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

AMENDMENT NO. 1
TO
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, 2003 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).

EXPLANATION FOR AMENDMENT:

This Amendment to the Annual Report on Form 10-K of Westell Technologies, Inc. (the "Form 10-K") for the fiscal year ended March 31, 2003 is being filed with the SEC to include a signed independent auditor's report (the independent auditor's report filed with the original 10-K inadvertently did not have a symbol that indicated that it was signed).

PART II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA





Report of Independent Auditors

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, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years ended March 31, 2003. Our audit also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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, 2003 and 2002, and the consolidated results of their operations and their cash flows for the three years then ended, in conformity with accounting principles generally accepted in the United States. 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 fiscal year 2001 the Company changed its method of revenue recognition and in fiscal year 2003 changed its method of accounting for goodwill and other intangibles.

/s/ ERNST & YOUNG LLP
Ernst & Young LLP

Chicago, Illinois
May 16, 2003, except for Notes 2 and 3, as to which the date is
June 26, 2003



<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS

| <S> | March 31, 2002 <C> | March 31, 2003 <C> |
|---|---|---|
| | (in thousands) | |
| Current assets: | | |
| Cash and cash equivalents | $ 6,687 | $ 11,474 |
| Accounts receivable (net of allowance of $1,531,000 and $905,000, respectively) | 25,266 | 22,633 |
| Inventories | 18,174 | 11,843 |
| Prepaid expenses and other current assets | 2,169 | 1,532 |
| Deferred income tax asset | 7,830 | 2,300 |
| Land and building held for sale | 2,052 | -- |
| Total current assets | 62,178 | 49,782 |
| Property and equipment: | | |
| Machinery and equipment | 45,148 | 42,819 |
| Office, computer and research equipment | 30,873 | 25,301 |
| Leasehold improvements | 7,634 | 7,731 |
| | 83,655 | 75,851 |
| Less accumulated depreciation and amortization | 54,029 | 55,417 |
| Property and equipment, net | 29,626 | 20,434 |
| Goodwill | 5,938 | 6,990 |
| Intangibles, net | 10,374 | 8,408 |
| Deferred income tax asset and other assets | 18,037 | 23,860 |
| Total assets | $ 126,153 | $ 109,474 |

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

</TABLE>



<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

| <S> | March 31, 2002 <C> | March 31, 2003 <C> |
|---|---|---|
| | (in thousands) | |
| Current liabilities: | | |
| Accounts payable | $ 15,702 | $11,802 |
| Accrued expenses | 16,105 | 10,775 |
| Accrued compensation | 2,374 | 4,487 |
| Current portion of long-term debt and notes payable | 11,186 | 17,057 |
| Total current liabilities | 45,367 | 44,121 |
| Long-term debt | 39,469 | 17,760 |
| Other long-term liabilities | 5,044 | 4,100 |
| Total liabilities | 89,880 | 65,981 |
| Stockholders' equity: | | |
| Class A common stock, par $0.01 | 459 | 460 |
| Authorized -- 109,000,000 shares | | |
| Issued and outstanding - 45,907,065 at March 31, 2002 and 45,966,440 at March 31, 2003 | | |
| Class B common stock, par $0.01 | 190 | 190 |
| Authorized -- 25,000,000 shares | | |
| Issued and outstanding -- 19,014,869 at March 31, 2002 and March 31, 2003 | | |
| Preferred stock, par $0.01 | -- | -- |
| Authorized -- 1,000,000 shares | | |
| Issued and outstanding -- none | | |
| Deferred compensation | 46 | 46 |
| Additional paid-in capital | 364,566 | 364,661 |
| Treasury stock at cost 93,000 shares | (247) | (247) |
| Cumulative translation adjustment | (18) | (168) |
| Accumulated deficit | (328,723) | (321,449) |
| Total stockholders' equity | 36,273 | 43,493 |
| Total liabilities and stockholders' equity | $ 126,153 | $ 109,474 |

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, 2001 | 2002 | 2003 |
|---|---|---|---|
| | (in thousands, | | |

except per share data)

