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 December 31, 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 January 21, 2008:
Class A Common Stock, $0.01 Par Value – 55,847,711 shares
Class B Common Stock, $0.01 Par Value – 14,693,619 shares

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
FORM 10-Q
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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	**December 31, 2007**	**March 31, 2007**
Current assets:	(unaudited)	
Cash and cash equivalents	$ 67,438	$ 70,183
Investments	2,579	1,984
Accounts receivable (net of allowance of $354 and $290, respectively)	16,956	25,986
Inventories, net	23,115	18,604
Prepaid expenses and other current assets	6,530	3,248
Deferred income tax asset	4,580	4,580
Total current assets	121,198	124,585
Property and equipment:		
Machinery and equipment	36,536	45,593
Office, computer and research equipment	29,525	28,147
Leasehold improvements	9,521	9,263
	75,582	83,003
Less accumulated depreciation and amortization	66,970	70,674
Property and equipment, net	8,612	12,329
Goodwill	12,896	12,592
Intangibles, net	6,765	7,791
Deferred income tax asset, net and other assets	54,665	50,053
Total assets	$ 204,136	$ 207,350

LIABILITIES AND STOCKHOLDERS' EQUITY	**December 31, 2007**	**March 31, 2007**
Current liabilities:	(unaudited)	
Accounts payable	$ 9,862	$ 14,087
Accrued expenses	12,732	10,665
Accrued compensation	7,195	10,518
Deferred revenue	982	879
Current portion of long-term debt	--	5
Total current liabilities	30,771	36,154
Other long-term liabilities	4,399	807
Total liabilities	35,170	36,961
Minority interest	3,200	3,050
Stockholders' equity:		
Class A common stock, par $0.01	558	553
Authorized – 109,000,000 shares		
Issued and outstanding – 55,847,711 and 55,337,443 shares, respectively		
Class B common stock, par $0.01	147	147
Authorized – 25,000,000 shares		
Issued and outstanding – 14,693,619 and 14,741,872 shares at December 31, 2007 and March 31, 2007, respectively		
Preferred stock, par $0.01	--	--
Authorized – 1,000,000 shares		
Issued and outstanding – none		
Additional paid-in capital	394,770	393,346
Treasury stock at cost – 93,328 shares	(247)	(247)
Cumulative translation adjustment	1,170	86
Accumulated deficit	(230,632)	(226,546)
Total stockholders' equity	165,766	167,339
Total liabilities and stockholders' equity	$ 204,136	$ 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 December 31,		Nine months ended December 31,	
	2007	**2006**	**2007**	**2006**
Equipment revenue	$ 31,367	$ 51,668	$ 124,061	$ 165,248
Services revenue	13,029	11,594	39,602	35,189
Total revenue	44,396	63,262	163,663	200,437
Cost of equipment sold	22,920	36,431	93,394	116,281
Cost of services	6,842	5,992	20,506	17,845
Total cost of goods sold	29,762	42,423	113,900	134,126
Gross margin	14,634	20,839	49,763	66,311
Operating expenses:				
Sales and marketing	6,414	8,178	18,415	22,635
Research and development	5,694	6,250	16,998	18,199
General and administrative	6,227	3,934	17,196	13,092
Restructuring	176	--	4,319	--
Intangible amortization	461	415	1,374	1,245
Total operating expenses	18,972	18,777	58,302	55,171
Operating income (loss)	(4,338)	2,062	(8,539)	11,140
Other income, net	886	871	2,816	2,311
Interest expense	(6)	(2)	(9)	(4)
Income (loss) before minority interest and income taxes	(3,458)	2,931	(5,732)	13,447
Income tax expense (benefit)	(994)	1,053	(1,794)	5,174
Minority interest	38	41	148	151
Net income (loss)	$ (2,502)	$ 1,837	$ (4,086)	$ 8,122
Net income (loss) per common share:				
Basic	$ (0.04)	$ 0.03	$ (0.06)	$ 0.12
Diluted	$ (0.04)	$ 0.03	$ (0.06)	$ 0.11
Weighted average number of common shares outstanding:				
Basic	70,436	69,970	70,289	69,922
Diluted	70,436	71,001	70,289	71,032

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)

	Nine months ended December 31,	
	2007	**2006**
Cash flows from operating activities:		
Net (loss) income	$ (4,086)	$ 8,122
Reconciliation of net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,384	6,142
Gain on sale of fixed assets	(10)	(48)
Restructuring	2,359	(273)
Deferred Taxes	(2,212)	4,432
Minority interest	148	151
Stock based compensation	952	1,330
Exchange gain	(144)	--
Changes in assets and liabilities:		
Accounts receivable	9,318	3,013
Inventory	(4,265)	6,032
Prepaid expenses and other current assets	(2,486)	502
Other assets	247	(159)
Accounts payable and accrued expenses	(4,228)	(1,690)
Accrued compensation	(2,722)	124
Net cash (used in) provided by operating activities	(745)	27,678
Cash flows from investing activities:		
Purchases of property and equipment	(3,142)	(3,084)
Proceeds from the sale of equipment	1,177	48
Purchase of investments	(595)	(677)
Acquisition of a business	(22)	(335)
Net cash used in investing activities	(2,582)	(4,048)
Cash flows from financing activities:		
Repayment of long-term debt and leases payable	(5)	(42)
Proceeds from stock purchase and option plans	388	356
Tax benefit received on stock option exercises	80	92
Net cash provided by financing activities	463	406
Effect of exchange rate changes on cash	119	188
Net (decrease) increase in cash	(2,745)	24,224
Cash and cash equivalents, beginning of period	$ 70,183	$ 40,928
Cash and cash equivalents, end of period	$ 67,438	$ 65,152

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

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Note 1. *Basis of Presentation*

Description of Business

Westell Technologies, Inc. (the "Company") is a holding company. Its 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, is a provider of teleconferencing, multipoint video conferencing, broadcast fax and web teleconferencing services. 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, contingencies, and stock-based compensation, 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 December 31, 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 December 31,		Nine months ended December 31,	
(in thousands, except per share amounts)	2007	2006	2007	2006
Basic Income (Loss) per Share:				
Net income (loss)	$ (2,502)	$ 1,837	$ (4,086)	$ 8,122
Average basic shares outstanding	70,436	69,970	70,289	69,922
Basic net income (loss) per share	$ (0.04)	$ 0.03	$ (0.06)	$ 0.12
Diluted Income (Loss) per Share:				
Net income (loss)	$ (2,502)	$ 1,837	$ (4,086)	$ 8,122
Average basic shares outstanding	70,436	69,970	70,289	69,922
Effect of dilutive securities: restricted stock and stock options	--	1,031	--	1,110
Average diluted shares outstanding	70,436	71,001	70,289	71,032
Diluted net income (loss) per share	$ (0.04)	$ 0.03	$ (0.06)	$ 0.11

