





**It is my pleasure to be writing to you for the first time as President and CEO of Westell Technologies. Fiscal 2007 was a year of positive transition, as we continued to operate Westell with a focus on profitable growth. With Fiscal 2008 underway, I look forward to a year marked by sustained organic growth and substantial market expansion.**

Westell finished Fiscal 2007 with sales of \$260.1 million, and net income of \$8.7 million, or \$0.12 per diluted share. It was the fifth consecutive profitable year for Westell, a remarkable accomplishment during a period of economic meltdown in the telecommunications industry. We generated over \$40 million in cash from operating activities in Fiscal 2007, further improving the Company's balance sheet. Today, Westell remains in a near debt-free position, well positioned to take advantage of future partnering and acquisition opportunities.

#### **Growth and consolidation**

The Network Service Access (NSA) division experienced a 33% increase in revenues from the previous year, growing to \$55.7 million. This growth was attributable in large part to the acquisition in December 2005 of HyperEdge. In January 2007, Westell acquired Noran Tel, Inc., located in Regina, Saskatchewan, Canada. This acquisition added complementary Noran Tel products to the existing NSA product family, and provided Westell with a stronger presence in the Canadian market. Likewise, Noran Tel gained greater access to the U.S. market through the NSA sales force.

The Customer Networking Equipment (CNE) division was negatively impacted in Fiscal 2007 by continued price competition and an overall decline in DSL modem volumes. Revenue for fiscal 2007 decreased by 21% from the previous year to \$153.8 million. Consolidation among the major carriers brought both threats and opportunities to Westell's business. Consolidation brought increased pricing pressures as the combined companies leveraged their improved

**Dear  
shareholders,  
customers,  
suppliers and  
employees:**

purchasing power with suppliers. But consolidation also brought advantages in opening new opportunities for our products across the larger geographic areas of the combined carriers.

In Fiscal 2007, ConferencePlus revenue grew by 8% to \$48.5 million. This growth was the result of increased minutes in audio, web and international conferencing. This business continues to be a strong contributor to our overall growth and profitability.

#### **Looking forward**

As we look ahead, our success is dependent on our ability to reduce our costs, grow our core business, expand internationally, enter non-traditional markets, and improve our innovation and marketing skills. This is a formidable set of challenges, but challenges I believe we can achieve.

During Fiscal 2008, we are moving the manufacturing of the CNE and NSA product groups from Aurora, Illinois to offshore suppliers. Our cost model of vertically integrated manufacturing was no longer prudent given the price pressures we

continue to experience. The move was inevitable and unavoidable, and it will enable the Westell team to sharpen its focus on growth opportunities.

We have adopted a new operating strategy to better align Westell with the requirements of the marketplace. By closely aligning product line management disciplines with product development activities, we will reduce our product costs and build our reputation for innovation, quality products and superb customer responsiveness.

#### **Progress toward goals**

Since joining Westell in January, we have made progress in focusing the Company on growth opportunities. A sign of our progress is Westell's selection by Verizon for the FiOS MDU (Multiple Dwelling Unit) VDSL gateway. This selection represents an important step toward growing CNE revenues and successfully entering the rapidly growing FiOS marketplace.

On July 2, we made two senior management appointments. Amy Forster was named Senior Vice President & Chief Financial Officer (CFO). Nicholas C. Hindman, Sr., who has served as Westell's CFO since 1999, assumed responsibilities of the newly created position of Chief Operating Officer (COO).

In closing, I want to thank former President and CEO Van Cullens for his leadership over the last five and a half years. I would also like to thank the Board of Directors and the entire Westell team for their support and commitment to making the necessary changes to grow Westell. While 2008 will certainly present unique challenges, we are committed to delivering the value our customers and our shareholders expect.

Sincerely,  
Thomas E. Mader  
President & CEO, Westell Technologies, Inc.

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## Our business

### **Profitability**

Westell finished Fiscal 2007 with sales of \$260.1 million, and net income of \$8.7 million, or \$0.12 per diluted share. The Company generated over \$40 million in cash from operating activities.

### **Acquisitions**

In January 2007, Westell acquired Noran Tel, Inc., located in Regina, Saskatchewan, Canada. This acquisition added complementary Noran Tel products to the existing Network Service Access (NSA) product family, and provided Westell with a stronger presence in the Canadian market. Likewise, Noran Tel gained greater access to the U.S. market through the NSA sales force.

### **Marketing strategy**

Westell has adopted a new marketing strategy to better align with the requirements of the marketplace. By closely aligning product line management disciplines with product development activities, we are reducing our product costs and building on a reputation for innovation, quality products and superb customer responsiveness.

### **New product progress**

Westell's UltraLine Series III product has been selected by Verizon for the FiOS MDU (Multiple Dwelling Unit) VDSL gateway. This selection represents an important step in growing Customer Networking Equipment (CNE) revenues and successfully entering the rapidly growing FiOS marketplace.

### **Manufacturing**

During Fiscal 2008, Westell is moving the manufacturing of the CNE and NSA product groups from Aurora, Illinois to offshore suppliers. This enables Westell to focus on growth opportunities both domestically and internationally.



**UltraLine Series3**

An integrated IPTV home networking gateway that delivers video-ready bandwidth through fiber, copper, coax or Ethernet.



**Westell MediaTerminal AV**

A powerful, broadband appliance designed as a client on the broadband home network.



**UltraLine II**

An advanced gateway that delivers IPTV, video and wireless home networking leveraging inhome coax cabling.



**VersaLink Gateway**

An ADSL2+ gateway offering wired and wireless access with Quality of Service for multi-user networking.



**TriLink Gateway**

Multiple voice and data technologies combined in an integrated ADSL2+ device includes SIP enabled VoIP, wired and wireless networking, and alternative access for fiber or LAN.

# Management team

## Board of Directors

### **John Seazholtz**

Retired Chief Technology Officer  
Bell Atlantic Corporation

### **E. Van Cullens**

Retired President and Chief Executive Officer  
Westell Technologies, Inc.

### **Paul Dwyer**

Retired Vice President, Finance  
Henry Crown and Company

### **Eileen Kamerick**

Chief Financial Officer  
and Chief Administrative Officer  
Heidrick and Struggles

### **Thomas E. Mader**

President and Chief Executive Officer  
Westell Technologies, Inc.

### **Robert Penny III**

Managing Director  
PF Management

### **Roger L. Plummer**

Managing Director  
International Engineering Consortium

### **Bernard F. Sergesketter**

Retired Vice President  
AT&T

### **Melvin Simon**

President  
Melvin J. Simon and Associates, Ltd.

## Executive Officer Team

### **Thomas E. Mader**

President and Chief Executive Officer  
Westell Technologies, Inc.

### **Nicholas C. Hindman Sr.**

Chief Operating Officer and Secretary  
Westell Technologies, Inc.

### **Amy Forster**

Senior Vice President, CFO, Treasurer  
Westell Technologies, Inc.

### **Chris Shaver**

Senior Vice President of Engineering  
and Chief Technology Officer  
Westell Technologies, Inc.

### **Mark Skurla**

Vice President of Sales and Customer Service  
Westell Technologies, Inc.

### **Brian Powers**

Vice President of Business Development  
Westell Technologies, Inc.

### **Gary Hansen**

Vice President of Human Resources  
Westell Technologies, Inc.

### **Mike Samocki**

Vice President of Quality  
Westell Technologies, Inc.

### **Timothy J. Reedy**

President and Chief Executive Officer  
Conference Plus, Inc.

### **David McKeigue**

Managing Director  
Westell Limited

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