May 21, 2007

Westell Technologies Reports 4th Quarter and Fiscal 2007 Results

Announces FiOS Gateway Win and Manufacturing Outsourcing Plans

AURORA, Ill.--(BUSINESS WIRE)--

Westell Technologies, Inc. (NASDAQ:WSTL), a leading provider of broadband access solutions and conferencing services, today announced the results for its fourth quarter and fiscal year 2007, ending March 31, 2007.

Total revenues for the March 2007 quarter decreased 18% to $59.7 million from $73.1 million in the March quarter of 2006. Breaking down revenues by product line for the March 2007 quarter compared to the March 2006 quarter showed Customer Networking Equipment (CNE) revenue decreased 35% to $32.1 million from $49.1 million, due to weaker demand for DSL devices and declining selling prices; Conferencing Services revenue increased 16% to $13.4 million from $11.5 million due to increased minutes in audio, web and video conferencing; Network Service Access (NSA) equipment revenue increased 14% to $14.2 million from $12.4 million, primarily due to the January 2007 acquisition of Noran Tel, Inc.

Total revenues for fiscal year 2007 decreased 8% to $260.1 million from $283.2 million for fiscal 2006. Customer Networking Equipment revenue decreased 21% to $153.8 million from $194.8 million in fiscal 2006. Conferencing Service revenue increased 8% to $48.5 million from $45.1 million in the prior year. Revenue from the Network Services Access business increased 33% to $57.7 million from $43.3 million in fiscal 2006.

Westell reported net income for the fourth quarter of $0.6 million, or $0.01 per diluted share, which includes an income tax expense of $0.7 million. Net income for fiscal 2007 was $8.7 million, or $0.12 per diluted share, including an income tax expense of $5.9 million. During the fourth quarter of last year, the Company recorded net income of $2.5 million, or $0.04 per diluted share including a tax expense of $3.2 million. For fiscal 2006, net income was $12.8 million or $0.18 per diluted share that included a tax expense of $10.1 million.

FiOS Gateway Win

"Since joining Westell, we have made progress in focusing the company on future market opportunities, and on gaining market share in emerging technologies," said Thomas E. Mader, Westell's President and CEO. "Westell was recently selected to provide FiOS MDU (Multiple Dwelling Unit) VDSL gateway product to Verizon. While we cannot discuss any specific details at this time, this win represents an important step in growing our CNE

revenues, and in entering the rapidly growing FiOS marketplace," Mader added.

Manufacturing Outsourcing

Westell also announced its intent to move the manufacturing of CNE and NSA products from Aurora, Illinois to offshore suppliers. This decision represents a new operating strategy, adopted by the Company's Board of Directors, to better align Westell with the requirements of the marketplace. The aim of this new operating strategy is to reduce product costs, while maintaining Westell's reputation for quality products and services. Westell will continue to be housed in the current Aurora facility. Alternative uses for the factory portion of the building made idle by this decision are being explored. Fiscal 2008 expenses associated with the implementation of the outsourcing decision are expected to be approximately $6.0 million after tax, or $0.08 per diluted share. In Fiscal 2009 the product cost savings are expected to exceed the Fiscal 2008 one-time costs associated with the outsource plan. The transition will affect approximately 300 Aurora employees.

Outlook

"We believe we have significant opportunities this year and next in Video/IPTV, wireline/wireless convergence (FMC/IMS), and with our multi-functional broadband appliances," Mader said. "We expect initial revenue in Fiscal 2008 from our TriLink(TM), UltraLine(TM) and Westell MediaStation(TM) products, with more significant revenue to follow in Fiscal 2009," Mader added.

Westell provided guidance for the first fiscal quarter ending June 30, 2007. The Company expects revenue to be in a range of $58 to $60 million. Westell expects EPS to be a loss in a range of $0.03 to $0.04 per diluted share, including after tax one-time costs associated with the outsource plan of approximately $1.0 million after.

Conference Call Information

Conference Plus, Inc. (ConferencePlus), a Westell subsidiary, will manage Westell's fourth quarter Fiscal 2007 earnings conference call on Monday, May 21, at 4:00 PM ET using its new EventManager(TM) Service.

Participants can register for the Westell conference by going to the URL:

http://www.conferenceplus.com/westell

With EventManager, participants can quickly register online in advance of the conference through a customizable web page that can be used to gather multiple pieces of information from each participant, as specified by the event arranger. After registering, participants receive dial-in numbers, a passcode, and a personal identification number (PIN) that is used to uniquely identify their presence and automatically join them into the audio conference. A URL is also provided to join the web presentation portion of the conference. If a participant experiences any technical difficulties after joining the conference on May 21, simply press *0 for support.

If you do not wish to register, you can participate only in the audio portion of the call on May 21 by dialing ConferencePlus at 1-877-875-0056 no later than 3:45 PM, Eastern Time and using confirmation number 17848615. International participants may dial 1-847-585-4340.

The Company's earnings press release and any related earnings information to be discussed on the earnings conference will be posted on the Investor Relations section of the Company's website at http://www.westell.com. An archive of the entire conference will be available on Westell's website or via Digital Audio Replay one hour following the conclusion of the conference. The audio-only portion of the conference can be accessed by dialing 1-888-843-8996 or 1-630-652-3044 and entering 8554435#.

