SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 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 Number)
750 N. COMMONS DRIVE, AURORA, IL	60504
(Address of principal executive offices)	(Zip Code)

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

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check or mark whether the registrant (1) has filed all reports required to be filed by Sections 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 whether the registrant is an accelerated filer as defined be rule 12b-2 of the Act.
Yes X No
--- ---

The number of shares outstanding of each of the issuer's classes of common stock are:

Class A Common Stock, $0.01 Par Value - 53,632,788 shares at July 21, 2004 Class B Common Stock, $0.01 Par Value - 14,471,872 shares at July 21, 2004

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
FORM 10-Q
INDEX

SAFE HARBOR STATEMENT

Certain statements contained in this Quarterly Report of Form 10-Q regarding matters that are not historical facts or that contain the words "believe", "expect", "intend", "anticipate" or derivatives thereof, are forward looking statements. Because such forward-looking statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those discussed under "Risk Factors" set forth in Westell Technologies, Inc.'s Annual Report on Form 10-K for the fiscal year ended March 31, 2004. Our actual results may differ from these forward-looking statements. Westell Technologies, Inc. undertakes no obligation to publicly update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS

	March 31, 2004	June 30, 2004
		(unaudited)
	(in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents..	$11,241	$9,791
Accounts receivable (net of allowance of $662,000 and $686,000 respectively)...	23,807	22,998
Inventories...	16,075	18,211
Prepaid expenses and other current assets........................	2,340	2,297

Intangibles, net	1,455	1,814
Deferred income tax asset	7,200	5,194
Total current assets	62,118	60,305
Property and equipment:		
Machinery and equipment	42,462	42,497
Office, computer and research equipment	23,414	23,543
Leasehold improvements	7,832	7,827
	73,708	73,867
Less accumulated depreciation and amortization	56,099	57,880
Property and equipment, net	17,609	15,987
Goodwill	6,990	6,990
Intangibles, net	5,499	5,136
Deferred income tax asset and other assets	37,565	37,467
Total assets	$ 129,781	$ 125,885

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$14,163	$ 11,152
Accrued expenses	10,105	10,052
Accrued compensation	6,808	2,520
Current portion of long-term debt	3,416	654
Total current liabilities	34,492	24,378
Long-term debt	326	216
Other long-term liabilities	1,179	1,979
Total liabilities	35,997	26,573
Minority Interest	2,019	2,116
Stockholders' equity:		
Class A common stock, par $0.01	532	536
Authorized - 109,000,000 shares		
Issued and outstanding - 53,266,058 shares at March 31, 2004 and 53,631,988 shares at June 30, 2004		
Class B common stock, par $0.01	147	147
Authorized - 25,000,000 shares		
Issued and outstanding - 14,741,872 shares at March 31, 2004 and 14,741,872 shares at June 30, 2004		
Preferred stock, par $0.01	--	--
Authorized - 1,000,000 shares		
Issued and outstanding - none		
Deferred compensation	--	--
Additional paid-in capital	378,390	380,481
Treasury stock at cost - 93,000 shares	(247)	(247)
Cumulative translation adjustment	(485)	(436)
Accumulated deficit	(286,572)	(283,285)
Total stockholders' equity	91,765	97,196
Total liabilities and stockholders' equity	$ 129,781	$ 125,885

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2004
	(unaudited) (in thousands, except per share data)	
<S>	<C>	<C>
Equipment revenue.............................	$ 43,706	$ 44,920
Service revenue..............................	11,580	11,252
Total revenues.............................	55,286	56,172
Cost of equipment sales.......................	28,261	31,638
Cost of services.............................	6,755	5,988
Cost of goods sold..........................	35,016	37,626
Gross margin..............................	20,270	18,546
Operating expenses:		
Sales and marketing.........................	5,426	5,352
Research and development....................	4,435	3,574
General and administrative..................	5,134	4,014
Intangible amortization.....................	364	364
Total operating expenses.................	15,359	13,304
Operating income...........................	4,911	5,242
Other income, net............................	156	361
Interest expense.............................	(359)	(36)
Income before minority interest and income taxes	4,708	5,567
Income taxes.................................	-	2,183
Minority interest............................	111	97
Net income...................................	$ 4,597	$ 3,287
Net income per common share:		
Basic...............................	$ 0.07	$ 0.05
Diluted.............................	$ 0.07	$ 0.05
Weighted average number of common shares outstanding:		
Basic...............................	65,495	68,294
Diluted.............................	69,014	70,975

