SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2007

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 ☒ No ☐.

Indicate by check mark whether the registrant is a large filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of October 23, 2007:
Class A Common Stock, $0.01 Par Value – 55,645,974 shares
Class B Common Stock, $0.01 Par Value – 14,741,872 shares

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

PART I FINANCIAL INFORMATION:	Page
ITEM 1. Financial Statements	
Consolidated Balance Sheets - As of September 30, 2007 (unaudited) and March 31, 2007	3
Consolidated Statements of Operations (unaudited) - Three and six months ended September 30, 2007 and 2006	4
Consolidated Statements of Cash Flows (unaudited) - Six months ended September 30, 2007 and 2006	5
Notes to Consolidated Financial Statements (unaudited)	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	16
ITEM 3. Quantitative and Qualitative Disclosures about Market Risks	20
ITEM 4. Controls and Procedures	21
PART II OTHER INFORMATION:	
Item 1. Legal Proceedings	21
Item 4. Submission of Matters to a Vote of Security Holders	21
Item 6. Exhibits	22

Cautionary Statement Regarding Forward-Looking Information

Certain statements contained herein that are not historical facts or that contain the words "believe", "expect", "intend", "anticipate", "estimate", "may", "will", "should", or derivatives thereof and other words of similar meanings are forward-looking statements that involve 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, product demand and market acceptance risks, need for financing, an economic downturn in the U.S. economy and telecom market, the impact of competitive products or technologies, competitive pricing pressures, new product development, excess and obsolete inventory, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies), the effect of Westell's accounting policies, the need for additional capital, the effect of economic conditions and trade, legal social and economic risks (such as import, licensing and trade restrictions) and other risks more fully described in the Company's Form 10-K for the fiscal year ended March 31, 2007 under the section Risk Factors. The Company undertakes no obligation to publicly update these forward-looking statements to reflect current events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or otherwise.

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

ASSETS	September 30, 2007	March 31, 2007
Current assets:	(unaudited)	
Cash and cash equivalents	$ 66,384	$ 70,183
Investments	2,548	1,984
Accounts receivable (net of allowance of $336 and $290, respectively)	24,375	25,986
Inventories, net	23,179	18,604
Prepaid expenses and other current assets	6,414	3,248
Assets held for sale	1,914	--
Deferred income tax asset	4,580	4,580
Total current assets	129,394	124,585
Property and equipment:		
Machinery and equipment	35,552	45,593
Office, computer and research equipment	29,249	28,147
Leasehold improvements	9,511	9,263
	74,312	83,003
Less accumulated depreciation and amortization	65,610	70,674
Property and equipment, net	8,702	12,329
Goodwill	12,874	12,592
Intangibles, net	7,200	7,791
Deferred income tax asset and other assets	53,697	50,053
Total assets	$ 211,867	$ 207,350

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2007	March 31, 2007
Current liabilities:	(unaudited)	
Accounts payable	$ 12,757	$ 14,087
Accrued expenses	14,551	10,665
Accrued compensation	8,515	10,518
Deferred revenue	707	879
Current portion of long-term debt	--	5
Total current liabilities	36,530	36,154
Other long-term liabilities	4,398	807
Total liabilities	40,928	36,961
Minority interest	3,162	3,050
Stockholders' equity:		
Class A common stock, par $0.01	567	565
Authorized – 109,000,000 shares		
Issued and outstanding – 55,631,274 and 55,337,443 shares, respectively		
Class B common stock, par $0.01	147	147
Authorized – 25,000,000 shares		
Issued and outstanding – 14,741,872 shares at September 30, 2007 and March 31, 2007		
Preferred stock, par $0.01	--	--
Authorized – 1,000,000 shares		
Issued and outstanding – none		
Additional paid-in capital	394,331	393,334
Treasury stock at cost – 93,328 shares	(247)	(247)
Cumulative translation adjustment	1,109	86
Accumulated deficit	(228,130)	(226,546)
Total stockholders' equity	167,777	167,339
Total liabilities and stockholders' equity	$ 211,867	$ 207,350

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2007	**2006**	**2007**	**2006**
Equipment sales	$ 47,337	$ 60,026	$ 92,693	$ 113,580
Services	13,026	11,773	26,573	23,595
Total revenues	60,363	71,799	119,266	137,175
Cost of equipment sales	36,541	42,110	70,473	79,851
Cost of services	6,928	5,950	13,664	11,853
Total cost of goods sold	43,469	48,060	84,137	91,704
Gross margin	16,894	23,739	35,129	45,471
Operating expenses:				
Sales and marketing	7,218	7,306	12,001	14,457
Research and development	5,478	6,252	11,304	11,949
General and administrative	5,372	4,506	10,969	9,158
Restructuring	286	--	4,143	--
Intangible amortization	457	415	913	830
Total operating expenses	18,811	18,479	39,330	36,394
Operating income (loss)	(1,917)	5,260	(4,201)	9,077
Other income, net	935	772	1,931	1,440
Interest expense	--	(1)	(2)	(2)
Income (loss) before minority interest and income taxes	(982)	6,031	(2,272)	10,515
Income tax expense (benefit)	(362)	2,376	(800)	4,121
Minority interest	48	48	112	110
Net income (loss)	(668)	3,607	(1,584)	6,284
Net income (loss) per common share:				
Basic	$ (0.01)	$ 0.05	$ (0.02)	$ 0.09
Diluted	$ (0.01)	$ 0.05	$ (0.02)	$ 0.09
Weighted average number of common shares outstanding:				
Basic	70,316	69,939	70,216	69,898
Diluted	70,316	70,834	70,216	71,040

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended September 30,	
	2007	**2006**
Cash flows from operating activities:		
Net (loss) income	$ (1,584)	$ 6,284
Reconciliation of net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,784	4,222
Gain on sale of fixed assets	--	(48)
Restructuring	3,647	(181)
Deferred Taxes	(987)	3,964
Minority interest	112	110
Stock based compensation	604	823
Exchange gain	(116)	--
Changes in assets and liabilities:		
Accounts receivable	1,883	7,527
Inventory	(4,345)	(227)
Prepaid expenses and other current assets	(3,126)	221
Other assets	(3)	43
Accounts payable and accrued expenses	(399)	4,175
Accrued compensation	(2,066)	475
Net cash (used in) provided by operating activities	(1,596)	27,388
Cash flows from investing activities:		
Purchases of property and equipment	(2,095)	(1,862)
Proceeds from the sale of equipment	--	48
Purchase of investments	(564)	(663)
Acquisition of a business	(22)	(112)
Net cash used in investing activities	(2,681)	(2,589)
Cash flows from financing activities:		
Repayment of long-term debt and leases payable	(5)	(28)
Proceeds from stock purchase and option plans	324	256
Tax benefit received on stock option exercises	72	39
Net cash provided by financing activities	391	267
Effect of exchange rate changes on cash	87	98
Net (decrease) increase in cash	(3,799)	25,164
Cash and cash equivalents, beginning of period	70,183	40,928
Cash and cash equivalents, end of period	$ 66,384	$ 66,092

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

INDEX TO NOTES

1. Basis of Presentation
2. Computation of Income (Loss) Per Share
3. Revolving Credit Agreement
4. Restructuring Charge
5. Interim Segment Reporting
6. Comprehensive Income
7. Inventories
8. Stock-based Compensation
9. Warranty Reserve
10. Deferred Compensation
11. Sale of Product Line
12. Acquisition
13. Income Taxes
14. Contingencies
15. New Accounting Pronouncements
16. Subsequent Events

Note 1. *Basis of Presentation*

Description of Business

Westell Technologies, Inc. (the "Company") is a holding company. It's wholly owned subsidiary, Westell, Inc. designs, manufactures and distributes telecommunications equipment which is sold primarily to major telephone companies. Conference Plus, Inc., a 91.5%-owned subsidiary of the Company, provides teleconferencing, multipoint video conferencing, broadcast fax and web teleconferencing services to various customers. Noran Tel, Inc. and Westell Limited are wholly owned subsidiaries of Westell, Inc.

Basis of Consolidation and Reporting

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States 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 accounting principles generally accepted in the United States for complete financial statements. It is suggested that these 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, 2007.

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 uncollectible accounts receivable, net realizable value of inventory, product warranty accrued, depreciation, income taxes, and contingencies, among other things.

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 September 30, 2007 and for all periods presented. The results of operations for the periods presented are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2008 ("fiscal year 2008").

Reclassifications

Certain amounts in the prior period consolidated financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on total assets, total liabilities, total shareholder's equity or net income as previously reported.

Note 2. ***Computation of Income (Loss) Per Share***

The computation of basic income (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted income per share includes the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. In periods with a net loss all common stock equivalents are excluded from the per share calculation; therefore, the basic loss per share equals the diluted loss per share. The following table sets forth the computation of basic and diluted income (loss) per share:

	Three months ended September 30,		Six months ended September 30,	
(in thousands, except per share amounts)	**2007**	**2006**	**2007**	**2006**
Basic Income (Loss) per Share:				
Net income (loss)	$ (668)	$ 3,607	$ (1,584)	$ 6,284
Average basic shares outstanding	70,316	69,939	70,216	69,898
Basic net income (loss) per share	$ (0.01)	$ 0.05	$ (0.02)	$ 0.09
Diluted Income (Loss) per Share:				
Net income (loss)	$ (668)	$ 3,607	$ (1,584)	$ 6,284
Average basic shares outstanding	70,316	69,939	70,216	69,898
Effect of dilutive securities: restricted stock and stock options	--	895	--	1,142
Average diluted shares outstanding	70,316	70,834	70,216	71,040
Diluted net income (loss) per share	$ (0.01)	$ 0.05	$ (0.02)	$ 0.09

Options to purchase 5,985,350 and 5,960,272 shares of common stock for the three and six months ended September 30, 2006, respectively, were not included in the computation of diluted shares because the options' exercise prices were greater than the average market price of the common shares.

