOR THE QUARTER ENDED		FOR THE SIX MONTHS ENDED	
	JANUARY 29, 2000	JANUARY 30, 1999	JANUARY 29, 2000	JANUARY 30, 1999
<S>	<C>	<C>	<C>	<C>
Net sales	$ 23,477	$ 24,436	$ 49,466	$ 54,634
Cost of sales	13,528	13,234	27,456	29,505
Gross profit	9,949	11,202	22,010	25,129
Operating expenses:				
Sales and marketing	2,560	3,501	5,247	7,345
Research and development	3,563	3,748	7,382	7,893
General and administrative	2,035	2,188	4,098	4,427
Gain on disposal of product line ..	(495)	--	(495)	--
Total operating expenses	7,663	9,437	16,232	19,665
Income from operations	2,286	1,765	5,778	5,464
Other income (expense):				
Interest income	412	277	754	626
Other - net	47	(247)	(9)	(199)
	459	30	745	427
Income before income tax provision ...	2,745	1,795	6,523	5,891
Provision for income taxes	950	685	2,260	2,251
Net income	$ 1,795	$ 1,110	$ 4,263	$ 3,640
Net income per share of common stock .	$ 0.31	$ 0.19	$ 0.74	$ 0.60
Average common shares outstanding	5,790	5,958	5.788	6,064
Net income per share of common stock - assuming dilution	$ 0.29	$ 0.18	$ 0.71	$ 0.59
Average common shares outstanding - assuming dilution	6,125	6,160	6,030	6,143

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

<TABLE>

TELTREND INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)
(Unaudited)

<CAPTION>

	FOR THE SIX MONTHS ENDED	
	JANUARY 29, 2000	JANUARY 30, 1999
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income for period	$ 4,263	$ 3,640
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on disposal of product line	(495)	--
Depreciation and amortization	1,479	1,820
Loss on sale of equipment	1	100
Deferred income taxes	--	(293)
Changes in certain assets and liabilities:		
Accounts receivable and prepaid expenses	2,175	2,903
Inventories	(1,406)	(1,223)
Accounts payable and accrued expenses	(707)	(1,495)
Income taxes payable	(710)	48
Other assets and liabilities	37	207
Net cash provided by operating activities	4,637	5,707
FINANCING ACTIVITIES:		
Exercise of common stock options (including tax benefit)	724	342
Purchase of treasury stock	(303)	(6,156)
Net cash provided by (used for) financing activities	421	(5,814)
INVESTING ACTIVITIES:		
Capital expenditures	(1,156)	(1,773)
Purchase of marketable securities	(8,768)	(3,857)
Proceeds from sales of marketable securities	--	1,951
Proceeds from sales of equipment	9	97
Net cash used for investing activities	(9,915)	(3,582)
Effect of exchange rate changes on cash	(4)	(4)
Net decrease in cash and cash equivalents	(4,861)	(3,693)
Cash and cash equivalents, beginning of period	25,915	22,994
Cash and cash equivalents, end of period	$ 21,054	$ 19,301

The accompanying notes are an integral part of these consolidated financial statements.

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

I. BASIS OF PRESENTATION

The unaudited consolidated financial statements included herein have been prepared by Teltrend Inc. ("Teltrend") in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X, and should be read in conjunction with Teltrend's financial statements (and notes thereto) included in the Teltrend Annual Report on Form 10-K for the year ended July 31, 1999. The accompanying statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Teltrend's management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the quarter and six months ended January 29, 2000 are not necessarily indicative of the results that may be expected for the fiscal year ending July 29, 2000. The fiscal year of Teltrend and its consolidated subsidiary (collectively, the "Company") ends on the last Saturday of July each year. All references to "fiscal" years in this report refer to fiscal years ending in the calendar year indicated (e.g., "fiscal 1999" refers to the fiscal year ended July 31, 1999 and "fiscal 2000" refers to the fiscal year ending July 29, 2000). Fiscal 1999 had 53 weeks and fiscal 2000 has 52 weeks.

II. MARKETABLE SECURITIES

At January 29, 2000, the Company had marketable securities of approximately $8.8 million. These securities consisted of debt instruments with maturities greater than three months but less than one year and are classified as held-to-maturity, as the Company has the positive intent and the ability to hold these securities until maturity. These securities are carried at amortized cost, which at January 29, 2000 approximates fair value. Temporary unrealized gains and losses will not be recognized in the financial statements until realized.