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2004
	(unaudited) (in thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 4,597	$ 3,287
Reconciliation of net income to net cash provided by (used in) operating activities:		
Capitalization of software development costs	--	(358)
Depreciation and amortization	2,469	2,275
Restructuring	(226)	(163)
Deferred Taxes	--	2,006
Minority interest	111	97
Tax benefit received on stock option exercises	--	178
Changes in assets and liabilities:		
Accounts receivable	(1,309)	859
Inventory	(817)	(2,136)
Prepaid expenses and other current assets	533	43
Other assets	32	97
Accounts payable and accrued expenses	(62)	(2,101)
Accrued compensation	510	(4,288)
Net cash provided (used) in operating activities	5,727	(204)
Cash flows from investing activities:		
Purchases of property and equipment	(538)	(294)
Net cash used in investing activities	(538)	(294)
Cash flows from financing activities:		
Net repayment under revolving promissory notes	(3,616)	--
Net repayment of long-term debt and leases payable	(2,999)	(2,875)
Proceeds from the issuance of common stock	3,799	1,917
Net cash used in financing activities	(2,816)	(955)
Effect of exchange rate changes on cash	15	3
Net increase in cash	2,388	(1,450)
Cash and cash equivalents, beginning of period	11,474	11,241
Cash and cash equivalents, end of period	$13,862	$ 9,791

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

</TABLE>

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States for complete financial statements. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2004

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's consolidated financial position and the results of operations and cash flows at June 30, 2004 and for all periods presented. The results of operations for the three month period ended June 30, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2005 ("fiscal year 2005").

NOTE 2. COMPUTATION OF INCOME 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 the dilutive potential common shares had been issued. The following table sets forth the computation of basic and diluted earnings per share:

	Three months ended June 30,	
Dollars in thousands, except per share amounts	2003	2004
BASIC EARNINGS PER SHARE:		
Net income	$ 4,597	$ 3,287
Average basic shares outstanding	65,495	68,294
Basic net income per share	$ 0.07	$ 0.05
DILUTED EARNINGS PER SHARE:		
Net income	$ 4,597	$ 3,287
Average basic shares outstanding	65,495	68,294
Effect of dilutive securities: stock options and warrants	3,519	2,681
Average diluted shares outstanding	69,014	70,975
Diluted net income per share	$ 0.07	$ 0.05

NOTE 3. 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 June 30, 2004, the Company paid approximately $1.5 million of these accrued restructuring costs leaving a balance of $1.1 million.

The Company recognized a restructuring expense of $698,000 in fiscal 2004. This restructuring resulted from realigning the product focus at Westell Limited which caused a workforce reduction of approximately 14 employees. None of these costs had been paid as of June 30, 2004.

The Company's restructuring accrual balances and activity are presented in the following table:

(in thousands)	Balance March 31, 2004	Paid in the quarter ended June 30, 2004	Balance June 30, 2004
Employee Costs.......................	$ 698	$ --	$ 698
Legal, facility & Other Costs........	1,231	163	1,068
Total................................	$ 1,929	$163	$ 1,766

NOTE 4. INTERIM SEGMENT INFORMATION

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 strategies. They consist of:

1) A telecommunications equipment manufacturer of broadband 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 for Westell Technologies, Inc. Segment information for the three-month periods ended June 30, 2003 and 2004, are as follows:

(in thousands)	Telecom Equipment	Telecom Services	Consolidated Total
Three months ended June 30, 2003			
Revenues........................	$ 43,706	$ 11,580	$ 55,286
Operating income	3,671	1,240	4,911
Depreciation and amortization...	1,429	1,040	2,469
Total assets....................	94,224	17,164	111,388
Three months ended June 30, 2004			
Revenues........................	$ 44,920	$ 11,252	$ 56,172
Operating income	3,639	1,603	5,242
Depreciation and amortization...	1,316	959	2,275
Total assets....................	108,292	17,593	125,885

Reconciliation of Operating income for the reportable segments to income before income taxes and minority interest:

	Three Months Ended June 30,	
(in thousands)	2003	2004
Operating income	$ 4,911	$ 5,242
Other income, net..........................	156	361
Interest expense...........................	(359)	(36)
Income before income taxes and minority interest...................................	$ 4,708	$ 5,567

NOTE 5. COMPREHENSIVE INCOME

The disclosure of comprehensive income, which encompasses net income and foreign currency translation adjustments, is as follows:

	Three Months Ended June 30,	
(in thousands)	2003	2004
Net income.................................	$ 4,597	$ 3,287
Other comprehensive income		
Foreign currency translation adjustment	(105)	49
Comprehensive income.......................	$ 4,492	$ 3,336

NOTE 6. INVENTORIES

The components of inventories are as follows:

	March 31,	June 30,
(in thousands)	2004	2004
Raw material	$ 12,374	$ 17,032
Work in process............................	14	63
Finished goods.............................	8,051	5,196
Reserve for excess and obsolete inventory and net realizable value............	(4,364)	(4,080)
	$ 16,075	$ 18,211

NOTE 7. STOCK OPTIONS

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 and income per share if the Company had applied the fair value recognition provisions of FASB Statement NO. 123, "Accounting for Stock Based Compensation."

<TABLE>

(in thousands, except per-share amounts)	Three months ended June 30, 2003	2004
<S>	<C>	<C>
Net income, as reported	$ 4,597	$ 3,287
Stock-based employee compensation expense included in reported net earnings, net of related tax effects	--	--
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(902)	(967)
Pro forma net income	$ 3,695	$ 2,320
Earnings per common share:		
As reported	$ 0.07	$ 0.05
Pro forma	$ 0.06	$ 0.03
Earnings per common share, assuming dilution:		
As reported	$ 0.07	$ 0.05
Pro forma	$ 0.05	$ 0.03

</TABLE>

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model. The estimate assumes, among other things, a risk-free interest rate of 2.8%, no dividend yield, expected volatility of 98% and an expected life of 7 years.

NOTE 8. NEW ACCOUNTING PRONOUNCEMENTS

None

NOTE 9. SUBSEQUENT EVENT

The Company entered into an agreement with Enginuity Communications Corporation (Enginuity) on July 1, 2004. Under the agreement, the Company agreed to sell to Enginuity the Company's Data Station Termination Product lines and specified fixed assets for $2 million. The Company received $2 million in cash and provided an unconditional guarantee in the amount of $1.62 million relating to an Enginuity note payable to a third party lender used to finance this agreement. This guarantee will stay in place until the note is paid in full. The Company must pay all amounts due under the note payable upon demand from the lender.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

OVERVIEW

The Company is comprised of two segments: equipment sales and teleconference services. 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.

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.

Below is a table that compares equipment and service revenues for the quarter ended June 30, 2003 with the quarter ended June 30, 2004 by product line.

	Three months ended June 30,			
(in thousands)	2003	%	2004	%
CNE....................	$30,160	54.6%	$31,803	56.6%
NSA....................	13,546	24.5%	13,117	23.4%
Total equipment........	43,706	79.1%	44,920	80.0%
Services..............	11,580	20.9%	11,252	20.0%
Total revenues.........	$55,286		$56,172	

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 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'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.

