

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)

October 18, 2006

WESTELL TECHNOLOGIES INC.

(Exact name of registrant as specified in charter)

Delaware

(State of other jurisdiction
of incorporation)

0-27266

(Commission File Number)

36-3154957

(IRS Employer
Identification No.)

750 North Commons Drive, Aurora, Illinois

(Address of principal executive offices)

60504

(Zip Code)

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

N/A

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 18, 2006, Westell Technologies, Inc., issued a press release setting forth its financial results for the three months ending September 30, 2006. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits

99.1 Press release announcing financial results for the three months ending September 30, 2006.

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: October 18, 2006

By: /s/ Nicholas C. Hindman
Nicholas C. Hindman
Senior Vice President and
Chief Financial Officer



Westell News Release

News Release: FOR IMMEDIATE RELEASE

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Westell Technologies Reports 2nd Quarter Fiscal 2007 Results

AURORA, IL, OCTOBER 18, 2006 - Westell Technologies, Inc. (NASDAQ: WSTL), a leading provider of a wide range of broadband access products and conferencing services, today announced the results for its second quarter ending September 30, 2006.

Total revenues for the quarter increased 8% to \$71.8 million from \$66.3 million in the second quarter of the last fiscal year. Breaking down revenues by product line for this quarter compared to last year's second quarter showed Customer Networking Equipment (CNE) revenue increased 2% to \$44.8 million from \$44.0 million; Conferencing Services revenue increased 5% to \$11.8 million from \$11.2 million; Network Service Access (NSA) equipment revenue increased 37% to \$15.2 million from \$11.1 million.

Westell reported net income for the second quarter of \$3.6 million, or \$0.05 per diluted share, which includes income tax expense of \$2.4 million. During the same period last year, the Company recorded net income of \$3.0 million, or \$0.04 per diluted share including \$2.1 million income tax expense. Beginning in the June 2006 quarter, Westell implemented SFAS No. 123R, "Share-Based Payment", using the modified prospective method for its stock-based compensation plans. The inclusion of stock option expense for the September quarter increased compensation expense by \$0.5 million.

“We are very pleased with the Company’s performance for the second fiscal quarter, our eighteenth consecutive quarter of profitability,” said Van Cullens, Westell President and CEO. “Effective customer promotional activity boosted our CNE numbers, the NSA business experienced a better than expected quarter, and Conference Plus was very near its plan. The combination of the three resulted in a solid performance for the quarter.”

Outlook

“A strong second quarter was important because our third quarter is not expected to be as strong. Anticipated changes in customer promotional activity, additional pricing reductions and the normal December quarter softness in our NSA and Conference Plus businesses will negatively impact our financial results in the December quarter.” Cullens added. “Our longer-term view of the market remains optimistic and we are continuing with the previously announced strategic initiatives.”

Westell provided guidance for the third quarter of fiscal 2007 ending December 31, 2006. The Company expects revenue to be in a range of \$62 million to \$66 million and expects net income per diluted share in a range of \$0.01 to \$0.02 including a provision for income tax expense of approximately \$0.5 million to \$1 million.

Conference Call Information

Westell will host its earnings call on Thursday, October 19, at 9:30 AM ET for analysts, investors and the public. Participants can register for the Westell conference by going to the URL:

<http://www.conferenceplus.com/westell>

With EventManager™, participants can quickly register online in advance of the conference call through a customizable web page that can be used to gather multiple pieces of information from each participant, as specified by the event arranger. After registering, participants receive dial-in numbers, a passcode, and a personal identification number (PIN) that is used to uniquely identify their presence and automatically join them into the audio conference. A URL is also provided to join the web presentation portion of the conference. If a participant experiences any technical difficulties after joining the conference on October 19, simply press *0 for support.

If you do not wish to register, you can participate in the audio portion of the call on October 19 by dialing ConferencePlus at 1-877-875-0056 no later than 9:15 AM, Eastern Time and using confirmation number 15995449. International participants may dial 1-847-585-4340.

The Company's earnings press release and any related earnings information to be discussed during the earnings conference will be posted on the Investor Relations section of the Company's website at <http://www.westell.com>. An archive of the entire conference will be available on Westell's website or via Digital Audio Replay one hour following the conclusion of the conference. The audio-only portion of the conference can be accessed by dialing 1-888-843-8996 or 1-630-652-3044 and entering 8001387#.

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 "believe," "on track," "anticipate," "committed" "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, 2006 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 (continued)

(Dollars in thousands)

	<u>September 30,</u> <u>2006</u>	<u>March 31,</u> <u>2006</u>
Cash and Short term Investments	68,042	42,215
Receivables	22,594	30,121
Inventory	24,145	23,918
Total current assets	125,818	107,401
Goodwill and intangibles	17,393	18,479
Total assets	203,825	191,813
Total current liabilities	35,233	30,859
Total liabilities and minority interest	39,015	34,536
Shareholders' Equity	164,810	157,276
Days Sales Outstanding	28	37

Westell Technologies, Inc.
Financial Results

(Dollars in thousands except per share amounts)

	Three Months ended 2006	September 30, 2005	%	Six Months ended 2006	September 30, 2005	%
			Change			Change
Revenues						
NSA	\$ 15,247	\$ 11,092	37%	\$ 29,299	\$ 21,784	34%
CNE	44,779	44,035	2%	84,281	97,079	-13%
Services	11,773	11,189	5%	23,595	23,094	2%
Total revenues	<u>71,799</u>	<u>66,316</u>	8%	<u>137,175</u>	<u>141,957</u>	-3%
Gross profit						
Equipment	17,916	15,052		33,729	31,654	
Services	5,823	5,407		11,742	11,448	
Total gross profit	<u>23,739</u>	<u>20,459</u>	16%	<u>45,471</u>	<u>43,102</u>	5%
Gross margin						
Equipment	29.8%	27.3%		29.7%	26.6%	
Services	49.5%	48.3%		49.8%	49.6%	
Total gross margin	<u>33.1%</u>	<u>30.9%</u>		<u>33.1%</u>	<u>30.4%</u>	
Operating expenses						
Sales & marketing	7,306	5,987	22%	14,457	12,157	19%
Expense to revenue	10.2%	9.0%		10.5%	8.6%	
General & administrative	4,506	4,164	8%	9,158	8,518	8%
Expense to revenue	6.3%	6.3%		6.7%	6.0%	
Research & development	6,252	4,975	25%	11,949	9,632	24%
Expense to revenue	8.7%	7.5%		8.7%	6.8%	
Intangibles amortization	415	324		830	648	
Expense to revenue	0.6%	0.5%		0.6%	0.5%	
Total operating expenses	<u>18,479</u>	<u>15,450</u>	20%	<u>36,394</u>	<u>30,955</u>	18%
Expense to revenue	25.7%	23.3%		26.5%	21.8%	
Operating income	5,260	5,009	5%	9,077	12,147	-25%
Other income	772	192		1,440	14	
Interest expense	(1)	(5)	-80%	(2)	(9)	-78%
Income before minority interest and taxes	<u>6,031</u>	<u>5,196</u>	16%	<u>10,515</u>	<u>12,152</u>	-13%
Income taxes	2,376	2,115		4,121	4,828	
Minority interest	48	58		110	152	
Net income	<u>\$ 3,607</u>	<u>\$ 3,023</u>		<u>\$ 6,284</u>	<u>\$ 7,172</u>	
Income per common share:						
Basic	0.05	0.04		0.09	0.10	
Diluted	0.05	0.04		0.09	0.10	
Average number of common shares outstanding:						
Basic	70,399	70,097		70,388	69,610	
Diluted	70,927	71,584		71,133	71,497	