Options to purchase 5,884,999 and 5,934,749 shares of common stock for the three and nine months ended December 31, 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. On December 28, 2007, the Company entered into an amendment (the "Amendment") to the Credit Agreement. The Amendment amended the definition of the "Applicable Margin" and added new definitions of "Adjusted EBITDA", "Adjusted Fixed Charge Coverage" and "Total Debt to Adjusted EBITDA Ratio" and financial covenants pertaining to such new definitions. The Company was in compliance with these covenants on December 31, 2007. There were no borrowings under this facility at December 31, 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 OSPlant Systems (formerly known as Network Service Access or NSA) product lines. The severance costs recorded as a liability assumed in the acquisition were $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 Aurora, Illinois, manufacturing operations in the telecom equipment segment 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, the Company recognized restructuring expense of $176,000 and $4.3 million in the three and nine months ended December 31, 2007, respectively, related primarily to severance costs of 386 employees. As of December 31, 2007, $1.7 million of these costs have been paid leaving an unpaid balance of $2.6million. The Company anticipates recording an additional $266,000 in restructuring expense related to this reorganization in fiscal year 2008.

The following table summarizes the total restructuring charges and their utilization, all of which relate to the telecom equipment segment:

(in thousands)	Employee related	Other	Total
Liability at March 31, 2007	$ 198	$ 48	$ 246
Charged	4,307	12	4,319
Utilized	1,934	26	1,960
Liability at December 31, 2007	$ 2,571	$ 34	$ 2,605

In September 2007, the Company entered into a $2.1 million agreement to sell the manufacturing equipment that it will no longer use after the completion of the transition to the outsourcing strategy. A portion of the assets transferred to the buyer in October, 2007 and the remaining assets will transfer in March, 2008. As of December 31, 2007, Westell received payment of $1.2 million and recorded a $759,000 receivable related to the assets transferred in October. This receivable is presented in the prepaid expenses and other current assets line on the Consolidated Balance Sheet. The Company accelerated the depreciation on these assets to the residual value which included additional depreciation expense of $92,000 and $1.2 million for the three and nine months ended December 31, 2007, respectively.

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, broadcas 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 nine month periods ended December 31, 2006 and 2007 are as follows:

(in thousands)	Telecom Equipment	Telecom Service	Consolidated Total
Three months ended December 31, 2006			
Revenues	$ 51,668	$ 11,594	$ 63,262
Operating income	1,205	857	2,062
Depreciation and amortization	1,499	421	1,920
Total assets	184,146	16,546	200,692
Three months ended December 31, 2007			
Revenues	$ 31,367	$ 13,029	$ 44,396
Operating income (loss)	(5,099)	761	(4,338)
Depreciation and amortization	1,177	423	1,600
Total assets	185,102	19,034	204,136
Nine months ended December 31, 2006			
Revenues	$ 165,248	$ 35,189	$ 200,437
Operating income	7,678	3,462	11,140
Depreciation and amortization	4,711	1,431	6,142
Total assets	184,146	16,546	200,692
Nine months ended December 31, 2007			
Revenues	$ 124,061	$ 39,602	$ 163,663
Operating income (loss)	(12,046)	3,507	(8,539)
Depreciation and amortization	5,123	1,261	6,384
Total assets	185,102	19,034	204,136

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

	Three months ended December 31,		Nine months ended December 31,	
(in thousands)	2007	2006	2007	2006
Operating income (loss)	$ (4,338)	$ 2,062	$ (8,539)	$ 11,140
Other income, net	886	871	2,816	2,311
Interest expense	(6)	(2)	(9)	(4)
Income (loss) before income taxes and minority interest	$ (3,458)	$ 2,931	$ (5,732)	$ 13,447

Note 6. ***Comprehensive Income (Loss)***

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

	Three months ended December 31,		Nine months ended December 31,	
(in thousands)	2007	2006	2007	2006
Net income (loss)	$ (2,502)	$ 1,837	$ (4,086)	$ 8,122
Other comprehensive income: foreign currency translation adjustment	61	93	1,084	265
Comprehensive income (loss)	$ (2,441)	$ 1,930	$ (3,002)	$ 8,387

Note 7. ***Inventories***

The components of inventories are as follows:

(in thousands)	December 31, 2007	March 31, 2007
Raw material	$ 15,018	$ 11,901
Work in process	107	47
Finished goods	11,824	9,672
Reserve for excess and obsolete inventory and net realizable value	(3,834)	(3,016)
	$ 23,115	$ 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 December 31, 2007 and 2006:

(in thousands)	Three months ended December 31, 2007	Three months ended December 31, 2006
Stock-based compensation expense	$ 348	$ 507
Income tax benefit	(85)	(200)
Total stock-based compensation expense after taxes	$ 263	$ 307

The following table summarizes the total stock-based compensation resulting from stock options, restricted stock and the employee stock purchase plan during the nine month periods ending December 31, 2007 and 2006:

(in thousands)	Nine months ended December 31, 2007	Nine months ended December 31, 2006
Stock-based compensation expense	$ 952	$ 1,330
Income tax benefit	(298)	(525)
Total stock-based compensation expense after taxes	$ 654	$ 805

Stock-based compensation for the three and nine month periods ended December 31, 2007 has declined compared to the same prior year periods primarily due to an increase in the estimated forfeiture rate.

Restricted Stock
The following table sets forth restricted stock activity for the nine months ended December 31, 2007:

	Shares	Weighted Average Grant Date Fair Value
Unvested outstanding as of March 31, 2007	1,100,000	$3.59
Granted	--	--
Vested	(196,342)	6.54
Forfeited	(68,658)	5.90
Unvested outstanding as of December 31, 2007	835,000	$2.71

As of December 31, 2007, there was $1.4 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 1.5 years.

Employee Stock Purchase Plan
There were 45,177 and 54,773 shares of common stock purchased under the employee stock purchase plan ("ESPP") during the nine months ended December 31, 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 nine months ended December 31, 2007, the Company recorded approximately $3,000 and $15,000, respectively, of share based expense related to the ESPP purchases. The Company recognized approximately $4,000 and $18,000, respectively, of expense in the three and nine months ended December 31, 2006 related to stock purchased under this plan.

