

July 23, 2008



## Westell Technologies Reports Fiscal First Quarter 2009 Results

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

Westell Technologies, Inc. (NASDAQ: WSTL):

### Westell Technologies 1st Quarter Highlights

- Net loss for the first quarter was \$5.5 million or \$0.08 per diluted share.
- Secured orders in excess of \$20.0 million from Verizon for its FiOS next-generation broadband home router to supply a key segment of the fiber-to-the-home market.
- OSPlant grew revenues 8% compared to the first quarter of fiscal 2008.

Westell Technologies, Inc. (NASDAQ: WSTL), a leading provider of broadband products, gateways and conferencing services, today announced results for its fiscal first quarter ending June 30, 2008. Total revenue from continued operations for the first quarter was \$38.1 million, compared to the \$58.4 million reported in the prior year period. This decrease was significantly due to the previously announced loss of a customer and softening of demand for basic DSL modems. Net loss during the period was \$5.5 million, or \$0.08 per diluted share, compared to a net loss of \$0.9 million, or \$0.01 per diluted share in the same period last year. The Company has recorded a full valuation allowance on its deferred tax assets in the first quarter of fiscal year 2008.

Customer Networking Equipment (CNE) reported revenue of \$10.7 million in the first quarter of fiscal 2009, compared to the \$31.1 million reported in the prior year period. The Company is in a transition period during which CNE segment revenue is currently soft as product mix shifts from legacy towards newer, feature-rich product offerings as previously announced. During the quarter, the Company received orders for over \$20 million from Verizon and another fiber-based service provider for its UltraLine Series3 gateway product.

OSPlant Systems, formerly Network Service Access (NSA), reported revenue of \$14.9 million in the first quarter of fiscal 2009, an 8.2% improvement compared to fiscal first quarter of 2008 revenue of \$13.8 million. The Company continues to enter new market segments with its OSPlant Systems portfolio.

Conferencing Services revenue declined to \$12.5 million in the first quarter of fiscal 2009 from \$13.5 million in the first quarter of fiscal 2008. A decrease in business from one of

ConferencePlus' largest clients accounted for the majority of the decline in revenue in the first quarter of fiscal 2009 compared with the same quarter of last year. As a direct result, the company conducted a workforce reduction at ConferencePlus in mid-July 2008.

On June 30, 2008, ConferencePlus acquired a revenue base from iLink, an enhanced voice/data services provider. "This acquisition is immediately accretive, and we believe can be replicated with other companies in the marketplace," commented Tim Reedy, President of ConferencePlus. "As the price of oil and related transportation costs continue to rise, it's clear the conferencing network space will grow, and we believe we can scale this business further."

#### Additional News

- Total cash as of June 30, 2008 was \$59.9 million.
- The ConferencePlus business unit will remain a part of ongoing operations.
- On July 8th, Bernard Sergesketter, former Westell Board Director and respected leader in the telecommunications industry, was named interim Chief Executive Officer following the departure of Tom Mader.

#### Outlook

"During the next 60 days, my priority and that of the Board is to establish the plan that leverages the market success we are seeing with new products and sets a clear direction for sustainable and profitable growth," said Bernard F. Sergesketter, interim Chief Executive Officer. "Despite a leveling off of industry-wide demand for legacy products, we are at the very beginning stages of a product cycle for which Westell is well positioned. We have a solid foundation including nearly \$60 million in cash and an established reputation with our customers for delivering innovative products. We expect nearly one-half of our fiscal 2009 CNE revenue to be generated from the sale of new products. The fundamental goal of returning Westell to profitability has not changed, and our focus for the remainder of the year is to set and execute our plan to yield the growth this business merits."

For the second quarter of fiscal 2009, Westell expects revenue to be in a range of \$37 to \$39 million. Westell expects EPS to be in a range of \$0.10 to \$0.11 loss per diluted share.