Note 3. ***Revolving Credit Agreements***

The Company entered into a Second Amended and Restated Credit Agreement dated as of June 30, 2006 (the "Credit Agreement"). The Credit Agreement is a three-year revolving credit facility in an amount up to $40 million. The obligations of the Company under the Credit Agreement are secured by a guaranty from certain direct and indirect domestic subsidiaries of the Company, and substantially all of the assets of the Company. The interest rate spread in the case of London Interbank Offered Rate ("LIBOR") and Base Rate loans and the payment of the non-use fees is dependent on the Company's leverage ratio. Currently, the revolving loans under the Credit Agreement bear interest, at the Company's option, at the LIBOR plus 1.5% or an alternative base rate. The alternative base rate is the greater of the LaSalle Bank National Association prime rate or the Federal Funds rate plus 0.50%. The Company is also required to pay a fee of 0.2% per annum on the unused portion of the revolving loans. The Credit Agreement contains financial covenants that include a minimum fixed charge coverage ratio, a minimum tangible net worth test, a total leverage ratio test ("consolidated total debt to EBITDA"), and a limitation on capital expenditures for any fiscal year, as well as, other non financial covenants. The Company was in compliance with these covenants on September 30, 2007. There were no borrowings under this facility at September 30, 2007.

Note 4. ***Restructuring Charge***

On December 29, 2005, the Company acquired 100% of the stock of HyperEdge Corporation. In connection with this acquisition, the Company implemented a restructuring plan to combine and streamline the operations of the companies to achieve synergies related to the manufacture and distribution of common Network Service Access product lines. The severance costs recorded as a liability assumed in the acquisition was $400,000. Twenty

employees were impacted by this plan. All terminations were completed by the second quarter of fiscal year 2007. As of September 30, 2007, all of these costs have been paid.

Additionally in the fourth quarter of fiscal year 2007, the Company recognized a restructuring expense of $343,000 related primarily to the severance costs of eighteen employees. This action was to reduce cost in the equipment segment. As of September 30, 2007, all of these costs have been paid.

On May 21, 2007, the Company announced it would move substantially all of its manufacturing operations in the telecom equipment segment from Aurora, Illinois to offshore suppliers. The total amount of restructuring costs expected to be incurred for this activity is approximately $4.6 million. In connection with this plan, in the first quarter of fiscal year 2008, the Company recognized a restructuring expense of $3,857,000 related primarily to severance costs of 386 employees. An additional amount of $286,000 was recognized as restructuring expense in the quarter ended September 30, 2007. As of September 30, 2007, $250,000 of these costs has been paid leaving an unpaid balance of $3,893,000. The Company anticipates recording an additional $480,000 in restructuring expense related to this reorganization in fiscal year 2008.

Total restructuring charges and their utilization, all related to the telecom equipment segment, are summarized as follows:

(in thousands)	Employee related	Other	Total
Liability at March 31, 2007	$ 198	$ 48	$ 246
Charged	4,075	68	4,143
Utilized	453	43	496
Liability at September 30, 2007	$ 3,820	$ 73	$ 3,893

In September 2007, the Company entered into an agreement to sell the manufacturing equipment that it will no longer use after the outsourcing strategy has been completed for $2.1 million. The assets that are no longer being utilized as of the balance sheet date are shown as held for sale and will transfer to the buyer in October 2007 with the remaining assets to transfer in March, 2008. The Company accelerated the depreciation on these assets to the residual value.

Note 5. ***Interim Segment Information***

Westell’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business segment 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 (loss) and total asset measurements. The accounting policies of the segments are the same as those for Westell Technologies, Inc.

Segment information for the three and six month periods ended September 30, 2006 and 2007 are as follows:

(in thousands)	Telecom Equipment	Telecom Service	Consolidated Total
Three months ended September 30, 2006			
Revenues	$ 60,026	$ 11,773	$ 71,799
Operating income	4,115	1,145	5,260
Depreciation and amortization	1,690	447	2,137
Total assets	185,797	18,028	203,825
Three months ended September 30, 2007			
Revenues	$ 47,337	$ 13,026	$ 60,363
Operating income (loss)	(3,071)	1,154	(1,917)
Depreciation and amortization	2,042	413	2,455
Total assets	194,769	17,098	211,867
Six months ended September 30, 2006			
Revenues	$ 113,580	$ 23,595	$ 137,175
Operating income	6,471	2,606	9,077
Depreciation and amortization	3,212	1,010	4,222
Total assets	185,797	18,028	203,825
Six months ended September 30, 2007			
Revenues	$ 92,693	$ 26,573	$ 119,266
Operating income (loss)	(6,980)	2,779	(4,201)
Depreciation and amortization	3,946	838	4,784
Total assets	194,769	17,098	211,867

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

	Three months ended September 30,		Six months ended September 30,	
(in thousands)	2007	2006	2007	2006
Operating income (loss)	$ (1,917)	$ 5,260	$ (4,201)	$ 9,077
Other income, net	935	772	1,931	1,440
Interest expense	-0-	(1)	(2)	(2)
Income (loss) before income taxes and minority interest	$ (982)	$ 6,031	$ (2,272)	$ 10,515

Note 6. ***Comprehensive Income***

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

	Three months ended September 30,		Six months ended September 30,	
(in thousands)	2007	2006	2007	2006
Net income (loss)	$ (668)	$ 3,607	$ (1,584)	$ 6,284
Other comprehensive income: foreign currency translation adjustment	469	40	1,023	171
Comprehensive income (loss)	$ (199)	$ 3,647	$ (561)	$ 6,455

Note 7. ***Inventories***

The components of inventories are as follows:

	September 30,	March 31,
(in thousands)	2007	2007
Raw material	$ 14,302	$ 11,901
Work in process	118	47
Finished goods	12,572	9,672
Reserve for excess and obsolete inventory and net realizable value	(3,813)	(3,016)
	$ 23,179	$ 18,604

Note 8. ***Stock-based Compensation***

Effective April 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* (“SFAS No. 123R”), to account for employee stock-based compensation using the modified prospective method.

Stock-Based Compensation Expense

The following table is a summary of total stock-based compensation resulting from stock options, restricted stock and the employee stock purchase plan during the three month periods ending September 30, 2007 and 2006:

(in thousands)	Three months ended September 30, 2007	Three months ended September 30, 2006
Stock-based compensation expense	$146	$478
Income tax benefit	51	189
Total stock-based compensation expense after taxes	$ 95	$289

The following table summarizes the total stock-based compensation resulting from stock options, restricted stock and the employee stock purchase plan during the six month periods ending September 30, 2007 and 2006:

(in thousands)	Six months ended September 30, 2007	Six months ended September 30, 2006
Stock-based compensation expense	$604	$823
Income tax benefit	213	325
Total stock-based compensation expense after taxes	$391	$498

Stock-based compensation for the three and six month periods ended September 30, 2007 is less than the same periods of the prior year primarily due to an increase in the estimated forfeiture rate.

Restricted Stock
The following table sets forth restricted stock activity for the six months ended September 30, 2007:

	Shares	Weighted Average Grant Date Fair Value
Unvested outstanding as of March 31, 2007	1,100,000	$3.59
Granted	--	--
Vested	(85,183)	6.71
Forfeited	(34,817)	6.71
Unvested outstanding as of September 30, 2007	980,000	$3.21

As of September 30, 2007, there was $1.6 million pre-tax of unrecognized compensation expense related to non-vested restricted stock which is expected to be recognized over a weighted-average period of 1.7 years.

Employee Stock Purchase Plan
There were 31,852 and 45,189 shares of common stock purchased under the employee stock purchase plan (“ESPP”) during the six months ended September 30, 2007 and 2006, respectively. The ESPP allows employees to purchase stock through payroll deductions each quarter end at a 15% discount from the market price on that day. For the three and six months ended September 30, 2007, the Company recorded approximately $4,000 and $12,000, respectively, of share based expense related to the ESPP purchases. The Company recognized approximately $4,000 and $14,000, respectively, of expense in the three and six months ended September 30, 2006 related to stock purchased under this plan.

Non-qualified stock options
The option activity for the six months ended September 30, 2007 is as follows:

	Number of Shares	Weighted-average Exercise Price Per Share	Weighted-average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (a) (in thousands)
Outstanding on March 31, 2007	8,748,128	$ 5.72	4.5	$1,570
Granted	2,082,168	2.65		
Exercised	(180,356)	1.41		
Forfeited / Expired	(847,689)	5.99		
Outstanding on September 30, 2007	9,802,251	$5.12	4.2	$1,841
Vested or expected to vest as of September 30, 2007	8,086,427	$5.61	3.6	$1,749
Exercisable on September 30, 2007	6,606,610	$6.14	3.0	$1,647

(a) The intrinsic value for the stock options is calculated based on the difference between the exercise price of the underlying awards and Westell Technologies’ closing stock price as of the reporting date.

As of September 30, 2007, there was $1.7 million pre-tax stock option compensation expense, including estimated forfeitures, related to non-vested awards not yet recognized, which is expected to be recognized over a weighted average period of 3.7 years.

Non-qualified subsidiary stock options
The option activity for the six months ended September 30, 2007 is as follows:

	Number of Shares	Weighted-average Exercise Price Per Share	Weighted-average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding on March 31, 2007	2,016,801	$ 1.65	5.4	$325
Granted	205,813	1.42		
Exercised	--	--		
Forfeited / Expired	(48,500)	1.78		
Outstanding on September 30, 2007	2,174,114	$1.63	5.3	$106
Vested or expected to vest as of September 30, 2007	1,912,519	$1.62	4.9	$106
Exercisable on September 30, 2007	829,112	$1.49	3.1	$106

As of September 30, 2007, there was $255,000 pre-tax stock option compensation expense, including estimated forfeitures, related to non-vested awards not yet recognized, which is expected to be recognized over a weighted average period of 3.0 years.