| <S> | <C> | <C> | <C> |
|---|---|---|---|
| Equipment revenue | $319,494 | $191,302 | $168,216 |
| Service revenue | 41,983 | 48,521 | 41,805 |
| Total revenues | 361,477 | 239,823 | 210,021 |
| Cost of equipment sales | 306,143 | 176,162 | 119,149 |
| Cost of services | 25,176 | 29,631 | 27,112 |
| Total cost of goods sold | 331,319 | 205,793 | 146,261 |
| Gross margin | 30,158 | 34,030 | 63,760 |
| perating expenses: | | | |
| Sales and marketing | 30,323 | 19,883 | 16,017 |
| Research and development | 33,308 | 22,444 | 16,483 |
| General and administrative | 24,254 | 24,028 | 17,513 |
| Goodwill and intangible amortization | 31,832 | 25,560 | 1,766 |
| Goodwill and intangible impairment | -- | 97,500 | -- |
| Restructuring charge | 1,700 | 6,258 | 1,678 |
| Total operating expenses | 121,417 | 195,673 | 53,457 |
| Operating income (loss) | (91,259) | (161,643) | 10,303 |
| Other expense, net | -- | (222) | (9) |
| Interest expense | 2,197 | 5,564 | 2,648 |
| Income (loss) before income taxes | (93,456) | (167,429) | 7,646 |
| Income taxes | -- | -- | 372 |
| Income (loss) before cumulative effect of change in accounting principle | (93,456) | (167,429) | 7,274 |
| Cumulative effect of change in accounting principle | (400) | -- | -- |
| Net income (loss) | $(93,856) | $(167,429) | $ 7,274 |
| Income (loss) per share: | | | |
| Income (loss) before cumulative effect of change in accounting principle | $ (1.53) | $ (2.60) | $ 0.11 |
| Cumulative effect of change in accounting principle | (.01) | -- | -- |
| Net income (loss) per common share: | | | |
| Basic | $ (1.54) | $ (2.60) | $ 0.11 |
| Diluted | $ (1.54) | $ (2.60) | $ 0.11 |
| Weighted average number of common shares: | | | |
| Basic | 61,072 | 64,317 | 64,925 |
| Diluted | 61,072 | 64,317 | 65,126 |

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>

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| | (in thousands) | | | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> | <C> |
| Balance, March 31, 2000 | | 402 | 190 | 345,485 | 184 | 840 | (67,438) | -- | 279,663 |
| Net loss............ | $ (93,856) | -- | -- | -- | -- | -- | (93,856) | -- | (93,856) |
| Translation adjustment | (218) | -- | -- | -- | (218) | -- | -- | -- | (218) |
| Total Comprehensive loss | $ (94,074) | | | | | | | | |
| Class B Stock Converted to Class A Stock... | | 0 | (0) | -- | -- | -- | -- | -- | -- |
| Conversion of subordinated debentures...... | | 13 | -- | 6,202 | -- | -- | -- | -- | 6,215 |
| Options Exercised.... | | 10 | -- | 5,757 | -- | -- | -- | -- | 5,767 |
| Shares sold under Employee Stock Purchase Plan | | 0 | -- | 240 | -- | -- | -- | -- | 240 |
| Deferred Compensation | | -- | -- | -- | -- | 14 | -- | -- | 14 |
| 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 |

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, | | |
|---|---|---|
| 2001 | 2002 | 2003 |

| | ---- | ---- | ---- |
|---|---|---|---|
| | (in thousands) | | |
| <S> | <C> | <C> | <C> |
| Cash flows from operating activities: | | | |
| Net income (loss) | $(93,856) | $(167,429) | $7,274 |
| Reconciliation of net income (loss) to net cash (used in) provided by operating activities: | | | |
| Depreciation and amortization | 43,941 | 40,222 | 13,318 |
| Goodwill and intangible impairment | -- | 97,500 | -- |
| Deferred taxes | -- | 350 | 230 |
| Deferred compensation | 14 | (807) | -- |
| Loss on sale of fixed assets and asset impairment | -- | 2,014 | 824 |
| Other | 147 | (71) | 200 |
| Change in assets and liabilities: | | | |
| Accounts receivable | 7,045 | 9,656 | 2,483 |
| Inventories | (42,451) | 54,894 | 6,363 |
| Prepaid expenses and other current assets | 75 | (44) | 637 |
| Refundable income taxes | 9,323 | -- | -- |
| Other assets | 429 | (164) | (523) |
| Accounts payable and accrued expenses | 38,969 | (47,152) | (10,175) |
| Accrued compensation | (2,251) | (2,313) | 2,113 |
| | -------- | --------- | ------ |
| Net cash (used in) provided by operating activities | (38,615) | (13,344) | 22,744 |
| | -------- | --------- | ------ |
| Cash flows from investing activities: | | | |
| Purchases of property and equipment | (22,172) | (9,205) | (2,766) |
| Proceeds from sale of equipment | 190 | 62 | 1,977 |
| Purchase of subsidiary stock | -- | -- | (459) |
| Decrease in short-term investments | 1,951 | -- | -- |
| | -------- | --------- | ------ |
| Net cash used in investing activities | (20,031) | (9,143) | (1,248) |
| | -------- | --------- | ------ |
| Cash flows from financing activities: | | | |
| Net borrowing (repayment) under revolving promissory notes | 28,400 | (2,310) | (6,134) |
| Borrowing of long-term debt and leases payable | 193 | 24,890 | 1,724 |
| Repayment of long-term debt and leases payable | (2,792) | (479) | (12,363) |
| Proceeds from issuance of Common Stock including tax benefit on options | 6,008 | 6,668 | 96 |
| | -------- | --------- | ------ |
| Net cash provided by (used in) financing activities | 31,812 | 28,769 | (16,677) |
| | -------- | --------- | ------ |
| Effect of exchange rate changes on cash | (19) | -- | (32) |
| | -------- | --------- | ------ |
| Net increase (decrease) in cash and cash equivalents | 26,853) | 6,282 | 4,787 |
| Cash and cash equivalents, beginning of period | 27,258 | 405 | 6,687 |
| | -------- | --------- | ------ |
| Cash and cash equivalents, end of period | $ 405 | $ 6,687 | $ 11,474 |
| | =========== | ========= | ========== |

