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

FORM 10-K

(Mark One)

/X/ Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2004 or

/ / Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from
---------------------- to ----------------------- .

Commission file number: 0-27266

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

DELAWARE	36-3154957
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

750 N. COMMONS DRIVE AURORA, ILLINOIS	60504
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: NONE
Securities registered pursuant to Section 12(g) of the Act:

CLASS A COMMON STOCK, $.01 PAR VALUE

(Title of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

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

The registrant estimates that the aggregate market value of the registrant's Class A Common Stock held by non-affiliates (within the meaning of the term under the applicable regulations of the Securities and Exchange Commission) on September 30, 2003 (based upon an estimate that 70% of the shares are so owned by non-affiliates and upon the average of the high and low prices for the Class A Common Stock on the NASDAQ National Market on that date) was approximately $265 million. Determination of stock ownership by non-affiliates was made solely for the purpose of responding to this requirement and registrant is not bound by this determination for any other purpose.

As of June 1, 2004, 53,611,329, shares of the registrant's Class A Common Stock were outstanding and 14,741,872 shares of registrant's Class B Common Stock (which automatically converts into Class A Common Stock upon a transfer of such stock except transfers to certain permitted transferees) were outstanding.

The following documents are incorporated into this Form 10-K (and any amendments thereto) by reference: Portions of the Proxy Statement for 2004 Annual Meeting of Stockholders (Part III).

WESTELL TECHNOLOGIES, INC.
2004 ANNUAL REPORT ON FORM 10-K CONTENTS

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Report of Form 10-K including, without limitation, statements containing the words "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. The Company can give no assurance that the expectations reflected in the forward-looking statements will prove to be correct. 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, 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 this Form 10-K for the fiscal year ended March 31, 2004 under the section "Risk Factors". These statements are not guaranties of future performance. 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. At any time when the Company makes forward-looking statements, it desires to take advantage of the "safe harbor" which is afforded such statements under the Private Securities Litigation Reform Act of 1995.

PART I

ITEM 1. BUSINESS

Westell Technologies, Inc., (the "Company") was incorporated in Delaware in 1980 and its headquarters are located at 750 North Commons Drive, Aurora, Illinois. The Company is comprised of two segments: equipment sales and teleconference services. In the equipment segment, the Company designs, manufactures, markets and services a broad range of digital and legacy analog products used by telephone companies and other telecommunications service providers to deliver broadband services primarily over existing copper telephone wires that connect end users to a telephone company's central office. The central office is a telephone company building where subscriber lines are joined to switching equipment that can connect subscribers to each other. The copper wires that connect users to these central offices are part of the telephone companies' networks and are commonly referred to as the local loop or the local access network.

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

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

Revenues and total assets from Westell's two reportable segments for the fiscal years ended March 31 are as follows (for more information also see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and note thereto included in this Annual Report on Form 10-K):

<TABLE>

(dollars in thousands)	Fiscal year ended March 31,					
Revenue:	2002	%	2003	%	2004	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Telecom equipment	$191,302	80%	$168,216	80%	$190,440	81%
Telecom services.....................	48,521	20%	41,805	20%	45,299	19%
Total revenue	$239,823		$210,021		$235,739	
Assets:						
Telecom equipment....................	$105,969	84%	$86,702	79%	$109,493	84%
Telecom services.....................	20,184	16%	22,772	21%	20,288	16%
Total assets	$126,153		$109,474		$129,781	

</TABLE>

Financial information for each of the Company's business and operations by geographic area and segments is located in Note 9 of the consolidated financial statements included in this Annual Report and is incorporated herein by reference.

The Company reached profitability and positive cash flow from operations for the first time as a public company in fiscal 2003. In fiscal 2004, the Company improved its profitability primarily due to gains achieved from volume

efficiencies, productivity improvements and favorable component pricing in the CNE product line of the equipment segment of the business. The economic downturn in the telecommunications industry and the transition to higher speed digital transmission services continued to negatively impact NSA product line of the equipment segment as unit sales decreased in fiscal 2004. Revenue from the Company's services segment improved in fiscal 2004 as conference call minutes increased over fiscal 2003 levels.

The Company's stock is divided into two classes. Class A common stock is entitled to one vote per share while class B common stock is entitled to four votes per share. The Company's largest stockholder is a voting trust that owned 48.7% of the voting control of the Company as of June 1, 2004. The trust was formed for the benefit of Robert C. Penny III and Melvin J. Simon and their respective families. Certain Penny family members also own or are beneficiaries of trusts that own shares outside of the voting trust. As trustees of the Voting Trust and other trusts, Messrs. Penny and Simon control 52.4% of the voting stock and therefore effectively control the Company.

THE COMPANY'S PRODUCTS

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

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

The following table sets forth the revenues from Westell's two product groups for the fiscal years indicated (for more information also see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Annual Report on Form 10-K):

	Fiscal Year Ended March 31,		
	2002	2003	2004
Equipment Segment	(Dollars in thousands)		
CNE products.............................	$ 105,011	$ 111,146	$ 135,704
NSA products.............................	86,291	57,070	54,736
CNE products % of total revenues..........	43.8%	52.9%	57.6%
NSA products % of total revenues..........	35.9%	27.2%	23.2%

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

Digital subscriber line (DSL) technology uses complex modulation methods to enable high-speed services over copper phone lines. Current DSL equipment allows the simultaneous transmission of data at speeds up to 8 megabits per second when receiving information on the Internet, or 140 times faster than standard 56k modem dial up service, and up to 1 megabits per second when sending information

on the Internet, or 17 times faster than standard 56k modem dial up service, while also providing standard analog telephone service over a single pair of copper wires. Current DSL equipment operates at distances of up to 18,000 feet from the telephone company's central office. A new DSL standard termed ADSL2+ is being established by the industry that is expected to increase downstream speed to 24 megabits per second while simultaneously extending the reach of the equipment to potentially to 18,000 to 22,000 feet in certain circumstances. Westell is developing an entire new line of ADSL2+ capable products.

With DSL technology, a user can talk on the telephone and simultaneously transmit high-speed data over the same copper phone line. DSL products enable telephone companies to provide interactive multimedia services over copper wire while simultaneously carrying traditional telephone services, thus mitigating the need for the consumers to install second lines to provide these services. DSL technology is also known as Asymmetric Digital Subscriber Line (ADSL and ADSL2+) when it refers to products that provide the ability to send and receive information at varying speeds.

The DSL connection or link is comprised of a DSL Access Multiplexer (DSLAM) and equipment at the users location referred to as customer premise equipment (CPE). The DSLAM is a piece of equipment that typically resides in telephone companies' central offices. It aggregates, or multiplexes, multiple DSL access lines into a telephone company's high-speed line back to its core or central network. As network service providers begin deploying DSL based services, the need for DSL line concentration at the central offices increases. The CPE is typically a small device enabling DSL services that sit on a desktop next to a personal computer.

The following table sets forth a list of the Company's principal CNE products and their applications:

<TABLE>

Product	Description	Applications
<S>	<C>	<C>
WireSpeed(TM)	ADSL Modem. Customer premise equipment (CPE) that is connected to a telephone line that has been configured to provide Asymmetrical Digital Subscriber Line (ADSL) service from the telephone company. This device is typically located in the home or office of the customer. Customer users can achieve speeds of up to 8 megabits per second when receiving information on the Internet and up to 1 megabit per second when sending information on the Internet. The target market for this product is residential users.	Enables a residential or small business customer of ADSL services to connect a home PC to the ADSL service for high speed Internet access.
WireSpeedTM ADSL NAT Router	Westell's WireSpeed ADSL NAT Router is a plug-and-play device that offers Network Address Translation (NAT) routing and a built-in firewall. NAT is a method of connecting multiple computers to the Internet (or any other IP network) using one IP address. NAT routing also provides security for devices on the local area network (LAN). The target market for this product is residential and small office home office (SOHO).	Offers residential and small office home office (SOHO) sophisticated routing, security protection and easy installation all in one box.
Westell xDSL Gateway	Westell's xDSL Gateway product line offers support for either ADSL or other types of DSL service with a variety of wireline and wireless networking technologies. The target market for this product is residential, small office home office (SOHO), and small business.	Enables residential, SOHO, and small businesses to easily network their broadband services to multiple PCs and other computing devices.

</TABLE>

NSA Products. Westell's NSA products provide telephone companies with products to transport, maintain and improve the reliability of services over copper and fiber lines in the local access network. The following table sets forth a list of the Company's principal NSA products and their applications:

<TABLE>

<S> <C> <C>

Product	Description	Applications
Network Interface Unit (NIU)................	The NIU is a T1 circuit termination device that allows circuit loopback and access to historical circuit performance.	Provides a "demarcation point" or hand-off between the telephone company equipment and customer's equipment on T1 circuits. The NIU also functions as a maintenance tool that allows the telephone company to remotely drop the customer and test the line back toward the network. This functionality provides valued troubleshooting capability that helps the telephone company reduce maintenance costs and customer down-time.
NIU-PM (Network Interface Unit with Performance Monitoring)...........	Network Interface Unit with Performance Monitoring that stores circuit performance and maintenance information for a single T1 circuit.	In addition to the NIU capability, the NIU PM units provide enhanced maintenance and remote performance monitoring of T1 circuits. These units also provide enhanced data storage for better historical analysis of circuit performance. Additionally, it creates an opportunity for preventive maintenance activities by the telephone company to improve their customer satisfaction.
NIU Mountings.........	NIU Mountings are electronic enclosures with connectorized backplanes that house NIUs and NIU PM units	Deployed by telephone company at their customer's premise locations to terminate their T1 circuits.
DS3 products.........	DS3 Network Interface Units with and without Performance Monitoring capability along with the Mountings to house these plug-in cards.	Facilitates the maintenance, monitoring, extension, and demarcation of DS3 facilities. Can be deployed in central offices to hand-off DS3s to alternate carriers and customer premise locations.
T1 Repeaters..........	T1 Office and Line Repeaters	Facilitates the extension of T1 service to subscribers that are more than 3000 feet* from the central office and those that are served beyond a fiber multiplexer. (*Distance will vary based on gauge of copper wire)

</TABLE>

RESEARCH AND DEVELOPMENT CAPABILITIES AND ENGINEERING BASE

The Company believes that its future success depends, in part, on its ability to maintain its technological leadership through enhancements of its existing products and development of new products that meet customer needs. The Company is focusing on expanding its product offerings in the equipment segment from basic high speed broadband to more sophisticated applications such as networking, wireless and managed services. Westell works closely with its current and potential customers as part of the product development process.

In fiscal 2002, the Company received $2.0 million from customers to fund engineering projects, which was offset against research and development expenses. The Company did not receive any funding from customers for engineering projects in fiscal 2003 or 2004. In fiscal 2002, 2003 and 2004 the Company spent approximately $22.4 million, $16.5 million and $17.4 million on research and development activities, net of customer funding.

Westell's Product Development Processes are registered to TL9000, which is the Telecommunication Industry's sector-specific version of the ISO9001:2000 International Quality System Standard. These processes are also registered to

ISO9001:2000. The Company's research and development personnel are organized into product development teams. Each product development team is generally responsible for sustaining technical support of existing products, decreasing manufacturing costs, conceiving new products in cooperation with other groups within the Company and adapting standard products or technology to meet new customer needs. In particular, each product development team is charged with implementing the Company's engineering strategy of reducing product costs for each succeeding generation of the Company's products in an effort to be a highly valued, superior quality provider, without compromising functionality or serviceability.

The Company believes that the key to this strategy is choosing an initial architecture for each product that enables engineering innovations to result in performance enhancements and future cost reductions. Westell's products are designed in conjunction with input from procurement and manufacturing personnel to reduce costs. The Company believes it has a quality record that is grounded in a solid interface and transference of knowledge between design and manufacturing teams. Successful execution of this strategy also requires that the Company continue to attract and recruit highly qualified engineers.

The Company's products are subject to industry wide standardization organizations which include, the DSL Forum, the American National Standards Institute ("ANSI") in the United States and the European Telecommunications Standards Institute ("ETSI") which are responsible for specifying transmission standards for telecommunications technologies. The industry transmission standard for ADSL adopted by ANSI and ETSI is based upon Discrete Multitone Technology (DMT). DMT is technology that allows digital information to be sent at high-speeds over copper phone lines and prevents the digital information from interfering with other services provided on the same copper phone line. Westell incorporates DMT technology into its DSL products. The Company has not developed a DMT transceiver technology for its product offerings and is dependent on transceiver technologies sourced from third parties. The Company has established multiple strategic relationships with transceiver technology vendors for DSL chipsets to be used in ADSL systems by the Company. Absent the proper relationships with key silicon chipset vendors, the Company's products may not comply with standards set forth by ANSI and ETSI. Should customers require standards based products containing transceiver technology not available to the Company under reasonable terms and conditions, the Company's business and results of operations would be materially and adversely affected.

The following table lists the principal products currently under development along with their description and expected application:

<TABLE>

Product	Description	Applications
<S>	<C>	<C>
LiteLine TM ADSL Modem	Customer premise equipment that is connected to a telephone line that has been configured to provide Asymmetrical Digital Subscriber Line (ADSL and ADSL2+ once available) service from the telephone company. The LiteLine is a plug-and-play device that offers Network Address Translation (NAT) routing and a built-in firewall. NAT is a method of connecting multiple computers to the Internet (or any other IP network) using one IP address. NAT routing also provides security for devices on the local area network (LAN).	Enables residential and small office home office (SOHO) customers of ADSL service to connect a PC to the ADSL service for basic high speed Internet access with routing and security protection all in one box.
ProLine TM ADSL Modem/NAT Router......	Similar in all ways to the LiteLine, the ProLine provides the added benefit of allowing remote diagnostics, maintenance, software upgrades and other remote services.	In addition to providing the same applications as the LiteLine, the ProLine offers service providers the ability to provide customers a higher level of service and performance than the LiteLine product.
UltraLineTM Home DSL Router................	A full-featured, high-performance multi-port DSL router designed with sophisticated software intelligence and remote management capabilities	Offers users the ability to utilize multiple broadband applications and manage service quality and security

	for broadband networking	multi-user environment. preferences.
VersaLink TM Gateway	A fully featured, versatile gateway device that offers wired, 802.11g WiFi wireless and optional VersaLink(TM)fiber access for home or small businesses.	Enables residential, SOHO, and small businesses to network their broadband services to multiple PCs and other computing devices with wired and wireless access.
TriLink(TM)DSL and TriLink(TM)Ethernet VoIP products	Integrated Access Devices (IADs) that provide Voice over Internet Protocol (VoIP) communications. TriLink DSL contains an integrated DSL modem while the TriLink Ethernet connects to the Internet using an existing DSL modem. Both products provide for the simultaneous transmission of VoIP and data traffic.	Provides customers the ability to connect standard telephones to the Internet to complete telephone calls using standard VoIP protocols over a broadband DSL connection. .
EnVoy Service Management System TM	A standards based, Westell hosted service ("managed service")designed to provide remote management and diagnostic capabilities used by Service Providers, to deliver premium broadband services to their subscribers.	Allows Service Providers to offer firewall security, automated installation and maintenance, software upgrades and entertainment applications to products that are compliant with industry standards for remote management.

</TABLE>

The Company currently anticipates that it will generate revenue from the products listed in the above table in fiscal year 2005 and fiscal year 2006. However, there can be no assurance that the Company will be able to introduce such products as planned.

CUSTOMERS

The Company's principal customers historically have been large Regional Bell Operating Companies (RBOCs) within the United States. In addition, Westell sells products to several other entities, including public telephone administrations located outside the U.S., independent domestic local exchange carriers, competitive local exchange carriers, inter-exchange carriers, the U.S. federal government, Internet service providers, and business enterprises. Revenues from international customers represented approximately $15.5 million, $11.3 million and $6.3 million of the Company's revenues in fiscal 2002, 2003 and 2004, respectively, accounting for 6.5%, 5.4% and 2.7% of the Company's revenues in such periods.

The Company depends, and will continue to depend, on the Regional Bell Operating Companies (RBOCs) and other independent local exchange carriers for substantially all of its revenues. Sales to the RBOCs accounted for 66.4%, 75.1% and 76.8% of the Company's revenues in fiscal 2002, 2003 and 2004, respectively. Sales to the Company's largest three customers, Verizon, BellSouth and SBC accounted for 43%, 18% and 13% of the Company's revenues in fiscal 2004, respectively. Consequently, the Company's future success will depend upon the timeliness and size of future purchase orders from the RBOCs, the product requirements of the RBOCs, the financial and operating success of the RBOCs, and the success of the RBOCs' services that use the Company's products. Any attempt by an RBOC or other telephone company access providers to seek out additional or alternative suppliers or to undertake the internal production of products could have a material adverse effect on the Company's business and results of operations. In addition, the Company's sales to its largest customers have in the past fluctuated, and in the future could fluctuate significantly from quarter to quarter and year to year. The loss of such customers or the occurrence of such sales fluctuations would materially adversely affect the Company's business and results of operations.

The Company's contracts with its major customers are primarily pricing and product specification agreements that do not require a specific level of quantities to be purchased. Each customer provides the Company with purchase orders for units on an as-needed basis.

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. As a result, our larger customers may be able to reschedule or cancel orders without significant penalty. Prior to selling its products to telephone companies, the

Company must undergo lengthy approval and purchase processes which are discussed in the section captioned "Marketing, Sales and Distribution".

MARKETING, SALES AND DISTRIBUTION

The Company sells its products in the U.S. through its domestic field sales organization and selected distributors. The Company has had an established sales force and channel to domestic service providers since its founding in 1980.

The Company markets its products domestically within the United States, as well as in Canada and Europe. In North America, the Company's traditional NSA products are sold directly to the service providers or in some cases to distributors who service these carriers. The Company's CNE products are sold directly to telephone carriers and to Internet Service Providers who provide DSL services. The Company believes that the DSL sales channels are very dynamic and continually looks to adapt and configure its sales force and processes to meet these changes.

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telephone companies, the Company must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for products that vary slightly from existing products in the local access network and often longer for products based on new technologies. Accordingly, the Company is continually submitting successive generations of its current products as well as new products to its customers for approval.

Although the telephone company approval processes may vary to some extent depending on the customer and the product being evaluated, they generally are conducted as follows:

Laboratory Evaluation. The product's function and performance are tested against all relevant industry standards.

Technical Trial. A number of telephone lines are equipped with the product for simulated operation in a field trial. The field trial is used to evaluate performance, assess ease of installation and establish troubleshooting procedures.

Marketing Trial. Emerging products are tested for market acceptance of new applications and services. Marketing trials usually involve a greater number of systems than technical trials because systems are deployed at several locations in the telephone company's network. This stage gives telephone companies an opportunity to establish procedures, train employees to install and maintain the new product and to obtain more feedback on the product from a wider range of operations personnel.

Commercial Deployment. Commercial deployment usually involves substantially greater numbers of systems and locations than the marketing trial stage. In the first phase of commercial deployment, a telephone company initially installs the equipment in select locations for select applications. This phase is followed by general deployment involving greater numbers of systems and locations. Commercial deployment does not usually mean that one supplier's product is purchased for all of the telephone companies' needs throughout the system as telephone companies often rely upon multiple suppliers to ensure that their needs can be met. Subsequent orders, if any, are generally placed under single or multi-year supply agreements that are generally not subject to minimum volume commitments.

The relationships that the Company establishes in this extensive process are critical in almost every case. The Company has a history of working closely with the service providers in this fashion and the Company has won numerous quality awards from a variety of customers over the past twenty years.

TECHNICAL SUPPORT

Westell maintains 24-hour, 7-day-a-week telephone support and provides on-site support. The Company also provides technical consulting, research assistance and training to some of its customers with respect to the installation, operation and maintenance of its products.

The Company has general purchase agreements with most of its major customers. These agreements may require the Company to accept returns of products or indemnify such customers against certain liabilities arising out of the use of the Company's products. Although, to date, the Company has not experienced any significant product returns or indemnification claims under these contracts, any such claims or returns could have a material adverse effect on the Company's business and results of operations.