III. INVENTORIES (IN THOUSANDS)

	January 29, 2000	July 31, 1999
Raw materials........................	$6,465	$5,124
Work-in-process......................	1,377	1,252
Finished goods.......................	3,029	3,090
	$10,871	$9,466

IV. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted income per share (amounts in thousands, except per share data).

<TABLE>

FOR THE QUARTER ENDED		FOR THE SIX MONTHS ENDED	
JANUARY 29,	JANUARY 30,	JANUARY 29,	JANUARY 30,
2000	1999	2000	1999

<S>	<C>	<C>	<C>	<C>
Numerator:				
Net income.................................	$1,795	$1,110	$4,263	$3,640
Denominator:				
Weighted average shares outstanding.........	5,790	5,958	5,788	6,064
Effect of dilutive stock options............	335	202	242	79
	------------	------------	-------------	-------------
Weighted average shares outstanding - assuming dilution......................	6,125	6,160	6,030	6,143
Net income per share.......................	$0.31	$0.19	$0.74	$0.60
Net income per share - assuming dilution......................	$0.29	$0.18	$0.71	$0.59

</TABLE>

V. COMPREHENSIVE INCOME

Total comprehensive income and its components, net of related tax, for the second quarter and six months of fiscal 2000 and fiscal 1999 are as follows (in thousands):

<TABLE>

	FOR THE QUARTER ENDED		FOR THE SIX MONTHS ENDED	
	JANUARY 29,	JANUARY 30,	JANUARY 29,	JANUARY 30,
	------------	------------	------------	-----------
	2000	1999	2000	1999
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
Net income..................................	$1,795	$1,110	$4,263	$3,640
Foreign currency translation adjustment......	(107)	254	(2)	256
	--------	-------	----------	--------
Comprehensive income.........................	$1,688	$1,364	$4,261	$3,896
	======	======	======	======

</TABLE>

Foreign currency translation adjustment is the only component of accumulated other comprehensive income at January 29, 2000 and January 30, 1999.

VI. SEGMENT INFORMATION

The Company has adopted SFAS No. 131, "Disclosures about Segments and Related Information." The Company is managed in two operating segments: (i) the United States; and (ii) Europe and the Far East.

<TABLE>

	QUARTER ENDED			QUARTER ENDED		
	-------------			-------------		
	JANUARY 29, 2000			JANUARY 30, 1999		
	----------------			----------------		
		INCOME				INCOME (LOSS)
		INCOME			(LOSS)	NET
	NET	BEFORE	NET	NET	BEFORE	INCOME
(DOLLARS IN THOUSANDS)	SALES	TAXES	INCOME	SALES	TAXES	(Loss)
	-----	-----	------	-----	-----	------
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States.............	$21,489	$2,725	$1,782	$20,375	$2,297	$1,447
Europe, Far East...........	1,988	20	13	4,061	(502)	(337)
	-------	------	------	-------	------	------

Total......................	$23,477	$2,745	$1,795	$24,436	$1,795	$1,110
	=======	======	======	=======	=======	======

(DOLLARS IN THOUSANDS)	SIX MONTHS ENDED JANUARY 29, 2000 NET SALES	INCOME BEFORE TAXES	NET INCOME	SIX MONTHS ENDED JANUARY 30, 1999 NET SALES	INCOME (LOSS) BEFORE TAXES	NET INCOME (Loss)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
United States..............	$42,656	$5,371	$3,515	$44,696	$5,897	$3,665
Europe, Far East...........	6,810	1,152	748	9,938	(6)	(25)
	-------	------	------	-------	------	------
Total......................	$49,466	$6,523	$4,263	$54,634	$5,891	$3,640
	=======	======	======	=======	======	======

</TABLE>

Operations listed in Europe and the Far East are located in the United Kingdom in fiscal 2000 and in the United Kingdom, New Zealand and China in fiscal 1999. Interest income is earned principally within the United States operating segment.

VII. DISPOSITION OF PACKET SWITCHED BUSINESS

On May 28, 1999, the Company sold substantially all of the assets of its Packet Switched business to Centrecom Systems Limited of England for approximately $3.1 million. A loss of approximately $1.3 million was recorded in fiscal 1999. This amount included the estimated value of the intangible assets to be written off associated with the Packet Switched business, together with an estimate of the professional fees and inventory and other asset valuation reserves associated with the sale. In the second quarter of fiscal 2000, it was determined that certain estimated reserves established for the disposition would not be necessary. As such, approximately $0.5 million of the original $1.3 million estimated loss reversed into income in the Europe and the Far East segment.