Non-qualified stock options
The option activity for the nine months ended December 31, 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	2,146,168	2.62		
Exercised	(220,506)	1.38		
Forfeited / Expired	(1,571,779)	6.34		
Outstanding on December 31, 2007	9,102,011	$ 4.99	4.2	$ 127
Vested or expected to vest as of December 31, 2007	7,446,804	$ 5.47	3.5	$ 127
Exercisable on December 31, 2007	6,048,689	$ 6.00	2.9	$ 127

(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 December 31, 2007, there was $1.6 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 3.5 years.

Non-qualified subsidiary stock options
The option activity for the nine months ended December 31, 2007 is as follows:

	Number of Shares	Weighted-average Exercise Price Per Share	Weighted-average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (b) (in thousands)
Outstanding on March 31, 2007	2,016,801	$ 1.65	5.4	$ 325
Granted	205,813	1.42		
Exercised	--	--		
Forfeited / Expired	(84,938)	1.68		
Outstanding on December 31, 2007	2,137,676	$ 1.63	5.0	$ 106
Vested or expected to vest as of December 31, 2007	1,917,100	$ 1.62	4.7	$ 106
Exercisable on December 31, 2007	1,418,174	$ 1.62	3.6	$ 106

(b) The intrinsic value for the stock options is calculated based on the difference between the exercise price of the underlying awards and the estimated fair value of the CPI stock as of the reporting date.

As of December 31, 2007, there was $232,000 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 2.7 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 Company recorded $1.1 million of product warranty expense during the quarter ended December 31, 2006 and $600,000 in the nine months ended December 31, 2007 related to a specific product warranty issue. As of December 31, 2006, $1.1 million of the warranty reserve was related to the product warranty issue. There was no warranty reserve related to the product warranty issue as of December 31, 2007.

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

	Three months ended December 31,		Nine months ended December 31,	
(in thousands)	2007	2006	2007	2006
Total product warranty reserve at the beginning of the period	$ 1,603	$ 1,697	$ 2,664	$ 1,776
Warranty expense	272	1,676	1,648	2,319
Deductions	(442)	(306)	(2,879)	(1,028)
Total product warranty reserve at the end of the period	$ 1,433	$ 3,067	$ 1,433	$ 3,067

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. 46(R), *Consolidation of Variable Interest Entities* ("FIN No. 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 December 31, 2007 which has been fully funded into the rabbi trust as of December 31, 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 Company anticipates settling the payment in the fourth quarter of fiscal year 2008. 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 $1.2 million as of December 31, 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 No. 46R and concluded that Enginuity was a variable interest entity ("VIE") as a result of the debt guarantee, however, the Company is not considered the primary beneficiary of the VIE 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 fair 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 December 31, 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***

On October 2, 2007, Westell made a $2.5 million cash investment in Contineo Systems, Inc. ("Contineo"), a Plano, Texas, based software development company, to advance Westell's research and development efforts. Contineo specializes in identity-management solutions which can be applied to secure broadband applications across a network. Westell received an exclusive license for an identified set of customers in North America to certain Contineo software in connection with the investment. Westell's ownership is in the form of preferred stock which entitles the Company to 8% cumulative non-compounding dividends and a liquidation preference over common stock. This investment provides Westell a 40% equity ownership in Contineo on a fully diluted basis. The Company has the right, but no the obligation, to participate in future equity funding. The preferred stock converts to common stock in the event that certain agreed upon objectives are met and additional funding of $2.5 million is provided or upon a public offering exceeding $30 million. The Company evaluated FIN No. 46R and concluded that Contineo is a VIE and the Company is considered the primary beneficiary of the VIE. As the Company is the primary beneficiary, Contineo's financial statements are currently 100% consolidated and contributed a net loss of $457,000 or $(0.01) per share during the quarter ended December 31, 2007. As of December 31, 2007, Contineo had approximately $1.9 million of cash which represents substantially all of the consolidated assets and is included in the Cash and cash equivalent line on the Consolidated Balance Sheet.

In January 2007, the Company acquired 100% of the common 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 $3.8 million USD ($3.8 million CND) if certain financial performance goals are met. The final earn-out calculation will be completed as of December 31, 2009 and 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”), which 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 December 31, 2007, the Company had approximately $2.8 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 nine months ended December 31, 2007 was approximately $47,000. Accrued interest was approximately $104,000 as of December 31, 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

The Company does not anticipate any material changes to the estimated amount of liability associated with its uncertain tax positions within the next twelve months.

Note 14. ***Contingencies***

The Company recorded a gain contingency using guidance under *Staff Accounting Bulletin No. 92 – Accounting and Disclosure Relating to Loss Contingencies* ("SAB No. 92"), of $3.3 million in the quarter ended June 30, 2007 related to the probable settlement of a claim to recover product warranty costs for non-conforming product from a vendor incurred by the Company. This settlement reimburses the Company for warranty repair costs, third party costs and internal operating costs related to resolving this issued that were incurred in fiscal years 2007 and 2008.. In September 2007, a settlement agreement was reached. The Company received $1.7 million of the settlement during the third quarter of fiscal year 2008 and the Company received payment of the remaining $1.6 million during January, 2008. As of December 31, 2007, the $1.6 million receivable for this settlement is recorded in other current assets line on the Consolidated Balance Sheet.

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. During the quarter ended December 31, 2007, the Company recorded an additional net expense of $300,000 related to this probable future settlement. Probable recovery using guidance under SAB No. 92 comprised of an increase in the settlement loss of $1.0 million offset by a probable recovery of $0.7 million from former shareholders of HyperEdge. In January 2008, settlement agreements were finalized with both parties for the amounts recorded as of December 31, 2007. The liability is shown as a current liability in the accrued expenses line and the asset is shown as prepaid expenses and other current assets line on the Consolidated Balance Sheet.

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

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), *Business Combinations* ("SFAS No. 141R"). This SFAS establishes the principles and requirements for how the acquirer: a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, b) recognizes and measures goodwill acquired in the business combination or a gain from a bargain purchase, c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R is effective for the Company on April 1, 2009. This statement applies prospectively to business combinations with an acquisition date on or after the effective date. Earlier application is prohibited. The adoption of SFAS No. 141R will not have an immediate impact on the Company's Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No.51* ("SFAS No. 160"). A noncontrolling interest, sometimes called a minority interest, is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. This SFAS establishes accounting and reporting standards that improve the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements. SFAS No. 160 is effective for the Company on April 1, 2009. This statement applies prospectively beginning in the fiscal year in which the

Statement is initially applied, except for the presentation and disclosure requirements. The presentation and disclosure requirements shall be applied retrospectively for all periods presented. The Company is evaluating the provisions of that SFAS No. 160; however, we currently believe the adoption of SFAS No. 160 will not have a material impact on the Consolidated Financial Statements.

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 Statements.