Note 9. *Warranty Reserve*

Most of the Company's products carry a limited warranty ranging from one to seven years. The specific terms and conditions of those warranties vary depending upon the product sold. Factors that enter into the estimate of the Company's warranty reserve include; the number of units shipped, historical and anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the reserve as necessary. The current and long-term portion of the warranty reserve is presented on the Consolidated Balance Sheet as accrued expenses and other long-term liabilities, respectively.

The following table presents the changes in the Company's product warranty reserve:

	Three months ended September 30,		Six months ended September 30,	
(in thousands)	2007	2006	2007	2006
Total product warranty reserve at the beginning of the period	$ 2,923	$ 1,804	$ 2,664	$ 1,776
Warranty expense	373	297	1,021	643
Deductions	(1,693)	(404)	(2,082)	(722)
Total product warranty reserve at the end of the period	$ 1,603	$ 1,697	$ 1,603	$ 1,697

Note 10. *Deferred Compensation*

The Company has a deferred compensation program with its former Chief Executive Officer that is funded through a rabbi trust. All amounts deferred under this compensation program vested on March 31, 2007. The rabbi trust qualifies as a Variable Interest Entity under *FASB Interpretation No. 46R, Consolidation of Variable Interest Entities* ("FIN 46R") and as such is consolidated in the Company's financial statements. The Company has recorded a $2.5 million liability to accrue for the deferred compensation liability as of September 30, 2007 which has been fully funded into the rabbi trust as of September 30, 2007. The rabbi trust is presented in the investments line on the Consolidated Balance Sheet. The deferred compensation liability is shown as a current liability in the accrued compensation line on the Consolidated Balance Sheet. The rabbi trust is subject to the creditors of the Company.

Note 11. ***Sale of Product Line***

In fiscal year 2005, the Company sold its Data Station Termination product lines and specified fixed assets for $2.2 million to Enginuity Communications Corporation (Enginuity). The Company received $2.0 million in cash, $200,000 in the form of a note receivable and provided an unconditional guarantee in the amount of $1.6 million relating to a 10 year term Enginuity note payable to a third party lender that financed the transaction. The balance of the term loan is $1.3 million as of September 30, 2007. Certain owners of Enginuity pledged assets with a fair market value of $1.5 million and personally guaranteed the note payable. These guarantees 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.

The Company evaluated FIN 46R and concluded that Enginuity was a variable interest entity as a result of the debt guarantee. The Company is not considered the primary beneficiary of the variable interest entity therefore consolidation is not required.

At the time of the product sale, the Company assessed its obligation under this guarantee pursuant to the provisions of FIN No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* and recorded a $300,000 liability for the value of the guarantee. The Company evaluates this liability each quarter based on Enginuity's operating performance and current status of the guaranteed debt obligation. The balance of the liability is $150,000 and $200,000 as of September 30, 2007 and March 31, 2007, respectively. The liability is shown as a current liability in the accrued expenses line on the Consolidated Balance Sheet

Note 12. ***Acquisition***

In January 2007, the Company acquired 100% of the capital stock of Noran Tel, Inc. ("Noran Tel") located in Regina, Saskatchewan. Noran Tel is a manufacturer of transmission, power distribution and remote monitoring products.

The acquisition was accounted for using the purchase method of accounting in accordance with SFAS No. 141, *Business Combinations* ("SFAS No. 141") and accordingly the operating results of Noran Tel are included in the Company's consolidated financial results from the acquisition date. The purchase price for Noran Tel was $5.6 million USD ($6.5 million CND), with a potential earn-out of an additional $4.0 million USD ($4.0 million CND) if certain financial performance goals are met. Any earn-out would be considered additional purchase consideration.

In accordance with SFAS No. 141, the purchase price of $5.6 million USD was allocated to the tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date with excess purchase price allocated to goodwill. The total purchase price allocation for Noran Tel has not been finalized pending completion of final adjustments to liabilities assumed in the acquisition. The final adjustments will be completed during the fourth quarter of fiscal year 2008.

Note 13. ***Income Taxes***

The Company uses an estimated annual effective tax rate based on expected annual income to determine the quarterly provision for income taxes. The impact of discrete items is recognized in the quarter in which they occur.

In June 2006, the FASB issued FASB Interpretation No 48, *Accounting for Uncertainty in Income taxes - an interpretation of FASB Statement No. 109* ("FIN No. 48"). FIN No. 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. FIN No. 48 also provides guidance on

derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. There was no cumulative effect adjustment to retained earnings as a result of this adoption effective April 1, 2007.
As of September 30, 2007, the Company had approximately $3.1 million of unrecognized tax benefits, net of federal tax benefits, that if recognized would impact the effective tax rate. Estimated interest and penalties related to income taxes are classified as income tax expense. Interest for the six months ended September 30, 2007 was approximately $47,000. Accrued interest was approximately $104,000 as of September 30, 2007.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates.
The major jurisdiction subject to examination by the relevant taxable authorities and open tax years are as follows:

Jurisdiction	Open Tax Years
U.S. Federal	1997-2007
U.S. State	2000-2007
Foreign	2003-2007

Note 14. ***Contingencies***

The Company recorded a gain contingency using guidance under *Staff Accounting Bulletin No. 92 – Accounting and Disclosure Relating to Loss Contingencies,* of $3.3 million in the quarter ended June 30, 2007 related to the settlement of a claim to recover product warranty costs for non-conforming product from a vendor incurred by the Company. This recovery offsets $600,000 of related costs recorded in the quarter ended June 30, 2007 and costs recorded in the prior fiscal year and are recorded in sales and marketing expense in the statement of operations. In September 2007, a settlement agreement was reached and the Company anticipates payment during fiscal year 2008. The receivable for this settlement is recorded in other current assets.

The Company recorded a loss contingency related to a probable future settlement of $1.0 million as a purchase price adjustment in the quarter ended December 31, 2006, for the cost to exit a purchase agreement that was outstanding as of the Hyperedge acquisition date, but was not recorded or disclosed to the Company prior to acquisition. The liability is shown as a current liability in the accrued expenses line on the Consolidated Balance Sheet.

Note 15. ***New Accounting Pronouncements***

In June 2007, the Emerging Issues Task Force ("EITF") released Issue No. 07-3, *Accounting for Nonrefundable Advance Payments for Goods or Services Received for Use in Future Research and Development Activities* ("EITF No. 07-3"). EITF No. 07-3 concluded that nonrefundable advance payments for goods or services to be received in the future for use in research and development activities should be deferred and capitalized. The capitalized amounts should be expensed as the related goods are delivered or the services are performed. If an entity's expectations change such that it does not expect it will need the goods to be delivered or the services to be rendered, capitalized nonrefundable advance payments should then be charged to expense. EITF No. 07-3 is effective for new contracts entered into during fiscal years beginning after December 15, 2007, including interim periods within those fiscal years. The consensus may not be applied to earlier periods and early adoption of the provisions of the consensus is not permitted. Westell will adopt EITF No 07-3 effective April 1, 2008 and does not anticipate a material impact on the Consolidated Financial Statement.

In February 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS No. 159"). SFAS No. 159 allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, SFAS No. 159 specifies that unrealized gains and losses for that instrument shall be reported in earnings at each subsequent reporting date. SFAS No. 159 is effective for the Company on April 1, 2008 and the Company does not anticipate that this statement will have a material impact on the Consolidated Financial Statements.

In September 2006, the FASB issued SFAS No.157, *Fair Value Measurements* ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No.157 is effective for the Company on April 1, 2008 and the Company does not anticipate that this statement will have a material impact on the Consolidated Financial Statements.

Note 16. *Subsequent Event*

On October 2, 2007, Westell made a $2.5 million cash investment in Contineo Systems, Inc. ("Contineo") to advance Westell's research and development efforts. This investment provides Westell a 40% equity ownership in Contineo, a Plano, Texas based software development company. Contineo specializes in identity-management solutions which can be applied to secure broadband applications across a network. In accordance with FIN No. 46(R), *Consolidation of Variable Interest Entities,* Contineo will be accounted for in consolidation.

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

Overview

The Company is comprised of two segments: telecommunications equipment manufacturer and teleconference services bureau. The telecommunications equipment manufacturing segment consists of two product lines: Customer Networking Equipment (“CNE”) products and Network Service Access (“NSA”) products. Westell realizes the majority of its revenues from the North American market.

The Company’s teleconference services 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 label reseller program.

The telecommunications equipment manufacturing 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 data between a telephone company's network and end-user customers. The services enabled via these broadband connections include voice, high-speed internet, Voice over IP (“VoIP”), converged mobility and video (including broadcast TV, video on demand and HDTV) These two product lines are:

- *Customer Networking Equipment (“CNE”)*: Westell’s family of broadband products enable the transport of high-speed data and enhanced services over existing local telephone lines and the fiber network, allowing telecommunications companies to provide broadband services using their current copper and fiber infrastructure. The Company’s broadband products 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 currently 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 an array of mounting products used for connecting telephone wires and cables, and special service plug-in units. The T1 transmission equipment termed Network Interface Units (“NIU”) and the associated NIU mounting products make up the majority of revenue from this product group.

The 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 and service providers. Increasing competition, in terms of the number of entrants and their size, and increasing size of the Company’s primary customers because of recent mergers, continues to exert downward pressure on prices for the Company's products. Generally, the Company expects average selling prices on its VersaLink ™ and modem products to decline by approximately 30% in fiscal year 2008.