VIII. PROPOSED ACQUISITION BY WESTELL TECHNOLOGIES

On December 13, 1999, the Company and Westell Technologies, Inc. ("Westell") announced the proposed merger of a subsidiary of Westell with and into the Company. In the proposed merger, stockholders of the Company will be entitled to receive 3.3 shares of Westell Class A common stock for each share of the Company's common stock, subject to provisions regarding payment of cash in lieu of fractional shares. The transaction is expected to be accounted for using purchase accounting and to qualify as a tax-free reorganization. The merger and certain related matters have been approved by the Boards of Directors of both companies and will require the approval of both the Company's and Westell's stockholders. Special meetings of the stockholders of the Company and Westell have been scheduled for March 16, 1999 to consider these matters. The waiting period for the merger under the Hart-Scott-Rodino Act expired on February 2, 2000. The merger is, however, subject to other customary conditions. If the merger is consummated, the Company will become a wholly owned subsidiary of Westell and will cease to be a publicly traded company.

WESTELL AND TELTREND
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma condensed consolidated financial statements give effect to the acquisition of Teltrend by Westell under the purchase method of accounting as defined in APB Opinion No. 16.

The purchase price of Teltrend included in this Form 8-K varies from that previously reported. The pro forma financial statements included herein reflect a purchase price for Teltrend which is based upon the exchange rate agreed to by the parties and the per share value of Westell's Class A Common Stock as of a range of dates surrounding the announcement of the transaction, which occurred on December 13, 1999. These amounts will be reflected in the financial statements of Westell as of and for the year ended March 31, 2000.

When reviewing the following pro forma information, you should note that:

- the pro forma condensed consolidated balance sheet as of December 31, 1999 assumes that the merger took place on December 31, 1999 and combines Westell's December 31, 1999 unaudited consolidated balance sheet with Teltrend's January 29, 2000 unaudited consolidated balance sheet;

- the pro forma condensed consolidated statement of operations for the fiscal year ended March 31, 1999 assumes the merger took place as of April 1, 1998, and combines Westell's consolidated statement of operations for its fiscal year ended March 31, 1999 with Teltrend's unaudited consolidated statement of operations for the comparable twelve month period ending May 1, 1999; and

- the pro forma condensed consolidated statement of operations for the nine month period ended December 31, 1999 assumes that the merger took place as of April 1, 1999, and combines the unaudited consolidated statement of operations of Westell for the nine month period ending December 31, 1999 with Teltrend's unaudited consolidated statement of operations for the comparable nine month period ending January 29, 2000.

The unaudited pro forma condensed consolidated financial data have been included for illustrative purposes only, and do not reflect any cost savings and other synergies anticipated by Westell's management as a result of the merger or any nonrecurring charges directly attributable to the merger. The unaudited pro forma condensed consolidated financial data are not necessarily indicative of the results of operations or financial position that would have occurred had the merger been completed on the dates indicated, nor are they necessarily indicative of future results of operations or financial position of the consolidated company.

The purchase price reflected in the accompanying pro forma condensed consolidated financial data has been calculated based upon a fair market value of Westell's Class A Common Stock of $10.575 per share which was the average closing price for the period from December 8, 1999 to December 14, 1999.

The acquired assets and liabilities of Teltrend are stated in the accompanying pro forma condensed consolidated financial statements at values representing a preliminary allocation of the purchase price. Westell is currently in the process of finalizing valuations for the tangible and intangible assets of Teltrend. The effects resulting from any differences in the final allocation of the purchase price may differ significantly from the estimates used herein.

The accompanying pro forma information should be read in conjunction with the historical financial statements and related notes for both Westell and Teltrend, which are included in their annual and quarterly reports on file with the SEC.