#### Conference Call Information

Conference Plus, Inc. (ConferencePlus), a Westell subsidiary, will manage Westell's first quarter fiscal 2009 earnings conference call on Thursday, July 24, 9:30 AM ET using its 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. If a

participant experiences any technical difficulties after joining the conference on July 24, simply press \*0 for support.

If you do not wish to register, you can participate in the call on July 24 by dialing ConferencePlus at 1-877-875-0056 no later than 9:15 AM, Eastern Time and using confirmation number 22235993#. 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 replay of the conference can be accessed by dialing 1-888-843-8996 or 1-630-652-3044 and entering 5057830#.

#### About Westell

Westell Technologies, Inc., headquartered in Aurora, Illinois, is a holding company for Westell, Inc. and ConferencePlus, Inc. Westell, Inc. designs and develops 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](http://www.westell.com).

#### About ConferencePlus

ConferencePlus, a Westell Technologies, Inc. (NASDAQ: WSTL - News) 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](http://www.conferenceplus.com).

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

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, 2008 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.

Financial Tables to Follow:

Westell Technologies, Inc.  
Financial Results

(Dollars in thousands except per share amounts)

	Three Months ended June 30,	
	2008	2007
	-----	-----
Revenues		
OSPlant Systems	\$14,882	\$13,757
CNE	10,666	31,097
Services	12,510	13,547
	-----	-----
Total revenues	38,058	58,401
	-----	-----
Gross profit		
Equipment	7,257	11,136
Services	5,590	6,811
	-----	-----
Total gross profit	12,847	17,947
	-----	-----
Gross margin		
Equipment	28.4%	24.8%
Services	44.7%	50.3%
	-----	-----
Total gross margin	33.8%	30.7%
	-----	-----
Operating expenses		
Sales & marketing	6,489	4,526 (1)
As a percentage of revenue	17.1%	7.7%
General & administrative	5,485	5,158 (2)
As a percentage of revenue	14.4%	8.8%
Research & development	5,634	5,738
As a percentage of revenue	14.8%	9.8%
Restructuring (3)	(58)	3,857
As a percentage of revenue	-0.2%	6.6%
Intangibles amortization	459	456
As a percentage of revenue	1.2%	0.8%
	-----	-----
Total operating expenses	18,009	19,735

As a percentage of revenue	47.3%	33.8%
Operating loss	(5,162)	(1,788)
Other income	347	979
Interest expense	-	(2)
	-----	-----
Loss before minority interest and taxes	(4,815)	(811)
	-----	-----
Income taxes	27 (4)	(261)
Minority interest	36	63
	-----	-----
Loss from continuing operations	(4,878)	(613)
	-----	-----
Loss discontinued operations net of tax benefit of \$0 and 171, respectively (5)	(643)	(303)
	-----	-----
Net loss	\$ (5,521)	\$ (916)
	=====	=====
Net loss per common share:		
Basic	\$ (0.08)	\$ (0.01)
Diluted	\$ (0.08)	\$ (0.01)
Average number of common shares outstanding:		
Basic	70,723	70,124
Diluted	70,723	70,124

Footnotes:

- (1) The Company recorded a \$3.3 million gain relating to a vendor settlement and \$600,000 in associated expenses for a net gain of \$2.7 million.
- (2) The Company recorded \$545,000 of consulting costs related to the implementation of the outsourcing strategy.
- (3) Reorganization costs are for severance and related costs resulting from the outsourcing strategy.
- (4) The Company is providing a valuation allowance on deferred tax assets.
- (5) The Company discontinued the operations of it's Westell Limited entity located in the United Kingdom.

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

June 30,    March 31,  
2008        2008

Cash and short term investments	59,949	68,349
Accounts receivable	18,704	19,498
Inventory	16,843	17,897
Total current assets	97,826	108,748
Goodwill and intangibles	9,242	9,479
Total assets	123,615	134,227
Total current liabilities	23,906	29,685
Total liabilities and minority interest	35,077	40,733
Shareholders' equity	88,538	93,494
Days sales outstanding	44	39

Source: Westell Technologies, Inc.