On May 21, 2007, the Company announced it would move substantially all of its manufacturing operations in the telecommunications equipment segment from Aurora, Illinois to offshore suppliers. The total amount expected to be incurred for this activity is approximately $7.5 million including; restructuring expense of $4.4 million for severance and employee related expenses, $1.3 million for accelerated depreciation, $1.6 million for outside consulting, and $200,000 for other expenses. The Company recognized $6.3 million of these costs in the six months ended September 30, 2007.

The Company's customer base is highly concentrated and 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 up front investments in product and market development prior to actual commencement of sales of new products.

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. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change or otherwise, could have a material adverse effect on the Company's business and results of operations. 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 advanced applications such as VoIP, in-premise networking; wireless/wireline convergence, IMS (IP Multimedia Subsystem) and FMC (Fixed Mobile Convergence) video / IPTV and multifunctional broadband appliances. This expansion 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 current 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.

In the CNE product line, the Company is focusing on the evolving broadband demand, which includes increased bandwidth, richer application sets and converged capabilities. The Company has introduced products for both the existing local telephone and fiber network including the Westell MediaStations™, UltraLine™, ProLine™, VersaLink™, and TriLink™, which are targeted at the home networking, SOHO and small business markets. The Company has multiple evaluations and trials in process for TriLink™, UltraLine™ Series 3 and the Westell MediaStation™. The Company has received its first orders from Verizon for the UltraLine™ Series 3 broadband home router product and anticipates shipments to begin in the fourth fiscal quarter of 2008. The Company continues to focus on expanding existing and new products into new geographic markets as well as new customer markets such as Multi-Service Operator ("MSO")/cable customer segment. Additionally, the Company has been selected to provide Proline™ units under AT&T's Hybrid modem program. Shipments of product under this agreement are anticipated to begin in the fourth fiscal quarter.

For the NSA product line, the Company expects the overall market to decline annually by approximately 10% as the transition to high-speed digital service continues. This decline could impact the Company's future revenues. In order to mitigate the impact of the market decline, the Company acquired 100% of the common stock of Noran Tel, Inc on January 2, 2007. Products sold by Noran Tel are now included in the NSA product line. With the addition of Noran Tel, the Company has obtained a Canadian market channel for some of its existing products, has added additional transmission products and has gained new products in the areas of power distribution and remote monitoring. The Company will continue to invest in new product areas to compliment wireless and fiber applications.

Results of Operations

The table below compares equipment and services revenue for the three and six months ended September 30, 2007 and September 30, 2006 by product line.

Revenue	Three months ended September 30,			Six months ended September 30,		
(in thousands)	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated revenue	$ 60,363	$ 71,799	$ (11,436)	$ 119,266	$ 137,175	$ (17,909)
Equipment revenue:						
CNE	32,195	44,779	(12,584)	63,291	84,281	(20,990)
NSA	15,142	15,247	(105)	29,402	29,299	103
Total equipment revenue	47,337	60,026	(12,689)	92,693	113,580	(20,887)
Services revenue	13,026	11,773	1,253	26,573	23,595	2,978

CNE revenue decreased 28% for the three months ended September 30, 2007 compared to the three month period ended September 30, 2006 due to a 19% decrease in unit volume and a 13% decrease in average selling price. CNE revenue decreased 25% in the six months ended September 30, 2007 compared to September 30, 2006 due to a 20% decrease in units sold and a 6% decrease in average selling price per unit. NSA revenue was flat in the three-month and six-month periods ended September 30, 2007 compared to the same periods ended September 30, 2006. NSA

sales revenue includes Noran Tel, Inc. sales of $1.8 million and $3.6 million for the three and six months ended September 30, 2007, respectively, which was acquired in January of 2007. This increase from the Noran Tel NSA revenue was partially offset by decreased average selling prices for NSA products. Revenue in the services segment increased 11% and 13% in the three and six months ended September 30, 2007, respectively, compared to the same periods ended September 30, 2006. This increase was due to increased call minutes and was partially offset by a decrease in the rate per minute in the three and six month periods.

Gross Margin	**Three months ended September 30,**			**Six months ended September 30,**		
	2007	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated margin	28.0%	33.1%	(5.1%)	29.5%	33.1%	(3.6%)
Equipment margin	22.8%	29.8%	(7.0%)	24.0%	29.7%	(5.7%)
Service margin	46.8%	49.5%	(2.7%)	48.6%	49.8%	(1.2%)

Gross margin decreased as a percent of revenue in the equipment segment in both the three and six month periods ended September 30, 2007 compared to the same periods ended September 30, 2006. Proline™ average price declined by approximately 21% and Versalink™ average price declined by approximately 11% in the three month period ended September 30, 2007 compared to September 30, 2006. Proline™ average cost declined by approximately 7% and Versalink™ average cost declined by approximately 5% in the three month period ended June 30, 2007 compared to June 30, 2006. Additionally, in the three and six months ended September 30, 2007, the Company recorded $598,000 and $1.1 million, respectively, of additional depreciation related to the decline in estimated useful life of manufacturing equipment that will no longer be needed by the Company after the implementation of its outsourcing strategy. Margins in the services segment decreased in the three months ended September 30, 2007 when compared to the same periods ended September 30, 2006 due to price repression.

Sales and Marketing	**Three months ended September 30,**			**Six months ended September 30,**		
(in thousands)	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated sales and marketing expense	$7,218	$7,306	$ (88)	$12,001	$14,457	$(2,456)
Equipment sales and marketing expense	4,455	4,889	(434)	6,561	9,668	(3,107)
Services sales and marketing expense	2,763	2,417	346	5,440	4,789	651

Sales and marketing expense decreased in the equipment segment in the three months ended September 30, 2007 compared to the three months ended September 30, 2006 due primarily to a $232,000 reduction in employee related expenses. The sales and marketing expense decrease in the equipment segment in the six months ended September 30, 2007 compared to the six months ended September 30, 2006 was due primarily to a $2.7 million net gain related to a recovery of product warranty costs for non-conforming product from a vendor. Sales and marketing expense increased in the Company's services segment in the three and six month period ended September 30, 2007 compared to the same period last year due primarily to increases in employee expenses.

Research and Development	**Three months ended September 30,**			**Six months ended September 30,**		
(in thousands)	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated research and development expense	$5,478	$6,252	$(774)	$11,304	$11,949	$(645)
Equipment research and development expense	4,891	5,776	(885)	10,124	11,002	(878)
Services research and development expense	587	476	111	1,180	947	233

Research and development expenses decreased in the three and six months ended September 30, 2007 compared to the same periods in fiscal year 2007. The decreases in the three and six month periods were due primarily to reduced engineering headcount and reduced contract labor expenses.

General and Administrative	**Three months ended September 30,**			**Six months ended September 30,**		
(in thousands)	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated general and administrative expense	$5,372	$4,506	$ 866	$10,969	$9,158	$1,811

Equipment general and administrative expense	3,779	2,705	1,074	7,460	5,724	1,736
Services general and administrative expense	1,593	1,801	(208)	3,509	3,434	75

The increase in general and administrative expenses in the equipment segment in the three and six months ended September 30, 2007 compared to the same period ended September 30, 2006 were due primarily to increased consulting expenses of $552,000 and $1.1 million, respectively, to assist the Company with implementing its outsourcing strategy. Additionally, legal expenses increased $529,000 in the three months ended September 30, 2007 compared to the same period ended September 30, 2006.

Restructuring On May 21, 2007, the Company announced it would move substantially all of its manufacturing operations in the telecom equipment segment from Aurora, Illinois to offshore suppliers. In connection with this plan, in the first quarter of fiscal year 2008, the Company recognized a restructuring expense of $3,857,000 related primarily to severance costs of 386 employees. An additional amount of $286,000 was recognized as restructuring expense in the quarter ended September 30, 2007. The Company anticipates recording an additional $480,000 in restructuring expense related to this reorganization in fiscal year 2008. There were no restructuring expenses incurred during the first six months of fiscal 2007.

Intangible amortization Intangible amortization was $457,000 and $415,000 for the three months and $913,000 and $830,000 for the six months ended September 30, 2007 and 2006, respectively. The intangibles consist of product technology and customer relationships from previous acquisitions.

Other income, net Other income, net was $935,000 and $772,000 in the three months and $1.9 million and $1.4 million in the six months ended September 30, 2007 and 2006, respectively. The increase in the current year is due to higher interest income on cash balances invested.

Income taxes The Company uses an estimated annual effective tax rate based on expected annual income to determine the quarterly provision for income taxes. The Company recognized $362,000 and $800,000 of income tax benefit based on an estimated tax rate of 35% in the three and six months ended September 30, 2007 and $2.4 million and $4.1 million of income tax expense in the three and six months ended September 30, 2006, respectively using an effective rate 39%.

Liquidity and Capital Resources

The Company entered into a Second Amended and Restated Credit Agreement dated as of June 30, 2006 (“the Credit Agreement”). The Credit Agreement is a three-year revolving credit facility in an amount up to $40 million. The obligations of the Company under the Credit Agreement are secured by a guaranty from certain direct and indirect domestic subsidiaries of the Company, and substantially all of the assets of the Company. Any proceeds from the revolving loans would be used for working capital purposes and for other general corporate purposes. The interest rate spread in the case of London Interbank Offered Rate (“LIBOR”) and Base Rate loans and the payment of the non-use fees is dependent on the Company’s leverage ratio. Currently, the revolving loans under the Credit Agreement bear interest, at the Company’s option, at the LIBOR plus 1.5% or an alternative base rate. The alternative base rate is the greater of the LaSalle Bank National Association prime rate or the Federal Funds rate plus 0.50%. The Company is also required to pay a non-use fee of 0.2% per annum on the unused portion of the revolving loans.