<TABLE>

WESTELL AND TELTREND

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

<CAPTION>

	Historical			
ASSETS	Westell 12/31/99	Teltrend 1/29/00	Pro Forma Adjustments (Note 2)	Pro Forma Combined
<S>	<C>	<C>	<C>	<C>
Current assets:				
Cash and cash equivalents......	$10,621	$21,054	$(8,120)(a)	$ 23,555
Short term investments.........	-	8,768	-	8,768
Accounts receivable (net of allowances)...................	18,886	12,834	-	31,720
Inventories....................	13,912	10,871	1,269(c)	26,052
Prepaid expenses and other current assets................	2,528	4,323	-	6,851
Total current assets...........	45,947	57,850	(6,851)	96,946
Property and equipment, net of accumulated depreciation and amortization	12,802	9,590	763(c)	23,155
Intangible assets, net..............	-	1,383	180,289(d)	181,672
Deferred tax asset and other long term assets........................	19,175	931	-	20,106
Total assets	$77,924	$69,754	$174,201	$ 321,879
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Current liabilities.................	$22,086	$13,833	$(2,356)(e)	$38,275
Other long term liabilities..........	3,281	-	-	3,281
Convertible debt (net of debt discount of $1,696)....................	18,304	-	-	18,304
Total liabilities.........	43,671	13,833	(2,365)	59,860
Stockholders equity				
Class A common stock, par $0.01.....................	176	66	(136)(b)	378
Class B common stock, par $0.01.....................	191	-	-	191
Preferred stock, par $0.01.....	-	-	-	-
Additional paid in capital.....	100,850	100,843	(126,721)(b)	328,414
Treasury stock................		(11,728)	(11,728)(b)	
Cumulative translation adjustment....................	78	33	33(b)	78
Accumulated deficit............	(67,042)	(33,293)	(33,293)(b)	(67,042)
Total stockholders' equity...........	34,253	55,921	(171,845)	262,019
Total liabilities and stockholders' equity	$77,924	$69,754	$(174,201)	$ 321,879

</TABLE>

<TABLE>

WESTELL AND TELTREND

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS FOR THE TWELVE MONTH PERIOD ENDED
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<CAPTION>

	Historical Westell 3/31/99	Historical Teltrend 5/01/99	Pro Forma Adjustments (Note 2)	Pro Forma Combined
<S>	<C>	<C>	<C>	<C>
Equipment Sales......................	$71,863	$108,034	$ -	$179,897
Service Revenue......................	21,317	-	-	21,317
Total Revenue..................	93,180	108,034	-	201,214
Cost of equipment sales.............	55,439	58,284	-	113,723
Cost of services.....................	12,877	-	-	12,877
Total cost of goods sold.......	68,316	58,284	-	126,600
Gross profit.............	24,864	49,750	-	74,614
Operating expenses:				
Sales and marketing............	19,442	14,359	-	33,801
Research and development.......	26,605	15,475	-	42,080
General and administrative	13,117	8,265	254(f)	21,636
Restructuring and loss on sale of disposal......................	800	1,300	-	2,100
Intangible amortization........	-	-	32,157(g)	32,157
Total operating expenses..	59,964	39,399	32,412	131,775
Operating income (loss).............	(35,100)	10,351	(32,412)	(56,161)
Other income, net....................	404	823	-	1,227
Interest expense.....................	296	-	-	296
Income (loss) before income taxes....	(34,992)	11,174	(32,412)	(56,230)
Provision (benefit) for income taxes.	-	4,383	(4,383)(h)	-
Net income (loss)....................	$(34,992)	$ 6,791	$ (28,029)	$(56,230)
Net income (loss) per basic common share..............	$(0.96)	$1.11	$ -	$ (0.99)
Net income (loss) per diluted common share.............	$(0.96)	$1.10	$ -	$ (0.99)
Weighted basic average of common shares and common share equivalents.....	36,427	6,116	14,067(i)	56,610
Weighted diluted average of common shares and common share equivalents	36,427	6,200	14,261(i)	56,888

