

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) MAY 18, 2004

WESTELL TECHNOLOGIES, INC.

(Exact name of registrant as specified in charter)

DELAWARE 0-27266 36-3154957

(State of other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

750 NORTH COMMONS DRIVE, AURORA, ILLINOIS 60504

(Address of principal executive offices) (Zip Code)

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

N/A

(Former name or former address, if changed since last report)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

Exhibit No.

99.1 Press Release dated May 18, 2004 announcing
earnings results for the quarter and year
ended March 31, 2004.

ITEM 12. DISCLOSURE OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 18, 2004, Westell Technologies, Inc., issued a press release setting forth its earnings for the quarter and year ended March 31, 2004. A copy of the press release is attached hereto as Exhibit 99.1.

The press release filed as Exhibit 99.1 contains certain non-GAAP financial measures. These non-GAAP measures are provided to enhance the investors' overall understanding of the Company's current financial performance. Specifically, we believe the non-GAAP financial measures provide useful information to both management and investors by excluding certain items that may not be indicative of our core operating results. We believe these financial measures are useful to investors in understanding certain non-GAAP information used by management in its financial and operational decision-making. These

measures should be considered in addition to results prepared in accordance with GAAP, and are not a substitute for, or superior to, GAAP results. The non-GAAP measures included in the attached press release have been reconciled to the nearest GAAP measure.

The information in this Form 8-K is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this Form 8-K shall not be incorporated by reference in any other filing under the Securities Exchange Act of 1934 or Securities Act of 1933 except as shall be expressly set forth by specific reference to this Form 8-K in such filing.

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 thereunto duly authorized.

WESTELL TECHNOLOGIES, INC.

Date: May 18, 2004

By: /s/ Nicholas C. Hindman

Nicholas C. Hindman
Senior Vice President and
Chief Financial Officer

[logo]

Westell News Release

News Release: FOR IMMEDIATE RELEASE

For Additional Information, contact:

SENIOR VICE PRESIDENT & CFO:	TRADE/BUSINESS PRESS:
NICHOLAS C. HINDMAN, SR.	KEN TRANTOWSKI
WESTELL TECHNOLOGIES INC.	KGT COMMUNICATIONS GROUP
630.375.4136	630.469.8765
NHIND@WESTELL.COM	kennethg_trantowski@msn.com

WESTELL TECHNOLOGIES REPORTS 4TH QUARTER AND FISCAL 2004 RESULTS

AURORA, IL, MAY 18, 2004 - Westell Technologies, Inc. (NASDAQ: WSTL), a leading provider of broadband access solutions and conferencing services, today announced the results for its fourth quarter and fiscal year 2004, ending March 31, 2004.

Total revenues for the quarter increased 13% to \$62.1 million from \$54.8 million in the fourth quarter of last fiscal year. Total revenues for fiscal year 2004 increased 12% to \$235.7 million from \$210.0 million for fiscal 2003.

WSTL reported net income for the fourth quarter of \$19.6 million, or \$0.28 per diluted share, which includes a tax benefit of \$13.1 million, or \$0.19 per diluted share, from a partial release of the Company's deferred tax valuation allowance. During the same period last year, the Company recorded net income of \$3.8 million, or \$0.06 per diluted share. Net income for the year was \$34.9 million, or \$0.49 per diluted share, including the tax benefit, compared to net income of \$7.3 million or \$0.11 per diluted in the prior fiscal year.

Excluding the tax benefit, non-GAAP net income in the fourth quarter increased 74% to \$6.5 million, or \$0.09 per diluted share, compared to \$3.8 million, or \$0.06 per diluted share in the fourth quarter of last year. Non-GAAP net income,

excluding the tax benefit for the year was \$21.8 million, or \$0.31 per diluted share, compared with \$7.3 million, or \$0.11 per diluted share for last year. A reconciliation of non-GAAP results to GAAP results is provided as part of this press release.

"We are greatly encouraged by our year-end position. ConferencePlus continued to contribute to our revenue growth and continuing demand for our Customer Networking Equipment products drove sequential and year over year improvements," said Van Cullens, Westell President and CEO.