In February 2007, the FASB issued 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 January 24, 2008, the Company announced the elimination of approximately 58 positions across the organization. The Company estimates a $1.4 million restructuring charge in the fourth fiscal quarter for severance and related costs.

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

Overview

The Company is comprised of two segments: telecommunications equipment manufacturing and teleconferencing services. Westell realizes the majority of its revenues from the North American market.

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 broadband service providers 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, coaxial cables, and fiber networks, allowing telecommunications companies to provide broadband services to their customer base. 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 Line ("DSL") products currently make up the majority of revenue for this product group.

- *OSPlant Systems ("OSP"), (formerly known as Network Service Access or NSA):* Westell's OSP product family focus consists of the new SHADE™ patent pending "actively cooled" outdoor cabinet, a family of CellPak wireless backhaul outdoor enclosures, VirtualEdge™ Ethernet, COAX and Fiber connector panels/enclosures, Power Distribution Fuse Panels and SiteVu™ Remote Monitoring solutions. In addition to legacy products such as manageable and non-manageable T1 transmission equipment for telephone services and an array of mounting products used for connecting telephone wires and cables, and special service plug-in units. The T1 transmission equipment termed Network Interface Units ("NIU") and the associated NIU mounting products make up the majority of revenue for 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 20% and 25%, respectively, in fiscal year 2008.

On May 21, 2007, the Company announced it would move substantially all of its Aurora, Illinois, manufacturing operations in the telecommunications equipment segment to offshore suppliers. The expected total cost to move manufacturing offshore is approximately $7.6 million including; restructuring expense of $4.4 million for severance and employee related costs, $1.3 million for accelerated depreciation, $1.7 million for outside consulting, and $200,000 for other expenses. The Company recognized $7.2 million of these costs in the nine months ended December 31, 2007.

On January 24, 2008, the Company announced the elimination of approximately 58 positions across the organization. The Company estimates a $1.4 million charge in the fourth fiscal quarter for severance and related costs

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 the 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 either internally, through strategic partnerships or acquisition.

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, consumer & SOHO networking; wireless/wireline convergence, IP Multimedia Subsystem ("IMS"), Fixed Mobile Convergence ("FMC"), Fixed Mobile Substitution ("FMS"), 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 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 and customer markets, including the 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 first half of fiscal year 2009.

Although the Company expects the OSP market to decline annually by approximately 10% with its legacy indoor enclosures and Transmission Products, the Company is expecting a shift in growth with a focus on its new products in the OSP portfolio. The legacy product sales 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. With the addition of Noran Tel, the Company obtained a Canadian market channel for some of its existing products, added additional transmission products and 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.

The Company's teleconferencing 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 numerous people simultaneously. 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 Company received authority from its Board of Directors to begin exploring strategic alternatives for the services segment of the business. Management has retained Raymond James to assist in this process.

Results of Operations

The table below compares equipment and services revenue for the three and nine months ended December 31, 2007 and December 31, 2006 by product line.

Revenue	Three months ended December 31,			Nine months ended December 31,		
(in thousands)	2007	2006	Change	2007	2006	Change
Consolidated revenue	$ 44,396	$ 63,262	$ (18,866)	$ 163,663	$ 200,437	$ (36,774)
Equipment revenue:						
CNE	17,895	37,452	(19,557)	81,187	121,733	(40,546)
OSP	13,472	14,216	(744)	42,874	43,515	(641)
Total equipment revenue	31,367	51,668	(20,301)	124,061	165,248	(41,187)
Services revenue	13,029	11,594	1,435	39,602	35,189	4,413

CNE revenue decreased 49% for the three months ended December 31, 2007 compared to the three month period ended December 31, 2006 due to a 44% decrease in unit volume and an 11% decrease in average selling price. CNE revenue decreased 33% in the nine months ended December 31, 2007 compared to December 31, 2006 due to a 27% decrease in units sold and a 12% decrease in average selling price per unit. The decrease in unit volume was primarily due to the completion of providing product under a BellSouth contract. OSP revenue was flat in the three-month and nine-month periods ended December 31, 2007 compared to the same periods ended December 31, 2006. OSP sales revenue includes Noran Tel, Inc. sales of $1.5 million and $5.2 million for the three and nine months ended December 31, 2007, respectively. Noran Tel was acquired in January of 2007. The increase from the Noran Tel OSP revenue partially offset decreased average selling prices for OSP products. Revenue in the services segment increased 12% and 13%, respectively, in the three and nine months ended December 31, 2007, compared to the same periods ended December 31, 2006. This increase is due to increased call minutes which was partially offset a decrease in the rate per minute in the three and nine month periods.

Gross Margin	Three months ended December 31,			Nine months ended December 31,		
	2007	2006	Change	2007	2006	Change
Consolidated margin	33.0%	32.9%	0.1%	30.4%	33.1%	(2.7%)
Equipment margin	26.9%	29.5%	(2.6%)	24.7%	29.6%	(4.9%)
Service margin	47.5%	48.3%	(0.8%)	48.2%	49.3%	(1.1%)

Gross margin decreased as a percentage of revenue in the equipment segment in both the three and nine month periods ended December 31, 2007 compared to the same periods ended December 31, 2006. Proline® average price declined by approximately 23% and Versalink® average price declined by approximately 13% in the three month period ended December 31, 2007 compared to December 31, 2006. Proline® average cost declined by approximately 8% and Versalink® average cost declined by approximately 12% in the three month period ended December 31, 2007 compared to December 31, 2006. Additionally, in the three and nine months ended December 31, 2007, the Company recorded $92,000 and $1.2 million additional depreciation expense for manufacturing equipment that will no longer be used by the Company after the implementation of its outsourcing strategy. Margins in the services segment decreased in the three months ended December 31, 2007 when compared to the same periods ended December 31, 2006 due primarily to price repression.

Sales and Marketing	Three months ended December 31,			Nine months ended December 31,		
(in thousands)	2007	2006	Change	2007	2006	Change
Consolidated sales and marketing expense	$6,414	$8,178	$(1,764)	$18,415	$22,635	$(4,220)
Equipment sales and marketing expense	3,518	5,620	(2,085)	10,045	15,288	(5,192)
Services sales and marketing expense	2,896	2,558	321	8,370	7,347	972

Sales and marketing expense decreased in the equipment segment in the three months ended December 31, 2007 compared to the three months ended December 31, 2006 due primarily to a $1.1 million increase in the warranty reserve expense related to a specific product warranty issue in the December 2006 quarter. Sales and marketing expense decreased by $225,000 in employee related expenses during the quarter ended December 31, 2007 compared with the quarter ended December 31, 2006. Sales and marketing expense decreased in the equipment segment in the nine months ended December 31, 2007 compared to the nine months ended December 31, 2006 due primarily to a $3.3 million gain related to a recovery of product warranty costs, third party costs and internal operating costs for non-conforming products from a vendor during fiscal year 2008 offset by $600,000 of warranty expense. An additional $1.1 million of warranty expense was charged during fiscal year 2007 for this same issue. Sales and marketing expense increased in the Company’s services segment in the three and nine month period ended December 31, 2007 compared to the same period last year due primarily to increases in employee related expenses.