The Company's products are required to meet rigorous standards imposed by its customers. Most of the Company's products carry a limited warranty ranging from one to seven years, which generally covers defects in materials or workmanship and failure to meet published specifications, but excludes damages caused by improper use and all other warranties. In the event there are material deficiencies or defects in the design or manufacture of the Company's products, the affected products could be subject to recall. For the past five fiscal years, the Company's warranty expenses have been insignificant.

MANUFACTURING

The Company performs the majority of its manufacturing at its facility in Aurora, Illinois. The Company is positioned to activate a subcontractor to produce CNE products if demand were to significantly increase. The Company subcontracts the production of a portion of its NSA products. Reliance on third-party subcontractors involves several risks, including the potential absence of adequate capacity and reduced control over product quality, delivery schedules, manufacturing yields and costs.

The Company has purchase contracts with suppliers of material components. Most purchased items are standard commercial components available from multiple suppliers. There are also single-sourced components needed to produce products. There is one single-sourced item in broadband consisting of the license to run an operating platform. There are a number of other suppliers

in the market that could supply the Company with this same technology, however, it would take the Company at least nine months to reengineer the product and subsequently get product approval from customers. This delay would materially adversely affect the Company's business. Broadband product sales accounted for 58% of revenue in fiscal 2004. All purchase contracts are short term in nature with the exception of one long-term commitment to purchase memory chips. Under this long-term agreement, the Company must purchase $13.5 million of products through December 2005 or pay a cancellation fee of $800,000. The $800,000 cancellation fee is reduced as the Company meets purchase milestones. It was determined in fiscal 2002 that this purchase commitment would more than likely not be met and the Company therefore accrued for the cancellation fee. As of March 31, 2004 the Company had fulfilled $7.5 million of the $13.5 million obligation and the cancellation fee was reduced to $500,000. The remaining cancellation fee of $500,000 is accrued. Suppliers may terminate unfulfilled contracts without penalty that are outside of contractual time periods.

A substantial portion of the Company's shipments in any fiscal period can relate to orders for products received in that period. Westell's domestic Manufacturing Processes are also registered to TL9000, as well as to ISO9001:2000. Further, a significant percentage of orders, such as Network Interface Units, or NIUs, may require delivery within 48 hours. To meet this demand, the Company maintains raw materials inventory and finished goods inventory at its manufacturing facilities. In addition, the Company maintains some finished goods inventory at the customers' sites pursuant to agreements that the customers will eventually purchase such inventory. Because of the rapid technological changes to our products, the Company faces a reoccurring risk that the inventory it holds may become obsolete.

COMPETITION

The markets for the Company's products are intensely competitive and the Company expects competition to increase in the future, especially in the rapidly changing markets for broadband products. Westell's primary competitors vary by market segment. The Company's principal competitors with respect to its NSA products are HyperEdge Corporation, ADC Telecommunications and Pulsecom. The Company's principal competitors with respect to its CNE broadband products are primarily Siemens Information and Communication Network Inc. (Efficient), Netopia Inc., 2Wire Inc., Cisco Systems Inc. (Linksys), D-Link Systems Inc., ActionTec Electronics Inc. and ZyXEL Communications Co. The Company believes that it is currently one of the leading sellers of DSL products in North America. However, many of the Company's competitors are significantly larger and

have more financial resources than the Company. To compete against these competitors, the Company focuses on quality, time to market and the ability to react quickly to market changes resulting from U.S. based operations including manufacturing and product development. The Company expects that new competitive pressure from Asian based manufactures will continue downward pressure on pricing.

Additional competition is seen from products that increase the efficiency of digital transmission over copper wire such as fiber, wireless, cable modems and other products delivering broadband digital transmission. Telephone companies face competition from cable operators, new local access providers and wireless service providers that are capable of providing high speed digital transmission to end users. At the end of 2003, 16.0 million customers used cable modems in the U.S. in contrast to 8.5 million DSL subscribers. By 2008, the Yankee Group, a service that provides industry trend data, is forecasting there to be 35.8 million cable modem users in the U.S. versus 21.0 million DSL users in the U.S. resulting in a 37% market share for DSL modems. In addition, the deployment of products and technologies for copper wire may also reduce the demand for other products currently manufactured by the Company. The deployment of HDSL2 and HDSL4 systems in the U.S. reduces telephone companies' need for T-1 repeaters, which results in a decrease in demand for Westell's more traditional T-1 products such as its Network Interface Units. The Company believes that the domestic market for some of its older, low speed NSA transmission products is decreasing, and will likely continue to decrease, as high capacity digital transmission becomes less expensive and more widely deployed. See the risk factor captioned "Our products face competition from other existing products, products under development and changing technology, and if we do not remain competitive, our business will suffer and we may not remain profitable".

TELECONFERENCE SERVICES

Conference Plus, Inc., founded in 1988, is a full service conferencing company that manages and hosts specific software and applications relating to conferencing and meeting services. Conference Plus is an 91.5% owned subsidiary of Westell and manages its teleconferencing and meeting services through its

main operations center in Schaumburg, Illinois and a facility in Dublin, Ireland. Conference Plus services generated $48.5 million, $41.8 million and $45.3 million in revenues in fiscal 2002, 2003 and 2004, respectively.

In June 2002, the Company retained Robert W. Baird & Company to act as an advisor on a possible divestiture of the Company's services subsidiary, Conference Plus, Inc. At this time, the Company is not actively pursuing any divestiture but may do so in the future if the divestiture fits into the Company's strategic plans and adequate consideration can be obtained.

Conference Plus allows multiple individuals, organizations and/or businesses to conduct conference calls using a combination of voice, video or data such as graphs or spreadsheets. Conference Plus offers conference call services that can include a blend of audio, graphics, spreadsheets or other documents that can be carried over and archived on the Internet to enhance the traditional voice conference call. By enabling the sharing of this blend of information, Conference Plus can help organizations increase productivity and save money by reducing travel time, bringing down travel costs, and making it easier for people in remote locations to work together. Teleconference and meeting service technologies also allow organizations and individuals to collect and disseminate information faster, more accurately and without the associated costs of face-to-face meetings.

Conference Plus is distinguished by three strategies:

- Diverse Distribution Channels
- State-of-the-Art Network and Integrated Systems
- International Reach

DIVERSE DISTRIBUTION CHANNELS

Conference Plus has historically acted as a provider of conferencing and meeting services on a wholesale basis, managing and hosting applications for major carriers and telecommunications resellers. A majority of Conference Plus' revenues come from indirect commercial teleconferencing services to customers who market or use Conference Plus services under their own brand name. Such companies choose to outsource and private label audio, web and

video teleconferencing services to maintain continuity, save costs and focus on their core competencies. By selling into indirect or resale customers, Conference Plus effectively increases the size of their sales organization without incurring the expense necessary with a direct sales force.

Conference Plus also sells its services directly to Fortune 1000 companies through its National Accounts Sales force. This area continues to be a strong part of the of Conference Plus's business and the Company expects to continue to invest resources in this area in order to maintain a diverse mix of revenue distribution. The deployment of this strategy is designed to improve the recognition of the Conference Plus brand, which has strategic long term benefits to the Company.

STATE OF THE ART NETWORK AND INTEGRATED SYSTEMS

A critical part of Conference Plus' approach is its state of the art network and integrated systems. Conference Plus has a state of the art network infrastructure that enables it to take advantage of the relationships it has with major telecommunications providers to provide quality service. Conference Plus has a unique architecture that allows customers have access to all of the Conference Plus bridge and network capacity during any of their conference calls or meetings.

Conference Plus has built an integrated reservations, scheduling and billing system called Conferencing and Reservation Billing System ("CRBS") that is a significant differentiator in the conferencing market. The CRBS system allows Conference Plus to leverage its operations on a global basis. This reliable and scalable system is seamlessly integrated in the operational environment from the point of reservation through the billing process. This integration allows Conference Plus to enjoy scale advantages and to be able to provide resale service to its customers.

INTERNATIONAL REACH

As customers globalize their telecommunications services, Conference Plus has expanded its operational presence internationally to meet these needs. In addition to its main operational centers in Schaumburg, Illinois and Dublin, Ireland, Conference Plus has teleconferencing bridges located in Lombard, Illinois and London, England. Conference Plus is able to serve the teleconferencing needs of customers headquartered anywhere in the world through these facilities. The Conference Plus facility in Dublin, Ireland was established in 1998 to help meet the growing demand for global conferencing service. The international market for teleconferencing is expected to grow substantially as a result of deregulation and improved networks with associated reductions in end user costs.

Conference Plus' indirect or private label customers and many of its other customers are significantly larger than, and are thus able to exert a high degree of influence over, Conference Plus. Conference Plus depends on two customers to provide a significant percent of its revenues. A loss of one of these customers would have a material adverse effect on Conference Plus's business. Prior to selling its services, the Company must undergo lengthy approval and purchase processes. Evaluation can take a few months for services that vary slightly from existing services used by the prospective customer to a year or more for services based on technologies such as video or data teleconferencing or which represent a new strategic direction for the customer, as in the case with private labeling teleconference services for a Regional Bell Operating Company.

Competition in the teleconferencing business is intense and the Company expects that competition will increase due to low barriers of entry and recent entrants into the audio teleconferencing service market. Many of Conference Plus' competitors, including AT&T, MCI Communications and Sprint Communications, have much greater name recognition, more extensive customer service and marketing capabilities and substantially greater financial, technological and personnel resources than the Company. There can be no assurance that the Company will be able to successfully compete in this market in the future or that competitive pressures will not result in price reductions that would materially adversely affect its business and results of operations.

GOVERNMENT REGULATION

The telecommunications industry, including most of the Company's

customers, is subject to regulation from federal and state agencies, including the FCC and various state public utility and service commissions. While such regulation does not affect the Company directly, the effects of such regulations on the Company's customers may, in turn, adversely impact the Company's business and results of operations. For example, FCC regulatory policies affecting the availability of telephone and communications services and other terms on which service providers conduct their business may impede the Company's penetration of certain markets. The Telecommunications Act of 1996 lifted certain restrictions on the carriers' ability to provide interactive multimedia services including video on demand. Under the Telecommunications Act of 1996, new regulations have been established whereby carriers may provide various types of services beyond traditional voice offerings.

In addition, the Telecommunications Act of 1996 permits the carriers to engage in manufacturing activities after the FCC authorizes a carrier to provide long distance services within its service territory. A carrier must first meet specific statutory and regulatory tests demonstrating that its monopoly market for local exchange services is open to competition before it will be permitted to enter the long distance market. When these tests are met, a carrier will be permitted to engage in manufacturing activities, and the carriers, which are the Company's largest customers, may become the Company's competitors as well. See "Risk Factors".

PROPRIETARY RIGHTS AND INTELLECTUAL PROPERTY

The Company's success and future revenue growth will depend, in part, on its ability to protect trade secrets, obtain or license patents and operate without infringing on the rights of others. The Company relies on a combination of technical leadership, copyrights, patents, trademarks, trade secrets and other intellectual property laws, nondisclosure agreements and other protective measures to protect our unpatented proprietary know-how. The Company regards some of its technology as proprietary and the Company has been granted 28 patents and has an additional 22 U.S. patents pending relating to its NSA and CNE products. The expiration of any of the patents held by the Company would not have a material impact on the Company. The Company expects to seek additional patents from time to time related to its research and development activities.

Many of the Company's products incorporate technology developed and owned by third parties. Consequently, the Company must rely upon third parties to develop and to introduce technologies which enhance the Company's current

products and enable the Company, in turn, to develop its own products on a timely and cost-effective basis to meet changing customer needs and technological trends in the telecommunications industry. Without third party transceiver technologies, such as DMT technology, the Company would not be able to produce any of its DSL systems. Consequently, if the Company's third party transceiver suppliers fail to deliver transceivers that meet the Company's requirements or fail to deliver transceivers that meet industry standards and other alternative sources of DSL transceiver technology are not available to the Company at commercially acceptable terms, then the Company's business and results of operations would be materially and adversely affected. The Company's reliance on certain third party technology is also discussed above in "Research and Development Capabilities and Engineering Base".

Rapid technological evolution has resulted in the need to implement strategic alliances with technology suppliers in order to accelerate the time to market for new products. Without such relationships, due to the lengthy carrier product approval and purchase cycles, the technology may be obsolete by the time the Company completes the product approval and purchase cycles.

EMPLOYEES

As of March 31, 2004, the Company had 880 full-time employees. Westell's domestic equipment manufacturing business had a total of 581 full-time employees, consisting of 143 in sales, marketing, distribution and service, 87 in research and development, 319 in manufacturing and 32 in administration. Conference Plus had a total of 269 full-time employees. Westell Limited had a total of 30 full-time employees. None of the Company's employees are represented by a collective bargaining agreement nor has the Company ever experienced any work stoppage. The Company believes its relationship with its employees is good.

ACCESS TO SEC REPORTS AND CORPORATE GOVERNANCE MATERIALS

The Company makes available free of charge through its website,

www.westell.com:

- o an automatic link to the SEC's website for the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practical after such material is electronically filed with the Securities and Exchange Commission; and

- o the Company's Audit Committee Charter and its Code of Business Conduct.

The Company's website and the information contained therein or incorporated therein are not intended to be incorporated into this Annual Report on Form 10-K.

RISK FACTORS

You should carefully consider the risks described below in addition to the other information contained and incorporated by reference in this Form 10-K. If any of the following risks occurs, our business, operating results or financial condition would likely suffer, and the market price for our securities could decline.

WE HAVE INCURRED LOSSES IN THE PAST AND MAY INCUR LOSSES IN THE FUTURE.

In the past, due to our significant ongoing investment in DSL and other new technology, we have incurred losses through fiscal 2002. Through fiscal 2002, we have incurred operating losses, net losses and negative cash flow on both an annual and quarterly basis. The Company had an accumulated deficit of $287 million as of March 31, 2004.

We believe that our future revenue growth and profitability will depend on:

- o creating sustainable product and service sales opportunities;
- o lowering our CNE and NSA product costs through design and manufacturing enhancements and volume efficiencies;
- o developing new and enhanced products and services; and

In addition, we expect to continue to evaluate new product opportunities. As a result, we will continue to invest heavily in research and development and sales and marketing, which could adversely affect our short-term operating results. We can offer no assurances that we will remain profitable in the future.

OUR STOCK PRICE IS VOLATILE AND COULD DROP UNEXPECTEDLY.

Like many technology stocks, our stock has demonstrated and likely will continue to demonstrate extreme volatility as valuations, trading volume and prices move significantly. This volatility may result in a material decline in the market price of our securities, and may have little relationship to our financial results or prospects.

Our class A common stock price has experienced substantial volatility in the past and is likely to remain volatile in the future due to factors such as:

- o Our actual and anticipated quarterly and annual operating results;
- o Variations between our actual results and analyst and investor expectations;
- o Announcements by us or others on developments affecting our business;
- o Lack of success on winning new customers or the loss of an existing customer;
- o Investor and analyst perceptions of our company and comparable public companies;
- o Future sales of debt or equity securities;
- o The activities of short sellers and risk arbitrageurs regardless of our performance; and
- o Conditions and trends in the data communications and Internet-related industries.

Many of the factors listed above are not within our control. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class litigation.

WE HAVE AND COULD FACE SECURITIES CLASS LITIGATION, WHICH COULD SIGNIFICANTLY HARM OUR BUSINESS.

In fiscal 2000, Westell Technologies, Inc. and certain of its officers and directors were named in consolidated class actions. Although these class actions have settled, we could face securities litigation in the future which could result in the payment of substantial damages or settlement costs in excess of our insurance coverage. Any adverse outcome could harm our business. Even if we were to be meritorious in any such litigation, we could incur substantial legal costs and management's attention and resources could be diverted from our business which could cause our business to suffer.

DUE TO THE RAPID TECHNOLOGICAL CHANGES IN OUR INDUSTRY, OUR PRODUCTS MAY BECOME OBSOLETE BEFORE WE CAN REALIZE SIGNIFICANT REVENUES FOR OUR PRODUCTS, WHICH COULD CAUSE US TO INCUR CHARGES FOR EXCESS AND OBSOLETE INVENTORY AND MATERIALLY HARM OUR BUSINESS.

The telecommunications industry is subject to rapid technological change and volatile customer demands, which results in a short product commercial life before a product becomes obsolete. As a result, we have in the past and may in the future devote disproportionate resources to a product that has an unexpected short commercial life and/or have to write off excess and obsolete inventory, each of which would harm our operating results and financial condition and harm our business. From time to time, we may need to write off inventory as excess or obsolete. In the past, we have experienced such write-offs. For example, the Company recognized an inventory adjustment to net realizable value and charges for excess and obsolete inventory of $13.9 million during fiscal year 2002. If we incur substantial inventory expenses that we are not able to recover because of changing market conditions, it could have a material adverse effect on our business, financial condition and results of operations.

PRICING PRESSURES ON OUR PRODUCTS MAY AFFECT OUR ABILITY TO BE PROFITABLE IN THE FUTURE.

We have and may in the future offer products and services based upon forward pricing, which is the pricing of products below production costs to take into account the expectation of large future volumes and corresponding reduction of manufacturing costs. Forward pricing would cause us to incur lower margins on product or service sales unless we can reduce the associated costs. We believe that costs may decrease if:

- more cost-effective technologies become available,
- product design efficiencies and component integration are obtained, and
- we achieve economies of scale related to increased volume.

There is no guaranty that we will be able to secure significant additional business and reduce per unit costs that we have factored into our forward priced products. As a result, we could incur low or negative margins in connection with sales of forward priced products even if our unit volume increases. Low margins from our sales of products and services could result in fluctuations in our quarterly operating results and would materially and adversely affect our profitability and ability to implement our business goals.

OUR PRODUCTS FACE COMPETITION FROM OTHER EXISTING PRODUCTS, PRODUCTS UNDER DEVELOPMENT AND CHANGING TECHNOLOGY, AND IF WE DO NOT REMAIN COMPETITIVE, OUR BUSINESS WILL SUFFER AND WE WILL NOT REMAIN PROFITABLE.

The markets for our products are characterized by:

- intense competition within the DSL market and from other industries such as cable and wireless industries;
- rapid technological advances;
- evolving industry standards;
- changes in end-user requirements;
- frequent new product introductions and enhancements; and
- evolving customer requirements and service offerings.

New products introductions or changes in services offered by telephone companies or over the Internet could render our existing products and products under development obsolete and unmarketable. Further, we believe that the domestic market for many of our traditional T-1 products is decreasing, and will likely continue to decrease, as high capacity digital transmission becomes less expensive and more widely deployed. For example, our Network Interface Unit product revenue decreased 16.7% in fiscal 2003 and an additional 15.8% in fiscal 2004. Our future success will largely depend upon our ability to continue to enhance and upgrade our existing products, such as T-1 and DSL, and to successfully develop and market new products.

In addition, our current product offerings primarily enable telephone companies to deliver communications over copper telephone wires in the local access network. Telephone companies also face competition in the delivery of digital communications from cable operators, new telephone companies, and wireless service providers. If end users obtain their high-speed data transmission services from these alternative providers, then the overall demand for our DSL products will be impaired.

To remain competitive, we must develop new products to meet the demands of these emerging transmission media and new local access network providers. Our business would be severely harmed if our products become obsolete or fail to gain widespread commercial acceptance due to competing products and technologies.

EVOLVING INDUSTRY STANDARDS MAY ADVERSELY AFFECT OUR ABILITY TO SELL OUR PRODUCTS AND CONSEQUENTLY HARM OUR BUSINESS.

Industry wide standardization organizations such as the American National Standards Institute and the European Telecommunications Standards Institute are responsible for setting transceiver technology standards for DSL and other products. We are dependent on transceiver technologies from third parties to manufacture our products. If transceiver technologies needed for standards-based products are not available to us in a timely manner and under reasonable terms, then our revenues would significantly decrease and our business and operating results would suffer significantly.

In addition, the introduction of competing standards or implementation specifications could result in confusion in the market and delay decisions regarding deployment of our products. Delay in the announcement of standards would materially and adversely impact our product sales and would severely harm our business.

WE ARE DEPENDENT ON THIRD PARTY TECHNOLOGY, THE LOSS OF WHICH WOULD HARM OUR BUSINESS.