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 (formerly Teltrend Inc.), design, manufacture and distribute telecommunications equipment which is sold primarily to major telephone companies. Teltrend LLC was acquired on March 17, 2000. 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:

| | March 31, 2002 | March 31, 2003 |
|---|---|---|
| | (in thousands) | |
| Raw materials | $ 22,721 | $ 9,340 |
| Work in process | 39 | 4 |
| Finished goods | 14,889 | 7,945 |
| Reserve for excess and obsolete inventory and net realizable value | (19,475) | (5,446) |
| | $18,174 | $11,843 |

During the fiscal year ended March 31, 2002, the Company recorded a charge of $13.9 million to reduce the carrying value of certain inventory and inventory purchase commitments to net realizable value. This adjustment was required due to a significant reduction in the selling prices of certain products and a reduction in orders for certain products resulting in increased excess and obsolete inventory reserves. Accrued purchase commitments totaled $8.3 million at March 31, 2002.

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 at March 31, 2003.

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 $12.1 million, $14.7 million and $11.6 million for fiscal 2001, 2002 and 2003, 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. Under the new rules, goodwill and other indefinite-lived intangibles are no longer amortized but subject to annual impairment tests. Other intangible assets will continue to be amortized over their useful lives. Upon adoption of this standard, the Company was required to perform an impairment test of goodwill.

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 also performed its annual impairment test in the fourth quarter of fiscal 2003. These tests showed no impairment of goodwill. The adoption of the provisions for amortization of intangible assets did not impact the Company's amortization of these assets. The following table discloses pro forma results for net income and earnings per share had FASB No. 142 been applied in fiscal 2001 and 2002.

| | Fiscal year ended | |
|---|---|---|
| (In thousands, except per share amounts) | 2001 | 2002 |
| Reported net loss............................ | $ (93,856) | $(167,429) |
| Add back: Goodwill amortization.............. | 15,680 | 12,473 |
| Pro forma net loss........................... | $ (78,176) | $(154,956) |
| Reported basic and diluted loss per share..... | $ (1.54) | $(2.60) |
| Add back: Goodwill amortization per share..... | .26 | .19 |
| Pro forma basic and diluted loss per share.... | $ (1.28) | $(2.41) |

Goodwill increased by $1.1 million during fiscal 2003 due to the purchase of common stock of the Conference Plus, Inc. subsidiary. Goodwill amortization expense in fiscal years 2001 and 2002 was $15.7 million and $12.5 million, respectively.

As of March 31, 2003, the Company has finite lived intangible assets with an original carrying value of $32.9 million, accumulated amortization of $21.1 million and impairment expense of $3.4 million. As of March 31, 2002, the Company has finite lived intangible assets with an original carrying value of $32.9 million, accumulated amortization of $19.3 million and impairment expense of $3.4 million. These assets consist of product technology acquired from Teltrend Inc. on March 17, 2000. The net carrying value of these assets was $10.2 million and $8.4 million as of March 31, 2002 and 2003, respectively. These intangibles are being amortized over a period of 5 to 7 years. Finite lived intangible amortization included in expense was $16.1 million, $13.1 million and $1.8 million in fiscal year 2001, 2002 and 2003 respectively. The estimated amortization expense for the next five years is $1.5 million per year.



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, along with then current and expected market conditions in the network interface unit 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 evaluations of the fair value of the Teltrend long-lived assets (including goodwill) during the quarters ended December 31, 2001 and March 31, 2002 and reported non-cash charges of $90.5 million and $7.0 million, respectively, 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) | | |
|---|---|---|---|
| | 2001 | 2002 | 2003 |
| Net income (loss), as reported.......... | $(93,856) | $(167,429) | $ 7,274 |
| Deduct: Total stock based employee compensation expense determined under fair value based method for all awards, net of the related tax effect........... | 14,729 | 10,695 | 3,599 |
| Pro forma net income (loss)............. | $(108,585) | $(178,124) | $ 3,675 |
| Basic and diluted earnings (loss) per share, as reported...................... | $ (1.54) | $ (2.60) | $ 0.11 |
| Basic and diluted earnings (loss) per share, Pro forma........................ | $ (1.78) | $ (2.77) | $ 0.06 |