The Credit Agreement contains financial covenants that include a minimum fixed charge coverage ratio, a minimum tangible net worth test, a total leverage ratio test (“consolidated total debt to EBITDA”), and a limitation on capital expenditures for any fiscal year. Other covenants include limitations on lines of business, additional indebtedness, liens and negative pledge agreements, incorporation of other debt covenants, guarantees, investments and advances, cancellation of indebtedness, restricted payments, modification of certain agreements and instruments, inconsistent agreements, leases, consolidations, mergers and acquisitions, sale of assets, subsidiary dividends, and transactions with affiliates. The Company was in compliance with these covenants on September 30, 2007. At September 30, 2007, the Company had no amounts outstanding and $40.0 million available under its secured revolving credit facility.

At September 30, 2007, the Company's principle sources of liquidity were $66.4 million of cash and cash equivalents consisting primarily of the highest rated grade corporate commercial paper and the secured revolving credit facility under which the Company was eligible to borrow up to an additional $40 million. Cash in excess of operating requirements, if any, will be invested on a short-term basis in the highest rated grade commercial paper. The Company believes cash on hand and generated from operations will satisfy its future cash requirements for the foreseeable future.

The net operating loss carryforwards begin to expire in 2020. 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 tax planning strategies by specific jurisdiction 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.

The Company had deferred tax assets of approximately $63.4 million at September 30, 2007. The Company has recorded a valuation allowance reserve of $6.4 million to reduce the recorded net deferred tax asset to $57.0 million.

Critical Accounting Policies

A complete description of the Company's significant accounting policies is discussed in the Company's Annual Report on Form 10-K for the fiscal year 2007.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

As of September 30, 2007, there were no material changes to the information provided in ITEM 7A on Westell's Annual Report on Form 10-K for fiscal year 2007.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

Westell's chief executive officer and chief financial officer, with assistance from senior management, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on this evaluation, the Company's chief executive officer and chief financial officer concluded as of the Evaluation Date that the Company's disclosure controls and procedures were effective such that the information relating to the Company, including consolidated subsidiaries, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2007 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings incidental to the Company's business. In the ordinary course of our business, we are routinely audited and subject to inquiries by governmental and regulatory agencies. Management believes that the outcome of such proceedings will not have a material adverse effect on our consolidated operations or financial condition.

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

On September 27, 2007, the Company held its annual meeting of stockholders.

The following directors were re-elected to serve until the annual meeting of stockholders in 2008:

Nominee	For	Withheld
John W. Seazholtz	105,095,114	5,333,830
Paul A. Dwyer	105,206,884	5,222,060
Eileen A. Kamerick	105,515,406	4,913,538
Robert C. Penny III	88,755,818	21,673,126
Roger L. Plummer	105,108,301	5,320,643
Thomas E. Mader	105,595,715	4,833,229
Melvin J. Simon	105,339,479	5,089,465

The stockholders voted to approve the proposal to ratify the appointment of Ernst &Young LLP, independent auditors as auditors for fiscal year ending March 31, 2008:

	For	Against	Abstain
Appointment of independent auditors	109,338,132	1,090,815	70,675

Item 6. EXHIBITS

Exhibit 10.1	Employment Agreement dated August 1, 2007 by and among Westell Technologies, Inc, Westell, Inc. and Timothy R. Pillow
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

Items 1A, 2, 3 and 5 are not applicable and have been omitted.

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: November 8, 2007	By:	/s/ THOMAS E. MADER
		THOMAS E. MADER Chief Executive Officer
	By:	/s/ AMY T. FORSTER
		AMY T. FORSTER Chief Financial Officer

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (as amended from time to time, this "Agreement") is entered into this 1st day of August, 2007 with an effective date of August 27th, 2007 (the "Effective Date") by and among Westell Technologies, Inc, a Delaware corporation (the "Company"), Westell, Inc., an Illinois corporation (the "Operating Subsidiary") and Timothy R. Pillow ("Executive").

In consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

SECTION 1. EMPLOYMENT AND DUTIES. Effective August 27th, 2007, the Company hereby employs Executive to serve as Chief Marketing & Strategy Officer of the Company as well as Chief Marketing & Strategy Officer of the Operating Subsidiary, during the Term (as such term is defined in Section 3). Executive accepts such employment on the terms and conditions set forth in this Agreement. Executive shall perform the duties of Chief Marketing & Strategy Officer of the Company and of the Operating Subsidiary and shall perform such other duties consistent with such positions as may be assigned to Executive from time to time by the Board of Directors of the Company or the Operating Subsidiary (individually a "Board," and collectively, the "Boards"). Executive shall devote his best efforts and skills to the business and interests of the Company and the Operating Subsidiary on a full-time basis, provided, however, that, to the extent such activities do not adversely affect the performance of his responsibilities to the Company and the Operating Subsidiary hereunder, Executive may (i) manage his personal investments and participate in charitable and civic affairs and (ii) serve on the boards of directors of for-profit or non-profit corporations if approved by the Boards, such approval not to be unreasonably withheld. Executive shall at all times observe and abide by the Company's and the Operating Subsidiary's written policies and procedures as in effect from time to time.

SECTION 2. IN CONSIDERATION OF THE SERVICES TO BE PERFORMED BY EXECUTIVE HEREUNDER, EXECUTIVE SHALL RECEIVE FROM THE OPERATING SUBSIDIARY THE FOLLOWING COMPENSATION AND BENEFITS:

2.1 Base Salary. During the Term, Executive shall be paid an annual base salary by the Operating Subsidiary (the "Base Salary") which shall be payable in installments consistent with the Operating Subsidiary's payroll schedule. The Base Salary shall be Two Hundred Fifty Thousand Dollars ($250,000) per year, subject to review each year during the Operating Subsidiary's annual salary review. The Operating Subsidiary may, in its sole discretion, increase the Base Salary as a result of any such review. Executive's Base Salary shall not be reduced without Executive's prior written consent.

2.2 Benefits.

(a) During the Term, Executive shall be provided with employee benefits commensurate with those made generally available to other executives of the Operating Subsidiary. A list of the employee benefits provided generally to the executives of the Operating Subsidiary as of the Effective Date is attached hereto as Schedule 2.2, which Schedule is incorporated herein by reference for all purposes. In addition, Executive shall be provided certain special benefits (the "Special Benefits") also listed on Schedule 2.2. Neither the Company nor the Operating Subsidiary has undertaken any actions, or intends to undertake any actions, designed to eliminate, reduce or otherwise limit any of the employee benefits described on Schedule 2.2, but it is understood that such benefits other than the Special Benefits may change from time to time, but will remain commensurate with benefits befitting of the Chief Marketing and Strategy Officer of a publicly held company of comparable size in the telecommunications industry.

(b) If during the first three years of the Term, Executive's employment is terminated either by the Company without Cause or by Executive for "Good Reason", Executive shall be entitled to (i) continued benefits under COBRA as it applies to the benefits provided under subparagraph (a) above for Executive and those of his dependents who were covered dependents as of the effective date of the termination ("COBRA Qualified Beneficiaries") and (subject to the terms and conditions of the applicable benefit plans), the Company shall pay the Company portion of the required premium or contribution during the period in which the Executive is receiving severance payments from the Company or the COBRA period (whichever is shorter), in an amount which the Company was remitting on behalf of the Executive prior to his termination, except that Executive shall be required to continue to pay that portion of any premiums or contributions that the Executive was remitting prior to his termination to maintain such benefit (subject to any increases imposed by the benefit plan), and (ii) such other benefits as may be required by law or subject to the terms of any benefit or retirement plan or other arrangement that would by its terms apply to the Executive upon termination, provided that if a premium or contribution is required, Executive shall remit all required premiums and contributions in a manner required by the Company in order to continue that benefit.

(c) If Executive's employment is terminated other than under the circumstances specified in subparagraph (b) above, or if Executive's employment is terminated under the circumstances specified in subparagraph (b) above but does not execute, or Executive executes but revokes a release in the form of Exhibit A, Executive shall be entitled to (i) continued benefits under COBRA as it applies to the benefits provided under subparagraph (a) above for Executive and the COBRA Qualified Beneficiaries (subject to the terms and conditions of the applicable benefit plans), provided that Executive shall remit all required premiums or contributions in the manner required by the Company in order to continue that benefit, and (ii) such other benefits as may be required by law or subject to the terms of any benefit or retirement plan or other arrangement that would by its terms apply to the Executive upon termination, provided that if a premium or contribution is required, Executive shall remit all required premiums and contributions in a manner required by the Company in order to continue that benefit.

2.3 Bonuses. Executive shall receive a signing bonus of Ninety Thousand Dollars ($90,000) upon the Effective Date of his employment, and shall be guaranteed a bonus for fiscal year ending March 31, 2008. For the fiscal year ending March 31, 2008, Executive shall be guaranteed a bonus of One Hundred Fifty Thousand Dollars ($150,000), which amount (subject to applicable withholding) shall be paid to Executive in two installments as follows: 5/12 of $150,000 on his first day of employment (the “First Installment”) , and 7/12 of $150,000 based upon annual corporate performance (PLUS an additional amount as “true-up” based upon his overachievement of objectives developed by the Company’s Board and Compensation Committee for the fiscal year) on or before May 1, 2008. For subsequent fiscal years during the Term, Executive shall be eligible to receive a bonus based upon the achievement of performance goals to be developed for each year by the Company’s Board and Compensation Committee. Except for payment of pro-rated bonuses in circumstances hereinafter described, eligibility for all bonuses, including the bonus for the fiscal year ending March 31, 2008 is subject to the Operating Subsidiary policy that the employee be employed on the “bonus payment date”, which for purposes hereof shall be the earlier of (i) the date such bonus is actually paid, or (ii) May 1 of each year.