We rely on third parties to gain access to technologies that are used in our current products and in products under development. For example, our ability to produce DSL products is dependent upon third party transceiver technologies. Our licenses for DSL transceiver technology are nonexclusive and the transceiver technologies have been licensed to numerous other manufacturers. If our DSL transceiver licensors fail to deliver commercially ready or standards compliant transceiver solutions to us and other alternative sources of DSL transceiver technologies are not available to us at commercially acceptable terms, then our business and operating results would be significantly harmed.

Any impairment in our relationships with the licensors of technologies used in our products would force us to find other developers on a timely basis or develop our own technology. For example, it would take us at least nine months to reengineer the product and subsequently get product approval from customers if the Company lost its existing licenses to the DSL technology and operating platform used in its DSL products. There is no guarantee that we will be able to obtain the third-party technology necessary to continue to develop and introduce new and enhanced products, that we will obtain third-party technology on commercially reasonable terms or that we will be able to replace third-party technology in the event such technology becomes unavailable, obsolete or incompatible with future versions of our products. We would have severe difficulty competing if we cannot obtain or replace much of the third-party technology used in our products. Any absence or delay would materially adversely affect our business and operating results.

WE ARE DEPENDENT ON SOLE OR LIMITED SOURCE SUPPLIERS, THE LOSS OF WHICH WOULD

HARM OUR BUSINESS.

Integrated circuits and other electronic components used in our products are currently available from only one source or a limited number of suppliers. Our inability to obtain sufficient key components or to develop alternative sources for key components as required, could result in delays or reductions in product deliveries, and consequently severely harm our customer relationships and our business. Furthermore, additional sole-source components may be incorporated into our future products, thereby increasing our supplier risks. If any of our sole-source suppliers delay or halt production of any of their components, or fail to supply their components on commercially reasonable terms, then our business and operating results would be harmed. For example, it would take the Company at least nine months to reengineer the product and subsequently get product approval from customers if the Company lost its existing licenses to the DSL technology and operating platform used in its DSL products.

We may experience delays in the receipt of key components which could result in delays in related product deliveries. There is no guarantee that we will be able to continue to obtain sufficient quantities of key components as required, or that such components, if obtained, will be available to us on commercially reasonable terms.

WE HAVE FEW LONG TERM CONTRACTS OR ARRANGEMENT WITH SUPPLIERS WHICH COULD ADVERSELY AFFECT OUR ABILITY TO PURCHASE COMPONENTS AND TECHNOLOGIES USED IN OUR PRODUCTS.

We have few long-term contracts or arrangements with our suppliers. We may not be able to obtain components at competitive prices, in sufficient quantities or under other commercially reasonable terms. If we enter into a high-volume or long-term supply arrangement and subsequently decide that we cannot use the products or services provided for in the supply arrangement, then our business would also be harmed. We enter into short term contracts with our suppliers in the form of purchase orders. Purchase orders are often non-cancelable within contractual time periods. These purchase orders are issued to venders based on forecasted demand. If the forecasted demand is materially incorrect, we may find that we cannot use the products ordered, then our business would also be harmed.

WE WILL NOT BE ABLE TO SUCCESSFULLY COMPETE, DEVELOP AND SELL NEW PRODUCTS IF WE FAIL TO RETAIN KEY PERSONNEL AND HIRE ADDITIONAL KEY PERSONNEL.

Because of our need to continually evolve our business with new product developments and strategies, our success is dependent on our ability to attract and retain qualified technical, marketing, sales and management personnel. To remain competitive, we must maintain top management talent, employees who are involved in product development and testing and employees who have developed strong customer relationships. Because of the high demand to these types of employees, it may be difficult to retain existing key employees and attract new key employees. In addition we do not have non-compete contracts with most of our employees. Our inability to attract and retain additional key employees could harm our ability to successfully sell existing products and develop new products and implement our business goals.

OUR QUARTERLY OPERATING RESULTS ARE LIKELY TO FLUCTUATE SIGNIFICANTLY AND SHOULD NOT BE RELIED UPON AS INDICATIONS OF FUTURE PERFORMANCE.

We may experience significant fluctuations in quarterly operating results. Due to the risks identified below and elsewhere in "Risk Factors," sales to our largest customers have fluctuated and could fluctuate significantly between quarters. Sales to our customers typically involve large purchase commitments, and customers purchasing our products may generally reschedule without penalty. As a result, our quarterly operating results have fluctuated significantly in the past. Other factors that have had and may continue to influence our quarterly operating results include:

- the impact of changes in the DSL customer mix or product mix sold;
- timing of product introductions or enhancements by us or our competitors;
- changes in operating expenses which can occur because of product development costs, timing of customer reimbursements for research and development, pricing pressures; availability and pricing of key components;
- write-offs for obsolete inventory; and

- o the other risks that are contained in this "Risk Factors" section.

Due to our fluctuations in quarterly results, we believe that period-to-period comparisons of our quarterly operating results are not necessarily meaningful. Our quarterly fluctuations make it more difficult to forecast our manufacturing and purchasing needs and revenues. It is possible that in some future quarters our operating results will be below the expectations of securities analysts and investors, which may adversely affect our stock price. As long as we continue to depend on DSL products and new products, there is substantial risk of widely varying quarterly results, including the so-called "missed quarter" relative to investor expectations.

WE MAY EXPERIENCE DELAYS IN THE DEPLOYMENT OF NEW PRODUCTS.

Our past sales have resulted from our ability to anticipate changes in technology, industry standards and telephone company service offerings, and to develop and introduce new and enhanced products and services. Our continued ability to adapt to such changes will be a significant factor in maintaining or improving our competitive position and our prospects for growth. Factors resulting in delays in product development include:

- o rapid technological changes in the telecommunications industry;
- o our customers' lengthy product approval and purchase processes; and
- o our reliance on third-party technology for the development of new products.

There can be no assurance that we will successfully introduce new products on a timely basis or achieve sales of new products in the future. In addition, there can be no assurance that we will have the financial and manufacturing resources necessary to continue to successfully develop new products or to otherwise successfully respond to changing technology standards and telephone company service offerings. If we fail to deploy new products on a timely basis, then our product sales will decrease, our quarterly operating results could fluctuate, and our competitive position and financial condition would be materially and adversely affected.

THE TELECOMMUNICATIONS INDUSTRY IS A HIGHLY COMPETITIVE MARKET AND THIS COMPETITION MAY RESULT IN OPERATING LOSSES, A DECREASE IN OUR MARKET SHARE AND FLUCTUATIONS IN OUR REVENUE.

We expect continuing competition as the DSL market continues to evolve. Because we are significantly smaller than many of our competitors, we may lack the financial resources needed to increase our market share. Many of our competitors are much larger than us and can offer a wider array of different products and services required for a telephone company's business than we do.

We expect continued aggressive tactics from many of our competitors such as:

- o Forward pricing of products;
- o Early announcements of competing products;
- o Bids that bundle DSL products with other product and service offerings; and
- o Intellectual property disputes.

OUR LACK OF BACKLOG MAY AFFECT OUR ABILITY TO ADJUST TO AN UNEXPECTED SHORTFALL IN ORDERS.

Because of customer ordering demands we generally ship products within a short period after receipt of an order, we typically do not have a material backlog (or known quantity) of unfilled orders, and our revenues in any quarter are substantially dependent on orders booked in that quarter. Our expense levels are based on anticipated future revenues and are relatively fixed in the short-term. Therefore, we may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall of orders. Accordingly, any significant shortfall of demand in relation to our expectations or any material delay of customer orders would have an immediate adverse impact on our business and operating results.

INDUSTRY CONSOLIDATION COULD MAKE COMPETING MORE DIFFICULT.

Consolidation of companies offering high-speed telecommunications products is occurring through acquisitions, joint ventures and licensing arrangements involving our competitors, our customers and our customers'

competitors. We cannot provide any assurances that we will be able to compete successfully in an increasingly consolidated telecommunications industry. Any heightened competitive pressures that we may face may have a material adverse effect on our business, prospects, financial condition and result of operations.

WE DEPEND ON A LIMITED NUMBER OF CUSTOMERS WHO ARE ABLE TO EXERT A HIGH DEGREE OF INFLUENCE OVER US AND LOSS OF A MAJOR CUSTOMER COULD ADVERSELY IMPACT OUR BUSINESS.

We have and will continue to depend on the large Regional Bell Operating Companies as well as other telephone carriers including smaller local telephone carriers and new alternative telephone carriers, for substantially all of our revenues. Sales to the Regional Bell Operating Companies accounted for approximately 66.4%, 75.1% and 76.8% of our revenues in fiscal 2002, 2003 and 2004, respectively. Consequently, our future success will depend upon:

- o the timeliness and size of future purchase orders from the Regional Bell Operating Companies;
- o the product requirements of the Regional Bell Operating Companies;
- o the financial and operating success of the Regional Bell Operating Companies; and
- o the success of the Regional Bell Operating Companies' services that use our products.

The Regional Bell Operating Companies and our other customers are significantly larger than we are and are able to exert a high degree of influence over us. These customers may generally reschedule orders without penalty to the customer. Even if demand for our products is high, the Regional Bell Operating Companies have sufficient bargaining power to demand low prices and other terms and conditions that may materially adversely affect our business and operating results.

Any attempt by a Regional Bell Operating Company or our other customers to seek out additional or alternative suppliers or to undertake the internal production of products would have a material adverse effect on our business and operating results. The loss of any or our customers could result in an immediate decrease in product sales and materially and adversely affect our business.

Conference Plus's customer base is very concentrated as its top ten customers represent a large portion of total revenue. Customers of Conference Plus have expanded their requirements for our services, but there can be no assurance that such expansion will increase in the future. Additionally, Conference Plus's customers continually undergo review and evaluation of their conferencing and meeting services to evaluate the merits of bringing those services in-house rather than outsourcing those services. There can be no assurance in the future that Conference Plus's customers will not bring some portion or all of their conferencing and meeting services in-house. Conference Plus must continually provide higher quality, lower cost services to provide maintain and grow its customer base. Any loss of a major account, would have a material adverse effect on Conference Plus. In addition, any merger or acquisition of a major customer could have a material adverse effect on Conference Plus.

OUR CUSTOMERS HAVE LENGTHY PURCHASE CYCLES THAT AFFECT OUR ABILITY TO SELL OUR PRODUCTS.

Prior to selling products to telephone companies, we must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for products that vary slightly from existing products or up to a year or more for products based on new technologies such as DSL products. Accordingly, we are continually submitting successive generations of our current products as well as new products to our customers for approval. The length of the approval process can vary and is affected by a number of factors, including:

- o the complexity of the product involved;
- o priorities of telephone companies;
- o telephone companies' budgets; and
- o regulatory issues affecting telephone companies.

The requirement that telephone companies obtain FCC or state regulatory approval for most new telephone company services prior to their implementation has in the past delayed the approval process. Such delays in the future could have a material adverse affect on our business and operating results. While we have been successful in the past in obtaining product approvals from our

customers, there is no guaranty that such approvals or that ensuing sales of such products will continue to occur.

OUR INTERNATIONAL OPERATIONS EXPOSE US TO THE RISKS OF CONDUCTING BUSINESS OUTSIDE THE UNITED STATES.

International revenues represented 6.5%, 5.4% and 2.7% of our revenues in fiscal 2002, 2003 and 2004, respectively. Because Conference Plus has expanded its conference call business in Europe by opening offices in Dublin, Ireland, and because of our intention to expand our broadband products in Europe we believe that our exposure to international risks may increase in the future. These risks include:

- foreign currency fluctuations;
- tariffs, taxes and trade barriers;
- difficulty in accounts receivable collection;
- political unrest; and

- burdens of complying with a variety of foreign laws and telecommunications standards.

The occurrence of any of these risks would impact our ability to increase our revenue and remain profitable, or could require us to modify significantly our current business practices.

OUR SERVICES ARE AFFECTED BY UNCERTAIN GOVERNMENT REGULATION AND CHANGES IN CURRENT OR FUTURE LAWS OR REGULATIONS COULD RESTRICT THE WAY WE OPERATE OUR BUSINESS.

Many of our customers are subject to regulation from federal and state agencies, including the FCC and various state public utility and service commissions. While these regulations do not affect us directly, the effects of regulations on our customers may adversely impact our business and operating results. For example, FCC regulatory policies affecting the availability of telephone company services and other terms on which telephone companies conduct their business may impede our penetration of local access markets.

In addition, our business and operating results may also be adversely affected by the imposition of tariffs, duties and other import restrictions on components that we obtain from non-domestic suppliers or by the imposition of export restrictions on products that we sell internationally. Internationally, governments of the United Kingdom, Canada, Australia and numerous other countries actively promote and create competition in the telecommunications industry. Changes in current or future laws or regulations, in the U.S. or elsewhere, could materially and adversely affect our business and operating results.

POTENTIAL PRODUCT RECALLS AND WARRANTY EXPENSES COULD ADVERSELY AFFECT OUR ABILITY TO REMAIN PROFITABLE.

Our products are required to meet rigorous standards imposed by our customers. Most of our products carry a limited warranty ranging from one to seven years. In addition, our supply contracts with our major customers typically require us to accept returns of products or indemnify such customers against certain liabilities arising out of the use of our products. Complex products such as those offered by us may contain undetected errors or failures when first introduced or as new versions are released. Despite our testing of products and our comprehensive quality control program, there is no guaranty that our products will not suffer from defects or other deficiencies. Although historically we have not experienced material problems with product defects, recalls, returns or indemnification claims, if such claims exceed our reserves for such claims, our business could be harmed. Such recalls, returns or claims and the associated negative publicity could result in the loss of or delay in market acceptance of our products, affect our product sales, our customer relationships, and our ability to generate a profit.

INVESTORS COULD BE ADVERSELY AFFECTED BY FUTURE ISSUANCES AND SALES OF OUR SECURITIES.

Sales of substantial amounts of our common stock in the public market could adversely affect the market price of our securities. Westell has 53,611,329 shares of common stock outstanding as of June 1, 2004, and has the following obligations to issue additional class A common stock as of June 01, 2004:

- o options to purchase 9,331,284 shares of class A common stock, 4,396,223 of which are currently exercisable; and
- o warrants to purchase 915,000 shares of class A common stock for $1.95 per share

These obligations could result in substantial future dilution with respect to our common stock.

WE RELY ON OUR INTELLECTUAL PROPERTY THAT WE MAY BE UNABLE TO PROTECT, OR WE MAY BE FOUND TO INFRINGE THE RIGHTS OF OTHERS.

Our success will depend, in part, on our ability to protect trade secrets, obtain or license patents and operate without infringing on the rights of others. We rely on a combination of technical leadership, trade secrets, copyright and trademark law and nondisclosure agreements to protect our non-patented proprietary expertise. These measures, however, may not provide meaningful protection for our trade secrets or other proprietary information. Moreover, our business and operating results may be materially adversely affected by competitors who independently develop substantially equivalent technology.

In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as U.S. law. The telecommunications industry is also characterized by the existence of an increasing number of patents and frequent litigation based on allegations of patent and other intellectual property infringement. From time to time we receive communications from third parties alleging infringement of exclusive patent, copyright and other intellectual property rights to technologies that are important to us.

There is no guarantee:

- o that third parties will not assert infringement claims against us in the future, and that such assertions will not result in costly litigation; or
- o that we would prevail in any such litigation or be able to license any valid and infringed patents from third parties on commercially reasonable terms.

Further, such litigation, regardless of its outcome, could result in substantial costs to and diversion of our efforts. Any infringement claim or other litigation against or by us could have a material adverse effect on our business and operating results.

BUSINESS INTERRUPTION COULD PREVENT OUR ABILITY TO DELIVER PRODUCT AND SERVICES TO OUR CUSTOMERS AND COULD ADVERSELY AFFECT OUR BUSINESS.

Our operations could be impacted by business interruptions such as fire, flood, power loss and other events beyond our control. We have a detailed disaster recovery plan and business interruption insurance but these may not be sufficient to fully cover losses that may occur.

WE MAY ENGAGE IN FUTURE ACQUISITIONS OR FUND RAISING ACTIVITY THAT COULD DILUTE OUR CURRENT STOCKHOLDERS.

We expect to continue to review potential acquisitions and we may acquire businesses, products or technologies in the future. In addition, the Company may decide to raise additional capital to fund its operations. In order to accomplish these activities, acquisitions and fund raising, we could:

- o issue equity securities that could dilute our current stockholders' percentage ownership;
- o incur substantial debt; or
- o assume contingent liabilities.

These events could harm our business and/or the price of our common stock. Acquisitions also entail numerous integration risks that could adversely affect our business.

CONFERENCE PLUS'S LARGE COMPETITORS COULD ADVERSELY AFFECT CONFERENCE PLUS'S ABILITY TO MAINTAIN OR INCREASE ITS MARKET SHARE.

Conference Plus participates in the highly competitive industry of

voice, video, and multimedia conferencing and meeting services. Competitors include stand-alone conferencing companies and major telecommunications providers. Conference Plus's ability to sustain growth and performance is dependent on its:

- o maintenance of high quality standards and low cost position;
- o international expansion;
- o marketing and sales effectiveness; and
- o evolving technological capability.

Any increase in competition could reduce our gross margin, require increased spending on sales and marketing, and otherwise materially adversely affect our business and operating results.

OUR PRINCIPAL STOCKHOLDERS CAN EXERCISE SIGNIFICANT INFLUENCE THAT COULD DISCOURAGE TRANSACTIONS INVOLVING A CHANGE OF CONTROL AND MAY AFFECT YOUR ABILITY TO RECEIVE A PREMIUM FOR CLASS A COMMON STOCK THAT YOU PURCHASE.

As of June 1, 2004, as trustees of a voting trust containing common stock held for the benefit of the Penny family and the Simon family, Robert C. Penny III and Melvin J. Simon have the exclusive power to vote over 48.7% of the votes

entitled to be cast by the holders of our common stock. In addition, members of the Penny family who are beneficiaries under this voting trust are parties to a stock transfer restriction agreement which prohibits the beneficiaries from transferring any class B common stock or their beneficial interests in the voting trust without first offering such class B common stock to the other Penny family members. Certain Penny family members also own or are beneficiaries of trusts that own shares outside of the voting trust. As trustees of the Voting Trust and other trusts, Messrs. Penny and Simon control 52.4% of the voting stock. Consequently, we are effectively under the control of Messrs. Penny and Simon, as trustees, who can effectively control the election of all of the directors and determine the outcome of most corporate transactions or other matters submitted to the stockholders for approval. Such control may have the effect of discouraging transactions involving an actual or potential change of control, including transactions in which the holders of class A common stock might otherwise receive a premium for their shares over the then-current market price.

ITEM 2. PROPERTIES

The Company leases approximately 185,000 square feet of office, development and manufacturing space in Aurora, Illinois, a suburb of Chicago, and leases a facility of 4,250 square feet of office space in Basingstoke, England for Westell Limited. As of March 31, 2004, the Company also leased facilities of 41,860 and 14,131 square feet in Schaumburg, Illinois and Lombard, Illinois, respectively, for Conference Plus' domestic operations. The Lombard facility was substantially closed in fiscal 2003. The Company also leases 2,000 square feet in Dublin Ireland for Conference Plus' international operations. The Aurora facility lease expires in 2017 and the lease in Basingstoke, England expires in 2005. The leases for the properties in Schaumburg and Lombard, Illinois expire in 2011 and 2008, respectively, and the lease for the facility in Dublin, Ireland expires in 2024.

The Company's Aurora, Illinois manufacturing facility is currently operating below maximum capacity. The Company utilizes third-party subcontractors to help fulfill fluctuations in customer demands that could be at times beyond the manufacturing capacity of the Aurora facility. The Company has a plan to expand the manufacturing capacity of its Aurora facility when and if that is necessary.