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:

<TABLE>

| | March 31, | | |
|---|---|---|---|
| | 2001 | 2002 | 2003 |

| | ---- | ---- | ---- |
| --- | --- | --- | --- |
| | (in thousands) | | |
| <S> | <C> | <C> | <C> |
| Schedule of non-cash investing and financing activities: | | | |
| Conversion of subordinated debentures and accrued interest, net of related debt issuance costs of $531 and debt discount of $669 for the year ended March 31, 2001.................................... | $ 6,215 | $ -- | $ -- |
| Cash paid for: | | | |
| Interest........................................................... | $ 1,964 | $ 2,653 | $ 6,406 |
| Income taxes....................................................... | 37 | 17 | 375 |

</TABLE>

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 periods ended March 31, 2001, and 2002, and therefore the net loss per basic and diluted earnings per share are the same.

New Accounting Pronouncements

During the first quarter of fiscal 2003, the Company adopted SFAS 144, Accounting for the Impairment - Disposal of Long Lived Assets. SFAS No. 144 provides a single accounting model for long-lived assets to be disposed of and replaces SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and

Long-Lived Assets to be Disposed Of. Adoption of this statement did not have a material effect on the Company's financial statements.

In June 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 146, Accounting for Costs Associated with Exit or Disposal Activities, effective for exit or disposal activities initiated after December 31, 2002. The Company's current restructuring plan, initiated in September of 2002, was not accounted for under SFAS 146. The Company accrued a pre-tax charge of $1.7 million when Company management approved the current restructuring plan. If the Company had accounted for this restructuring plan under SFAS 146, $1.3 million of the $1.7 million charge would have been recognized as expense in the third quarter of fiscal 2003 when incurred. For more information, see Note 10, Restructuring charge.

In November of 2002, the FASB issued FASB Interpretation No. (FIN) 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. This interpretation requires companies to recognize an initial liability for the fair value of an obligation assumed when issuing a guarantee. The provision for initial recognition and measurement of the liability will be applied on a prospective basis to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not materially affect the Company's consolidated financial statements.

In December 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. SFAS 148 amends SFAS 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition to SFAS 123's fair value method of accounting for stock-based employee compensation. SFAS 148 does not require companies to account for employee stock options using the fair value method but does require additional footnote disclosures. The Company adopted these disclosure requirements beginning in the fourth quarter of fiscal 2003. The adoption of SFAS 148 did not impact the Company's results of operations.

Change in Accounting Principle

Effective April 1, 2000, the Company changed its method of accounting for recognizing revenues for product sales. Effective with this change, the Company recognizes revenue based upon the respective terms of delivery for each



sale agreement. This change was required by Staff Accounting Bulletin (SAB) No. 101 issued by the Securities and Exchange Commission.

For the restated three-month period ended June 30, 2000 and the year ended March 31, 2001, the Company recognized sales of $2,500,000 and the related operating income of $400,000 resulting from the change in accounting method; these amounts were previously recognized in sales and income in fiscal 2000 under the Company's previous accounting method. These sales and the related income also account for the cumulative effect of the change in accounting method in prior years, which resulted in a charge to net income of $400,000, or $.01 per share. This charge reflects the adoption of SAB No. 101 and is included in the restated three-month period ended June 30, 2000 and the year ended March 31, 2001.

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:

As of March 31, 2002, the Company had a revolving credit facility that provided for maximum borrowings of up to $35 million. This asset based revolving credit facility provided for total borrowings based upon 85% of eligible accounts receivable and 30% of eligible inventory not to exceed $8.3 million. The facility was guaranteed by trusts for the benefit of Robert C. Penny III and other family members and was supported by their brokerage account totaling approximately $10 million. Borrowings under this facility bore interest at prime plus 1%. The Company had $26.1 million outstanding under the revolving credit facility as of March 31, 2002.

On June 28, 2002 the Company amended the revolving credit facility. The amendment provided for a $5 million non-amortizing term loan and a $30 million asset based revolving credit facility, both due June 30, 2003. The amended asset based revolving credit facility, which is 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 provide for the interest to be paid by the Company at the prime rate plus 1%. The term loan is 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. Trusts of Robert C. Penny III and other Penny family members are participants to the amended revolving credit facility. The Company paid a $350,000 restructuring fee to the lenders in connection with the amendments to the credit facility. The amended credit facility requires the revolving loan to be paid in full before any payments are applied to the term loan. This credit facility contains covenants regarding EBITDA, tangible net worth and maximum capital expenditures. The Company was in compliance with the covenants contained in the credit facility at March 31, 2003. 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 removes the $5 million non-amortizing term loan as well as the security interest granted by certain stockholders. 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. This new amendment provides for covenants regarding EBITDA and tangible net worth which the Company was in compliance at June 26, 2003 and expects to be in compliance for the term of the debt. Amounts available under the revolving credit facility at June 26, 2003 was $14.5 million. Due to this amendment, the Company has classified the entire balance outstanding under the revolving credit facility as long-term debt in the March 31, 2003 balance sheet.