Research and Development	**Three months ended December 31,**			**Nine months ended December 31,**		
(in thousands)	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated research and development expense	$5,694	$6,250	$(556)	$16,998	$18,199	$(1,201)
Equipment research and development expense	5,146	5,733	(587)	15,269	16,735	(1,466)
Services research and development expense	548	517	31	1,729	1,464	265

Research and development expense decreased in the three and nine months ended December 31, 2007 compared to the same periods in fiscal year 2007. The decrease in the three and nine month periods is due primarily to lower management compensation costs and reduced contract labor expenses.

General and Administrative	**Three months ended December 31,**			**Nine months ended December 31,**		
(in thousands)	**2007**	**2006**	**Change**	**2007**	**2006**	**Change**
Consolidated general and administrative expense	$6,227	$3,934	$2,293	$17,196	$13,092	$4,104
Equipment general and administrative expense	4,245	2,248	1,997	11,705	7,972	3,733
Services general and administrative expense	1,982	1,686	296	5,491	5,120	371

The increase in general and administrative expenses in the equipment segment in the three and nine months ended December 31, 2007 compared to the same period ended December 31, 2006was due primarily to increased consulting expenses of $521,000 and $1.7 million, respectively, to assist the Company with implementing its outsourcing strategy. Legal expenses increased $329,000 and $870,000 in the three and nine months ended December 31, 2007, respectively, compared to the same period ended December 31, 2006. The Company recognized a net $300,000 loss contingency during the third quarter of fiscal 2008 from the HyperEdge acquisition. Additionally, during the quarter ended December 31, 2007, the Company recognized $373K of severance expense. The increase in general and administrative expense in the services segment in the three and nine months ended December, 31, 2007 compared to the same periods of the prior year is due primarily to increases in the employee related costs.

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. The Company recognized a restructuring expense of $176,000 and $4.3 million in the three and nine months ended December 31, 2007, respectively, related primarily to severance costs of 386 employees. The Company anticipates recording an additional $266,000 in restructuring expense related to this reorganization in fourth quarter of fiscal 2008. There were no restructuring expenses incurred during the first nine months of fiscal 2007.

Intangible amortization Intangible amortization was $461,000 and $415,000 for the three months and $1.4 million and $1.2 million for the nine months ended December 31, 2007 and 2006, respectively. The intangibles consist of product technology and customer relationships from previous acquisitions.

Other income, net Other income, net was $886,000 and $871,000 in the three months and $2.8 million and $2.3 million in the nine months ended December 31, 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 $994,000 and $1.8 million of income tax benefit in the three and nine months ended December 31, 2007 based on an effective tax rate of 31% and $1.1 million and $5.2 million of income tax expense in the three and nine months ended December 31, 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. On December 28, 2007, the Company entered into an amendment (the “Amendment”) to the Credit Agreement. The Amendment amended the definition of the “Applicable Margin” and added new definitions of “Adjusted EBITDA”, “Adjusted Fixed Charge Coverage” and “Total Debt to Adjusted EBITDA Ratio” and financial covenants pertaining to such new definitions. The Company was in compliance with these covenants on December 31, 2007. At December 31, 2007, the Company had no amounts outstanding and $40.0 million available under its secured revolving credit facility.

At December 31, 2007, the Company’s principle sources of liquidity were $67.4 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 $64.6 million at December 31, 2007. The Company has recorded a valuation allowance reserve of $6.4 million to reduce the recorded net deferred tax asset to $58.2 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 December 31, 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 December 31, 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 6. EXHIBITS

Exhibit 10.1	First Amendment to Second Amended and Restated Credit Agreement, dated December 28, 2007, by and among Westell Technologies, Inc., Westell, Inc., Teltrend, LLC, Conference Plus, Inc. and LaSalle Bank National Association. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 4, 2008.)
Exhibit 10.2	Conference Plus, Inc. 2002 Nonqualified Stock Plan
Exhibit 10.3	Form of Conference Plus, Inc. Nonqualified Stock Option (for Management Level Employees)
Exhibit 10.4	Form of Conference Plus, Inc. Nonqualified Stock Option (for Non-Management Level Employees)
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, 4 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: February 11, 2008	By:	/s/ THOMAS E. MADER
		THOMAS E. MADER Chief Executive Officer
	By:	/s/ AMY T. FORSTER
		AMY T. FORSTER Chief Financial Officer

CONFERENCE PLUS, INC. 2002 NONQUALIFIED STOCK PLAN

1. Purpose. The Conference Plus, Inc. 2002 Nonqualified Stock Plan (the "Plan") is intended to provide incentives which will attract and retain highly competent persons as employees of, Conference Plus, Inc. (the "Company"), by providing them opportunities to acquire shares of Class A common stock of the Company ("Class A Common Shares").

2. Administration. The Plan will be administered by the full Board of Directors of the Company. The Board is authorized, subject to the provisions of the Plan, to establish such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and interpretations and to take such action in connection with the Plan and any Awards granted hereunder as it deems necessary or advisable. All determinations and interpretations made by the Board shall be binding and conclusive on all participants and their legal representatives. No member of the Board and no employee of the Company shall be liable for any act or failure to act hereunder, by himself or any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated or, except in circumstances involving his bad faith, gross negligence or fraud, for any act or failure to act by the member or employee.

3. Participants. Participants will consist of employees of the Company, as the Board in its sole discretion determines to be significantly responsible for the success and future growth and profitability of the Company and whom the Board may designate from time to time to receive Awards under the Plan. Designation of a participant in any year shall not require the Board to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Awards as granted to the participant in any year. The Board shall consider such factors as it deems pertinent in selecting participants and in determining the type and amount of their respective Awards.

4. Types of Awards. Awards under the Plan may be granted solely as options that are not intended to qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code ("Nonqualified Stock Options"). The Board will have the authority to grant to any participant one or more Nonqualified Stock Options. Each Stock Option shall be subject to such terms and conditions consistent with the Plan as the Board may impose from time to time. The recipient of a Stock Option shall not be deemed for any purpose to be a shareholder of the Company with respect to any of the shares subject thereto except to the extent that the Stock Option shall have been exercised and, in addition, a certificate shall have been issued and delivered to the participant.