2.4 Stock Awards and Options.

(a) On August 27, 2007 Executive shall receive a stock option award of 150,000 shares of Company Class A common stock pursuant to the Westell Technologies, Inc. 2004 Stock Incentive Plan (the “2004 Stock Incentive Plan”), one-fifth (30,000 shares) of which will vest on each August 27 from August 27, 2008 through August 27, 2012, so long as he remains an employee of the Company on the vesting date. The stock award shall also provide, among other things, that all unvested portions of the stock award shall fully vest upon (i) a Change of Control, or (ii) the termination of Executive’s employment with the Company by reason of (A) the termination of such employment by the Company without Cause, or (B) the termination of such employment by Executive for Good Reason.

(b) Executive will also be eligible to receive awards of options and other benefits under the 2004 Stock Incentive Plan as determined by the Compensation Committee of Company’s Board from time to time commencing April, 2008, it being understood that there is no commitment as to frequency or amount of any such awards.

(c) In the event of Executive’s death, all vested stock options referred to in Section 2.4(a) hereinabove shall, to the extent permitted by Section 11 of the 2004 Stock Incentive Plan and applicable law, become exercisable by the executor of Executive’s estate or Executive’s personal representative for a period of ninety (90) days following Executive’s death.

SECTION 3. TERM

3.1 Commencement. The term of Executive’s employment hereunder shall commence on the Effective Date and continue until terminated in accordance with this

Agreement. The term of Executive's employment hereunder is referred to herein as the "Term."

3.2 Termination for Cause. The Company may terminate Executive's employment for Cause upon written notice specifying the cause for termination and the intended termination date. Upon termination for Cause, Executive shall be entitled to receive the Base Salary and benefits as set forth in Section 2.1 and Section 2.2(a), respectively, through the effective date of such termination, and such post termination benefits as are specified in Section 2.2(c).

3.3 Termination by Company Without Cause. The Company may terminate Executive's employment without Cause at any time upon written notice within the first three years of the Term or upon at least thirty (30) days prior written notice after the first three years of the Term. If the Company terminates Executive's employment without Cause, Executive shall be entitled to receive the Base Salary and benefits as set forth in Section 2.1 and Section 2.2(a), respectively, through the effective date of such termination, and such post termination benefits as are specified in Section 2.2(b) or 2.2(c), as applicable. If such termination occurs during the first three years of the Term, Executive shall also be entitled to receive as severance, upon execution of a release in the form attached as Exhibit A hereto and the expiration of any revocation period thereunder without revocation, and conditional upon Executive's continued adherence to the post termination covenants in this Agreement, (A) an amount equal to one year's Base Salary at the Base Salary rate in effect for Executive as of the effective date of the termination, payable in regular installments at the time salary would have been payable, provided, however, that such payments shall be deferred until the six-month anniversary of the date of Executive's termination of employment if deferral to such anniversary date is required to comply with the provisions of Section 409A of the Internal Revenue Code and (B) a pro rata portion of Executive's anticipated bonus under Section 2.3 for the fiscal year in which the termination occurs, the amount of which pro rata portion shall be equal to (x) the target bonus amount authorized and approved for Executive by the Company's Compensation Committee for such fiscal year multiplied by (y) a fraction, the numerator of which is the number of days (through and including the effective date of the termination) in such fiscal year that Executive was employed by the Company, and the denominator of which is the number 365.

3.4 Termination by Executive for Good Reason. Executive may resign from and terminate his employment with the Company for Good Reason at any time upon at least ten (10) days prior written notice, provided that the Company fails to reasonably address and remedy the circumstances constituting "Good Reason" within such ten (10) day period. If Executive resigns for Good Reason, Executive shall be entitled to receive the Base Salary and benefits as set forth in Section 2.1 and Section 2.2(a), respectively, through the effective date of such termination, and such post termination benefits as are specified in Section 2.2(b) or 2.2(c), as applicable. If such termination occurs during the first three years of the Term, Executive shall also be entitled to receive, as severance, upon execution of a release in the form attached as Exhibit A hereto and the expiration of any revocation period thereunder without revocation, and conditional upon Executive's continued adherence to the post termination covenants in this Agreement, (A) an amount

equal to one year's Base Salary at the Base Salary rate in effect for Executive as of the effective date of the termination, payable in regular installments at the time salary would have been payable, provided, however, that such payments shall be deferred until the six-month anniversary of the date of Executive's termination of employment if deferral to such anniversary date is required to comply with the provisions of Section 409A of the Internal Revenue Code, and (B) a pro rata portion of Executive's anticipated bonus under Section 2.3 for the fiscal year in which the termination occurs, the amount of which pro rata portion shall be equal to (x) the target bonus amount authorized and approved for Executive by the Company Board's Compensation Committee for such fiscal year multiplied by (y) a fraction, the numerator of which is the number of calendar days (through and including the effective date of the termination) in such fiscal year that Executive was employed by the Company, and the denominator of which is the number 365.

3.5 Termination by Executive Without Good Reason. Executive may resign from and terminate his employment with the Company without Good Reason at any time upon at least thirty (30) days prior written notice. If Executive resigns from the Company other than for Good Reason, Executive shall be entitled to receive the Base Salary and benefits as set forth in Section 2.1 and Section 2.2(a), respectively, through the effective date of such termination, and such post termination benefits as are specified in Section 2.2(c). In the event Executive resigns from the Company at any time, the Company shall have the right to make such resignation effective as of any date prior to the expiration of any required notice period.

3.6 Termination by Executive Following Change of Control. If Executive remains employed at the time of a Change of Control that occurs within five years from the date hereof, and within twelve months following the Change of Control, either the total of Executive's Salary and target bonus are reduced without his written consent or Executive's primary duties and responsibilities as President and Chief Executive Officer of the Company and the Operating Subsidiary are, without his written consent, materially reduced or modified in such a way as to be qualitatively beneath the duties and responsibilities befitting of the president and chief executive officer of a publicly held company of comparable size in the telecommunication industry in the United States, and if Executive resigns within six (6) months after such reduction in compensation or change in duties and responsibilities, he shall be entitled to receive (i) the Base Salary and benefits as set forth in Section 2.1 and Section 2.2(a), respectively, through the effective date of such termination, and such post termination benefits as are specified in Section 2.2(c), and (ii) upon execution of a release in the form attached as Exhibit A hereto and the expiration of any revocation period thereunder without revocation, and conditional upon Executive's continued adherence to the post termination covenants in this Agreement, (A) an amount equal to one year's Base Salary at the Base Salary rate in effect for Executive as of the effective date of the termination, payable in regular installments at the time salary would have been payable, provided, however, that such payments shall be deferred until the six-month anniversary of the date of Executive's termination of employment if deferral to such anniversary date is required to comply with the provisions of Section 409A of the Internal Revenue Code, (B) 100% of the target bonus amount authorized and approved for Executive by the Company Board's

Compensation Committee for such fiscal year or for the prior fiscal year, if higher, and (C) if the Change of Control occurs within the first three years of the Term, the same post termination benefits as are set forth in Section 2.2(b).

3.7 Death. Executive's employment with the Company shall automatically be terminated upon Executive's death, in which case Executive's estate or Heirs at Law shall be entitled to: (i) receive the Base Salary and benefits as set forth in Sections 2.1 and Section 2.2(a) , respectively, through the date of Executive's death, (ii) receive a prorated bonus as set forth in Section 2.3 provided that the Audit Committee of the Board of the Company confirms bonuses would be granted had the Executive lived (iii) exercise Executive's stock options which are set forth in Section 2.4(a) pursuant to the terms set forth in Section 2.4(c), and (iv) receive such post termination benefits as are specified in Section 2.2(c).

3.8 Disability. Executive's employment with the Company shall automatically be terminated upon Executive's Disability, in which case Executive shall be entitled to: (i) receive the Base Salary and benefits as set forth in Sections 2.1 and Section 2.2(a), respectively, through the effective date of the termination, (ii) exercise Executive's stock options which are set forth in Section 2.4(a) pursuant to the terms set forth in Section 2.4(c), and (iii) receive such post termination benefits as are specified in Section 2.2(c).

3.9 Notice of Termination. Any purported termination of Executive's employment by the Company or by Executive shall be communicated by a written Notice of Termination to the other party hereto in accordance with Section 7.5 hereof. A "Notice of Termination" shall mean a written notice that indicates the specific termination provision in this Agreement relied upon and sets forth in reasonable detail the facts and circumstances, if applicable, claimed to provide a basis for termination of Executive's employment.

SECTION 4. CERTAIN COVENANTS OF EXECUTIVE

4.1 Confidential Information.

(a) Executive acknowledges that the information, observations and data obtained by him during the course of his employment by the Company concerning the Business and affairs of the Westell Companies or of third parties that the Westell Companies may be required to keep confidential (the "Westell Company Information") are confidential and are the property of the Westell Companies or of such third parties. Executive hereby agrees that he shall not disclose to any unauthorized person or use for his own account or for the account of any third party any Westell Company Information without the Company's prior written consent, unless and then only to the extent the Westell Company Information becomes generally known to and available for use by the public other than as a result of Executive's acts or failure to act. Executive shall use his best efforts to prevent the unauthorized misuse, espionage, loss or theft of the Westell Company Information. Executive further agrees to deliver to the Company at the termination of his employment, or at any other time the Company may request in writing,

all memoranda, notes, plans, records, reports and other documents (and copies thereof) relating to the Business of the Westell Companies that Executive may then possess or have under his control.