NOTE 3. LONG-TERM DEBT AND NOTES PAYABLE:

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

| | March 31, 2002 | March 31, 2003 |
|---|---|---|
| | (in thousands) | |
| Capitalized lease obligations secured by related equipment.. | $1,687 | $1,314 |
| Revolving Promissory note payable.......................... | 21,090 | 14,956 |
| Term notes payable to a bank............................... | 5,000 | 5,000 |
| Term notes payable......................................... | -- | 1,158 |
| Vendor notes payable....................................... | 22,878 | 12,389 |
| | 50,655 | 34,817 |
| Less current portion............................... | (11,186) | (17,057) |
| | $39,469 | $17,760 |

Future maturities of long-term debt at March 31, 2003 are as follows (in thousands):

| | |
|---|---|
| 2004.............................................. | $17,057 |
| 2005.............................................. | 2,478 |
| 2006.............................................. | 15,282 |

$34,817

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, 2002 and 2003 there was $22.9 million and $12.4 million outstanding under these notes respectively.

In connection with the Company's management changes implemented at its subsidiary Conference Plus, Inc., 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. As of March 31, 2003, the Company had paid $459,000 in cash for these shares with the remainder in the form of a term note payable bearing an interest rate of 3.5% per annum to be paid over a one to three year term.

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.

As of March 31, 2000, holders of these debentures converted an aggregate principal amount of $12,720,000 and the accrued interest thereon of approximately $110,000 into 2,013,548 shares of Class A common stock at a conversion price of $6.372 per shares. The amount converted to equity is net of a pro rata portion of the total debt discount and debt issuance costs in the amounts of $1,168,788 and $639,279, respectively.



During fiscal year 2001, the remaining debentures, with a principal amount of $7,280,000 and accrued interest of approximately $135,000 were converted into 1,163,620 shares of Class A common stock at a conversion price of $6.372 per share. The amount converted to equity is net of a pro rata portion of the total debt discount and debt issuance costs in the amounts of $668,929 and $530,708 respectively.

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 a conversion 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, 2003, all 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 tax benefits charged to net income are summarized as follows:

Fiscal Year Ended March 31,
-----------------------------

| | 2001 | 2002 | 2003 |
| --- | --- | --- | --- |
| | | (in thousands) | |
| Federal: | | | |
| Current........................... | $ -- | $ -- | $ 372 |
| Deferred.......................... | -- | -- | -- |
| | -- | -- | 372 |
| State: | | | |
| Current........................... | -- | -- | -- |
| Deferred.......................... | -- | -- | -- |
| | -- | -- | -- |
| Total.......................... | $ -- | $ -- | $ 372 |

The Company utilizes the flow-through method to account for tax credits. In fiscal 2001, 2002 and 2003, the Company generated approximately $500,000, $846,000 and $170,000, respectively, of tax credits.

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

<TABLE>

| | Fiscal Year Ended March 31, | | |
| --- | --- | --- | --- |
| | 2001 | 2002 | 2003 |
| <S> | <C> | <C> | <C> |
| Statutory federal income tax rate............... | (34.0)% | (34.0)% | 34.0% |
| Meals and entertainment........................ | 0.1 | 0.1 | 0.7 |
| State income tax, net of federal tax effect..... | (4.9) | (4.9) | 4.9 |
| Income tax credits recognized.................. | (0.5) | (0.3) | (2.3) |
| Valuation allowance............................ | 26.0 | 10.5 | (40.1) |
| Goodwill amortization.......................... | 13.2 | 28.5 | 6.1 |
| Other.......................................... | 0.1 | 0.1 | 1.6 |
| | 0.0% | 0.0% | 4.9% |

</TABLE>



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

| | March 31, | |
| --- | --- | --- |
| | 2002 | 2003 |
| | (in thousands) | |
| Deferred income tax assets: | | |
| Allowance for doubtful accounts................ | $ 683 | $329 |
| Alternative minimum tax credit................. | 998 | 998 |
| Research and development credit carryforward... | 5,835 | 5,674 |
| Capital loss carryforward...................... | 2,328 | -- |
| Compensation accruals.......................... | 1,223 | 854 |
| Inventory reserves............................. | 11,247 | 3,014 |
| Warranty reserve............................... | 1,203 | 500 |
| Net operating loss carryforward................ | 65,460 | 66,127 |
| Accrued interest............................... | 1,164 | -- |
| Property....................................... | 770 | 1,264 |
| Other.......................................... | 2,309 | 2,705 |
| | 93,220 | 81,465 |
| Deferred income tax liabilities: | | |

| | | |
|---|---|---|
| Property and equipment | 159 | 111 |
| Other | 11 | 9 |
| | 170 | 120 |
| Valuation allowance | (67,605) | (56,130) |
| Net deferred income tax asset | $ 25,445 | $ 25,215 |

Income tax expense was recorded for the fiscal year ended March 31, 2003 due to the results on an Internal Revenue Service audit on Teltrend Inc. for pre-acquisition periods.