ITEM 3. LEGAL PROCEEDINGS

In May 2002, the Company filed a patent infringement lawsuit against HyperEdge Corporation in the U.S. District Court for the Northern District of Illinois (Civil Action No. 02-C-3496). The complaint charges HyperEdge with infringing Westell's U.S. Patent Number 5,444,776, under theories of direct infringement and inducement of infringement by others. Westell seeks injunctive relief, treble damages for willful infringement, and attorney fees. HyperEdge has asserted affirmative defenses and counterclaims that include, but are not limited to, non-infringement, invalidity, and unfair competition. Westell has moved to dismiss certain of HyperEdge's counterclaims. Westell's 5,444,776 patent relates to an innovative bridge circuit technology often used in network

interface units. While the case is currently in discovery, the parties have completely briefed a motion by HyperEdge for summary judgment of non-infringement and invalidity, and are awaiting a decision from the Court. In the opinion of the Company, although the outcome of this legal proceeding cannot be predicted with certainty, the liability of the Company in connection with this legal proceeding is not expected to have a material effect on the Company's financial position and operating results.

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Class A Common Stock is quoted on the NASDAQ National Market under the symbol "WSTL." The following table sets forth for the periods indicated the high and low sale prices for the Class A Common Stock as reported on the NASDAQ National Market.

	High	Low
Fiscal Year 2003		
First Quarter ended June 30, 2002..................	$1.90	$1.01
Second Quarter ended September 30, 2002...........	1.80	1.02
Third Quarter ended December 31, 2002.............	1.85	1.10
Fourth Quarter ended March 31, 2003................	4.50	1.15
Fiscal Year 2004		
First Quarter ended June 30, 2003..................	$10.10	$3.71
Second Quarter ended September 30, 2003...........	12.00	6.25
Third Quarter ended December 31, 2003.............	9.40	5.50
Fourth Quarter ended March 31, 2004................	8.75	6.32
Fiscal Year 2005		
First Quarter through June 1, 2004.................	$8.32	$4.76

As of June 1, 2004, there were approximately 747 holders of record of the outstanding shares of Class A Common Stock and 7 holders of Class B Common Stock.

The following table summarizes information as of March 31, 2004, relating to equity compensation plans of the Company pursuant to which common stock is authorized for issuance (for more information also see Note 8 to the Consolidated Financial Statements of the Company which is incorporated herein by reference):

<TABLE>

Equity Compensation Plan Information

<CAPTION>

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance (excluding securities reflected in the first column)
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders	7,759,762	$6.00	818,875
Equity compensation plans not approved by security holders*	1,776,923	2.61	--
Total	9,536,685	$5.37	818,875

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*Reflects non-qualified stock options of Class A Common Stock granted to E. Van Cullens and one other employee in fiscal 2002. 1.1 million of these options vest over a four-year period with 25% vesting per year. The remainder are performance based and vest at the earlier of achievement of certain performance goals or eight years. The strike price on 0.9 million, 0.4 million and 0.4 million and 0.1 million of the options is $1.95, $2.00, $5.00 and $1.32 per share, respectively.

</TABLE>

Dividends

The Company has never declared or paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The Company currently intends to retain any future earnings to finance the growth and development of its business. In addition, the Company's credit facility restricts the Company's ability to pay dividends.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

The following selected consolidated financial data as of March 31, 2000, 2001, 2002, 2003 and 2004 and for each of the five fiscal years in the period ended fiscal year 2004 have been derived from the Company's consolidated financial statements, which have been audited by Arthur Andersen LLP for fiscal year 2000 and by Ernst & Young LLP for fiscal years 2001 through 2004. The data set forth below is qualified by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Annual Report on Form 10-K.

<TABLE>

	Fiscal Year Ended March 31,*				
	2000	2001	2002	2003	2004
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:	(in thousands, except per share data)				
Revenues	$120,993	$361,477	$239,823	$210,021	$235,739
Cost of goods sold	89,969	331,319	205,793	146,261	155,998
Gross margin	31,024	30,158	34,030	63,760	79,741
Operating expenses:					
Sales and marketing	15,338	30,323	19,883	16,017	20,242
Research and development	10,789	33,308	22,444	16,483	17,385
General and administrative	14,003	24,254	24,028	17,513	17,506
Goodwill and intangible amortization	1,326	31,832	25,560	1,766	1,455
Goodwill impairment	--	--	97,500	--	--
Restructuring charge	550	1,700	6,258	1,678	698
Total operating expenses	42,006	121,417	195,673	53,457	57,286
Operating profit (loss)	(10,982)	(91,259)	(161,643)	10,303	22,455
Other income, net	1,412	585	172	262	615
Interest expense	(1,856)	(2,197)	(5,564)	(2,648)	(743)
Income (loss) before income taxes and minority interest	(11,426)	(92,871)	(167,035)	7,917	22,327
Income tax expense (benefit)	(3,600)	--	--	372	(12,923)
Minority Interest	356	585	394	271	373
Income (loss) before cumulative effect of change in accounting principle	(8,182)	(93,456)	(167,429)	7,274	34,877
Cumulative effect of change in accounting principle	--	(400)	--	--	--

Net income (loss)	$ (8,182)	$ (93,856)	$ (167,429)	$ 7,274	$ 34,877
Net loss per basic share:					
Income (loss) before cumulative effect of change in accounting principle	$ (0.22)	$ (1.53)	$ (2.60)	$ 0.11	$ 0.52
Cumulative effect of change in accounting principle	--	(0.01)	--	--	--
Net income (loss) per basic share	$ (0.22)	$ (1.54)	$ (2.60)	$ 0.11	$ 0.52
Average number of basic common shares outstanding	37,658	61,072	64,317	64,925	66,858
Net income (loss) per diluted share:					
Income (loss) before cumulative effect of change in accounting principle	$ (0.22)	$ (1.53)	$ (2.60)	$ 0.11	$ 0.49
Cumulative effect of change in accounting principle	--	(0.01)	--	--	--
Net income (loss) per diluted share	$ (0.22)	$ (1.54)	$ (2.60)	$ 0.11	$ 0.49
Average number of diluted common shares outstanding	37,658	61,072	64,317	65,126	70,667

<CAPTION>

	As of March 31,				
	2000	2001	2002	2003	2004
<S>	<C>	<C>	<C>	<C>	<C>
Balance Sheet Data:					
Working capital	$ 64,335	$ 38,778	$ 16,811	$ 7,116	$27,626
Total assets	342,570	315,139	126,153	109,474	129,781
Current debt	1,633	103	11,186	17,057	3,416
Total debt	2,750	28,554	50,655	34,817	3,742
Total stockholders' equity	279,663	197,825	36,273	43,493	91,765

* Fiscal years 2001, 2002, 2003 and 2004 results reflect the acquisition of Teltrend Inc. which occurred in March 2000.

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

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

The Company commenced operations in 1980 as a provider of telecommunications network transmission products that enable advanced telecommunications services over copper telephone wires. Until fiscal 1994, the Company derived substantially all of its revenues from its Network Service Access (NSA) product lines, particularly the sale of Network Interface Unit (NIU) products and related products. NIU products accounted for approximately 21%, 20% and 15% of revenues in fiscal years 2002, 2003 and 2004, respectively. The Company introduced its first DSL products in fiscal 1993 and these products accounted for approximately 38%, 48% and 57% of revenues in fiscal 2002, 2003 and 2004, respectively. NIU products and DSL products are the two major products within the Company's telecom equipment business. Telecom equipment constituted approximately 80%, 80% and 81% of revenues in fiscal 2002, 2003 and 2004, respectively. The Company has also provided audio teleconferencing services since fiscal 1989, which constituted approximately 20%, 20% and 19% of revenues in fiscal 2002, 2003 and 2004, respectively.

The Company has two reportable segments. These segments are strategic business units that are managed separately because each business requires different technologies and market strategies. They consist of:

1) A telecommunications equipment manufacturer of local loop access products, which include Broadband Consumer Network Equipment (CNE) products and Network Service Access (NSA) products. NSA products are primarily Network Interface Unit (NIU) products and CNE products are primarily DSL products; and
2) A multi-point telecommunications service bureau operated through the Company's subsidiary Conference Plus, Inc. Conference Plus, Inc. specializes in audio teleconferencing, multi-point video conferencing, broadcast fax and multimedia teleconference services.

Below is a table that compares annual revenue from the Company's two reportable segments and the two main equipment product groups.

	Fiscal 2002	% of revenue	Fiscal 2003	% of revenue	Fiscal 2004	% of revenue
CNE equipment	$ 105,011	44%	$ 111,146	53%	$ 135,704	58%
NSA equipment	86,291	36%	57,070	27%	54,736	23%
Total equipment segment	191,302	80%	168,216	80%	190,440	81%
Services segment	48,521	20%	41,805	20%	45,299	19%
Total revenue	$ 239,823		$ 210,021		$ 235,739	

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

The Company expects revenue and earnings per share in the quarters ending June 30, 2004 and September 30, 2004 to be lower than the revenue and earnings per share recorded in the quarter ended March 31, 2004. The Company believes this expected reduction in revenue and earnings per share is the result

of entering into a long-term pricing agreement, increased coordination with the customer to lower the customer's inventory levels, and seasonally in the equipment segment of the business. The Company anticipates that revenues should begin to increase again in the third fiscal quarter.

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

The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities. The Company is focusing on expanding its product offerings in the equipment segment from basic high speed broadband to more sophisticated applications such as networking, wireless and managed services. This will require the Company to continue to invest in research and development and sales and marketing, which could adversely affect short-term results of operations. In view of the Company's reliance on the DSL market for revenues and the unpredictability of orders and

pricing pressures, the Company believes that period-to-period comparisons of its financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Revenues from NSA products such as NIUs have declined in recent years as telephone companies continue to move to networks that deliver higher speed digital transmission services. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change or otherwise, would have a material adverse effect on the Company's business and results of operations.

CRITICAL ACCOUNTING POLICIES

The Company uses estimates and judgements in applying its accounting policies which have a significant impact on the results reported in the consolidated financial statements. The following are the Company's most critical accounting policies.

Accounts receivable

The Company sells products primarily to various telecommunications providers and distributors. Sales to these customers have varying degrees of collection risk associated with them. Judgment is required in assessing the realization of these receivables based on aging, historical experience and customer's financial condition.

Inventory reserves

The Company reviews ending inventory for excess quantities and obsolescence based on its best estimates of future demand, product lifecycle status and product development plans. The Company also evaluates ending inventory for lower of cost or market. Prices related to future inventory demand are compared to current and committed inventory values.

Inventory purchase commitments

In the normal course of business, the Company enters into commitments for the purchase of inventory. The commitments are at market rates and normally do not extend beyond one year. Should there be a dramatic decline in revenues, as there was in fiscal 2002, the Company may incur excess inventory and subsequent losses as a result of these commitments. The Company has established reserves for anticipated losses on such commitments.

Valuation Allowance for Deferred Tax Assets

The company has significant deferred tax assets that resulted primarily from historically generated net operating losses. A valuation allowance has been provided for a portion of these deferred tax assets that management believes it is more likely than not that these assets will not be utilized. The Company accesses the realizability of deferred tax assets through an analysis of projected future taxable income. Estimates of future taxable income is comprised of a tax planning strategy and a three year estimate of future income that will be generated by operations less tax differences including expected stock option deductions.

Goodwill and Intangibles

Under new accounting rules, which became effective in fiscal 2003, goodwill and other indefinite-lived intangibles are no longer amortized but subject to annual impairment tests. The Company determined that it operated in two reporting units for the purpose of completing the impairment test of goodwill. These reporting units are telecom equipment and telecom services. The Company utilizes the comparison of its market capitalization and third party appraisal of its telecom services reporting unit to book value as an indicator of potential impairment. The Company performed its annual impairment test in the fourth quarter of fiscal 2004. These tests showed no impairment of goodwill. On an ongoing basis, the Company reviews intangible assets and other long-lived assets other than goodwill for impairment whenever events and circumstances indicate that carrying amounts may not be recoverable. If such events or changes in circumstances occur, the Company will recognize an impairment loss if the undiscounted future cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss would adjust the asset to its fair value.

Software Development

The Company accounts for software development costs under FAS86, Accounting for the Costs of Computer Software to Be Sold, Leased, other Otherwise Marketed. The Company reviews software development to determine when technological feasibility is reached. At such time, development costs will be capitalized as intangible assets. These intangible assets will be amortized over the product life once the product is available for customer use. At of March 31, 2004, the Company did not have any capitalized costs.

RESULTS OF OPERATIONS

The following table sets forth the percentage of revenues represented by certain items in the Company's statements of operations for the periods indicated:

	Fiscal Year Ended March 31,		
	2002	2003	2004
Equipment	79.8%	80.1%	80.8%
Services	20.2	19.9	19.2
Total revenues	100.0	100.0	100.0
Cost of equipment	73.4	56.7	54.9
Cost of services	12.4	12.9	11.3
Total cost of goods sold	85.8	69.6	66.2
Gross margin	14.2	30.4	33.8
Operating expenses:			
Sales and marketing	8.3	7.6	8.6
Research and development	9.4	7.8	7.4
General and administrative	10.0	8.3	7.4
Goodwill and intangible amortization	10.6	0.8	0.3
Goodwill and intangible impairment	40.7	0.0	0.0
Restructuring charge	2.6	0.8	0.6
Total operating expenses	81.6	25.3	24.3
Operating income (loss)	(67.4)	4.9	9.5
Other income, net	0.1	0.1	0.3
Interest expense	(2.3)	(1.3)	(0.3)
Income (loss) before income taxes and minority interest	(69.6)	3.8	9.5
Income tax expense (benefit)	0.0	0.1	(5.5)
Minority interest	0.2	0.1	0.2
Net income (loss)	(69.8)%	3.5%	14.8%

FISCAL YEARS ENDED MARCH 31, 2002, 2003 AND 2004

Revenues. Revenues were $239.8 million, $210.0 million and $235.7 million in fiscal 2002, 2003 and 2004, respectively. Revenues decreased 12.4% in fiscal 2003 from the preceding year. The fiscal 2003 decrease of $29.8 million was primarily due to a 12% decrease in revenue in the equipment segment of the business. In the equipment segment, NSA product revenue decreased $29.2 million due to reduced demand resulting from the economic downturn in the telecommunications industry. The decrease in NSA revenue was offset by a $6.1 million increase in CNE revenue due primarily to an 87% increase in unit volume offset in part by a 44% decrease in average selling price. Service revenue decreased $6.7 million or 13.8% in fiscal 2003 compared to fiscal 2002 due to a reduction in call minutes resulting from the economic downturn and the loss of one major customer that resulted in a $6.3 million revenue reduction. This was offset in part by customers choosing to hold meetings using teleconference services instead of traveling because of war and health concerns around travelling to locations with outbreaks of communicable diseases and terrorist

threats. In fiscal year 2004, revenue increased 12.2%. Revenue in the equipment segment increased 13.2% or $22.2 million. In the equipment segment, the Company's CNE product revenue increased 22.1% or $24.6 million due primarily to 45% higher unit sales offset in part by a 28% decline in the average per unit price. Revenue from NSA products, which are also in the equipment segment, decreased 4.1% or $2.3 million of which $3.2 million was due to lower unit sales and lower selling prices offset in part by an $875,000 contractual settlement from a customer. Services revenue increased 8.4% or $3.5 million due to an increase in call minuets.

Gross Margin. Gross margin was $34.0 million, $63.8 million and $79.7 million and gross margin as a percentage of revenues was 14.2%, 30.4% and 33.8% in fiscal 2002, 2003 and 2004, respectively. Gross margin in the equipment segment was $15.1 million, $49.1 million and $61.0 million and gross margin as a percentage of revenues was 7.9%, 29.2% and 32.0% in fiscal 2002, 2003 and 2004, respectively. The fiscal 2002 gross margin in the equipment segment was negatively effected by adjustments to record inventory at net realizable value and charges for excess and obsolete inventory of $13.9 million. The improved gross margin in fiscal 2003 was primarily due to reduced per unit material, labor, and handling costs, particularly in the CNE product group in the equipment segment that resulted from economies of scales as unit volume increased 87% and engineering design changes. The fiscal 2003 gross margin in the equipment segment was positively effected by $2.2 million as the Company was able to sell modem inventory which had been reserved as excess and obsolete based on the estimated technological life of the modems at March 31, 2002. The fiscal 2004 equipment gross margin was positively impacted by an $875,000 contractual settlement that had no corresponding cost of sales as well as reduced per unit material, labor, and handling costs, particularly in the CNE product group that resulted from a 45% increase in unit volume. Gross margin in the services segment was $18.9 million, $14.7 million and $18.7 million and gross margin as a percentage of revenues was 38.9%, 35.1% and 41.3% in fiscal 2002, 2003 and 2004, respectively. Services margin in fiscal year 2002 contained a $1.2 million benefit for a contract resolution of a disputed expense with a supplier. This benefit attributed in part to the reduction in services margin in fiscal year 2003, which was also negatively impacted by a $6.7 million reduction in revenue. Services margin improved in fiscal year 2004 due to increased revenue of $3.5 million and lower long distance rates, offset in part by a $775,000 charge for the early termination of a purchase contract, which was recorded in the December quarter. The Company believes continued pricing pressures and continued reduction of NSA sales affecting its equipment segment could continue to adversely impact margins in the future. It is the Company's strategy to offset the effects of these anticipated price reductions with continued cost reductions and introducing new products that have higher sales prices and margins.

Sales and Marketing. Sales and marketing expenses were $19.9 million, $16.0 million and $20.2 million in fiscal 2002, 2003 and 2004, respectively, constituting 8.3%, 7.6% and 8.6% of revenues, respectively. In fiscal 2003, sales and marketing expenses decreased by $3.9 million or 19.4% from the previous year. Sales and marketing expenses in the equipment segment decreased $3.5 million which resulted primarily from decreased technical support related expenses of $1.5 million, a reduction in employee related expenses of $1.2 million and a reduction in warranty reserves by $874,000 resulting from actual warranty costs being less than estimated at the end of fiscal 2002. Sales and marketing expenses increased by $4.2 million in fiscal 2004. The equipment segment sales and marketing expenses increased $2.4 million due to increases in employee related expenses. The services segment sales and marketing expenses increased $1.8 million due to an increase in the number of sales and marketing employees. This increased expense is expected to continue in fiscal 2005. The

Company believes that sales and marketing expense in the future will continue to be a significant percent of revenue and will be required to expand its product lines, bring new products to market and service customers. The Company is planning to increase sales and marketing expense in the equipment segment of the business to sell its CNE equipment in Europe.

Research and Development. Research and development expenses were $22.4 million, $16.5 million and $17.4 million in fiscal 2002, 2003 and 2004, respectively, constituting 9.4%, 7.8% and 7.4% of revenues, respectively. Research and development expenses are incurred primarily in the equipment segment of the business. In fiscal 2003, research and development decreased by $5.9 million or 26.3% from the prior year. This decrease was due primarily to the fiscal 2002 reorganizations, which reduced employee related expenses and outside consulting expenses, and other cost-cutting measures that were taken as

a result of the economic downturn in the telecommunications industry. Research and development expenses increased by $900,000 in fiscal 2004. The increase is due primarily to increases in employee related expenses and increases in outside consulting offset in part by lower depreciation expense. The Company received $2.0 million from customers to fund engineering projects in fiscal 2002. There were no customer funded engineering projects in fiscal 2003 or fiscal 2004. The Company believes that research and development expenses will increase in fiscal year 2005 as the Company continues to expand its product offering to include networking, wireless, managed services and other broadband applications.

General and Administrative. General and administrative expenses were $24.0 million, $17.5 million and $17.5 million in fiscal 2002, 2003 and 2004, respectively, constituting 10.0%, 8.3% and 7.4% of revenues, respectively. In fiscal 2003, general and administrative expenses decreased by $6.5 million or 27.1% from the prior year primarily in the equipment segment of the business. The decrease in general and administrative expenses was primarily due to the fiscal 2002 reorganizations, which reduced employee related expenses and outside consulting expenses. In fiscal 2004, general and administrative expenses were flat overall. There was a decrease of $800,000 in the services segment of the business and an increase of $800,000 in the equipment segment of the business. The increase in the equipment segment resulted from increased employee related expenses. The decrease in the service segment resulted from lower sales and use tax expenses and bad debt expense.

Goodwill and intangible amortization. Intangible assets include goodwill, synergistic goodwill and product technology related to the March 17, 2000 acquisition of Teltrend Inc. for 20.2 million shares of class A common shares valued at $213.6 million. Goodwill and intangible amortization expense decreased from fiscal 2002 to fiscal 2003 due to adoption of the Statements of Financial Accounting Standards (SFAS) 142 issued by the Financial Accounting Standards Board (FASB). Under the new rules, goodwill and other indefinite lived intangibles are no longer amortized but are subject to annual impairment tests. The Company performed the first impairment test as of April 1, 2002 and its annual impairment review during the fourth quarter of fiscal 2003 and fiscal 2004 with no write down required.