About Westell

Westell Technologies, Inc., headquartered in Aurora, Illinois, is a holding company for Westell, Inc. and ConferencePlus, Inc. Westell, Inc. manufactures broadband telecommunications access products. ConferencePlus, Inc. is a collaborative Application Service Provider that manages and hosts voice, video, IP applications and back-office services. Additional information can be obtained by visiting Westell's Web site at www.westell.com.

About ConferencePlus

ConferencePlus, a Westell Technologies, Inc. (NASDAQ:WSTL) subsidiary, is a leading global provider of audio, web, video and IP conferencing services. ConferencePlus is dedicated to providing high quality, innovative conferencing solutions to its domestic and international clients and telecommunications resellers. ConferencePlus is recognized for outstanding customer service and support to help clients meet their business objectives. The company is headquartered in Schaumburg, Illinois with an international headquarters in Dublin, Ireland. Additional information can be obtained by visiting the ConferencePlus web site at www.conferenceplus.com.

"Safe Harbor" statement under the Private Securities Litigation Reform Act 1995:

Certain statements contained herein including, without limitation, statements containing the words "believe," "on track, " "anticipate," "focus," "should," "committed" "expect," "estimate", "await," "continue," "intend," "may," "will," "should," and similar expressions are forward looking statements that involve risks and uncertainties. These risks include, but are not limited to, product demand and market acceptance risks, need for financing, the economic downturn in the U.S. economy and telecom market, the impact of competitive products or technologies, competitive pricing pressures, product development, excess and obsolete inventory due to new product development, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies), the effect of Westell's accounting policies, the need for additional capital, the effect of economic conditions and trade, legal social and economic risks (such as import, licensing and trade restrictions) and other risks more fully described in Westell's Annual Report on Form 10-K for the fiscal year ended March 31, 2006 under the section "Risk Factors". Westell undertakes no obligation to release publicly the result of any revisions to these forward looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Westell Technologies, Inc.
Financial Results (continued)
(Dollars in thousands)

	March 31,	March 31,

	2007	2006
Cash and Short term Investments	72,167	42,215
Receivables	25,986	30,121
Inventory	18,604	23,918
Total current assets	124,585	107,401
Goodwill and intangibles	20,383	18,479
Total assets	207,350	191,813
Total current liabilities	36,154	30,859
Total liabilities and minority interest	40,012	34,536
Shareholders' Equity	167,339	157,276
Days Sales Outstanding	39	37

Westell Technologies, Inc.
Financial Results

(Dollars in thousands except per share amounts)

	Three Months ended March 31,		%	Twelve Months ended March 31,		%
	2007	2006	Change	2007	2006	Change
Revenues						
NSA	$14,187	$12,422	14%	$57,702	$43,319	33%
CNE	32,111	49,100	-35%	153,844	194,782	-21%
Services	13,355	11,543	16%	48,544	45,070	8%
Total revenues	59,653	73,065	-18%	260,090	283,171	-8%
Gross profit						
Equipment	12,850	15,837		61,816	63,306	
Services	6,764	5,945		24,108	22,493	
Total gross profit	19,614	21,782	-10%	85,924	85,799	0%
Gross margin						
Equipment	27.8%	25.7%		29.2%	26.6%	
Services	50.6%	51.5%		49.7%	49.9%	
Total gross margin	32.9%	29.8%		33.0%	30.3%	
Operating expenses						
Sales & marketing	7,151	6,513	10%	29,786	24,852	20%
Expense to revenue	12.0%	8.9%		11.5%	8.8%	
General & administrative	4,972	4,199	18%	18,064	16,543	9%
Expense to						

revenue	8.3%	5.7%		6.9%	5.8%	
Research & development	6,188	5,414	14%	24,387	20,274	20%
Expense to revenue	10.4%	7.4%		9.4%	7.2%	
Restructuring	343	-		343	443	
Expense to revenue	0.6%	0.0%		0.1%	0.2%	
Intangibles amortization	453	414		1,698	1,386	
Expense to revenue	0.8%	0.6%		0.7%	0.5%	
Total operating expenses	19,107	16,540	16%	74,278	63,498	17%
Expense to revenue	32.0%	22.6%		28.6%	22.4%	
Operating income	507	5,242	-90%	11,646	22,301	-48%
Other income	872	575		3,183	974	
Interest expense	(4)	(1)	300%	(7)	(12)	-42%
Income before minority interest and taxes	1,375	5,816	-76%	14,822	23,263	-36%
Income taxes	718	3,202		5,892	10,112	
Minority interest	85	104		236	304	
Net income	$572	$2,510		$8,694	$12,847	
Income per common share:						
Basic	0.01	0.04		0.12	0.18	
Diluted	0.01	0.04		0.12	0.18	
Average number of common shares outstanding:						
Basic	71,010	70,307		70,588	69,938	
Diluted	71,569	71,712		71,237	71,622	

Source: Westell Technologies, Inc.