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. Although realization of the net deferred tax asset is not assured and the Company has incurred taxable losses for the 2001, 2002 and 2003 fiscal years, management believes that it is more likely than not that it will generate taxable income sufficient to realize a portion of the tax benefit associated with future temporary differences, net operating loss carryforwards and tax credit carryforwards prior to their expiration through a tax planning strategy available to the Company. The tax planning strategy upon which the Company is relying involves the potential sale of the Company's 91.5% owned Conference Plus Inc. subsidiary. The estimated gain generated by the sale of this business would generate sufficient taxable income to offset the recorded net deferred tax assets. In fiscal 2003, the Company wrote off a fully reserved capital loss carryforward obtained in the Teltrend acquisition and a fully reserved foreign net operating loss carryforward. These carryforwards were deemed to have no value as the Company has no ability to create a capital gain or qualified foreign income to use the credits. In addition, the Company reduced the recorded valuation allowance such that approximately $25 million of recorded net deferred tax asset is supported by the tax planning strategy. The Company based its estimate upon an independent appraisal of the value of the business in the fourth quarter of fiscal year 2003. This appraisal, which is based on discounted future cash flow, was used in the Company's evaluation of the recorded net deferred tax assets and it was determined that the tax planning strategy was sufficient to support the realization of the recorded deferred income tax assets. On a quarterly basis, management will assess whether it remains more likely than not that the net deferred tax asset will be realized. If the appraised value of Conference Plus Inc. is not sufficient to generate taxable income to recover the deferred tax benefit recorded, an increase in the valuation allowance will be required through a charge to the income tax provision. However, if the Company achieves sufficient profitability or has available additional tax planning strategies to utilize a greater portion of the deferred tax asset, a reduction in the valuation allowance will be recorded.



The Company has approximately $6.7 million in income tax credit carryforwards and a tax benefit of $66.1 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.

NOTE 6. COMMITMENTS:

The Company leases a 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 $5.3 million, $6.7 million and $7.1 million for 2001, 2002, and 2003, respectively.

Total minimum future rental payments at March 31, 2003 are as follows (in thousands):

| | |
|---|---|
| 2004 | $ 4,558 |
| 2005 | 3,737 |
| 2006 | 3,511 |
| 2007 | 3,350 |
| 2008 | 3,390 |
| Thereafter | 22,639 |
| | --------- |
| | $ 41,185 |
| | ======== |

NOTE 7. CAPITAL STOCK AND STOCK RESTRICTION AGREEMENTS:

Capital Stock Activity:

On October 25, 2001 at the Annual Meeting of Stockholders, the stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the number of shares of Class A Common Stock authorized for issuance from 85,000,000 to 109,000,000.

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 2001, 2002 and 2003.



<TABLE>

| | Common Stock Shares Issued and Outstanding Class A | Class B | Treasury Stock |
|---|---|---|---|
| | ------- | ------- | ----- |
| | (in thousands) | | |
| <S> | <C> | <C> | <C> |
| Balance, March 31, 2000 | 40,179 | 19,051 | -- |
| Class B Stock Converted to Class A Stock | 36 | (36) | -- |
| Conversion of subordinated debentures | 1,164 | -- | -- |
| Options Exercised | 1,044 | -- | -- |
| Shares sold under Employee Stock Purchase Plan | 50 | -- | -- |
| | --------- | ------- | ------- |
| 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) |

</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 contributions. The Company provided for discretionary and matching contributions to the Plan totaling approximately $1.3 million, $487,000 and $926,000 for fiscal 2001, 2002 and 2003, 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, 2001 there were 76,781 shares available for future issuance. As of March 31, 2002 and March 31, 2003 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 2001, 2002 or 2003.

During March 2000, as part of the Teltrend merger (see Note 1), 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 1,733,149 shares available for further issuance at March 31, 2003. The stock option activity under all stock plans is as follows:

| | Outstanding Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at March 31, 2000........ | 5,837,212 | $7.17 |
| Granted................... | 3,859,650 | 11.79 |
| Exercised................. | (1,043,826) | 5.53 |
| Expired................... | -- | -- |
| Canceled.................. | (1,293,708) | 9.75 |

| | | |
|---|---|---|
| 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 |

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 2001 and 2002, respectively, the Company granted 3,000 and 30,000 stock options to non-employee advisory board members or consultants. Compensation expense of $13,545 and $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 2001and 2002 respectively. There were no non-employee grants in fiscal year 2003.