"Fiscal 2004 was a year of strong execution for Westell. We strengthened our key customer relationships, increased profitability, and strengthened the Company's balance sheet, all while investing in innovative new products that have created an opportunity for the back half of fiscal 2005. We performed well in an extremely competitive environment for our products and changing demand conditions for our customers." Cullens said.

Net cash provided by operating activities totaled \$22.4 million for the fiscal year. "We have been working to significantly reduce our debt over the last year and we remain on target to be debt free by the end of the June 2004 quarter," said Nicholas Hindman, Westell's Senior Vice President and CFO.

NEW EFFECTIVE TAX RATE FOR FISCAL YEAR 2005 INCOME STATEMENTS

Due to the Company's strong performance in fiscal 2004 and projected future ability to generate taxable income, the Company was required under GAAP to release a portion of its recorded valuation allowance against the carrying value of its deferred tax assets, consisting primarily of net operating loss carryforwards. This increased the deferred tax asset recognized on the Company's balance sheet in the amount of \$13.1 million as of March 31, 2004.

Cullens commented, "Our decision to release a portion of Westell's deferred tax valuation allowance should be viewed positively. It reflects our strong financial performance in Fiscal 2004 as well as our assessment of the Company's ability to generate future taxable income."

Consequently, in fiscal 2005 Westell projects it will record an effective tax rate for income statement purposes of 38.1 %. However, the Company does not expect to incur any significant cash tax payments for the foreseeable future as a result of the anticipated utilization of net operating loss carryforwards to reduce its cash tax liabilities.

OUTLOOK

"Westell is well positioned as broadband customers continue to seek differentiated offerings including networking capabilities, voice-over-internet protocol (VoIP), Wi-Fi and fiber-to-the-premise (FTTP) connectivity. We will remain focused on strengthening and developing key customer relationships. We are optimistic that Westell's VersaLink (TM), TriLink (TM) and EnVoy TM products will help our customers remain competitive in 2005 and beyond, and have begun to see early stage evidence of that belief through product trials." Cullens added.

Westell provided guidance for the first fiscal quarter ending June 30, 2004. The Company expects revenue to be in a range of \$56 to \$58 million. Westell expects non-GAAP EPS of \$0.08 (excluding a provision for income tax expense of approximately \$ 2.4 million) and EPS of \$0.05 on a GAAP basis including the provision for tax expense.

RECONCILIATION OF NON-GAAP TO GAAP RESULTS AND GAAP OUTLOOK

The Company provides non-GAAP operating results as a supplement to its GAAP financial results. The Company's non-GAAP results exclude the income benefit from the release of valuation allowance from the Company's statements of operations.

A detailed calculation of non-GAAP net income and pro forma net income per share is included in the attached statement of operations, which also includes equivalent GAAP net income and GAAP net income per share.

(1) Conference Call Information

Westell will host its earnings call on Wednesday, May 19th, at 9:30AM Eastern Time for analysts, shareholders, investors, and the public.

The live earnings call will be available to the public. Participants can join for the voice portion of the call by following the instructions below. Participants must separately register for the call.

To participate in the voice portion:

1. All participants must pre-register by dialing 1-800-263-2115, International 1-402-227-9755. 2. Leave your name and the company whom you represent.
3. To participate in the call on the 19th, please dial ConferencePlus at 1-800-559-1203 no later than 9:15 AM, Eastern Time and ask for the "Westell Technologies Analyst Call". International participants may dial 630-691-2762.

The Company's earnings press release and any related earnings information to be discussed on the earnings call will be posted on the Investor Relations section of the Company's web site at <http://www.westell.com>. Digital Audio Replay of this call will be available one hour following the conclusion of the call by dialing 1-888-843-8996 or 630-652-3044 and entering 8949391#.

ABOUT WESTELL

Westell Technologies, Inc., headquartered in Aurora, Illinois, is a holding company for Westell, Inc. and ConferencePlus, Inc. Westell, Inc. manufactures broadband telecommunications access products. ConferencePlus, Inc. is a collaborative Application Service Provider that manages and hosts voice, video, IP applications and back-office services. Additional information can be obtained by visiting Westell's Web site at www.westell.com.