5. Shares Reserved under the Plan. There is hereby reserved for issuance under the Plan an aggregate of 1,500,000 Class A Common Shares, which may

be authorized but unissued shares or treasury shares. In addition, all presently outstanding employee options granted by the Company shall be administered and subject to this Plan. Any shares subject to any form of Award hereunder may thereafter be subject to new Awards under this Plan if there is a lapse, expiration or termination of any such Awards prior to issuance of the shares. In addition, in the event that any of the 1,179,245 Company employee stock options outstanding immediately prior to the adoption of this Plan shall lapse, expire or terminate prior to issuance of shares thereunder, the number of shares represented thereby may also become subject to new Awards under this Plan.

6. Stock Options. Stock Options will consist of awards from the Company, in the form of agreements, which will enable the holder to purchase a specific number of Class A Common Shares, at set terms and at a fixed purchase price.

7. Other Provisions. Awards under the Plan may also be subject to such other provisions (whether or not applicable to any other Awards under the Plan) as the Board determines appropriate.

8. Tenure. A participant's right, if any, to continue to serve the Company as an officer, employee, or otherwise, shall not be enlarged or otherwise affected by his designation as a participant under the Plan, nor shall this Plan in any way interfere with the right of the Company, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the participant from the rate in existence at the time of the grant of an Award.

9. **Splits, etc.** If the outstanding shares of the Company shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination or exchange of shares, recapitalization, or any other like event by or of the Company, and as often as the same shall occur, then the number of shares subject to the Plan or subject to any Stock Options therefore granted, and the exercise prices, shall be appropriately and equitably adjusted so as to maintain the proportionate number of shares without changing the aggregate purchase price. Upon the occurrence of any of the foregoing, the class and aggregate number of shares issuable pursuant to the Plan in respect of which Options have not yet been exercised, shall be appropriately adjusted, all as will be determined by the Board of Directors, whose determination shall be final.

10. Approval. The Plan was adopted by the Board of Directors on _________, 2002.

CPI NON-QUALIFIED STOCK OPTION

THIS NON-QUALIFIED STOCK OPTION dated the _____ day of _______________, ____ (the "Date of Grant") is granted by Conference Plus, Inc., a Delaware corporation (the "Company"), to , a key employee of the Company (the "Employee").

1. OPTION GRANT

The Company hereby grants to the Employee an option to purchase a total of ______ shares of Class A Common Stock of the Company (the “Common Stock”) at an option price of $ ____ per share, being not less than 100% of the fair market value of the stock on the Date of Grant based on an independent appraisal authorized by the Board of Directors of the Company. This option is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. TIME OF EXERCISE

This option may be exercised (in the manner described in paragraph 3 hereof) in whole or in part, at any time and from time to time, subject to the following limitations:

(a) This option shall not be exercisable to any extent until the earliest to occur of the following:

(i) Six (6) months after an initial public offering ("IPO") of the Company's Common Stock; or

(ii) A spin-off, split-off or other divisive reorganization of the Company ("Spin-Off");

provided that the IPO or Spin-Off results in the registration of the Common Stock under the Securities Exchange Act of

1934 and the trading of the Common Stock on a national securities exchange or the NASDAQ market system; or

(iii) A Change in Control of the Company, as defined in Paragraph 6 below; or

(iv) The fifth anniversary of the date hereof.

(b) (i)In the event of an IPO (subject to the six month delay on exercisability described above) or Spin-Off, this option shall be exercisable to the following cumulative extent:

(A) 0% after the date hereof,
(B) 20% after the first anniversary of the date hereof,
(C) 40% after the second anniversary of the date hereof,
(D) 60% after the third anniversary of the date hereof,
(E) 80% after the fourth anniversary of the date hereof, and
(F) 100% after the fifth anniversary of the date hereof.

(ii) In the event of a Change in Control of the Company, this option shall be 100% exercisable immediately prior to closing of the transaction effecting such Change in Control, provided that if requested by the Company Employee must exercise such option in connection with the Change the Control and Employee must sell the stock issued in connection with the exercise hereof in the transaction effecting the Change in Control (or vote in favor of the same, as applicable) on the same terms as other holders of Common Stock.

(iii) If there is no IPO or Spin-Off prior to the fifth anniversary of the Date of Grant, then subject to the other provisions of this Option, this Option shall become fully exercisable on the fifth anniversary of the Date of Grant.

(c) If the Employee's employment with the Company is terminated by either the Employee or the Company with or without cause or reason prior to the earlier of an IPO, a Spin-Off or the fifth anniversary of the date hereof, then

regardless of the circumstances of termination and notwithstanding any other provision of this option (other than a termination upon a Change in Control of the Company in which event paragraph (b)(ii) above shall apply), this option shall immediately terminate without right of exercise and without any liability of the Company.

(d) If and to the extent this option has become exercisable pursuant to paragraph (a) and (b) above and it has not earlier terminated pursuant to paragraph (c) above, this option may not be exercised in any event:

(i) more than sixty (60) days after the termination of the Employee's employment with the Company for any reason other than retirement, total disability or death; or

(ii) more than twelve months after termination of employment by reason of retirement, total disability or death; or

(iii) following termination for cause; or

(iv) more than ten years from the Date of Grant;

.

For these purposes "cause" shall mean termination of Employee's employment by the Company because of: (i) the continued failure of the Employee to comply timely (when action is required in the interest of the Company or their commitments), with specific directions of the Board of Directors ("Board") after a cure period determined by the Board, as communicated in a written notice from the Board or appropriate senior officer, which includes the specific failure to comply; or the taking of any action contrary to specific direction of the Board, or (ii) engaging by the Employee in willful, reckless or grossly negligent misconduct which, in the good faith determination of the Board, is materially injurious to the Company, its clients or their reputations, monetarily or otherwise, or (iii) aiding or abetting a competitor or other breach by the Employee of his

fiduciary duty of loyalty to the Company; or (iv) a breach (other than an immaterial and inadvertent breach) by Employee of his/her obligations of confidentiality or nondisclosure or (if applicable) any breach of his/her obligations of noncompetition or nonsolicitation under any written agreement in effect between Employee and the Company; or (v) unlawful use or possession of illegal drugs on the Company's premises; or (vi) conviction of Employee or pleading guilty or no contest to any felony or crime involving moral turpitude.

For these purposes retirement and total disability shall be determined in accordance with the established policies of the Company. This option may be exercised during the indicated periods following termination of employment only to the extent permitted pursuant to paragraphs 2(a), (b) (c) and (d) hereof.