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, with the exception of the options assumed in the acquisition which are described in Note 1. The estimate assumes, among other things, a risk-free interest rate of 2.8% for fiscal year 2003 and 6.5% for fiscal years 2002 and 2001 and no dividend yield; expected volatility of 98% for fiscal year 2003 and 73% for fiscal years 2002 and 2001 and an expected life of 7 years. A majority of the options granted to employees in fiscal 2001 vest ratably over five 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, 2001, 2002 and 2003 were $8.43, $1.94 and $2.01, respectively.



The following table summarizes information about all stock options outstanding as of March 31, 2003:

<TABLE>

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Range of Exercise Prices | Number Outstanding at 3/31/03 | Remaining Life | Weighted-Average Exercise Price | Number Exercisable at 3/31/03 | Weighted Average Exercise Price |
| <S> | <C> | <C> | <C> | <C> | <C> |
| $1.07 - $1.57 | 3,674,491 | 8.81 yrs | $ 1.38 | 329,013 | $ 1.18 |
| 1.60 - 2.19 | 2,677,652 | 8.20 yrs | 2.03 | 826,722 | 2.08 |
| 2.21 - 5.03 | 3,043,551 | 7.54 yrs | 4.23 | 1,175,045 | 4.47 |
| 5.04 - 35.65 | 2,130,905 | 5.86 yrs | 13.83 | 1,955,565 | 13.71 |
| 36.18 - 36.18 | 6,200 | 6.97 yrs | 36.18 | 3,720 | 36.18 |
| $1.07 - 36.18 | 11,532,799 | 7.79 yrs | $ 4.60 | 4,290,065 | $ 7.99 |

</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:

<TABLE>

| <S> | Telecom Equipment <C> | Telecom Services <C> | Consolidated Total <C> |
|---|---|---|---|
| 2001 | | | |
| Revenues........................................... | $319,494 | $41,983 | $361,477 |
| Operating income (loss) | (99,387) | 8,128 | (91,259) |
| Depreciation and amortization...................... | 40,553 | 3,388 | 43,941 |
| Total assets....................................... | 295,960 | 19,179 | 315,139 |
| 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 |

</TABLE>

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



<TABLE>

| <S> | Fiscal Year Ended March 31, 2001 <C> | 2002 <C> | 2003 <C> |
|---|---|---|---|
| Operating income (loss).................................. | $ (91,259) | $ (161,643) | $ 10,303 |
| Other expense, net....................................... | -- | (222) | (9) |
| Interest expense......................................... | 2,197 | 5,564 | 2,648 |
| Income (loss) before income taxes........................ | $ (93,456) | $ (167,429) | $ 7,646 |

</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 and 2003 and approximately 84% in fiscal year 2001.

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, | | |
|---|---|---|---|
| | 2001 | 2002 | 2003 |
| Verizon | 25.9% | 43.2% | 42.5% |
| SBC | 17.6 | 14.9 | 15.2 |
| BellSouth | 1.6 | 0.7 | 13.9 |
| Fujitsu Telecommunications Europe Limited | 14.3 | 3.5 | 1.8 |



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, | |
|---|---|---|
| | 2002 | 2003 |
| Verizon | 46.5% | 50.3% |
| SBC | 12.6 | 22.7 |
| Fujitsu Telecommunications Europe Limited | 10.4 | 1.3 |

Geographic Information

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

| | Domestic | International | Total |
|---|---|---|---|
| | (in thousands) | | |
| 2001 | | | |
| Revenue | $ 303,758 | $ 57,719 | $ 361,477 |
| Operating loss | (88,394) | (2,865) | (91,259) |
| Identifiable assets | 313,067 | 2,072 | 315,139 |
| 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 |

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 restructuring costs of $2.9 million in the three months ended March 31, 2000. Approximately $2.4 million of the total restructuring cost had been accrued in connection with the purchase of Teltrend Inc. and related primarily to the termination of approximately 30 Teltrend Inc. employees. The remaining $0.5 million of the restructuring costs has been charged to operations and related to personnel, legal, and other related costs incurred in order to eliminate redundant employees due to the acquisition of Teltrend Inc. The goal of the restructuring plan was to combine and streamline the operations of the two companies and to achieve synergies related to the manufacture and distribution of common product lines. As of March 31, 2003, $2.6 million of these restructuring costs had been paid leaving a balance of approximately $0.3 million.

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, 2003, $4.4 million of the fiscal 2002 restructuring costs had been paid leaving a balance of approximately $1.0 million.