In the equipment segment, the Company is focusing on new product opportunities in the DSL wireless gateway, voice/media-over-IP, managed services, and vertical applications. The Company has introduced new products including UltralineTM, ProLineTM, VersaLinkTM , TrilinkTMand EnvoyTM which are targeted at the home networking small office/home office (SOHO) and small business market. The Company is also focusing on expanding existing and new products into the international market through its subsidiary Westell Ltd. The Company expects these new products and markets to produce revenue starting in the second half of fiscal year 2005.

The Company's revenue and earnings per share in the June 2004 quarter were lower than revenue and earnings per share in the quarter ended March 31, 2004. The Company expects revenue and earnings per share for the quarter ending September 30, 2004 to again be lower than revenue and earnings per share in the March 31, 2004 quarter. The Company anticipates that revenue should begin to increase from the March 31, 2004 quarter in the quarter ending December 31, 2004. The Company's customers continue to expect growth in the broadband market that the Company's CNE products serve. More users are subscribing to DSL services and some currently using DSL technology desire new DSL technology as the older modems cannot deliver new applications such as music, photo sharing, movies and games that require higher broadband speed. The NSA market continues to decline as the transition to high-speed digital service continues. The Company's goal is to increase market share in mountings and NIUs in the NSA market. The Company continues to evaluate less strategic products and transition them to partners. The Company is investing in new products in the NSA product line that complement the broadband market products such as PowerSpan which support the deployment of VoIP in residential markets.

Revenues. The Company's revenues increased 1.6% from $55.3 million in the three months ended June 30, 2003 to $56.2 million in the three months ended June 30, 2004. This revenue increase was due to increased equipment revenue of $1.2 million and was offset in part by a decrease in teleconference service revenue of $328,000. The increased equipment revenue was due primarily to increased sales of the Company's broadband products which in the quarter ended June 30, 2004, increased to $31.8 million compared to $30.2 million in the same quarter one year ago. The increase in revenues from broadband products is due primarily to 268,000 higher unit volume offset in part by 30% price reductions. Revenue from the Company's NSA products in the equipment segment decreased from $13.5 million in the three months ended June 30, 2003 to $13.1 million in the three months ended June 30, 2004. NSA product revenue in the June 30, 2004 quarter includes an $883,000 contractual settlement from a customer. The overall decrease in NSA product revenue is due to reduced demand resulting from the migration by telephone companies to high-speed digital transmission products. The decrease in revenue in the services segment is attributable a shift to lower priced conference call services at the Company's Conference Plus, Inc. subsidiary.

Gross Margin. Overall gross margin as a percentage of revenue decreased from 36.7% in the three months ended June 30, 2003 to 33.0% in the three months ended

June 30, 2004. Margin in the equipment segment decreased from 35.3% in the three month period ended June 30, 2003 to 29.6% in the three months ended June 30, 2004. The June 30, 2004 margin includes the $833,000 contractual settlement mentioned above. This decrease in equipment segment gross margin percentage is due to price reductions in broadband products. Teleconference service gross margin increased from 41.7% in the three months ended June 30, 2003 to 46.8% in the three months ended June 30, 2004. This increase in service segment gross margin percent is due to reduced long distance costs. 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 expense were unchanged at $5.4 million in the three months ended June 30, 2003 and June 30, 2004. Sales and marketing expenses decreased as a percentage of revenues from 9.8% in the three months ended June 30, 2003 to 9.5% in the three months ended June 30, 2004. The equipment segment sales and marketing expenses decreased by $200,000 resulting primarily from $272,000 in expense recorded for annual bonus and profit sharing plans in the three months ended June 30, 2003. No bonus or profit sharing was recorded in the three months ended June 30, 2004 due to the Company's estimated annual performance does not meet the bonus plan criteria. The fiscal 2005 bonus criteria requires a higher level of profit than in fiscal 2004. Sales and marketing expenses increase by $200,000 in Company's services segment. This increase was primarily a result of more employees at Conference Plus. 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 decreased 19.4%, from $4.4 million in the three months ended June 30, 2003 to $3.6 million in the three months ended June 30, 2004. Research and development expenses also decreased as a percentage of revenues from 8.0% in the three months ended June 30, 2003 to 6.4% in the three months ended June 30, 2004. The decrease in research and development expense is primarily a result of $394,000 in expense recorded for annual bonus and profit sharing plans in the Company's equipment segment in the three months ended June 30, 2003. No bonus or profit sharing was recorded in the three months ended June 30, 2004 because of failure to meet bonus plan criteria. In addition, the Company capitalized $358,000 of engineering expenses as an intangible asset for EnvoyTM software in the three months ended June 30, 2004. The Company believes that research and development expenses will increase in fiscal year 2005 as the Company continues to expand its product offerings to include networking, wireless, managed services and other broadband applications.