4.2 No Competition. During the Term, and for twelve (12) months following termination of Executive's employment with the Company, Executive agrees that Executive shall not, directly or indirectly, for himself, or for any Entity, without the prior written consent of the Board of Company through its Chairman (which may be given or denied in his sole discretion):

(a) engage in or Participate In the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business, from Illinois or any state or country in which the Westell Companies have Business or customers, or have solicited customers; or

(b) engage in or Participate In the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business, from any other location throughout the world; or

(c) call upon, solicit, serve, or accept business, from any customer or prospective customer (wherever located) of the Westell Companies for the purpose of selling products or services directly competitive with the products or services of the Business; or

(d) interfere with any business relationship of the Westell Companies, with any of their customers or prospective customers or induce any such customers or prospective customers to discontinue or reduce their relationship with the Westell Companies.

To the extent that Executive is employed by or consults for an entity which is a subsidiary, division or other affiliate of a larger business enterprise, the determination as to whether the employment violates this Section 4.2 shall be made solely by reference to the business activities conducted by the particular subsidiary, division or affiliate by which Executive becomes employed or serves as consultant.

4.3 No Solicitation. Executive shall not, for twelve (12) months following termination: (i) induce or attempt to induce any person who is employed by the Westell Companies in any capacity to leave such person's position, or in any way interfere with the relationship between the Westell Companies and such person, or (ii) hire directly or through another entity, in any capacity, any person who was employed by the Westell Companies within 12 months prior to termination of Executive's employment or during the 12 months after termination, unless and until such person has been separated from employment with the Westell Companies for at least six months.

4.4 Inventions. Any methodologies, inventions, improvements, discoveries, processes, programs or systems developed or discovered by the Executive, whether during working hours or by using the Westell Companies' facilities, equipment or trade secrets, shall be the sole and exclusive property of the Operating Subsidiary. The

Executive shall, upon reasonable request by the Company, execute and deliver such assignments and other documents necessary to vest, at the Company's sole expense, all right, title and interest in any discovery or development in the Operating Subsidiary. The Westell Companies may, upon prior notice to the Executive and without any fee, film, videotape, photograph and record the Executive's voice and likeness, and may utilize the Executive's name and likeness, in connection with the promotion of the Westell Companies during employment upon prior notice. The Operating Subsidiary shall own all rights in any such film, videotape, photograph or record of the Executive's voice and likeness for such use. The Executive acknowledges receipt of the notice provided by the Operating Subsidiary pursuant to the Employee Patent Act (765 Illinois Compiled Statutes, Act 1060), reproduced here:

NOTICE TO EMPLOYEE: This is to notify you that pursuant to the Employee Patent Act (765 Illinois Compiled Statutes, Act 1060), the provisions of this Agreement regarding the assignment of your rights in discoveries and inventions to the Operating Subsidiary DOES NOT APPLY to an invention for which no equipment, supplies, facilities or trade secret information of the Westell Companies was used and which was developed entirely on your own time, unless (a) the invention relates (i) to the business of the Westell Companies or (ii) to the Westell Companies' actual or demonstrably anticipated research or development, or (b) the invention results from or is the product of any work performed by you for the Westell Companies in the scope of your efforts on behalf of the Company.

4.5 Scope and Duration. Executive acknowledges that the restrictions in this Section 4 are reasonable in scope, are necessary to protect the trade secrets and other confidential and proprietary information of the Westell Companies, that the benefits provided hereunder are full and fair compensation for these covenants and that these covenants do not impair Executive's ability to be employed in other areas of his expertise and experience. Specifically, Executive acknowledges the reasonableness of the international scope of these covenants by reason of the international customer base and prospective customer base and activities of the Westell Companies, the widespread domestic and international scope of Executive's contacts created during his employment with the Westell Companies, the domestic and international scope of Executive's responsibilities with the Westell Companies and his access to marketing strategies of the Westell Companies. Notwithstanding the foregoing, if any court determines that any of the terms herein are unreasonable or unenforceable, such court may interpret, alter, amend or modify any or all of such terms to include as much of the scope, time period and intent as will render such restrictions enforceable, and then in such reduced form, enforce such terms. In the event of Executive's breach of any covenant in this Section 4, the term of the covenant shall be extended for a period equal to the period that the breach continues.

4.6 Equitable Relief. Executive agrees that any violation by Executive of any covenant in this Section 4 may cause such damage to the Company as will be serious and irreparable and the exact amount of which will be difficult to ascertain, and for that reason, Executive agrees that the Company shall be entitled, as a matter of right, to a temporary, preliminary and/or permanent injunction and/or other injunctive relief, ex

parte or otherwise, from any court of competent jurisdiction, restraining any further violations by Executive. Such injunctive relief shall be in addition to and in no way in limitation of, any and all other remedies the Company shall have in law and equity for the enforcement of such covenants and provisions.

SECTION 5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF EXECUTIVE. Executive represents and warrants to the Company that (i) the performance of this Agreement will not breach any agreement or obligation by which Executive is bound to keep in confidence proprietary information acquired by Executive or in confidence or in trust prior to employment by the Company or any other agreement to which Executive is a party or is bound, and (ii) he has not taken and does not have in his possession or control any confidential information or property relating to any former employer. Executive agrees that he will not use confidential information or property of any other employer while employed by the Company.

SECTION 6. DEFINITIONS. For the purposes of this Agreement, the following terms shall have the meanings indicated:

(a) “Business” means the design, development, manufacture and sale of DSL modem, broadband products and telco access products and related services of the Westell Companies as they exist or are being developed on the Effective Date, extensions of those products and services during Executive’s employment and new products and services commenced or in development during his employment.

(b) “Cause” shall mean (i) the failure by Executive to comply with a particular directive or request from the Board of either the Company or the Operating Subsidiary regarding a matter material to either company, and the failure thereafter by Executive to reasonably address and remedy such noncompliance within thirty (30) days (or such shorter period as shall be reasonable or necessary under the circumstances) following Executive’s receipt of written notice from such Board confirming Executive’s noncompliance; (ii) the taking of an action by Executive regarding a matter material to either the Company or the Operating Subsidiary, which action Executive knew at the time the action was taken to be specifically contrary to a particular directive or request from the Board of either the Company or the Operating Subsidiary, (iii) the failure by Executive to comply with the written policies of the Company or the Operating Subsidiary regarding a matter material to the Company or the Operating Subsidiary, including expenditure authority, and the failure thereafter by Executive to reasonably address and remedy such noncompliance within thirty (30) days (or such shorter period as shall be reasonable or necessary under the circumstances) following Executive’s receipt of written notice from such Board confirming Executive’s noncompliance, but such opportunity to cure shall not apply if the failure is not curable; (iv) Executive’s engaging in willful, reckless or grossly negligent conduct or misconduct which, in the good faith determination of the Company’s Board or the Operating Subsidiary’s Board, is materially injurious to the Company, the Operating Subsidiary, or one or more of the other Westell Companies, monetarily or otherwise; (v) the aiding or abetting or knowingly assisting any other person in aiding or abetting a competitor or other breach by the Executive of his fiduciary duties to the Company, the Operating Subsidiary or any

other of the Westell Companies for which he serves as officer or director; (vi) a material breach by Executive of his obligations of confidentiality or nondisclosure or (if applicable) any breach of Executive's obligations of noncompetition or nonsolicitation under this Agreement; (vii) the use or knowing possession by Executive of illegal drugs on the premises of any of the Westell Companies; or (viii) Executive is convicted of, or pleads guilty or no contest to, a felony or a crime involving moral turpitude.

(c) "Change of Control" shall mean a change in control of either the Company or the Operating Subsidiary, which shall be deemed to exist at such time as (i) both of the following shall have occurred: (A) the members of the Penny Family shall collectively cease to be the direct or indirect "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act) of common stock of the Company or the Operating Subsidiary representing at least 30% of the voting power represented by all outstanding shares of common stock of all classes of the Company or the Operating Subsidiary, and (B) any person or group (within the meaning of Rule 13d-5 under the Exchange Act and Sections 13(d) and 14(d) of the Exchange Act) other than the Penny Family becomes the direct or indirect "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of common stock of the Company representing greater than 30% of the total voting power represented by all outstanding shares of common stock of all classes of the Company or the Operating Company; or (ii) a merger or consolidation of the Company or the Operating Subsidiary with any other Entity shall occur in which both (A) the members of the Penny Family shall collectively cease to be the direct or indirect beneficial owners (as previously defined) of capital stock of the surviving entity representing at least 30% of the total voting power represented by all outstanding shares of the capital stock of all classes of the surviving entity, and (B) any person or group (as previously defined) other than the Penny Family becomes the direct or indirect beneficial owner (as previously defined) of capital stock of the surviving entity representing greater than 30% of the total voting power represented by all outstanding shares of the capital stock of all classes of the surviving entity; or (iii) the Board of Directors or stockholders of the Company or the Operating Subsidiary approve a plan of complete liquidation of the Company or the Operating Subsidiary or there shall occur a sale or disposition by the Company or the Operating Subsidiary of all or substantially all of their respective assets, or (iv) the Company or the Operating Subsidiary shall become insolvent, seek federal bankruptcy protection or be subject to an involuntary bankruptcy petition.

(d) "Disability" shall mean in the case of Executive, the condition of being mentally and/or physically disabled such that Executive shall be eligible to receive benefits either under a long term disability insurance plan maintained by the Operating Subsidiary or under the Social Security disability program.

(e) "Entity" means any business, whether a corporation, partnership, sole proprietorship, limited liability company, joint venture or other entity.