Goodwill and intangible impairment. After the fiscal 2002 reorganizations, and given the current and expected market conditions in the NIU and low-speed digital data products portion of the business acquired from Teltrend, it became apparent that the goodwill acquired with the Teltrend acquisition was impaired. In accordance with its policies, the Company completed an evaluation of the fair value of the Teltrend long-lived assets (including goodwill) during the quarters ended December 31, 2001 and March 31, 2002. The Company reported non-cash charges of $90.5 million and $7.0 million, respectively, to reduce the carrying value of recorded goodwill and intangibles related to the Teltrend acquisition to their estimated fair value.

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

The Company recognized a net restructuring expense of $1.7 million in fiscal 2003 consisting of a charge of $2.6 million offset by the $.09 million described above. This charge included personnel and facility costs related primarily to the closing of a Conference Plus, Inc. facility and personnel and facility charges at Westell Limited. Approximately 25 employees were impacted by these reorganizations. As of March 31, 2004, the Company paid approximately $1.3 million of these accrued restructuring costs leaving a balance of $1.3 million which will be paid out over the next four years.

The Company recognized a restructuring expense of $698,000 in fiscal 2004. This restructuring resulted from discontinuing a product at Westell Limited. The result was a workforce reduction of approximately 14 employees. All of these costs will be paid in fiscal 2005.

A table which summarizes the restructuring charges and their utilization can be found in Note 10 to the Consolidated Financial Statements of the Company and is incorporated herein by reference.

Other income, net. Other income, net was $172,000, $262,000 and $615,000 for fiscal years 2002, 2003, and 2004, respectively. Other income, net was primarily comprised of interest income earned on temporary cash investments and unrealized gains or losses on intercompany balances denominated in foreign currency.

Interest Expense. Interest expense was $5.6 million, $2.6 million and $743,000 for fiscal 2002, 2003 and 2004, respectively. The decrease in interest expense during each year is a result of lower obligations outstanding during the period under promissory notes, capital leases and vendor debt.

Income Taxes. No income tax was recorded in fiscal year 2002. An income tax charge of $372,000 was recorded in fiscal 2003 due to the results on an Internal Revenue Service audit on Teltrend Inc. for pre-acquisition periods. As of March 31, 2004 the Company has approximately $5.2 million in income tax credit carry forwards and a tax benefit of $67.0 million related to a net operating loss carryforward that is available to offset future taxable income. The tax credit carryforwards begin to expire in 2008 and the net operating loss carryforward begins to expire in 2012. The Company recorded valuation allowances of $21.4 million in fiscal 2002 which represents the amount that the deferred tax benefit exceeded the value of the tax planning strategy available to the Company. In fiscal 2003, the Company's deferred tax assets decreased primarily due to the reduction of inventory reserves. As such, the Company reduced its valuation allowances by $11.5 million as less valuation allowances were required to record the net deferred tax assets at an amount realizable by the company's tax planning strategy. The benefit for income taxes of $12.9 million for fiscal year 2004 resulted from a current tax provision of $5.7 million and a reduction of deferred tax assets of $4.4 million offset by a reduction in the valuation allowance against the deferred tax assets in the amount of $23.0 million. The Company reduced the valuation allowance in the fourth quarter of fiscal 2004 to reflect the $4.4 million reduction in the deferred tax asset and to reflect management's belief, based in part on the Company's return to profitable operations in fiscal 2003 and 2004, that it is more likely than not an additional $18.6 million of these deferred tax assets will be realized through the generation of future taxable income. Estimates of future taxable income are comprised of a tax planning strategy and a three year estimate of future income that will be generated by operations less tax differences including expected stock option deductions.

Minority Interest. Minority interest expense was $394,000, $271,000 and $373,000 in fiscal years 2002, 2003 and 2004 respectively. Minority interest expense results from the elimination of profits at 91.5% owned subsidiary, Conference Plus Inc.

QUARTERLY RESULTS OF OPERATIONS

The following tables present the Company's results of operations for each of the last eight fiscal quarters and the percentage relationship of certain items to revenues for the respective periods. The Company believes that the information regarding each of these quarters is prepared on the same basis as the audited Consolidated Financial Statements of the Company appearing elsewhere in this Form 10-K. In the opinion of management, all necessary adjustments (consisting only of normal recurring adjustments) have been included to present fairly the unaudited quarterly results when read in conjunction with the audited Consolidated Financial Statements of the Company and the Notes thereto appearing elsewhere in this Form 10-K. These quarterly results of operations are not necessarily indicative of the results for any future period.

<TABLE>

	Quarter Ended							
	Fiscal 2003				Fiscal 2004			
	June 30, 2002	Sept. 30, 2002	Dec. 31, 2002	Mar. 31, 2003	June 30, 2003	Sept. 30, 2003	Dec. 31, 2003	Mar. 31, 2004
	(in thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Equipment	$39,030	$46,235	$39,121	$43,830	$43,707	$46,921	$49,203	$50,609

Services..................	10,775	9,936	10,082	11,012	11,580	11,455	10,775	11,489
Total revenues..........	49,805	56,171	49,203	54,842	55,287	58,376	59,978	62,098
Cost of equipment..........	28,956	32,717	28,181	29,295	28,262	32,568	33,167	35,416
Cost of services...........	6,838	6,984	6,577	6,713	6,754	6,783	7,693	5,355
Total cost of goods sold	35,794	39,701	34,758	36,008	35,016	39,351	40,860	40,771
Gross margin..........	14,011	16,470	14,445	18,834	20,271	19,025	19,118	21,327
Operating expenses:								
Sales and marketing......	4,333	4,615	3,535	3,534	5,427	4,783	4,647	5,385
Research and development............	3,446	4,178	4,097	4,762	4,436	4,321	3,874	4,754
General and administrative.........	4,651	4,126	3,486	5,250	5,134	4,335	4,545	3,492
Goodwill and intangible amortization...........	389	389	389	599	363	364	364	364
Restructuring charge....	--	1,742	180	(244)	--	--	--	698
Total operating expenses.............	12,819	15,050	11,687	13,901	15,360	13,803	13,430	14,693
Operating income	1,192	1,420	2,758	4,933	4,911	5,222	5,688	6,634
Other income (expense), net	182	(3)	83	--	156	35	212	212
Interest expense...........	(783)	(685)	(517)	(663)	(359)	(197)	(127)	(60)
Income before taxes and minority interest.......	591	732	2,324	4,270	4,708	5,060	5,773	6,786
Income tax expense (benefit)	--	--	--	372	--	--	--	(12,923)
Minority interest..........	132	(64)	66	137	111	121	23	118
Net income.................	$ 459	$796	$ 2,258	$ 3,761	$ 4,597	$4,939	$ 5,750	$19,591
Net income per common share:								
Basic..................	$0.01	$0.02	$0.03	$0.06	$0.07	$0.07	$0.09	$0.29
Diluted................	$0.01	$0.02	$0.03	$0.06	$0.07	$0.07	$0.08	$0.27

</TABLE>

<TABLE>

	Quarter Ended							
	Fiscal 2003				Fiscal 2004			
	June 30, 2002	Sept. 30, 2002	Dec. 31, 2002	Mar. 31, 2003	June 30, 2003	Sept. 30, 2003	Dec. 31, 2003	Mar. 31, 2004
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Equipment....................	78.4%	82.3%	79.5%	79.9%	79.1%	80.4%	82.0%	81.5%
Service....................	21.6	17.7	20.5	20.1	20.9	19.6	18.0	18.5
Total revenues...........	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of equipment sales....	58.1	58.2	57.3	53.4	51.1	55.8	55.3	57.0
Cost of services...........	13.7	12.4	13.3	12.3	12.2	11.6	12.8	8.6
Total cost of goods sold...	71.9	70.7	70.6	65.7	63.3	67.4	68.1	65.6
Gross margin.............	28.1	29.3	29.4	34.3	36.7	32.6	31.9	34.4
Operating expenses:								
Sales and marketing......	8.7	8.2	7.2	6.4	9.8	8.2	7.7	8.7
Research and development............	6.9	7.4	8.3	8.7	8.0	7.4	6.5	7.7

General and administrative.........	9.3	7.3	7.1	9.6	9.3	7.4	7.6	5.6
Goodwill and intangible amortization...........	0.8	0.7	0.8	1.1	0.7	0.6	0.6	0.6
Restructuring charge......	0.0	3.1	0.4	(0.4)	0.0	0.0	0.0	1.1
Total operating expenses.............	25.7	26.8	23.8	25.3	27.8	23.6	22.4	23.7
Operating income...........	2.4	2.5	5.6	9.0	8.9	9.0	9.5	10.7
Other income (expense), net	0.4	0.0	0.1	0.0	0.3	0.1	0.4	0.3
Interest expense...........	1.6	1.2	1.0	1.2	0.6	0.3	0.2	0.1
Income before taxes and minority interest........	1.2	1.3	4.7	7.8	8.6	8.8	9.7	10.9
Income tax expense (benefit)	0.0	0.0	0.0	0.7	0.0	0.0	0.0	(20.8)
Minority interest..........	0.3	(0.1)	0.1	0.2	0.2	0.2	0.0	0.2
Net income..................	0.9%	1.4%	4.6%	6.9%	8.4%	8.6%	9.7%	31.5%

</TABLE>

The Company's quarterly equipment revenues have been on an upward trend over the past eight quarters primarily do to improvements in CNE revenues in the equipment segment of the business. Quarterly CNE revenues in fiscal 2004 grew due to increased unit sales of DSL products offset in part by lower sales prices per unit. NSA revenues decreased in fiscal 2004 and fiscal 2003 due primarily to the recession in the telecommunications industry. Conference Plus service revenues decreased in first two quarters of fiscal 2003 due to the slowing economy and the loss of one large customer. Service revenue increased in the final two quarters of fiscal 2003 and fiscal 2004 due to increased call minutes. The increase in teleconferencing minutes was due in part to customers choosing to hold meetings using teleconference services instead of traveling because of war and health concerns around traveling to locations with outbreaks of communicable diseases and terrorist threats.

Gross margin as a percentage of revenue has varied from quarter to quarter. The September 30, 2002 equipment segment gross margin was positively effected by $2.2 million as the Company was able to sell modem inventory that was reserved as excess and obsolete based on the estimated technological life of the modems at March 31, 2002. The June 30, 2003 equipment gross margin included a one-time product royalty of $1.7 million. The September 30, 2003 equipment gross margin included a $1.2 million expense to settle a customer contract obligation. The December 31, 2003 service gross margin was negatively impacted by a $775,000 charge recorded as a result of an early contract termination penalty of a long distance contract. The improvement in equipment segment gross margin in fiscal 2003 and 2004 was primarily due to reduced per unit material, labor, handling costs and overhead costs in the CNE products resulting from increased unit sales offset in part by decreased revenue per unit. The March 2004 equipment margin was also positively impacted by the $875,000 contract settlement that had no corresponding cost of sales. The Company believes continued pricing pressures affecting its equipment segment could adversely impact sales prices and margins in the future. It is the Company's strategy to offset the effects of these anticipated price reductions with continued cost reductions and efficiencies within manufacturing.

Operating expenses increased in the fiscal 2004 quarters compared to fiscal 2003 primarily due to increased spending in sales and marketing and to a lesser extent increased spending in engineering. As a percentage of revenue, operating expenses increased in the last three quarters of fiscal 2002 due to goodwill impairment and restructuring charges taken during the quarters. During fiscal 2003, quarterly operating expenses remained relatively flat except for the fourth quarter, which was impacted by the Company recording a $1.7 million bonus for selected employees and profit sharing contribution expense for all employees offset by a $782,000 reduction in warranty reserves in its equipment segment.

The Company expects to continue to experience significant fluctuations

in quarterly results of operations. The Company believes that fluctuations in quarterly results may cause the market price of the Class A Common Stock to fluctuate, perhaps substantially. Factors which have had an influence on and may continue to influence the Company's results of operations in a particular quarter include the size and timing of customer orders and subsequent shipments, customer order deferrals in anticipation of new products, timing of product introductions or enhancements by the Company or its competitors, market acceptance of new products, technological changes in the telecommunications industry, competitive pricing pressures, accuracy of customer forecasts of end-user demand, write-offs for obsolete inventory, changes in the Company's operating expenses, personnel changes, foreign currency fluctuations, changes in the mix of products sold, quality control of products sold, disruption in sources of supply, regulatory changes, capital spending, delays of payments by customers, working capital deficits and general economic conditions. Sales to the Company's customers typically involve long approval and procurement cycles and can involve large purchase commitments. Accordingly, cancellation or deferral of one or a small number of orders could cause significant fluctuations in the Company's quarterly results of operations. As a result, the Company believes that period-to-period comparisons of its results of operations are not necessarily meaningful and should not be relied upon as indications of future performance.

Because the Company generally ships products within a short period after receipt of an order, the Company typically does not have a material backlog of unfilled orders, and revenues in any quarter are substantially dependent on orders booked in that quarter. The Company's expense levels are based in large part on anticipated future revenues and are relatively fixed in the short-term. Therefore, the Company may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall of orders. Accordingly, any significant shortfall of demand in relation to the Company's expectations or any material delay of customer orders would have an almost immediate adverse impact on the Company's business and results of operations and profitability.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2004, the Company had $11.2 million in cash and cash equivalents consisting primarily of federal government agency instruments and the highest rated grade corporate commercial paper. At March 31, 2004, the Company had nothing outstanding and $23.7 million available under its secured revolving credit facility.

On March 31, 2004, the Company had a revolving credit facility that provided for maximum borrowings of up to $30 million. The term on the credit facility expires on June 30, 2006. This asset based revolving credit facility provides for total borrowings based upon 85% of eligible accounts receivable and 30% of eligible inventory not to exceed $5.2 million as of March 31, 2004. The $5.2 million inventory limitation is reduced by $0.1 million on the first day of each month. The amount available under the revolving credit facility at March 31, 2004 was $23.7 million. Borrowings under this facility provide for the interest to be paid by the Company at the prime rate or Libor rate plus 2.5%. This credit facility contains covenants regarding EBITDA, tangible net worth and maximum capital expenditures. The Company was in compliance with these covenants on March 31, 2004 and expects to comply with these covenants for the term of the debt.

On May 30, 2002, the Company signed two subordinated promissory notes with Solectron Technology SDN BHD. One note in the amount of $5.0 million is for the payment of inventory held by Solectron that the Company was committed to buy. The second note in the amount of $16.6 million is for the payment of accounts payable and accrued interest. Both notes require a weekly principal and monthly interest payment and are payable over 2.3 years. The notes bear interest at the prime rate plus 2.5%. As of March 31, 2004, a total of $2.6 million was outstanding under these notes. The Company expects to have this debt paid off by June 30, 2004.

In connection with the Company's management changes implemented at its subsidiary Conference Plus, Inc., in fiscal year 2003, the Company purchased 3.2% of the outstanding shares of common stock of Conference Plus, Inc. from former officers of Conference Plus, Inc. for approximately $1.6 million. The purchase price was based upon the minority interest value set forth in the annual appraisal of Conference Plus, Inc. that was completed by an independent financial advisor. As of March 31, 2004, there was $626,000 outstanding under these notes.

The Company's operating activities used cash of $13.3 million in fiscal 2002 and generated cash of $22.7 million and $27.7 million in fiscal 2003 and 2004, respectively. Cash used by operations in fiscal 2002 resulted primarily from net losses and reductions in accounts payable in the equipment segment offset in part by net income in the services segment, non-cash depreciation and amortization and decreased inventory in the equipment segment. The decrease of inventory resulted from using inventory in fiscal 2002 that was on hand at the end of fiscal 2001. The decrease in accounts payable resulted from converting accounts payable to vendor debt in the equipment segment. Cash generated by operations in fiscal 2003 resulted primarily from net income, non-cash depreciation and amortization in both segments and reductions in inventory offset in part by reductions in accounts payable in the equipment segment. The inventory reductions were achieved by selling products throughout the year that were in inventory at March 31, 2002. Cash generated by operations in fiscal 2004 resulted primarily from net income, non-cash depreciation and amortization and tax benefit received from the exercise of employee stock options in both segments and was offset in part by the increase in deferred tax assets and inventories.

Capital expenditures in fiscal 2002, 2003 and 2004 were $9.2 million, $3.4 million and $5.3 million, respectively. In fiscal 2003, $0.6 million of capital expenditures were financed through leases. The equipment segment capital expenditures in fiscal 2002, 2003, and 2004 were $2.3 million, $1.9 million and $4.0 million, respectively. The capital expenditures in the equipment segment were primarily for machinery and research and development equipment purchases. The services segment capital expenditures in fiscal 2002, 2003 and 2004 were $6.9 million, $1.5 million and $1.3 million, respectively. These expenditures were primarily for teleconference bridge equipment.

At March 31, 2004 the Company's principle sources of liquidity were $11.2 million of cash and the secured revolving credit facility under which the Company was eligible to borrow up to an additional $23.7 million based upon receivables and inventory levels. Cash in excess of operating requirements, if any, will be used to pay down debt or invested on a short-term basis in federal government agency instruments and the highest rated grade commercial paper. The Company believes its future cash requirements for the next twelve months will be satisfied by cash generated from operations and its current credit facility.

Future obligations and commitments consisted of the following:

<TABLE>

	Payments due by fiscal year						
(in thousands)	2005	2006	2007	2008	2009	Thereafter	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Debt and capital leases.....	$3,416	$ 326	$ --	$ --	$ --	$ --	$3,742
Purchase obligations	29,361	4,304	2,125	266	--	--	36,056
Future minimum lease payments for operating leases..................	3,810	3,258	3,075	3,067	2,910	20,458	36,578
Future obligations and commitments.............	$36,587	$7,888	$5,200	$3,333	$2,910	$20,458	$76,376

</TABLE>

Purchase obligations consist of raw materials in the equipment segment and local and long distance telephone service commitments in the service segment that arise in the normal course of business operations.

The Company had net deferred tax assets of approximately $79.7 million at March 31, 2004. The Company has recorded a valuation allowance reserve of $35.9 million to reduce the recorded net deferred tax asset to $43.8 million.

The net operating loss carryforwards begin to expire in 2012. Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. The benefit for income taxes of $12.9 million for fiscal year 2004 resulted from a current tax provision of $5.7 million and a reduction of deferred tax assets of $4.4 million offset by a reduction in the

valuation allowance against the deferred tax assets in the amount of $23.0 million. The Company reduced the valuation allowance in the fourth quarter of fiscal 2004 to reflect the $4.4 million reduction in the deferred tax asset and to reflect management's belief, based in part on the Company's return to profitable operations in fiscal 2003 and 2004, that it is more likely than not an additional $18.6 million of these deferred tax assets will be realized through the generation of future taxable income. Estimates of future taxable income are comprised of a tax planning strategy and a three year estimate of future income that will be generated by operations less tax differences including expected stock option deductions. The tax planning strategy involves the potential sale of the Company's 91.5% subsidiary Conference Plus, Inc. The Company based its estimate of the value of Conference Plus Inc. on the fiscal 2003 independent valuation updated for current future expected cash flows. Management periodically evaluates the recoverability of the deferred tax assets and will adjust the valuation allowance against deferred tax assets accordingly.

There are no off balance sheet arrangements.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Westell is subject to certain market risks, including foreign currency and interest rates. The Company has foreign subsidiaries in the United Kingdom and Ireland that develop and sell products and services in those respective countries. The Company is exposed to potential gains and losses from foreign currency fluctuations affecting net investments and earnings denominated in foreign currencies. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical decrease in the ending exchange rate of 10%. If such a decrease occurred, the Company would incur approximately $400,000 in additional other expense based on the ending intercompany balance outstanding at March 31, 2004 The Company's future primary exposure is to changes in exchange rates for the U.S. dollar versus the British pound and the Euro.

As of March 31, 2004, the balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized loss of $485,000.