ABOUT CONFERENCEPLUS

ConferencePlus, a Westell Technologies, Inc. (NASDAQ: WSTL - News) subsidiary, is a leading global provider of audio, web, video and IP conferencing services. ConferencePlus is dedicated to providing high quality, innovative conferencing solutions to its domestic and international clients and telecommunications resellers. ConferencePlus is recognized for outstanding customer service and support to help clients meet their business objectives. The company is headquartered in Schaumburg, Illinois with an international headquarters in Dublin, Ireland. Additional information can be obtained by visiting the ConferencePlus web site at www.conferenceplus.com.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT 1995:

 Certain statements contained herein including, without limitation, statements containing the words "on target", "assessment", "projects", "believe", "goal", "on track", "anticipate", "committed", "expectation", "expect", "estimate", "await", "continue", "intend", "may", "will", "should" and similar expressions are forward looking statements that involve risks and uncertainties. These risks include, but are not limited to, product demand and market acceptance risks, need for financing, the economic downturn in the U.S. economy and telecom market, the impact of competitive products or technologies, competitive pricing pressures, product development, excess and obsolete inventory due to new product development, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies), the effect of Westell's accounting policies, the need for additional capital, the effect of economic conditions and trade, legal social and economic risks (such as import, licensing and trade restrictions) and other risks more fully described in Westell's Annual Report on Form 10-K for the fiscal year ended March 31, 2003 under the section "Risk Factors". Westell undertakes no obligation to release publicly the result of any revisions to these forward looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Financial Tables to Follow:

Westell Technologies, Inc.
 Financial Results

(Dollars in thousands except per share amounts)

	Three Months ended Mar. 31,			Twelve Months ended Mar. 31,		
	%			%		
	2004	2003	Change	2004	2003	Change
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Revenues						
NSA	\$12,710 (1)	\$12,482	2%	\$54,736 (1)	\$57,070	-4%
CNE	37,899	31,348	21%	135,704	111,146 (2)	22%
Services	11,489	11,012	4%	45,299	41,805	8%
	-----	-----	-----	-----	-----	-----
Total						
revenues	62,098	54,842	13%	235,739	210,021	12%
	-----	-----	-----	-----	-----	-----
Gross profit						
Equipment	15,193 (1)	14,535		61,027 (1)(3)	49,067 (2)(4)	
Services	6,134	4,299		18,714 (5)	14,693	
	-----	-----	-----	-----	-----	-----
Total gross						
profit	21,327	18,834	13%	79,741	63,760	25%
	-----	-----	-----	-----	-----	-----
Gross margin						
Equipment	30.0%(1)	33.2%		32.0%(1)(3)	29.2%(2)(4)	
Services	53.4%	39.0%		41.3%(5)	35.1%	
	-----	-----	-----	-----	-----	-----
Total gross						
margin	34.3%	34.3%		33.8%	30.4%	
	-----	-----	-----	-----	-----	-----
Operating expenses						
Sales &						

marketing	5,385	3,534 (9)	52%	20,242	16,017 (9)	26%
Expense to revenue	8.7%	6.4%		8.6%	7.6%	
General & administrative	3,492	5,250	-33%	17,506	17,513	0%
Expense to revenue	5.6%	9.6%		7.4%	8.3%	
Research & development	4,754	4,762	0%	17,385	16,483	5%
Expense to revenue	7.7%	8.7%		7.4%	7.8%	
Restructuring	698 (6)	(244)(8)		698 (6)	1,678 (7)	
Expense to revenue	1.1%	-0.4%		0.3%	0.8%	
Intangibles amortization (10)	364	599		1,455	1,766	
Expense to revenue	0.6%	1.1%		0.6%	0.8%	
Total operating expenses	14,693	13,901	6%	57,286	53,457	7%
Expense to revenue	23.7%	25.3%		24.3%	25.5%	
Operating income	6,634	4,933	34%	22,455	10,303	118%
Other income (expense)	212	-		615	262	
Interest expense	60	663	-91%	743	2,648	-72%
Income before minority interest and taxes	6,786	4,270	59%	22,327	7,917	182%
Income taxes	(12,923)(11)	372(12)		(12,923)(11)	372 (12)	
Minority interest	118	137		373	271	
Net income	\$19,591	\$3,761		\$34,877	\$7,274	
Income per common share:						
Basic	0.29	0.06		0.52	0.11	
Diluted	0.28	0.06		0.49	0.11	
Average number of common shares outstanding:						
Basic	67,726	64,937		66,858	64,925	
Diluted	71,149	65,580		70,667	65,126	
Non-GAAP Results and Reconciliation to GAAP						
GAAP net income	\$19,591	\$3,761		\$34,877	\$7,274	
Income tax						