General and Administrative. General and administrative expenses decreased 21.8%, from $5.1 million in the three months ended June 30, 2003 to $4.0 million in the three months ended June 30, 2004. General and administrative expenses as a percentage of revenue was 7.1% in the three months ended June 30, 2004 and 9.3% June 30, 2003. General and administrative expenses decreased by $0.9 million in the Company's equipment segment. The decrease in general and administrative expenses was due to $352,000 in expense related to annual bonus, profit sharing plans in the Company's equipment segment in the three months ended June 30, 2003 compared to no expense recorded in the three months ended June 30, 2004 because of failure to meet bonus plan criteria. In addition, legal expenses and bad debt in the June 2004 period were $220,000 and $260,000 lower than in the June 2003 period, respectively. General and administrative expenses decreased by $200,000 in the Company's service segment due to primarily to lower bad debt expenses of $73,000.

Intangible amortization. Intangible assets include 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. Intangible amortization expense was $364,000 for each of the three months ended June 30, 2004 and 2003.

Other income, net. Other income, net was $156,000 in the three months ended June 30, 2003 and $361,000 for the three-month period ended June 30, 2004. The increase in other income, net in the three-month period ended June 30, 2004 resulted from a $400,000 legal settlement. The remainder of other income, net for the three-month period ended June 30, 2004 and all of the three month period ended June 30, 2003 was comprised of a interest income earned on temporary cash

investments and unrealized gains or losses on intercompany balances denominated in foreign currency.

Interest expense. Interest expense decreased from $359,000 in the three months ended June 30, 2003 to $36,000 in the three months ended June 30, 2004. The decrease in interest expense during the current period is a result of lower net obligations outstanding during the period under promissory notes, capital leases, and vendor debt.

Income taxes. The Company recorded $2.2 million of income tax expense in the three-month period ended June 30, 2004 based on an estimate tax rate for the year of approximately 40%. In the period ended June 30, 2003, no tax provision was recorded since net operating loss carryforwards were available to offset taxable income that were fully reserved by valuation allowances. Deferred tax assets continue to offset taxable income in fiscal 2005, but the utilization now results in income tax expense since the valuation allowance of deferred tax assets were reduced in the fourth quarter of fiscal 2004. This resulted from management's belief that is it was more likely than not these deferred assets will be realized through the generation of taxable income.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2004, the Company had $9.8 million in cash and cash equivalents consisting primarily of federal government agency instruments and the highest rated grade corporate commercial paper. At June 30, 2004, the Company had nothing outstanding and $22.8 million available under its secured revolving credit facility.

The Company's revolving credit facility ("facility") provides for maximum borrowings of up to $30 million. The term of the facility expires on June 30, 2006 and provides for total borrowings based upon 85% of eligible accounts receivable and 30% of eligible inventory not to exceed $4.9 million as of June 30, 2004. The $4.9 million inventory limitation is reduced by $0.1 million on the first day of each month. Borrowings under this facility accrue interest to be paid by the Company at the prime rate or Libor rate plus 2.5%. The facility contains covenants regarding EBITDA, tangible net worth and maximum capital expenditures. The Company was in compliance with these covenants on June 30, 2004 and expects to comply with these covenants for the term of the facility.