The Company does not have significant exposure to interest rate risk related to its debt obligations, which are primarily U.S. Dollar denominated. The Company's market risk is the potential loss arising from adverse changes in interest rates. The Company's debt consists primarily of a floating-rate bank line-of credit and subordinated term notes. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical increase in interest rates of 10% (i.e. from approximately 6.3% to approximately 6.9%) average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately $74,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended March 31, 2004. The Company does not feel such additional expense is significant. The Company does not currently use any derivative financial instruments relating to the risk associated with changes in interest rates.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Consolidated Financial Statements required by Item 8, together with the reports thereon of the independent auditors set forth on pages 44-64 of this report. The Consolidated Financial Statement schedule listed under Item 15(a)2, is set forth on page 64 of this report and should be read in conjunction with the financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None

ITEM 9A. CONTROLS AND PROCEDURES

Our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that the Company's disclosure controls and procedures are effective in all material respects in ensuring that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is

recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect these controls subsequent to the date of the previous mentioned evaluation.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors of the Company

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2004 under the caption "Election of Directors and Section 16(a). Beneficial Ownership Reporting Compliance " which information is incorporated herein by reference.

(b) Executive officers of the Company

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2004 under the caption "Executive Officers," which information is incorporated herein by reference.

(c) The Company has determined that the members of the Audit Committee each qualify as an "audit committee financial expert" as defined by Item 401(h) of the Regulation S-K and that each of them is "independent" as the term is used in the Item 7(d)(3)(iv) of Schedule 14A under the Securities Act of 1934 as amended except for Mel Simon who is not independent. The Audit Committee will be reconstituted with entirely independent members prior to the Annual Meeting of Stockholders to be held in September 2004.

CODE OF BUSINESS CONDUCT

We have adopted a Code of Business Conduct within the meaning of Item 406(b) of Regulation S-K. This Code of Business Conduct applies to our principal executive officer, principal financial officer and principal accounting officer. The Company has filed a copy of this Code of Business Conduct at Exhibit 14.1 to this Form 10-K. This Code of Business Conduct is also publicly available on our website at www.westell.com. The Company intends to post on its website any amendments to, or waivers from its Code of Business Conduct applicable to senior financial executives.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2004 under the caption "Compensation of Directors and Executive Officers," and "Report of the Compensation Committee of the Board of Directors," which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2004 under the caption "Ownership of the Capital Stock of the Company," which information is incorporated herein by reference. The "Equity Compensation Plan Information" required by Item 201(d) of Form 10-K is set forth in Item 5 of this form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2004 under the caption "Certain Relationships and Related Transactions," which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANTS FEES AND SERVICES

The information required by this item is incorporated herein by reference to the section entitled "Fees to the Company's Auditors" in our Proxy Statement for the annual meeting to be held in September 2004.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) Financial Statements

The consolidated financial statements of Westell Technologies, Inc. at March 31, 2004 and 2003 and for each of the three fiscal years in the period ended March 31, 2004, together with the Report of Independent Auditors, are set forth on pages 47 through 68 of this Report.

The supplemental financial information listed and appearing hereafter should be read in conjunction with the consolidated financial statements included in the report.

(2) Financial Statement Schedule

The following are included in Part IV of this Report for each of the years ended March 31, 2002, 2003 and 2004 as applicable:

Schedule II - Valuation and Qualifying Accounts - page 68

Financial statement schedules not included in this report have been omitted either because they are not applicable or because the required information is shown in the consolidated financial statements or notes thereto, included in this report.

(3) Exhibits

3.1 Amended and Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2001).

3.2 Amended and Restated By-laws laws (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended March 31, 2001).

4.1 Form of Stock Purchase Warrant dated April 15, 1999 by and among Westell Technologies, Inc., Castle Creek Technology Partners LLC (409,091 shares), Marshall Capital Management, Inc. (272,727 shares), and Capital Ventures International (227,273 shares) (incorporated herein by reference to Westell Technologies, Inc.'s Report on Form 8-K dated April 20, 1999).

4.2 Amended and Restated Certificate of Incorporation, as amended (See exhibit 3.1).

4.3 Amended and Restated By-laws (see Exhibit 3.2).

4.4 Form of Warrant granted to certain Penny family trusts on June 29, 2001 (incorporated herein be reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended March 31, 2001).

9.1 Voting Trust Agreement dated February 23, 1994, as amended (incorporated herein by reference to Exhibit 9.1 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

10.1 Intentionally omitted.

10.2 Stock Transfer Restriction Agreement entered into by members of the Penny family, as amended, (incorporated herein by reference to Exhibits 10.4 and 10.16 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

10.3 Form of Registration Rights Agreement among the Company and Robert C. Penny III and Melvin J. Simon, as trustees of the Voting Trust dated February 23, 1994 (incorporated herein by reference to Exhibit 10.5 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

*10.4 1995 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.6 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

*10.5 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.7 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

*10.6 Teltrend Inc. 1995 Stock Option Plan. (incorporated by reference to the Teltrend, Inc.'s Registration Statement on Form S-1, as amended (Registration No. 33-91104), originally filed with the Securities and Exchange Commission April 11, 1995)

*10.7 Teltrend Inc. 1996 Stock Option Plan (incorporated by reference to the Teltrend Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended April 26, 1997).

*10.8 Teltrend Inc. 1997 Non-Employee Director Stock Option Plan (incorporated by reference to the Teltrend Inc.'s Definitive Proxy Statement for the Annual Meeting of Stockholders held on December 11, 1997).

*10.9 Deferred Compensation Arrangement between Westell Technologies, Inc. and E. Van Cullens (incorporated by reference to the like numbered exhibit to the Company's Annual Report on Form 10-K for the year ended March 31, 2003).

*10.10 Severance Agreement between Conference Plus, Inc. and Tim Reedy (incorporated by reference to the like numbered exhibit to the Company's Annual Report on Form 10-K for the year ended March 31, 2003).

10.11 Lease dated September 25, 1995 between Westell-Meridian LLC and Westell, Inc. (incorporated herein by reference to Exhibit 10.11 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024)

10.12 Amended and Restated Loan and Security Agreement dated August 31, 2000 among LaSalle National Bank, Harris Bank National Association, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc. (incorporated by reference to the like numbered exhibit to Company's Annual Report on Form 10-K for the year ended March 31, 2001).

10.14 Intentionally omitted.

10.15 Revolving Note dated as of June 29, 2001 payable to LaSalle National Bank and made by Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc. (incorporated

by reference to the like numbered exhibit to Company's Annual Report on Form 10-K for the year ended March 31, 2001).

10.16 Amended and Restated Loan and Security Agreement dated June 29, 2001 among LaSalle National Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc. (incorporated by reference to the like numbered exhibit to Company's Annual Report on Form 10-K for the year ended March 31, 2001).

10.17 Lease for Three National Plaza at Woodfield dated December 24, 1991 by and between the First National Bank of Boston, as Trustee pursuant to that certain Pooling and Security Agreement dated April 1, 1988, and Conference Plus, Inc., as amended and modified. (incorporated herein by reference to Exhibit 10.17 to the Company's Form 10-K for fiscal year ended March 31, 1996).

10.18 Lease dated December 10, 1993 between LaSalle National Trust, N.A., as Trustee under Trust Agreement dated August 1, 1979, known as Trust No. 101293, and Westell Incorporated, as amended and modified (incorporated herein by reference to the exhibit of equal number to the Company's Form 10-K for fiscal year ended March 31, 1996).

10.19 Amendment to Amended and Restated Loan and Security Agreement dated February 15, 2001 among LaSalle National Bank, Harris Trust and Savings Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc., and Teltrend, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the period ended December 31, 2000).

10.20 Amendment to Amended and Restated Loan and Security Agreement dated April 13, 2001 among LaSalle National Bank, Harris Trust and Savings Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc., and Teltrend, Inc. (incorporated by reference to Exhibit 10.18 to the Company's Report on Form 8-K filed on April 17, 2001).

10.21 Sixth Amendment to the Amended and Restated Loan and Security Agreement dated as of June 29, 2001 among LaSalle National Bank, Harris Trust and Savings Bank, the Company, Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc.(incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended March 31, 2002).

10.22 Amendment To Amended And Restated Loan And Security Agreement dated as of October 30, 2001, among LaSalle Bank National Association, Westell Technologies, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc. (incorporated herein by reference to Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).

*10.23 Severance Agreement date June 28, 2001, by and between Westell, Inc and E. Van Cullens (incorporated herein by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).

*10.24 Employment Letter dated June 28, 2001

between Westell Technologies, Inc. and E. Van Cullens (incorporated herein by reference to Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).

10.25 Seventh Amendment to the Amended and Restated Loan and Security Agreement dated as of June 26, 2003 among LaSalle National Bank, the Company, Westell, Inc, Westell International, Inc. Conference Plus, Inc. and Teltrend, Inc. (incorporated by reference to Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended March 31, 2003).

14.1 Code of Business Conduct

21.1 Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K for the year ended March 31, 2001).

23.1 Consent of Ernst & Young LLP.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002

32.1 Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002

*Management contract or compensatory plan or arrangement.

(b) Reports filed on Form 8-K

July 3, 2003 Transcript of interview of Chief Financial Officer with CNBC on June 30, 2003.

May 21, 2003 Press release announcing earnings results for the quarter and year ended March 31, 2003.

(c) Exhibits

The exhibits filed as part of this Annual Report on Form 10-K are as specified in Item 14(a)(3) herein.

(d) Financial Statement Schedules

The financial statement schedules filed as part of this Annual Report on Form 10-K are as specified in Item 14(a)(2) herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on June 14, 2004.

WESTELL TECHNOLOGIES, INC.

By /s/ E. Van Cullens

E. Van Cullens
President, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on June 14, 2004.

Signature	Title
/s/ E. Van Cullens E. Van Cullens	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ John W. Seazholtz John W. Seazholtz	Chairman of the Board of Directors
/s/ Melvin J. Simon Melvin J. Simon	Director
/s/ Nicholas C. Hindman, Sr. Nicholas C. Hindman, Sr.	Chief Financial Officer, Treasurer and Senior Vice President (Principal Financial Officer and Principal Accounting Officer)
/s/ Robert C. Penny III Robert C. Penny III	Director
/s/ Paul A. Dwyer Paul A. Dwyer	Director
/s/ Roger L. Plummer Roger L. Plummer	Director
/s/ Bernard F. Sergesketter Bernard F. Sergesketter	Director
/s/ Eileen A. Kamerick Eileen A. Kamerick	Director

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AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and the Stockholders
Westell Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Westell Technologies, Inc. and subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2004. Our audit also included the financial statement schedule listed in the Index at Item 15(a)(2). 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 the standards of the Public Company Accounting Oversight Board (United States). 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 Westell Technologies, Inc. and subsidiaries at March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule when considered in relation to the basic financial statements taken as a whole presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in year 2003 the Company changed its method of accounting for goodwill and other intangibles.

/s/ERNST & YOUNG LLP
Ernst & Young LLP

Chicago, Illinois
May 7, 2004

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS

	March 31,	
	2003	2004
	(in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 11,474	$ 11,241
Accounts receivable (net of allowance of $905,000 and $662,000, respectively)	22,633	23,807

Inventories	11,843	16,075
Prepaid expenses and other current assets	1,532	2,340
Intangibles, net	1,455	1,455
Deferred income tax asset	2,300	7,200
Total current assets	51,237	62,118
Property and equipment:		
Machinery and equipment	42,819	42,462
Office, computer and research equipment	25,301	23,414
Leasehold improvements	7,731	7,832
	75,851	73,708
Less accumulated depreciation and amortization	55,417	56,099
Property and equipment, net	20,434	17,609
Goodwill	6,990	6,990
Intangibles, net	6,953	5,499
Deferred income tax asset and other assets	23,860	37,565
Total assets	$ 109,474	$ 129,781

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

<CAPTION>

<S>	March 31, 2003 (in thousands) <C>	2004 <C>
Current liabilities:		
Accounts payable	$ 11,802	$ 14,163
Accrued expenses	10,775	10,105
Accrued compensation	4,487	6,808
Current portion of long-term debt and notes payable	17,057	3,416
Total current liabilities	44,121	34,492
Long-term debt	17,760	326
Other long-term liabilities	2,462	1,201
Total liabilities	64,343	36,019
Minority Interest	1,638	1,997
Stockholders' equity:		
Class A common stock, par $0.01	460	532

Authorized -- 109,000,000 shares		
Issued and outstanding - 45,966,440 at March 31, 2003 and 53,226,058 at March 31, 2004		
Class B common stock, par $0.01	190	147
Authorized -- 25,000,000 shares		
Issued and outstanding -- 19,014,869 at March 31, 2003 and 14,741,872 at March 31, 2004		
Preferred stock, par $0.01	--	--
Authorized -- 1,000,000 shares		
Issued and outstanding -- none		
Deferred compensation	46	--
Additional paid-in capital	364,661	378,390
Treasury stock at cost 93,000 shares	(247)	(247)
Cumulative translation adjustment	(168)	(485)
Accumulated deficit	(321,449)	(286,572)
Total stockholders' equity	43,493	91,765
Total liabilities and stockholders' equity	$ 109,474	$ 129,781

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

	Fiscal Year Ended March 31,		
	2002	2003	2004
	(in thousands, except per share data)		
<S>	<C>	<C>	<C>
Equipment revenue	$ 191,302	$ 168,216	$ 190,440
Service revenue	48,521	41,805	45,299
Total revenues	239,823	210,021	235,739
Cost of equipment sales	162,262	121,349	129,265
Inventory reserve adjustments	13,900	(2,200)	148
Cost of services	29,631	27,112	26,585
Total cost of goods sold	205,793	146,261	155,998
Gross margin	34,030	63,760	79,741
Operating expenses:			
Sales and marketing	19,883	16,017	20,242
Research and development	22,444	16,483	17,385
General and administrative	24,028	17,513	17,506
Goodwill and intangible amortization	25,560	1,766	1,455
Goodwill and intangible impairment	97,500	--	--
Restructuring charge	6,258	1,678	698
Total operating expenses	195,673	53,457	57,286
Operating income (loss)	(161,643)	10,303	22,455
Other income, net	172	262	615
Interest expense	(5,564)	(2,648)	(743)

Income (loss) before taxes and minority interest	(167,035)	7,917	22,327
Income tax expense (benefit)	--	372	(12,923)
Minority interest	394	271	373
Net income (loss)..	$(167,429)	$ 7,274	$ 34,877
Net income (loss) per common share:			
Basic	$ (2.60)	$ 0.11	$ 0.52
Diluted	$ (2.60)	$ 0.11	$ 0.49
Weighted average number of common shares:			
Basic	64,317	64,925	66,858
Diluted	64,317	65,126	70,667

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<CAPTION>

(in thousands)

<S> <C> <C> <C> <C> <C> <C> <C> <C> <C>

	Comprehensive Income (loss)	Common Stock Class A	Common Stock Class B	Additional Paid-in Capital	Cumulative Translation Adjustment	Deferred Comp.	Accum. Deficit	Treasury Stock	Total Stockholders' Equity
Balance, March 31, 2001		425	190	357,684	(34)	854	(161,294)	--	197,825
Net loss............	$ (167,429)	--	--	--	--	--	(167,429)	--	(167,429)
Translation adjustment	16	--	--	--	16	--	--	--	16
Total Comprehensive loss	$ (167,413)								
Issuance of Class A Common Stock		33	--	5,844	--	--	--	--	5,877
Options Exercised....			--	10	--	--	--	--	10
Shares sold under Employee Stock Purchase Plan		1	--	151	--	--	--	--	152
Treasury stock.......		--	--	--	--	--	--	(247)	(247)
Deferred Compensation		--	--	877	--	(808)	--	--	69
Balance, March 31, 2002		$ 459	$ 190	$ 364,566	$ (18)	$ 46	$ (328,723)	$ (247)	$ 36,273
Net income..........	$ 7,274	--	--	--	--	--	7,274	--	7,274
Translation adjustment	(150)	--	--	--	(150)	--	--	--	(150)
Total Comprehensive income	$ 7,124								
Options Exercised....		1	--	95	--	--	--	--	96
Balance, March 31, 2003		$ 460	$ 190	$ 364,661	$ (168)	$ 46	$ (321,449)	$ (247)	$ 43,493
Net income..........	$ 34,877	--	--	--	--	--	34,877	--	34,877
Translation adjustment	(317)		--	--	(317)	--	--	--	(317)

Total Comprehensive income$ 34,560

Deferred Compensation	--	--	--	--	(46)	--	--	(46)
Class B Stock Converted to class A Stock..	43	(43)	--	--	--	--	--	--
Options and warrants exercised including tax benefit	29	--	13,729	--	--	--	--	13,758
Balance, March 31, 2004	$ 532	$ 147	$378,390	$ (485)	$ --	$ (286,572)	$ (247)	$ 91,765

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	Fiscal Year Ended March 31,		
	2002	2003	2004
	(in thousands)		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)..	$(167,429)	$ 7,274	$ 34,877
Reconciliation of net income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	40,222	13,318	9,324
Goodwill and intangible impairment	97,500	--	--
Deferred taxes	350	230	(18,585)
Deferred compensation	(807)	--	--
Restructuring	1,216	(1,368)	(916)
Loss on sale of fixed assets and asset impairment	2,014	824	191
Minority interest	394	271	373
Tax benefit received on stock option exercise	--	--	5,506
Other	(71)	200	--
Change in assets and liabilities:			
Accounts receivable	9,656	2,483	(1,491)
Inventories	54,894	6,363	(4,232)
Prepaid expenses and other current assets	(44)	637	(433)
Other assets	(164)	(523)	(395)
Accounts payable and accrued expenses	(48,762)	(9,078)	1,155
Accrued compensation	(2,313)	2,113	2,321
Net cash (used in) provided by operating activities	(13,344)	22,744	27,695
Cash flows from investing activities:			
Purchases of property and equipment	(9,205)	(2,766)	(5,311)
Proceeds from sale of equipment	62	1,977	75
Purchase of subsidiary stock	--	(459)	(532)
Net cash used in investing activities	(9,143)	(1,248)	(5,768)
Cash flows from financing activities:			
Net borrowing (repayment) under revolving promissory notes	(2,310)	(6,134)	(19,956)
Borrowing of long-term debt and leases payable	24,890	1,724	--
Repayment of long-term debt and leases payable	(479)	(12,363)	(10,587)
Proceeds from issuance of Common Stock	6,668	96	8,206

Net cash provided by (used in) financing activities	28,769	(16,677)	(22,337)
Effect of exchange rate changes on cash	--	(32)	177
Net increase (decrease) in cash and cash equivalents	6,282	4,787	(233)
Cash and cash equivalents, beginning of period	405	6,687	11,474
Cash and cash equivalents, end of period	$ 6,687	$ 11,474	$ 11,241

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

</TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business

Westell Technologies, Inc. (the "Company") is a holding company. Its wholly owned subsidiaries, Westell, Inc. and Teltrend LLC , design, manufacture and distribute telecommunications equipment which is sold primarily to major telephone companies. Conference Plus, Inc., a 91.5%-owned subsidiary, provides teleconferencing, multipoint video conferencing, broadcast fax and web teleconferencing services to various customers.

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash, certificates of deposit, time deposits, commercial paper, short-term government obligations and other money market instruments. The Company invests its excess cash in deposits with major financial institutions, in government securities and the highest grade commercial paper of companies from a variety of industries. These securities have original maturity dates not exceeding three months. Such investments are stated at cost, which approximates fair value, and are considered cash equivalents for purposes of reporting cash flows.

Inventories

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

<TABLE>

<S>	March 31, 2003 <C>	March 31, 2004 <C>
	(in thousands)	
Raw materials	$ 9,340	$12,374
Work in process	4	14
Finished goods	7,945	8,051
Reserve for excess and obsolete inventory and net realizable value	(5,446)	(4,364)
	$11,843	$16,075

</TABLE>

During the fiscal year ended March 31, 2003, gross margin was positively effected by $2.2 million as the Company was able to sell modem inventory which had been reserved as excess and obsolete based on the estimated technological life of the modems at March 31, 2002. Accrued purchase commitments totaled $91,000 and $259,000 at March 31, 2003 and March 31, 2004, respectively.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets which range from 2 to 10 years using the straight-line method for financial reporting purposes and accelerated methods for tax purposes. Leasehold improvements are amortized over the lives of the respective leases, or the useful life of the asset, whichever is shorter. Depreciation expense was $14.7 million, $11.6 million and $7.9 million for fiscal 2002, 2003 and 2004, respectively.