(f) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(g) "Good Reason" shall mean the occurrence of any of the following events: (i) a material breach by either the Company or the Operating Subsidiary of one or more

of its respective covenants or obligations under this Agreement, provided that the Company or the Operating Subsidiary shall have failed to reasonably cure such breach within the applicable cure period provided hereunder, if any; (ii) Executive's Base Salary (as it may be increased from time to time), and benefits under this Agreement are reduced without Executive's prior written consent (unless in the case of changes in benefits other than Special Benefits, such benefits are changed for Company and Operating Subsidiary executives generally); (iii) Executive's primary duties and responsibilities as Chief Marketing and Strategy Officer of the Company and the Operating Subsidiary are reduced so as to no longer be befitting of the Chief Marketing and Strategy Officer of a publicly held company of comparable size in the telecommunication industry in the United States; (iv) Executive is required, without his consent, to relocate his principal office to a location, or commence principally working out of another office located, more than 35 miles from the Operating Subsidiary's principal executive offices in Aurora, Illinois; (v) the Company and the Operating Subsidiary fail at any time during the Term to maintain officer and director liability insurance coverage for their officers and directors, provided that such coverage is available at reasonable cost; and (vi) Executive taking a leave of absence from the Company as permitted by the Family and Medical Leave Act of 1993.

(h) "Participate In" means the having of any direct or indirect interest in any Entity, whether as a partner, shareholder, member, operator, sole proprietor, agent, representative, independent contractor, consultant, franchiser, franchisee, joint venturer, owner or otherwise, or the rendering of any direct or indirect service or assistance to any Entity (whether as a director, officer, manager, supervisor, employee, agent, consultant or otherwise); provided that the term "Participate In" shall not include the mere ownership of less than 5% of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market.

(i) "Penny Family" means the Voting Trust, any beneficiary of the Voting Trust, the voting trustee of the Voting Trust and Robert C. Penny III (individually and as a trustee of any other trust), and "Voting Trust" means the Westell Technologies, Inc., f/k/a Electronic Information Technologies, Inc., Voting Trust Agreement dated February 23, 1994, as amended.

(j) "Westell Companies" means the Company, all of its direct and indirect subsidiary companies, and any of them.

SECTION 7. MISCELLANEOUS

7.1 Settlement of Disputes. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Chicago Illinois, in accordance with the rules of the American Arbitration Association then in effect by a single arbitrator. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The arbitrator shall not have the power to award any punitive, consequential or punitive damages. Notwithstanding the foregoing, the Westell Companies shall have the right of equitable relief in the courts pursuant to section 4.6.

7.2 Entire Agreement; Amendment. This Agreement represents the entire understanding of the parties hereto with respect to the employment of Executive and supersede all prior agreements with respect thereto. This Agreement may not be altered or amended except in writing executed by both parties hereto. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

7.3 Assignment; Benefit. This Agreement is personal and may not be assigned by either party. Notwithstanding the foregoing, but subject to the provisions herein pertaining to the occurrence of a Change of Control and the consequences thereof, the Company may, from time to time, cause a purchaser of the business and assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company and the Operating Subsidiary would be required to perform it if no such assumption had taken place. In that event, such purchaser shall become primarily liable to Executive for payments hereunder, and the Company and the Operating Subsidiary shall be thereafter released from any further obligations under this Agreement.

7.4 Applicable Law. This Agreement shall be governed by the laws of the State of Illinois, without regard to the principles of conflicts of laws.

7.5 Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (i) if to Executive, when personally delivered, or (ii) if to either party when delivered by recognized overnight courier such as Federal Express or when mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the Company at its principal office and to Executive at Executive’s principal residence as shown in the Company’s personnel records, provided that all notices to the Company shall be directed to the attention of the Board of the Company with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

7.6 Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

7.7 Tax Effect. All payments or benefits provided hereunder shall be subject to deduction for applicable withholding. Executive acknowledges that he is responsible for payment of all income taxes in connection with the stock award, and that either withholding from salary or payment to the Operating Subsidiary of such tax shall be due at such time as income is recognized.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date and year first above written.

Westell Technologies, Inc.

By: /s/ Thomas E. Mader
Thomas E. Mader, Chief Executive Officer

Westell, Inc.

By: /s/ Thomas E. Mader
Thomas E. Mader, Chief Executive Officer

By: /s/ Timonty R. Pillow
Timothy R. Pillow

SCHEDULE 2.2

General executive benefits (In accordance with terms of the plans, certain of these benefits will require the Executive to pay all or some of the cost)

Vacation (4 weeks)
Section 125 Spending Accounts
Medical coverage
Vision Coverage
Short Term Disability
Long Term Disability
Basic Life Insurance
Supplemental Life Insurance based upon Executive's contribution (with contributory coverage up to $1.5M)
401(k) retirement savings plan
US Savings bond payroll deduction
Stock Purchase Plan
Travel Assistance Program
Tuition Reimbursement for monthly business-related cell phone charges, home internet connection charges and all other business related expenses

EXHIBIT A

GENERAL RELEASE AGREEMENT

This General Release ("Agreement") is entered into by and between Westell Technologies, Inc. (the "Company") and Timothy R. Pillow (the "Executive"). In consideration of the mutual promises set forth below, the Company and Executive agree and covenant as follows:

1. Executive, hereby resigns from all board seats and officer positions with the Company, Westell, Inc., an Illinois corporation and the wholly owned subsidiary of the Company (the "Operating Subsidiary") and any other and any entity for which he has been so serving at the Company's request.

2. Executive hereby on behalf of himself and his heirs, executors, administrators, attorneys, successors and assigns, hereby remises, releases, forever discharges and covenants not to sue the Company, the Operating Subsidiary, any of their its subsidiaries, and their current and former shareholders, directors, officers, attorneys, agents, employees, successors and assigns (the "Released Parties"), with respect to all claims, suits, demands, actions or causes of action of any kind or nature whatsoever which Executive has had or now claims, pertaining to or arising out of Executive's employment by the Company or the Operating Subsidiary or Executive's separation from employment with the Company or the Operating Subsidiary, whether under any local, state or federal common law, statute, regulation or ordinance, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended (including the Older Workers Benefit Protection Act), 42 U.S.C. § 1981, the Civil Rights Act of 1991, the Family and Medical Leave Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the Equal Pay Act, and the Illinois Human Rights Act, and any tort, contract or quasi-contract claims, except as hereinafter stated, or to any Workers' Compensation Act claim Executive may have.

Nothing herein shall however constitute a release by Executive of his rights under the Employment Agreement dated August 1, 2007 that arise in connection with termination without Cause or for Good Reason (as defined therein), nor shall it release the Company from any indemnification obligations it may have under Delaware law or the Company's certificate of incorporation or bylaws with respect to Executive's role as an officer or director of the Company, the Operating Subsidiary from any indemnification obligations it may have under Illinois law or the Operating Subsidiary's articles of incorporation or bylaws with respect to Executive's role as an officer or director of the Operating Subsidiary, any rights under options that remain exercisable following termination, or any vested benefits under the Company's or the Operating Subsidiary's qualified benefit plans.

3. Subject to the such time constraints and other limitations as may be imposed on Executive by his business and personal commitments and obligations, Executive agrees to cooperate fully in any investigation or other legal proceeding relating to the Company, the Operating Subsidiary or any of their subsidiaries with respect to any matter that arose during his employment with the Company, or that may involve matters within his knowledge. If any claims are asserted by the Company or any of the Released Parties against a third party (or by a third party against the Company or any of the Released Parties) regarding such a matter, Executive

agrees to cooperate fully in the prosecution or defense of such claim by the Company and any of the Released Parties without additional charge other than reimbursement for out of pocket expenses.

4. Executive represents that Executive has not filed any charges, suits, claims or complaints against the Released Parties with respect to known claims released under Section 2, and agrees not to do so in the future with respect to any such claims.

5. Executive understands and expressly acknowledges that he is not releasing or waiving any rights or claims that may arise after the date this Agreement is executed. Executive understands and expressly acknowledges that, in exchange for Executive's entry into this Agreement, Executive is receiving consideration in addition to anything of value to which Executive is already entitled.

6. Acknowledges that the Company has advised Executive to consult an attorney, at Executive's expense, with respect to this Agreement. Executive further acknowledges that Executive has twenty-one (21) days from receipt of this Agreement to accept and sign this Agreement and that Executive has seven (7) days to revoke acceptance of this Agreement, including its waiver and release provisions after signing it. Notice of such revocation shall be provided to the attention of the vice president of Human Resources of the Company. Executive further acknowledges that Executive may waive the twenty-one day consideration period by requesting and executing a form for that purpose. The form may be requested from the vice president of Human Resources. This Agreement shall not become effective until the revocation period has expired.

7. This Agreement is not, and shall not in any way be construed as, an admission by the Company that it has acted wrongfully with respect to Executive.

8. Executive acknowledges that he has carefully read and fully understands all of the provisions of this Agreement, and that he is knowingly, voluntarily and willfully entering into this Agreement.

9. Executive acknowledges that in executing this Agreement, Executive has not relied upon any representation by the Company that is not set forth in this Agreement or in the Employment Agreement.

10. Agreement shall be construed and enforced pursuant to the substantive laws of the State of Illinois.

PLEASE READ THIS AGREEMENT CAREFULLY
IT CONTAINS A RELEASE OF ALL KNOWN CLAIMS

Westell Technologies, Inc.

By: _____________________________________

Date: ____________________________________

____
Executive

Date: ____________________________________

____
Witness Signature

____
Name of Witness (Printed)

____
(Street Address)

____
(City, State, Zip Code)

Exhibit 31.1

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

I, Thomas E. Mader, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2007 of the Company;

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2007

/s/ THOMAS E. MADER

Thomas E. Mader

Exhibit 31.2

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

I, Amy T. Forster, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2007 of the Company;

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2007

/s/ AMY T. FORSTER

Amy T. Forster

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 September 30, 2007 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. § 1350, as adopted pursuant to § 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/ THOMAS E. MADER
Thomas E. Mader
November 8, 2007

/s/ AMY T. FORSTER
Amy T. Forster
November 8, 2007

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.