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 which was financed in part by notes payable. 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 June 30, 2004, there was $508,000 outstanding under these notes.

The Company's operating activities used cash of $204,000 in the three-month period ended June 30, 2004. This resulted primarily from net income, non-cash depreciation and amortization, offset by increases in inventory and decreases in accounts payable and accrued compensation. The increase in inventory was a result of the advance purchase of flash and SDRAM memory components, which are used in the Company's modem products and are in high market demand. The decrease in accounts payable is a result of the timing of vendor payments. The decrease in accrued compensation is the result of paying bonuses and profit sharing in the quarter ended June 30, 2004.

Capital expenditures for the three-month period ended June 30, 2004 were approximately $294,000. Approximately $266,000 of the expenditures was in the equipment segment with $28,000 spent in the services segment. The Company expects to spend approximately $6.0 million and $1.7 million for capital expenditures for the remainder of fiscal year 2005 in the equipment and services segments respectively related primarily for machinery, computer and research equipment purchases needed to produce products such as ProLineTM, TrilinkTM, and the Westell-Mitel advanced multimedia access device.

At June 30, 2004 the Company's principle sources of liquidity were $9.8 million of cash and available borrowings under its the secured revolving credit facility. 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.

The Company has various future obligations and commitments consisting primarily of facility operating leases, obligations to purchase raw material in the equipment segment and local and long distance telephone service commitments in the services segment. The purchase obligations arise in the normal course of business operations. A June 30, 2004 the Company had future obligations and commitments as follows:

<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.....	$544	$ 326	$ --	$ --	$ --	$ --	$870
Purchase obligations	22,187	3,619	1,887	236	--	--	27,929
Future minimum lease payments for operating leases..................	2,854	3,253	3,058	3,048	2,932	20,175	35,320
Future obligations and commitments.............	$25,585	$7,198	$4,945	$3,284	$2,932	$20,175	$64,119

</TABLE>

The Company had net deferred tax assets of approximately $77.7 million at June 30, 2004. The Company has recorded a valuation allowance reserve of $35.9 million to reduce the recorded net deferred tax asset to $41.8 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 Company uses estimates of future taxable income and a tax planning strategy that involves the potential sale of the Company's 91.5% subsidiary Conference Plus, Inc. to access the valuation allowance required against deferred tax assets. 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.

CRITICAL ACCOUNTING POLICIES

There were no changes in critical accounting policies during the quarter.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

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 $435,000 in additional other expense based on the ending intercompany balance outstanding at June 30, 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 June 30, 2004, the balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized loss of $436,000.

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 $35,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended June

30, 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 4. 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 during the period covered by this report.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibit 31.1 Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 Certification by the Chief Financial Officer Pursuant to Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

SIGNATURES

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

WESTELL TECHNOLOGIES, INC.

(Registrant)

DATE: August 9, 2004

By: /s/ E. VAN CULLENS

E. VAN CULLENS Chief Executive Officer

By: /s/ NICHOLAS C. HINDMAN, Sr.

NICHOLAS C. HINDMAN, Sr.
Chief Financial Officer

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 quarterly report on Form 10-Q for the period ended June 30, 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)) 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 9, 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 quarterly report on Form 10-Q for the period ended June 30, 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)) 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 9, 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 Quarterly Report of Westell Technologies, Inc. (the "Company") on Form 10-Q for the fiscal period ending June 30, 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
- ---------------------------
E. Van Cullens
Chief Executive Officer
August 9, 2004

/s/NICHOLAS C. HINDMAN, Sr.
- ---------------------------
Nicholas C. Hindman, Sr.
Chief Financial Officer
August 9, 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-Q and shall not be considered filed as part of the Form 10-Q.