3. METHOD OF EXERCISE

This option may be exercised only by appropriate notice in writing delivered to the Secretary of the Company and accompanied by:

(a) a check payable to the order of the Company for the full purchase price of the shares purchased and any required tax withholding, and

(b) unless there has been an IPO, Spin-Off of Change in Control of the Company prior to the date of exercise, a duly executed agreement with the Company imposing certain restrictions and conditions on the ownership of the stock obtained upon exercise of this option in the form attached hereto as Exhibit A (unless the Employee has previously executed such agreement), and

(c) such other documents or representations as the Company may reasonably request in order to comply with securities, tax or other laws then applicable to the exercise of the option.

With the Company's consent, payment of the purchase price may be made in whole or in part by the delivery of shares of Common Stock owned by the Employee for at least six months (or by certification of the Employee's ownership of such shares), valued at

fair market value on the date of exercise. At the option of the Company, the Employee may satisfy any tax withholding obligation in whole or in part by electing to have the Company retain option shares, having a fair market value on the date of exercise equal to the amount required to be withheld. Fair market value as used herein means the amount per share of stock last established by annual (or more frequent) resolution of the Board of Directors. Valuation may be by independent appraisal at the election of the Board of Directors.

4. NON-TRANSFERABILITY; DEATH

This option is not transferable by the Employee otherwise than by will or the laws of descent and distribution and is exercisable during the Employee's lifetime only by the Employee. If the Employee dies during the option period, this option may be exercised, to the extent indicated in paragraphs 2(a), (b) and (c), in whole or in part and from time to time, in the manner described in paragraph 3 hereof, by the Employee's estate or the person to whom the option passes by will or the laws of descent and distribution, but only within a period of (a) twelve months after the Employee's death or (b) ten years from the Date of Grant, whichever period is shorter. At the discretion of the Board of Directors, after the IPO or Spin-Off, this option may be transferred to members of the Employee's immediate family or trusts or family partnerships for the benefit of such persons, subject to terms and conditions established by the Committee.

5. ADJUSTMENTS

(a) If the Company shall at any time change the number of shares of its Class A Common Stock without new consideration to the Company (such as by stock dividend, stock split or similar transaction), the total number of shares then remaining subject to purchase hereunder shall be changed in proportion to the change in issued shares and the option price per share shall be adjusted so that the total consideration payable to the Company upon the purchase of all shares not theretofore purchased shall not be changed.

This option is granted by the Board of Directors of the Company pursuant to the 2002 Nonqualified Stock Plan. The Board reserves the right to establish such rules and regulations as it deems necessary for the proper administration of its option grants and to make such determinations and interpretations, and to take such actions in connection with the options as it deems necessary or advisable. All determinations and interpretations made by the Board shall be binding and conclusive on all participants and their legal representatives.

6. DEFINITION. For purposes of this Option, a "Change in Control" of the Company is deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the United States Securities Exchange Act of 1934, as amended, of ownership of fifty percent (50%) or more of either the total number of outstanding shares of common stock of the Company of all classes of or the combined voting power of the Company's then outstanding voting securities entitled to vote generally (but a change of control of Westell Technologies, Inc. shall not itself constitute a Change in Control of the Company).;

(ii) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be);

(iii) a sale of all or substantially all of the Company's assets.

IN WITNESS WHEREOF, the Company has caused the execution hereof by its duly authorized officer and Employee has agreed to the terms and conditions of this option all as of the date first above written.

Conference Plus, Inc.

By:______________________________

____
EMPLOYEE

Conference Plus NON-QUALIFIED STOCK OPTION

THIS NON-QUALIFIED STOCK OPTION dated the ____ day of ____________, ____ (the "Date of Grant") is granted by Conference Plus, Inc., a Delaware corporation (the "Company"), to ___________, a key employee of the Company (the "Employee").

1. OPTION GRANT

The Company hereby grants to the Employee an option to purchase a total of ____ shares of Class A Common Stock of the Company at an option price of $____ per share, being not less than 100% of the fair market value of the stock on the Date of Grant based on an independent appraisal authorized by the Board of Directors of the Company. This option is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. TIME OF EXERCISE

This option may be exercised (in the manner described in paragraph 3 hereof) in whole or in part, at any time and from time to time, subject to the following limitations:

(a) This option shall not be exercisable to any extent until the earliest to occur of the following:

(i) An initial public offering ("IPO") of the Company's Class A Common Stock provided that the IPO results in the registration of the Class A Common Stock under the Securities Exchange Act of 1934 and the trading of the Class A Common Stock on a national securities exchange or the NASDAQ market system; or

(ii) A spin-off, split-off or other divisive reorganization of the Company ("Spin-Off") provided that the Spin-Off results in the registration of the Class A Common Stock under the Securities Exchange Act of 1934 and the

trading of the Class A Common Stock on a national securities exchange or the NASDAQ market system;

(iii) an Acceleration Change in Control of the Company (to the extent provided in paragraph 2(c);

(iv) a Roll-Over Change in Control of the Company or

(v) The fifth anniversary of the date hereof.

(b) In the event of an IPO, Spin-Off or Roll-Over Change in Control, this option shall be exercisable to the following cumulative extent (hereinafter referred to as “vesting”):

(i) 0% prior to the first anniversary of the date hereof;
(ii) 20% after the first anniversary of the date hereof,
(iii) 40% after the second anniversary of the date hereof,
(iv) 60% after the third anniversary of the date hereof,
(v) 80% after the fourth anniversary of the date hereof, and
(vi) 100% after the fifth anniversary of the date hereof.

If there is no IPO, Spin-Off or any Change in Control prior to the fifth anniversary of the Date of Grant, then subject to the other provisions of this Option, this Option shall become fully exercisable on the fifth anniversary of the Date of Grant.

(c) In the event of An Acceleration Change in Control of the Company, 50% of the previously unvested portion of this option shall become vested immediately prior to closing of the transaction effecting such Acceleration Change in Control and all vested portions of this option shall be exercisable until the closing. Any unexercised portion of this Option (vested or not) shall terminate upon the closing of the Acceleration Change in Control.

(d) In the event of a Roll-Over Change in Control and Employee’s employment is involuntarily terminated without cause by the Company or its acquirer within a twelve month period following the Roll-Over Change in Control, then 50% of the previously unvested portion of this option shall become vested and exercisable, and

this option shall remain exercisable for the vested portion for the 60 day period following termination set forth in paragraph (f)(i) below. A change of employer from the Company to an acquirer shall not be deemed a termination of employee.