benefit from release of tax valuation allowance	(13,055)	-	(13,055)	-
	-----	-----	-----	-----
Non-GAAP net income (13)	\$6,536	\$3,761	\$21,822	\$7,274
	=====	=====	=====	=====
GAAP Income per basic share	0.29	0.06	0.52	0.11
Basic per share income tax benefit from release of tax valuation allowance	(0.20)	-	(0.19)	-
	-----	-----	-----	-----
Non-GAAP income per basic share (13)	0.10	0.06	0.33	0.11
	=====	=====	=====	=====
GAAP Income per diluted share	0.28	0.06	0.49	0.11
Diluted per share income tax benefit from release of tax valuation allowance	(0.19)	-	(0.18)	-
	-----	-----	-----	-----
Non-GAAP income per diluted share (13)	0.09	0.06	0.31	0.11
	=====	=====	=====	=====

Westell Technologies, Inc.
Financial Results (continued)
(Dollars in thousands)

Footnotes:

- (1) The Company earned \$875,000 in the three months ended March 31, 2004 for a contractual settlement.
- (2) The Company earned \$1.7 million in the three months ended June 30, 2002 for product royalties.
- (3) Includes \$1.2 million to settle a customer contract obligation which arose in the quarter ended September 30, 2003.
- (4) The Company reversed approximately \$2 million of reserves in the quarter ended September 30, 2002 primarily related to excess and obsolete modem inventory.
- (5) Includes a \$775,000 one time early contract termination penalty of a long distance contract at the Company's Conference Plus, Inc. subsidiary.
- (6) Restructuring charge primarily for the Company's Westell Limited subsidiary.
- (7) Restructuring charge of which \$856,000 relates to net expense of the Company's Conference Plus, Inc. subsidiary and \$822,000 of which relates to the Company's Westell Limited subsidiary.
- (8) Restructuring charge of which a reversal of \$855,000 of expense relates to the Company's Conference Plus, Inc. subsidiary and \$611,000 of expense relates to the Company's Westell Limited subsidiary.
- (9) The Company reduced warranty reserves by \$782,000 and \$874,000 for the three and twelve month periods ended March 31, 2003 respectively.
- (10) Teltrend product technology intangible amortization. (11) The Company recorded a tax benefit from the release of valuation allowances against net operating loss carryforwards.
- (12) Tax expense recorded for federal audit liability relating to Teltrend. Valuation allowances were released to offset taxable income in these periods.
- (13) Non-GAAP net income and net income per share excludes the impact of the tax benefit noted in (11) above.

Westell Technologies, Inc.
Financial Results (continued)
(Dollars in thousands)

Mar. 31, Dec. 31,
2004 2003

Cash and Short term Investments	11,241	10,678
Receivables	23,807	22,351
Inventory	16,075	12,437
Total current assets	62,117	51,976
Goodwill and long term intangibles	12,615	15,762
Total assets	129,781	105,974
Total current liabilities	34,492	35,761
Other notes payable	3,742	6,391
Total liabilities	38,016	40,359
Shareholders' Equity	91,765	65,615
Days Sales Outstanding	35	34

Contact:

Westell Technologies Inc.
Nicholas C. Hindman, Sr., 630-375-4136
nhind@westell.com

or
KGT Communications Group
Ken Trantowski, 630-469-8765
kennethg_trantowski@msn.com