The Company recognized a net restructuring expense of $1.7 million consisting of a charge of $2.6 million offset by an $855,000 reversal in fiscal year 2003. 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. The reversal relates to a reduction in an accrual for lease cost due to the sublet of a leased facility at Conference Plus, Inc. in fiscal 2002. Approximately 25 employees were impacted by these reorganizations. As of March 31, 2003, the Company paid approximately $0.9 million of these accrued restructuring costs leaving a balance of $1.6 million.

The restructuring charges and their utilization are summarized as follows:

<TABLE>

| (Dollars in thousands) | Accrued at March 31 2000 | 2001 Charged | 2001 Utilized | 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| Employee costs....... | $ 2,604 | $ 1,550 | $ 1,552 | $ 2,602 | $ 4,066 | $4,629 | $ 2,039 | $1,120 | $2,390 | $ 769 |
| Legal, other and facility costs....... | 300 | 150 | 55 | 395 | 2,191 | 412 | 2,174 | 552 | 650 | 2,076 |
| Total................ | $ 2,904 | $ 1,700 | $ 1,607 | $ 2,997 | $ 6,257 | $ 5,041 | $ 4,213 | $ 1,672 | $ 3,040 | $ 2,845 |

</TABLE>

NOTE 11. OTHER INCOME(EXPENSE), NET:

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

I. NOTE 12. EARNINGS PER SHARE

<TABLE>

| Dollars in thousands, except per share amounts | Year ended March 31, 2001 | 2002 | 2003 |
|---|---|---|---|
| BASIC EARNINGS (LOSS) PER SHARE: | | | |
| Net income (loss) | $ (93,856) | $ (167,429) | $ 7,274 |
| Average basic shares outstanding | 61,072 | 64,317 | 64,925 |
| Basic net income (loss) per share | $ (1.54) | $ (2.60) | $ 0.11 |
| DILUTED EARNINGS (LOSS) PER SHARE: | | | |
| Net income (loss) | $ (93,856) | $ (167,429) | $ 7,274 |
| Average diluted shares outstanding | 61,072 | 64,317 | 64,925 |
| Effect of dilutive securities: stock options and warrants | - | - | 201 |

| | | | | |
|---|---|---|---|---|
| | 61,072 | 64,317 | 65,126 | |
| Diluted net income (loss) per share | $ (1.54) | $ (2.60) | | $ 0.11 |

</TABLE>



WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

ACCOUNTS RECEIVABLE ALLOWANCES
(IN THOUSANDS)

| | 2001 | 2002 | 2003 |
|---|---|---|---|
| Balance at beginning of year.......................... | $855 | $1,363 | $1,531 |
| Provision for doubtful accounts....................... | 627 | 971 | 623 |
| Write-offs of doubtful accounts, net of recoveries.... | (119) | (803) | (1,249) |
| Balance at end of year................................ | $1,363 | $1,531 | $ 905 |



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, 2003 and 2002 and for each of the three fiscal years in the period ended March 31, 2003, together with the Report of Independent Auditors, are set forth in Item 5 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, 2001, 2002 and 2003 as applicable:

Schedule II - Valuation and Qualifying Accounts - page 26

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.
*10.10 Severance Agreement between Conference Plus, Inc. and Tim Reedy.
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).

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 the Sarbanes-Oxley Act of 2002

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

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

*Management contract or compensatory plan or arrangement.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this amendment to its report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized on August 11, 2004.

WESTELL TECHNOLOGIES, INC.

/s/ Nicholas C. Hindman
Chief Financial Officer

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 16, 2003 except for notes 2 and 3, which were dated June 26, 2003 with respect to the consolidated financial statements and schedule of Westell Technologies, Inc. included in this Annual Report (Form 10-K/A) for the year ended March 31, 2003.

/s/ ERNST & YOUNG LLP
Ernst & Young LLP

Chicago, Illinois
July 30, 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 as amended for the period ended March 31, 2003 of the Company;

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

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

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

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

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

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

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

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

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

Date: August 11, 2004

/s/ E. VAN CULLENS

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E. Van Cullens
President and Chief
Executive Officer

EXHIBIT 31.2

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

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

(1) I have reviewed this annual report on Form 10-K as amended for the period ended March 31, 2003 of the Company;

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

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

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

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

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

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

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

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

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

Date: August 11, 2004

/s/NICHOLAS C. HINDMAN,Sr
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Nicholas C. Hindman, Sr.
Treasurer, Secretary, Senior Vice
President and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Annual Report of Westell Technologies, Inc. (the "Company") on Form 10-K for the fiscal period ending March 31, 2003 as amended 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
- ----------------------------
E. Van Cullens
Chief Executive Officer
August 11, 2004

/s/NICHOLAS C. HINDMAN, Sr.
- ---------------------------
Nicholas C. Hindman, Sr.
Chief Financial Officer
August 11, 2004

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Westell Technologies, Inc. and will be retained by Westell Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.