(e) If the Employee's employment with the Company is terminated by either the Employee or the Company with or without cause prior to the earliest of an IPO, a Spin-Off, any Change in Control or the fifth anniversary of the date hereof, then regardless of the circumstances of termination and notwithstanding any other provision of this option, this option shall immediately terminate without becoming vested or exercisable and without any liability of the Company.

(f) If and to the extent this option has become exercisable pursuant to paragraph (a), (b) or (c) above and it has not earlier terminated pursuant to paragraph (e) above, this option may not be exercised:

(i) more than sixty (60) days after the termination of the Employee's employment with the Company for any reason other than retirement, total disability or death; or

(ii) more than twelve months after termination of employment by reason of retirement, total disability or death; or

(iii) following termination for cause; or

(iv) more than ten years from the Date of Grant;

.

For these purposes "cause" shall mean termination of Employee's employment by the Company because of: (i) the continued failure of the Employee to comply timely (when action is required in the interest of the Company or their commitments), with specific directions of the Board of Directors ("Board") after a cure period determined by the Board, as communicated in a written notice from the Board or appropriate senior officer, which includes the specific failure to comply; or the taking of any action contrary to specific direction of the Board, or (ii) engaging by the Employee in willful, reckless or grossly negligent misconduct which, in the good faith determination of the Board, is materially

injurious to the Company, its clients or their reputations, monetarily or otherwise, or (iii) aiding or abetting a competitor or other breach by the Employee of his fiduciary duty of loyalty to the Company; or (iv) a breach (other than an immaterial and inadvertent breach) by Employee of his/her obligations of confidentiality or nondisclosure or (if applicable) any breach of his/her obligations of noncompetition or nonsolicitation under any written agreement in effect between Employee and the Company; or (v) unlawful use or possession of illegal drugs on the Company's premises; or (vi) conviction of Employee or pleading guilty or no contest to any felony or crime involving moral turpitude.

For these purposes retirement and total disability shall be determined in accordance with the established policies of the Company. This option may be exercised during the indicated periods following termination of employment only to the extent permitted pursuant to paragraphs 2(a), (b) (d) and (f) hereof.

3. METHOD OF EXERCISE

This option may be exercised only by appropriate notice in writing delivered to the Secretary of the Company and accompanied by:

(a) a check payable to the order of the Company for the full purchase price of the shares purchased and any required tax withholding, and

(b) unless there has been an IPO , Spin-Off or Change in Control of the Company prior to the date of exercise, a duly executed agreement with the Company imposing certain restrictions and conditions on the ownership of the stock obtained upon exercise of this option in the form attached hereto as Exhibit A (unless the Employee has previously executed such agreement), and

(c) such other documents or representations as the Company may reasonably request in order to comply with securities, tax or other laws then applicable to the exercise of the option.

With the Company's consent, payment of the purchase price may be made in whole or in part by the delivery of shares of Class A Common Stock owned by the Employee for at least six months (or by certification of the Employee's ownership of such shares), valued

at fair market value on the date of exercise. Fair market value as used herein means the amount per share of stock last established by annual (or more frequent) resolution of the Board of Directors or the closing price of the Company’s common stock on the trading date immediately prior to exercise, if applicable.. Valuation may be by independent appraisal at the election of the Board of Directors.

4. NON-TRANSFERABILITY; DEATH

This option is not transferable by the Employee otherwise than by will or the laws of descent and distribution and is exercisable during the Employee's lifetime only by the Employee. If the Employee dies during the option period, this option may be exercised, to the extent indicated in paragraphs 2(a), (b) and (f), in whole or in part and from time to time, in the manner described in paragraph 3 hereof, by the Employee's estate or the person to whom the option passes by will or the laws of descent and distribution, but only within a period of (a) twelve months after the Employee's death or (b) ten years from the Date of Grant, whichever period is shorter. At the discretion of the Board of Directors, after an IPO or Spin-Off, this option may be transferred to members of the Employee's immediate family or trusts or family partnerships for the benefit of such persons, subject to terms and conditions established by the Committee.

5. ADJUSTMENTS

(a) If the Company shall at any time change the number of shares of its Class A Common Stock without new consideration to the Company (such as by stock dividend, stock split or similar transaction), the total number of shares then remaining subject to purchase hereunder shall be changed in proportion to the change in issued shares and the option price per share shall be adjusted so that the total consideration payable to the Company upon the purchase of all shares not theretofore purchased shall not be changed.

(b) In the event of a Roll-Over Change in Control, this option shall be equitably adjusted by the Board to represent the right to acquire, upon the due exercise of this option, common stock of the acquirer or ultimate parent of the acquirer for a number of

shares and at a per share price equivalent to and based upon the consideration per share of the Company paid in the Change in Control transaction and the fair market value of the acquirer's or parent's common stock in effect at the consummation of the Change in Control.

6. DEFINITIONS. For purposes of this option, the following definitions shall apply:

(a)"Change in Control" of the Company is deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the United States Securities Exchange Act of 1934, as amended, of ownership of fifty percent (50%) or more of either the total number of outstanding common stock of the Company of all classes of or the combined voting power of the Company's then outstanding voting securities entitled to vote generally (but a change of control of Westell Technologies, Inc. shall not itself constitute a Change in Control of the Company);

(ii) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be);

(iii) a sale of all or substantially all of the Company's assets.

(b) An Acceleration Change of Control is a Change in Control in which (i) neither the acquirer nor its parent has a class of common stock registered under the Securities Exchange Act of 1934 and traded on a national securities exchange or the NASDAQ market system or (ii) the acquirer or its parent do not agree to have this option represent, after the closing, a right to acquire shares of common stock of either the acquirer or its parent.

(c) A Roll-Over Change of Control is a Change in Control in which (i) the acquirer or its parent has such a class of common stock registered and traded and (ii) the acquirer agrees

that this option may represent, after the consummation of the transaction, a right to acquire shares of one of the acquiror or its parent.

This option is granted by the Board of Directors of the Company pursuant to the 2002 Nonqualified Stock Plan and is subject to its terms. The Board reserves the right to establish such rules and regulations as it deems necessary for the proper administration of its option grants and to make such determinations and interpretations, and to take such actions in connection with the options as it deems necessary or advisable. All determinations and interpretations made by the Board shall be binding and conclusive on all participants and their legal representatives.

IN WITNESS WHEREOF, the Company has caused the execution hereof by its duly authorized officer and Employee has agreed to the terms and conditions of this option all as of the date first above written.

Conference Plus, Inc.

By:______________________________

____
Employee

____
Date

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 December 31, 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: February 11, 2008

/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 December 31, 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: February 11, 2008

/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 December 31, 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
February 11, 2008

/s/ AMY T. FORSTER
Amy T. Forster
February 11, 2008

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.