Goodwill and Intangibles

On April 1, 2002, the Company adopted the Financial Accounting Standards Board Statements of Financial Accounting Standards (FASB) No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 eliminates the amortization of goodwill and other indefinite-lived intangibles. SFAS No. 142 requires that these assets be reviewed for impairment at least annually. Other intangible assets will continue to be amortized over their useful lives. The Company determined that there has been no impairment of goodwill since the adoption of this Statement. The following table discloses pro forma results for net income and earnings per share had FASB No. 142 been applied in fiscal 2002.

(In thousands, except per share amounts)	Fiscal year ended 2002
Reported net loss............................	$(167,429)
Add back: Goodwill amortization..............	12,473
Pro forma net loss...........................	$(154,956)
Reported basic and diluted loss per share.....	$(2.60)
Add back: Goodwill amortization per share.....	.19
Pro forma basic and diluted loss per share....	$(2.41)

Goodwill increased by $1.1 million during fiscal 2003 due to the purchase of common stock of the Conference Plus, Inc. subsidiary in the telecom operating segment. All other goodwill and intangibles relates to the telecom equipment operating segment. Goodwill amortization expense in fiscal year 2002 was $12.5 million.

The Company has finite lived intangible assets with an original carrying value, impairment expense, accumulated amortization and net carrying value of $32.9 million, $3.4 million, $21.1 million and $8.4 million at March 31, 2003, and $32.9 million, $3.4 million, $22.5 million and $7.0 million at March 31, 2004. These intangibles are being amortized over a period of 5 to 7 years. Finite lived intangible amortization included in expense was $13.1 million, $1.8 million and $1.5 million in fiscal year 2002, 2003 and 2004 respectively. The estimated amortization expense for the next three years is $1.5 million per year and $1.3 million per year for the fourth and fifth years.

On an ongoing basis, the Company reviews intangible assets and other long-lived assets other than goodwill for impairment whenever events and circumstances indicate that carrying amounts may not be recoverable. If such events or changes in circumstances occur, the Company will recognize an impairment loss if the undiscounted future cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss would adjust the asset to its fair value.

Due to the restructuring the Company implemented in fiscal 2002 and expected market conditions in the network interface unit and low speed digital data products portion of the business acquired with the Teltrend acquisition in 2000, it became apparent that the goodwill related to Teltrend acquisition was

impaired. In accordance with its policies, the Company completed evaluations of the fair value of the Teltrend long-lived assets (including goodwill) during March 31, 2002 and reported a non-cash charge of $97.5 million to reduce the carrying value of recorded goodwill and intangibles to their estimated fair value.

Revenue Recognition

Revenue is recognized when title has passed to the customer. On certain sales contracts where new products are built to customer specifications, revenue is not recognized until the customer has tested and determined it to function as intended.

The Company's product return policy allows customers to return unused equipment for partial credit if the equipment is currently being manufactured. Credit is not offered on returned products that are no longer manufactured. The Company has recorded a reserve for returns that is not significant.

The Company's subsidiary Conference Plus, Inc. recognizes revenue for conference calls and other services upon completion of the conference call or services.

Product Warranties

Most of the Company's products carry a limited warranty ranging from one to seven years. The Company accrues for estimated warranty costs as products are shipped. The warranty expense and the related accrual are not significant to the consolidated financial statements.

Research and Development Costs

Engineering and product development costs are charged to expense as incurred.

Stock Based Compensation

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

	Fiscal year ended March 31, (in thousands except per share data)		
	2002	2003	2004
Net income (loss), as reported..........	$(167,429)	$7,274	$34,877
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards, net of the related tax effect...........	10,695	3,599	3,017
Pro forma net income (loss)............	$(178,124)	$3,675	$31,860
Basic as reported......................	$(2.60)	$0.11	$0.52
Basic Pro forma........................	$(2.77)	$0.06	$0.48
Diluted as reported....................	$(2.60)	$0.11	$0.49
Diluted Pro forma......................	$(2.77)	$0.06	$0.45

See Note 8 for further discussion of the Company's option plans.

Supplemental Cash Flow Disclosures

The following represents supplemental disclosures to the consolidated statements of cash flows:

	March 31,		
	2002	2003	2004
	(in thousands)		
Cash paid for:			
Interest..................	$ 2,653	$ 6,406	$1,721
Income taxes..............	17	375	132

Disclosures about Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

Cash and cash equivalents, trade receivables and trade payables: the carrying amounts approximate fair value because of the short maturity of these items.

Revolving promissory notes and installment notes payable: due to the floating interest rate on these obligations, the carrying amounts approximate fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used when accounting for the allowance for uncollectable accounts receivable, net realizable value of inventory, product warranty accrued, depreciation, employee benefit plans cost, income taxes, and contingencies, among other things.

Foreign Currency Translation

The financial position and the results of operations of the Company's foreign subsidiaries are measured using local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at the end of each period. Income statement accounts are translated at the average rate of exchange prevailing during the period. Translation adjustments arising from differences in exchange rates from period to period are included in the foreign currency translation adjustment account in stockholders' equity.

The Company records transaction gains or losses within Other income (expense), net for fluctuations on foreign currency rates on accounts receivable and cash and for fluctuations on foreign currency rates on intercompany accounts anticipated by management to be settled in the foreseeable future.

Computation of Net Loss Per Share

The computation of basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the number of additional common shares that would have been outstanding if dilutive potential common shares had been issued. The effect of this computation on the number of outstanding shares is antidilutive for the period ended March 31, 2002 and therefore the net loss per basic and diluted earnings per share are the same.

New Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin (ARB) No. 51 (FIN 46), which requires variable interest entities (commonly referred to as SPEs) to be consolidated by the primary beneficiary of the entity if certain criteria are met. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 will become effective in the Company's fourth quarter of fiscal year 2004. The Company has not identified any variable interest entities.

In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. This statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts. FASB No. 149 is effective for contracts entered into or modified after June 30, 2003. The Company has adopted this statement and did not have any items to report. The adoption had no effect on the Company's financial statements.

In May 2003, the FASB issued Statement of Financial Accounting Standards No. 150, Accounting or Certain Financial Instruments with Characteristics of both Liabilities and Equity. The Company does not have any financial instruments that apply therefore the adoption of this statement did not have a material effect on the Company's financial statements.

Change in Accounting Principle

See Goodwill and intangible discussed previously for the change in accounting principle required by the adoption of SFAS No. 141 and 142.

Reclassification of Accounts

Certain prior year amounts have been reclassified in order to conform to the current-year presentation.

NOTE 2. REVOLVING CREDIT AGREEMENTS:

On March 31, 2003 the Company had a loan agreement that provided for a $5 million non-amortizing term loan and a $30 million asset based revolving credit facility, both due June 30, 2003. The asset based revolving credit facility, which was secured by substantially all assets of the Company, provided for total borrowings based upon 85% of eligible accounts receivable and 30% of eligible inventory not to exceed $6.4 million as of March 31, 2003. The $6.4 million inventory limitation is reduced by $0.1 million on the first day of each month. Borrowings under this facility provided for the interest to be paid by the Company at the prime rate plus 1%. The term loan was secured by, among other things, a security interest in certain collateral granted by certain stockholders consisting of trusts of Robert C. Penny III and other family members who were participants to the amended revolving credit facility. The credit facility required the revolving loan to be paid in full before any payments were applied to the term loan. This credit facility contained covenants regarding EBITDA, tangible net worth and maximum capital expenditures. On March 31, 2003, the Company had $5.0 million outstanding under its term loan and $15.0 million outstanding and $8.1 available under its secured revolving credit facility.

On June 26, 2003, the Company amended the revolving credit facility. The amendment removed the $5 million non-amortizing term loan as well as the security interest granted by certain stockholders consisting of trusts of Robert C. Penny III and other family members. The $30 million asset based revolving credit facility remains in place and is due on June 30, 2006. Borrowings under this facility provide for the interest to be paid by the Company at the prime rate or Libor rate plus 2.5%. The Company paid a $300,000 restructuring fee to the lenders in connection with this amendment to the credit facility in June 2003. The amendment provides for covenants regarding EBITDA and tangible net worth which the Company was in compliance at March 31, 2004 and expects to be in compliance for the term of the debt. No amounts were outstanding at March 31, 2004. Amounts available under the revolving credit facility at March 31, 2004 are $23.7 million.

NOTE 3. LONG-TERM DEBT AND NOTES PAYABLE:

Long-term debt and notes payable consists of the following:

	March 31, 2003	March 31, 2004
	(in thousands)	
Capitalized lease obligations secured by related equipment..	$ 1,314	$ 485
Revolving Promissory note payable..........................	14,956	--
Term notes payable to a bank...............................	5,000	--
Term notes payable...	1,158	626
Vendor notes payable.......................................	12,389	2,631
	34,817	3,742
Less current portion................................	(17,057)	3,416
	$17,760	$ 326

Future maturities of long-term debt at March 31, 2004 are as follows (in thousands):

2005...	$3,416
2006...	326
	$3,742

On May 30, 2002, the Company signed two subordinated vendor notes with Solectron Technology SDN BHD. One note in the amount of $5.0 million is for the payment of inventory held by Solectron that the Company was committed to buy. The second note in the amount of $16.6 million is for the payment of accounts payable and accrued interest. Both notes require a weekly principal and monthly interest payment and are payable over 2.3 years. A third subordinated secured vendor note in the amount of $1.3 million made by the Company and payable to Solectron Technology SDN BHD was entered into on June 3, 2002 and is payable monthly over one year. This note was part of the settlement of litigation with Celsian Technologies, Inc. All three notes bear interest at the prime rate plus 2.5%. At March 31, 2003 and 2004 there was $12.4 million and $2.6 million outstanding under these notes respectively.

In connection with the Company's management changes implemented at its subsidiary Conference Plus, Inc., in fiscal year 2003, the Company purchased 3.2% of the outstanding shares of common stock of Conference Plus, Inc. from former officers of Conference Plus Inc. for approximately $1.6 million. The purchase price was based upon the minority interest value set forth in the annual appraisal of Conference Plus Inc. obtained by the Company that is completed by an independent financial advisor. The Company issued term notes payable bearing an interest rate of 3.5% per annum to be paid over a one to three year term to finance this stock purchase. At March 31, 2003 and 2004 there was $1.2 million and $626,000 outstanding under these notes respectively.

NOTE 4. CONVERTIBLE DEBENTURES AND WARRANTS:

In April 1999, the Company completed a subordinated secured convertible debenture private placement totaling $20 million. In connection with the financing, the Company issued five-year warrants for approximately 909,000 shares of Class A Common stock at an exercise price equal to $8.921 per share, which was approximately 140% of the initial conversion price of the debentures. These warrants were determined to have a fair market value of $1 million. Subsequently, in December 1999, the Company repriced the warrants from $8.921 to $5.92 per share and, due to this debt modification, increased the value of the warrants by approximately $838,000. The total value of the warrants, approximately $1.8 million, was recorded as a debt discount in the March 31, 2000 consolidated balance sheet and was being amortized over the life of the convertible debentures of five years. This unamortized amount was recorded to equity on a pro rata basis as debentures converted in fiscal 2000 and 2001. In fiscal 2004, 527,000 warrants were exercised. The Company issued 97,310 shares of stock relating to this cashless exercise. The remaining warrants, which expire on April 15, 2004, were exercised in April 2004.

On June 29, 2001, in consideration of a guarantee given by several shareholders to support the credit facility, the Company granted warrants to purchase 512,820 shares of Class A common stock at an exercise price of $1.95 per share. The warrants are exercisable at any time until June 29, 2006. The total value of the warrants, approximately $46,000, was recorded as expense. As of March 31, 2004, all of these warrants were outstanding.

NOTE 5. INCOME TAXES:

The Company utilizes the liability method of accounting for income taxes and deferred taxes are determined based on the differences between the financial statements and tax basis of assets and liabilities given the provisions of the enacted tax laws. The income taxes charged to net income are summarized as follows:

	Fiscal Year Ended March 31,		
	2002	2003	2004
	(in thousands)		
Federal:			
Current......................	$ --	$ 372	$ 5,203
Deferred.....................	--	--	(17,080)
	--	372	(11,877)
State:			
Current......................	--	--	459
Deferred.....................	--	--	(1,505)
	--	--	(1,046)
Total.....................	$ --	$ 372	$(12,923)

The Company utilizes the flow-through method to account for tax credits. In fiscal 2002, 2003 and 2004, the Company generated approximately $846,000, $0 and $0, respectively, of tax credits.

The statutory federal income tax rate is reconciled to the Company's effective income tax rates below:

<TABLE>

<S>	Fiscal Year Ended March 31, <C> 2002	<C> 2003	<C> 2004
Statutory federal income tax rate...............	(34.0)%	34.0%	34.0%
Meals and entertainment.........................	0.1	0.7	0.4
State income tax, net of federal tax effect.....	(4.9)	4.9	3.1
Income tax credits recognized...................	(0.3)	(2.3)	--
Valuation allowance.............................	10.5	(40.1)	(95.0)
Goodwill amortization...........................	28.5	6.1	1.4
Other...	0.1	1.6	(1.8)
	0.0%	4.9%	(57.9)%

</TABLE>

Components of the net deferred income tax asset are as follows:

<TABLE>

	March 31, 2003	March 31, 2004
	(in thousands)	
Deferred income tax assets:		
Allowance for doubtful accounts	$ 329	$207
Alternative minimum tax credit	575	575
Research and development credit carryforward	4,589	4,589
Compensation accruals	854	898
Inventory reserves	3,014	2,172
Warranty reserve	500	548
Net operating loss carryforward	70,437	67,014
Property	1,264	1,382
Other	2,705	2,415
	84,267	79,800
Deferred income tax liabilities:		
Property and equipment	111	92
Other	9	8
	120	100
Valuation allowance	(58,932)	(35,900)
Net deferred income tax asset	$ 25,215	$43,800

</TABLE>

In the fourth quarter of fiscal 2004, the Company reduced the valuation allowance in the amount of $23.0 million based on management's belief that it is more likely than not that deferred tax assets will be realized through the generation of future taxable income. The Company generated taxable income in fiscal year 2004 and projects future taxable income to be able to use a portion of net operating loss carryforwards and therefore management believes this evidence supports the recognition of deferred tax assets and thus the reduction of the valuation allowance. Estimates of future taxable income are comprised of a tax planning strategy and a three year estimate of future income that will be generated by operations less tax differences including expected stock option deductions. The tax planning strategy involves the potential sale of the Company's 91.5% subsidiary Conference Plus, Inc. The Company based its estimate of the value of Conference Plus Inc. on the fiscal 2003 independent valuation updated for current future expected cash flows. Management periodically evaluates the recoverability of the deferred tax assets and will adjust the valuation allowance against deferred tax assets accordingly.

The Company has approximately $5.2 million in income tax credit carryforwards and a tax benefit of $67.0 million related to a net operating loss carryforward that is available to offset taxable income in the future. The tax credit carryforwards begin to expire in 2008 and the net operating loss carryforward begins to expire in 2012.

Included in the valuation allowance against deferred tax assets as of March 31, 2004 is approximately $8.6 million pertaining to net operating loss carryforwards resulting from the exercise of stock options. When and if these deferred taxes are realized, the tax benefit from the reversal of the valuation allowance will be accounted for as a credit to additional paid-in capital rather than a reduction of income tax expense.

NOTE 6. COMMITMENTS:

The Company leases an 185,000 square foot corporate facility in Aurora, Illinois to house manufacturing, engineering, sales, marketing and administration pursuant to a lease that runs through 2017.

The Company also has lease commitments to lease other office and warehouse facilities at various locations. All of the leases require the Company to pay utilities, insurance and real estate taxes on the facilities. In addition, the Company has leases for manufacturing equipment, computer equipment, photocopiers and autos. Total rent expense was $6.7 million, $7.1 million and $4.0 million for 2002, 2003, and 2004, respectively.

Total minimum future rental payments at March 31, 2004 are as follows (in thousands):

2005	$3,810
2006	3,258
2007	3,075
2008	3,067
2009	2,910
Thereafter	20,458
	$36,578

NOTE 7. CAPITAL STOCK AND STOCK RESTRICTION AGREEMENTS:

Capital Stock Activity:

The Board of Directors has the authority to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, without any further vote or action by stockholders.

Stock Restriction Agreements:

The members of the Penny family (major stockholders) have a Stock Transfer Restriction Agreement which prohibits, with limited exceptions, such members from transferring their Class A Common Stock or Class B Common Stock acquired prior to November 30, 1995, without first offering such stock to the other members of the Penny family. A total of 18,824,908 shares of Common Stock are subject to this Stock Transfer Restriction Agreement.

Shares issued and outstanding:

The following table summarizes Common Stock transactions for fiscal years 2002, 2003 and 2004.

<TABLE>

	Common Stock Shares Issued and Outstanding Class A	Class B	Treasury Stock
	(in thousands)		
<S> <C> <C>	<C>	<C>	
Balance, March 31, 2001	42,473	19,015	--
Issuance of Class A Common Stock	3,315	--	--
Options Exercised	5	--	--
Shares sold under Employee Stock Purchase Plan	114	--	--
Treasury stock	--	--	(93)
Balance, March 31, 2002	45,907	19,015	(93)
Issuance of Class A Common Stock	--	--	--
Options Exercised	59	--	--
Shares sold under Employee Stock Purchase Plan	--	--	--
Treasury stock	--	--	--
Balance, March 31, 2003	45,966	19,015	(93)
Issuance of Class A Common Stock	--	--	--
Options Exercised	2,889	--	--
Class B stock converted to Class A	4,274	(4,274)	--
Warrants Exercised	97	--	--
Balance, March 31, 2004	53,226	14,742	(93)

======= ========= ======

</TABLE>

NOTE 8. EMPLOYEE BENEFIT PLANS:

401(k) Benefit Plan:

The Company sponsors a 401(k) benefit plan (the "Plan") which covers substantially all of its employees. The Plan is a salary reduction plan that allows employees to defer up to 15% of wages subject to Internal Revenue Service limits. The Plan also allows for Company discretionary and matching contributions. The Company provided for discretionary and matching contributions to the Plan totaling approximately $487,000, $926,000 and $1.2 million for fiscal 2002, 2003 and 2004, respectively.

Employee Stock Purchase Plan:

The Company maintains a stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of the Company's Class A Common Stock for 85% of the average of the high and low reported sales prices at specified dates. Under the stock purchase plan, 217,950 shares are authorized. As of March 31, 2002 no shares were available for issuance.

Employee Stock Incentive Plan:

In October 1995, the Company adopted a stock incentive plan (SIP plan) that permits the issuance of Class A Common Stock, restricted shares of Class A Common Stock, nonqualified stock options and incentive stock options to purchase Class A Common Stock, performance awards and stock appreciation rights to selected employees, officers, non-employee directors of the Company and advisory board members and consultants. No stock awards were issued in fiscal 2002, 2003 or 2004.

During March 2000, as part of the Teltrend aquisition, the Company adopted the following three stock options plans (collectively the "three adopted option plans"): Teltrend Inc. 1995 Stock Option Plan (the "1995 Stock Option Plan"), Teltrend Inc. 1996 Stock Option Plan (the "1996 Stock Option Plan"), and Teltrend Inc. 1997 Non-Employee Director Stock Option Plan (the "1997 Director Option Plan"). Under both the 1995 and 1996 Stock Option Plans nonqualified stock options were granted to key employees. Nonqualified stock options were granted to Non-Employee Directors under the 1997 Director Option Plan.