</TABLE>

<TABLE>

WESTELL AND TELTREND

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<CAPTION>

	Historical Westell 12/31/99	Historical Teltrend 1/29/00	Pro Forma Adjustments (Note 2)	Pro Forma Combined
<S>	<C>	<C>	<C>	<C>
Equipment sales......................	$56,478	$75,460	$ -	$131,938
Service revenue.....................	22,702	-	-	22,702
Total revenue.................	79,180	75,460	-	154,640
Cost of equipment sales.............	43,002	41,484	-	84,486
Cost of services....................	14,783	-	-	14,783
Total cost of goods sold......	57,785	41,484	-	99,269
Gross profit.............	21,395	33,976	-	55,371
Operating expenses				
Sales and marketing............	10,966	7,931	-	18,897
Research and development.......	8,183	11,269	-	19,452
General and administrative	9,519	5,842	191(f)	15,552
Loss on sale of disposal	-	(495)		(495)
Intangible amortization........	-	-	24,118(g)	24,118
Total operating expenses..	28,668	24,547	24,309	77,524
Operating income (loss).............	(7,273)	9,429	(24,309)	(22,153)
Other income, net...................	905	1,033	-	1,938
Interest expense....................	1,418	-	-	1,418
Income (loss) before income taxes....	(7,786)	10,462	(24,309)	(21,633)
Provision (benefit) for income taxes.		3,677	(3,677)(h)	-
Net income (loss)	$ (7,786)	$ 6,785	$(20,632)	$ (21,633)
Net income (loss) per basic common share..............	$ (0.21)	$ 1.16	$ -	$ (0.39)
Net income (loss) per diluted common share.............	$ (0.21)	$ 1.12	$ -	$ (0.38)
Weighted basic average of common shares and common share equivalents.....	36,561	5,861	13,480(i)	55,902
Weighted diluted average of common shares and common share equivalents	36,561	6,048	13,911(i)	56,520

</TABLE>

WESTELL AND TELTREND
NOTES TO UNAUDITED PRO FORMA
CONDENSED CONSOLIDATED FINANCIAL DATA

NOTE 1-- PURCHASE PRICE ALLOCATION

The purchase price for the acquisition was $238.2 million, based upon a fair market value of Westell's Class A Common Stock of $10.575 per share which was the average closing price for the period from December 8, 1999 to December 14, 1999, and the issuance of 20.196 million shares of Westell Class A Common Stock in exchange for all shares of Teltrend common stock, plus the fair market value of the 2.0 million Westell stock options issued in exchange for the outstanding Teltrend stock options.

The acquired assets and liabilities of Teltrend are stated in the accompanying pro forma condensed consolidated financial statements at values representing a preliminary allocation of the purchase price. Westell is currently in the process of finalizing valuations for the tangible and intangible assets of Teltrend. The effects resulting from any differences in the final allocation of the purchase price may differ significantly from the estimates used herein.

Total purchase consideration and allocation of increase in basis used in the preparation of these statements was computed as follows:

<TABLE>

Purchase price:

<S>	<C>
Acquisition of outstanding shares of common stock, including stock options......................	$213,575
Conversion of Teltrend options for Westell options...	14,191
Acquisition expenses..	8,120
Severance costs..	2,356

Total purchase price...	$238,242

Allocation of purchase price:

Book value of assets acquired..	$54,538
Increase in inventory to fair market value less selling costs....................................	1,269
Increase in basis of property and equipment to estimated fair market value.......................	763
Goodwill...	181,672

Total purchase price...	$238,242

</TABLE>

NOTE 2-- PRO FORMA ADJUSTMENTS

Certain pro forma adjustments have been made to the historical amounts in the unaudited pro forma condensed consolidated financial data:

a) Total costs associated with the merger are estimated to be approximately $8.1 million. Costs to be incurred by Westell and Teltrend in connection with the merger include investment banking, legal, accounting and other related fees, and have been reflected in the accompanying unaudited pro forma condensed consolidated balance sheet as a reduction to cash.

b) Reflects (i) the issuance of 20.196 million shares of Westell Class A Common Stock in exchange for all shares of Teltrend common stock based upon an exchange ratio of 3.3 shares of Westell Class A Common Stock for each share of Teltrend common stock at an estimated fair market value of $10.575 per share of Westell Class A Common Stock and (ii) the fair market value of 2.0 million Westell stock options issued in exchange for the outstanding Teltrend stock options. Also reflects the elimination of Teltrend equity accounts.

c) Adjustment to record inventory and property and equipment to estimated fair market value, less selling costs.

d) Excess of purchase price consideration over fair market value of identifiable tangible and intangible assets.

e) Estimated severance costs that will be accrued at the acquisition date and paid over the following year.

f) Additional depreciation as a result of the increase of property and equipment to fair market value.

g) Amortization of goodwill and intangibles on a straight-line basis over 2-15 year lives.

h) Elimination of tax provision recorded due to the combined entity operating at a pro forma loss. All tax benefit is offset by a valuation allowance in pro forma analysis.

i) The calculation of weighted average common and common equivalent shares uses an exchange ratio of 3.3 shares of Westell Class A Common Stock for each share of Teltrend common stock. Common equivalent shares consist of dilutive shares issuable upon the exercise of stock options and have been excluded from the calculation, as their effect would be anti-dilutive.