Under the Company's SIP, the 1995 Stock Option Plan, the 1996 Stock Option Plan, and the 1997 Director Option Plan ("all stock plans"), 13,000,000 shares were authorized and there were 818,875 shares available for further issuance at March 31, 2004. The stock option activity under all stock plans is as follows:

	Outstanding Options	Weighted Average Exercise Price
Outstanding at March 31, 2001......	7,359,328	$ 9.37
Granted.................	5,726,973	1.94
Exercised...............	(5,000)	2.12
Expired.................	--	--
Canceled................	(3,863,173)	7.35
Outstanding at March 31, 2002......	9,218,128	$ 5.61
Granted.................	3,181,671	2.01
Exercised...............	(59,375)	1.50
Expired.................	--	--
Canceled................	(807,625)	6.08
Outstanding at March 31, 2003......	11,532,799	$ 4.60
Granted.................	1,326,100	7.01

Exercised...............	(2,889,311)	2.84
Expired.................	--	--
Canceled................	(432,903)	6.82
Outstanding at March 31, 2004......	9,536,685	$ 5.37

The exercise price of the stock options granted is generally established at the market price on the date of the grant. The Company has reserved Class A Common Stock for issuance upon exercise of these options granted.

During fiscal 2002, the Company granted 30,000 stock options to non-employee advisory board members or consultants. Compensation expense of $23,871 was recognized for the issuance of these non-employee stock options under Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" FAS 123 for fiscal 2002 . In fiscal year 2003 and fiscal year 2004 there were no non-employee grants.

In computing the fair value of stock options granted as disclosed in Note 1, the fair value of each option is estimated on the date of grant based on the Black-Scholes option pricing model. The estimate assumes, among other things, a risk-free interest rate of 2.8% for fiscal years 2003 and 2004 and 6.5% for fiscal year 2002 and no dividend yield; expected volatility of 98% for fiscal years 2003 and 2004 and 73% for fiscal year 2002 and an expected life of 7 years. A majority of the options granted to employees in fiscal 2002 vest ratably over two to five years. In fiscal year 2003, approximately half of the options issued vest upon the earlier of the achievement of company and individual goals established or 8 years. The majority of the remaining options issued in fiscal year 2003 vest over five years. The weighted average fair value of the options granted during the years ended March 31, 2002, 2003 and 2004 were $1.94, $2.01 and $7.01, respectively.

The following table summarizes information about all stock options outstanding as of March 31, 2004:

<TABLE>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 3/31/04	Remaining Life	Weighted-Average Exercise Price	Number Exercisable at 3/31/04	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$ 1.07-1.57	2,389,456	7.79 yrs	$1.34	528,138	$1.32
1.60-2.19	1,941,690	7.22 yrs	2.01	937,431	2.00
2.21-5.03	2,353,484	7.06 yrs	4.18	824,649	4.34
5.09-15.69	1,980,230	6.18 yrs	7.48	768,303	7.60
15.72-36.18	871,825	6.00 yrs	22.31	831,035	22.32
$1.07-36.18	9,536,685	7.00 yrs	$5.37	3,889,556	$7.85

</TABLE>

NOTE 9. SEGMENT AND RELATED INFORMATION:

Operating Segments:

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

1) A telecommunications equipment manufacturer of local loop access products, and
2) A multi-point telecommunications service bureau specializing in audio teleconferencing, multi-point video conferencing, broadcast fax and multimedia teleconference services.

Performance of these segments is evaluated utilizing, revenue, operating income and total asset measurements. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Segment information for the fiscal years ended March 31, are as follows:

	Telecom Equipment	Telecom Services	Consolidated Total
2002			
Revenues	$ 191,302	$ 48,521	$ 239,823
Operating income (loss)	(166,063)	4,420	(161,643)
Depreciation and amortization	35,847	4,375	40,222
Total assets	105,969	20,184	126,153
2003			
Revenues	$ 168,216	$ 41,805	$ 210,021
Operating income	8,001	2,302	10,303
Depreciation and amortization	8,843	4,475	13,318
Total assets	86,702	22,772	109,474
2004			
Revenues	$ 190,440	$ 45,299	$ 235,739
Operating income	16,564	5,891	22,455
Depreciation and amortization	5,345	3,979	9,324
Total assets	109,493	20,288	129,781

Reconciliation of operating (loss) for the reportable segments to income (loss) before income taxes:

<TABLE>

	Fiscal Year Ended March 31, 2002	2003	2004
<S>	<C>	<C>	<C>
Operating income (loss)..................................	$ (161,643)	$ 10,303	$22,455
Other income, net..	172	262	615
Interest expense...	(5,564)	(2,648)	(743)
Income (loss) before income taxes and minority interest...	$ (167,035)	$ 7,917	$ 22,327

</TABLE>

Enterprise-wide Information:

The Company's revenues are primarily generated in the United States. More than 90% of all revenues were generated in the United States in fiscal years 2002, 2003 and 2004.

Significant Customers and Concentration of Credit:

The Company is dependent on certain major telephone companies that represent more than 10% of the total revenue. Sales to major customers and successor companies that exceed 10% of total revenue are as follows:

	Fiscal Year Ended March 31, 2002	2003	2004
Verizon..............................	43.2%	42.5%	42.8%
SBC..................................	14.9	15.2	13.1
BellSouth............................	0.7	13.9	18.0

Major telephone companies comprise a significant portion of the Company's trade receivables. Receivables from major customers that exceed 10% of total accounts receivable balance are as follows:

Fiscal Year Ended

	March 31,	
	2003	2004
Verizon.................................	50.3%	47.6%
BellSouth...............................	9.8	11.7
SBC.....................................	22.7	10.5

Geographic Information

The Company's financial information by geographic area was as follows for the years ended March 31:

	Domestic	International	Total
	(in thousands)		
2002			
Revenue............................	$ 224,341	$ 15,482	$ 239,823
Operating loss.....................	(161,513)	(130)	(161,643)
Identifiable assets................	124,045	2,108	126,153
2003			
Revenue............................	$ 198,771	$ 11,250	$ 210,021
Operating income (loss)............	11,511	(1,208)	10,303
Identifiable assets................	106,591	2,883	109,474
2004			
Revenue............................	$ 229,422	$ 6,317	$ 235,739
Operating income (loss)............	25,261	(2,806)	22,455
Identifiable assets................	127,188	2,593	129,781

International identifiable assets and operating loss are related to Westell Ltd., which is located in the United Kingdom and Conference Plus Global Services, Ltd., which is located in Dublin Ireland.

NOTE 10. RESTRUCTURING CHARGE:

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

The Company recognized a net restructuring expense of $1.7 million in fiscal 2003 consisting of a charge of $2.6 million offset by the $0.9 million described above. This charge included personnel and facility costs related primarily to the closing of a Conference Plus, Inc. facility and personnel and facility charges at Westell Limited. Approximately 25 employees were impacted by these reorganizations. As of March 31, 2004, the Company paid approximately $1.3 million of these accrued restructuring costs leaving a balance of $1.3 million.

The Company recognized a restructuring expense of $698,000 in fiscal 2004. This restructuring resulted from discontinuing a product at Westell Limited. The result was a workforce reduction of approximately 14 employees. None of these costs had been paid as of March 31, 2004.

The restructuring charges and their utilization are summarized as follows:

<TABLE>

(Dollars in thousands)	Accrued at March 31 2001	2002 Charged	2002 Utilized	Accrued at March 31 2002	2003 Charged net of reversal	2003 Utilized	Accrued at March 31 2003	2004 Charged	2004 Utilized	March 31 2004
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Employee costs.......	$ 2,602	$ 4,066	$ 4,629	$ 2,039	$1,120	$2,390	$ 769	$698	$769	$698
Legal, other and facility costs.......	395	2,191	412	2,174	552	650	2,076	--	845	1,231

Total................	$ 2,997	$ 6,257	$ 5,041	$ 4,213	$ 1,671	$ 3,040	$ 2,845	$698	$1,614	$1,929

</TABLE>

NOTE 11. OTHER INCOME, NET:

Other income, net for the years ended March 31, 2002, 2003 and 2004 was primarily due to interest income and unrealized gains and losses on intercompany balances denominated in foreign currency.

NOTE 12. EARNINGS PER SHARE

<TABLE>

Dollars in thousands, except per share amounts	Year ended March 31, 2002	2003	2004
<S>	<C>	<C>	<C>
BASIC EARNINGS (LOSS) PER SHARE:			
Net income (loss)	$ (167,429)	$ 7,274	$34,877
Average basic shares outstanding	64,317	64,925	66,858
Basic net income (loss) per share	$ (2.60)	$ 0.11	$0.52
DILUTED EARNINGS (LOSS) PER SHARE:			
Net income (loss)	$ (167,429)	$ 7,274	$34,877
Average diluted shares outstanding	64,317	64,925	66,858
Effect of dilutive securities: stock options and warrants	-	201	3,809
	64,317	65,126	70,667
Diluted net income (loss) per share	$ (2.60)	$ 0.11	$0.49

</TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

<TABLE>

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

ACCOUNTS RECEIVABLE ALLOWANCES
(IN THOUSANDS)

<CAPTION>

	2002	2003	2004
<S>	<C>	<C>	<C>
Balance at beginning of year..............................	$1,363	$1,531	$ 905
Provision for doubtful accounts...........................	971	623	179
Write-offs of doubtful accounts, net of recoveries.........	(803)	(1,249)	(422)
Balance at end of year....................................	$1,531	$ 905	$ 662

</TABLE>

CODE OF BUSINESS CONDUCT (REVISION C EFF. 2/11/04 MODIFYING P.9 OF THE EMPLOYEE HANDBOOK)

I. ETHICAL COMMITMENT

As a Westell employee, you are expected to act in the best interests of the Company and in a manner that is consistent with the highest legal, moral, and ethical business standards. This high standard is crucial to upholding the integrity of our corporation.

The Code of Conduct will provide a framework and a set of guidelines for compliance with our ethical standards. It cannot and is not intended to cover every applicable law or provide answers to all questions that might arise; for that we must ultimately rely on each person's good sense of what is right, including a sense of when it is proper to seek guidance from others on the appropriate course of conduct.

The following commitments establish the basis for the Company's Code of Conduct:

- To our employees: We are committed to providing all employees the opportunity to work in an environment free of harassment and unsafe conditions.
- To our suppliers: We are committed to being a good customer, encouraging and practicing fair competition, maintaining a sense of responsibility, and building professional and ethical relationships.
- To our customers: We are committed to providing value through high-quality service and products.
- To our communities: We are committed to responsible actions within our greater community.

II. PURPOSE OF THE CODE

The purpose of the Company's Code is to provide guidelines for conducting Company business in a legally and ethically appropriate manner. Each employee is responsible for ensuring that his or her own conduct complies with this Code. An employee who violates the Code of Conduct will be held responsible for his or her action(s). Disciplinary action for violations of the Code may range from a warning up to and including immediate termination.

All statements contained in this Code are intended to reflect general policies, principles, and procedures, do not represent contractual commitments on the part of the Company and may be changed at any time without notice. Without limiting the generality of the foregoing, nothing in this Code should be construed to grant to any employee any right to benefits under any employee benefit plan, program or arrangement.

Any time you have questions about the Code of Conduct, or the application of these principles, contact your Supervisor/Manager, your Human Resources Representative or, if necessary, the President and Chief Executive Officer of the Company.

III. IMPLEMENTATION OF THE CODE

A. ADMINISTRATION

The Board has charged the President and Chief Executive Officer with the overall responsibility of ensuring that the Code and the Company's policies and procedures govern the business activities of all Company personnel. The Board of Directors of the Company shall be responsible for the administration of this Code as it relates to Directors, Executive Officers and any other financial officers, accounting officers or controllers of the Company or persons performing similar functions on behalf of the Company (the "Financial Officers").

B. ACKNOWLEDGMENT

The Company requires that all of its personnel, Executive Officers, Financial Officers and Directors sign an acknowledgment confirming that they have received and will read, understand, and subscribe to the standards and procedures contained in the Code. To continue to be employed by the Company, employees must

abide by the standards and procedures outlined in the Code and by the Company's policies and procedures.

C. REPORTING VIOLATIONS

If you know of a violation or a possible violation of the Code or the Company's policies and procedures, you must report that information immediately to your Supervisor/Manager, your Human Resources Representative or, if necessary, the President and Chief Executive Officer of the Company; provided, however, that the Executive Officers, Financial Officers and Directors must report any violations or possible violations to the Chief Executive Officer or, if necessary, the Chairman of the Audit Committee.

All reported violations of the Code or of the Company's policies and procedures will be treated confidentially to the extent reasonable under the circumstances, given the need to investigate.

D. DOCUMENT RETENTION

All documents created by any of the Company's employees in the performance of their job duties are the property of the Company. If you have any doubt about the propriety or legality of disposing of a document, it is imperative that you consult with your Supervisor/Manager, your Human Resources Representative or, if necessary, the President and Chief Executive Officer of the Company. Executive Officers, Financial Officers and Directors should consult with the Chief Executive Officer or, if necessary, the Chairman of the Audit Committee. Destruction of records to avoid disclosure in a legal proceeding may constitute a criminal offence.

If you have reasons to believe that other individuals have withheld, unlawfully disposed of, falsified, or are considering destroying or falsifying potentially relevant documents, you must report your suspicions immediately to your

Supervisor/Manager, your Human Resources Representative or, if necessary, the President and Chief Executive Officer of the Company.

E. DISCIPLINARY ACTIONS

All Company personnel are responsible for adhering to the law, to this Code, and to the Company's policies and procedures. Disciplinary action may range from warning up to and including immediate termination of employment for violation of the law, of this Code, or of the Company's policies and procedures.

F. WAIVERS OF THE CODE

Waivers of this Code will be granted only in extraordinary circumstances. Waivers of this Code for the Executive Officers, Financial Officers and Directors of the Company must be made by the Board of Directors of the Company. Any change to, or waiver of, this Code for Executive Officers, Financial Officers or Directors must be disclosed promptly to our stockholders by a Form 8-K filing. Any waivers of this Code for any employees of the Company other than Executive Officers or Financial Officers must be made by the employee's Supervisor/Manager or the President and Chief Executive Officer of the Company.

IV. CORPORATE CITIZENSHIP AND COMPLIANCE WITH LAWS

Each employee, Executive Officer, Financial Officer and Director will act with honesty and integrity, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

The Company's activities and the individual actions of its Directors, Executive Officer and employees must be in compliance with all applicable federal, state, foreign and local laws and regulations. When there is a question regarding the laws and regulations surrounding an activity, employee should consult with your Supervisor/Manager, your Human Resources Representative or, if necessary, the President and Chief Executive Officer of the Company. Directors, Executive Officers and Financial Officers should consult with outside legal counsel representing the Company, the President and Chief Executive Officer of the Company or, if necessary, the Chairman of the Audit Committee.

A. COMPETITION; ANTITRUST

The Company's efforts in the marketplace must be conducted in a fair and equitable manner in strict accordance with the letter and spirit of applicable antitrust and trade practice laws and regulations.

Under no circumstances shall any Company personnel or individuals otherwise associated with the Company be a party to any collusion or concerted effort of any type, involving any competitor, customer, or any other party, which is in restraint of trade or in violation of any applicable antitrust law or regulation.

B. INTERNATIONAL BUSINESS

The Company's policy for international business is to respond in a legal and ethical manner wherever we have business transactions. With respect to operations outside the United States, all employees must comply with the Foreign Corrupt Practices Act in addition to other laws applicable to the Company's international business. The Foreign Corrupt Practices Act generally prohibits any employee from paying or promising to pay or give anything of value to any foreign government official, agency, political party, party official or political candidate, to influence any act or decision of such person or a foreign government.

C. LABOR AND EMPLOYMENT

Westell adheres to all federal, state, and local laws regarding labor and employment. These include but are not limited to equal employment opportunity, harassment and discrimination, and safety and health.

D. USE OF COMPANY ASSETS, FACILITIES, AND SERVICES

Any use of Company property, facilities, or employee services must comply with the appropriate Company policies. Company personnel have accountability for the acquisition, use or misuse, and disposition of Company property. Employees cannot take or divert Company property, equipment, or employee services.

E. PROPER ACCOUNTING AND RECORD KEEPING

It is the Company's policy that all accounting and record keeping be an accurate and true record of the Company's financial transactions and accounts. All transactions must be recorded in a timely and accurate fashion to reflect the economics of the Company's dealings. The making of false or fictitious entries in the Company's books is prohibited.

As a public company, the Company is subject to various securities laws, regulations and reporting obligations. Both federal law and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations. Each employee must ensure that all reasonable and necessary steps, within his or her areas of responsibility, are taken to provide full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to the Securities and Exchange Commission or state regulators, and in all other regulatory filings.

In addition, each employee who participates in public and stockholder communications must provide full, fair, accurate, and understandable information whenever communicating with the Company's stockholders or the general public. As described in Section G below, no employee shall communicate, on behalf of the Company, with the Company's stockholders or the general public unless expressly authorized by the Company to make these communications.

The Company's Executive Officers, Financial Officers and other employees working in the accounting department have a special responsibility to ensure that all of the Company's financial disclosures are full, fair, accurate, timely and understandable. These employees must understand and strictly comply with generally accepted accounting principles and all standards, laws and regulations for accounting and financial reporting of transactions, estimates and forecasts.

F. GIVING AND RECEIVING GIFTS

Employees and their family members must not accept incentives and personal rewards intended to influence the way the Company conducts its business. Business decisions must be based solely on interests of the Company, without regard to personal, family or other extraneous considerations. No employee may solicit or accept, either directly or indirectly, a payment, reward, fee, substantial gift or gratuity or excessive entertainment, including meals, lodging or travel, from any present, past or prospective customer, competitor or supplier. Gifts of a personal nature with little value, or entertainment that are in the interest of the Company by virtue of the business contracts established, should be regarded as acceptable.

All employees must avoid any situation that could conflict, or appear to conflict, with the best interests of the Company, or prejudice the way the Company does business.

G. AVOIDING MISREPRESENTATION

It is important that you do not present a misleading impression of the authority you have to act in the Company's behalf. With regard to requests for proprietary information or opinions about our business, it is inappropriate for you to speak on the Company's behalf, unless specifically authorized.

H. DUTY TO REPORT CONFLICTS OF INTEREST

Employees are obligated to review their personal and employment situations and discuss, with the President and Chief Executive Officer, any possible conflicts of interest or appearances of conflicts of interest that may arise from their own relationships, transactions or activities or the relationships, transactions or activities of their immediate family members.

V. CONCLUSION

If you know or suspect a violation of this Code of Business Conduct, you should report it to your Supervisor/Manager, your Human Resources Representative or, if necessary, the President and Chief Executive Officer of the Company; provided, however, that the Executive Officers, Financial Officers and Directors must report any violations or possible violations to the Chief Executive Officer or, if necessary, the Chairman of the Audit Committee.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-57810, Form S-3 No. 333-79407, Form S-8 No. 33-99914, Form S-8 No. 333-32646, Form S-8 No. 333-105926, Form S-3 No. 333-100625 and Form S-3 No. 333-66772) of Westell Technologies, Inc. of our report dated May 7, 2004 with respect to the consolidated financial statements and schedule of Westell Technologies, Inc. included in this Annual Report (Form 10-K) for the year ended March 31, 2004.

Ernst & Young LLP

Chicago, Illinois
June 14, 2004

EXHIBIT 31.1

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

I, E. Van Cullens, certify that:
(1) I have reviewed this annual report on Form 10-K for the period ended March 31, 2004 of the Company;

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

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

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

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

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

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

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

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

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

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

Date: June 14, 2004

/s/ E. VAN CULLENS

E. Van Cullens

President and Chief Executive Officer

EXHIBIT 31.2

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

I, Nicholas C. Hindman, Sr., certify that:
(1) I have reviewed this annual report on Form 10-K for the period ended March 31, 2004 of the Company;

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

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

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

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

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

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

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

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

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

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

Date: June 14, 2004

/s/NICHOLAS C. HINDMAN, Sr.

Nicholas C. Hindman, Sr.

Treasurer, Secretary, Senior Vice
President and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Annaul Report of Westell Technologies, Inc. (the "Company") on Form 10-K for the fiscal period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that based on their knowledge:

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

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

/s/ E. VAN CULLENS
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E. Van Cullens
Chief Executive Officer
June 14, 2004

/s/NICHOLAS C. HINDMAN, Sr.
- ---------------------------
Nicholas C. Hindman, Sr.
Chief Financial Officer
June 14, 2004