

WIRELESS FACILITIES INC  
Form DEF 14A  
April 24, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**Wireless Facilities, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**April 24, 2006**

Dear Stockholder:

This letter accompanies the Proxy Statement for our Annual Meeting to be held at 10:00 a.m. on Wednesday, May 17, 2006, at our principal offices located at 4810 Eastgate Mall, San Diego, California 92121. We hope you will be able to attend the meeting in person.

At the meeting, our stockholders will be asked to elect six directors to our Board of Directors and to ratify the Board's selection of auditors.

Following the formal meeting, we will also present a report on our operations and activities and management will be pleased to answer your questions about WFI.

The Notice of Meeting and Proxy Statement accompanying this letter describe the matters that our stockholders will vote at the upcoming meeting, and we urge you to read these materials carefully.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, WE URGE YOU TO SIGN AND RETURN YOUR PROXY CARD(S) OR DELIVER YOUR PROXY INSTRUCTIONS VIA THE INTERNET OR BY TELEPHONE SO WE CAN BE SURE OF A QUORUM TO VOTE ON THESE PROPOSALS FOR STOCKHOLDER ACTION.** If you attend the meeting, you may revoke your proxy and vote in person, if you so desire.

Sincerely,

Masood K. Tayebi  
Chairman of the Board

Eric M. DeMarco  
President and Chief Executive Officer

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**WIRELESS FACILITIES, INC.**  
**4810 Eastgate Mall**  
**San Diego, CA 92121**  
**(858) 228-2000**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MAY 17, 2006**

To the Stockholders of Wireless Facilities, Inc.:

The Annual Meeting of Stockholders of Wireless Facilities, Inc. ( WFI or the Company ), will be held on Wednesday, May 17, 2006 at 10:00 a.m. local time at the principal offices of WFI located at 4810 Eastgate Mall, San Diego, California 92121 for the following purposes:

1. To elect six directors for one-year terms or until their successors are elected and duly qualified.
2. To ratify the selection of Grant Thornton LLP as our independent auditors for the fiscal year ending December 29, 2006.
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 24, 2006, as the record date for the determination of stockholders entitled to notice of and to vote at this Annual Meeting and at any adjournment or postponement thereof. A complete list of registered stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, for ten days prior to the meeting during ordinary business hours at our principal offices located at 4810 Eastgate Mall, San Diego, California, 92121.

By order of the Board of Directors

James R. Edwards  
*Senior Vice President, General Counsel and Secretary*

San Diego, California  
April 24, 2006

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR THAT PURPOSE. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN FROM THE RECORD HOLDER A PROXY ISSUED IN YOUR NAME.**

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## PROXY STATEMENT

### For Annual Meeting of Stockholders to be held on May 17, 2006

The enclosed proxy is solicited on behalf of our Board of Directors for use at the Annual Meeting of Stockholders to be held on May 17, 2006, at 10:00 a.m. local time (the Annual Meeting ), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting. The Annual Meeting will be held at our principal offices located at 4810 Eastgate Mall, in San Diego, California 92121. We intend to mail this proxy statement and accompanying proxy card on April 24, 2006 to all stockholders entitled to vote at the Annual Meeting. All references to us, we, our, the Company and WFI refer to Wireless Facilities, Inc., a Delaware corporation, and its subsidiaries.

### Solicitation and Revocation of Proxy

Our Board of Directors is soliciting the accompanying proxy. In accordance with unanimous recommendations of our Board of Directors, the individuals named in the proxy will vote all shares represented by proxies in the manner designated, or if no designation is made, they will vote the proxies in the following manner:

- (1) FOR each proposal; and
- (2) In their best judgment with respect to any other matter that may properly come to a vote at the meeting.

The individuals acting as proxies will not vote on a particular matter if the proxy card representing those shares instructs them to abstain from voting on that matter or to the extent a proxy card is marked to show that some of the shares represented by the proxy card are not to be voted.

If you give a proxy, you may revoke it at any time before its use, either:

- (1) by revoking it in person at the annual meeting;
- (2) by writing, delivered to our Corporate Secretary at 4810 Eastgate Mall, San Diego, California, 92121 before the proxy is used; or
- (3) by a later dated proxy card delivered to us at the above noted address before the proxy is used.

Your presence at the meeting will not revoke your proxy, but if you attend the meeting and cast a ballot, that will revoke a proxy as to the matter on which the ballot is cast.

### Record Date

Only stockholders of record as of the close of business on March 24, 2006 (the official record date) will be entitled to notice of and to vote at this annual meeting or at any subsequent meeting due to an adjournment of the original meeting. **We are mailing this proxy statement and the accompanying proxy card on or about April 24, 2006 to all stockholders of record as of March 24, 2006.**

### Shares Outstanding and Voting Rights

On the record date, March 24, 2006, we had two classes of voting stock outstanding, common stock and preferred stock. At March 24, 2006, 72,332,360 shares of common stock were issued and outstanding and 25,483 shares of Series B Convertible Preferred Stock were issued and outstanding. Each outstanding share of common stock and each share of Series B Convertible preferred stock entitles the holder to one vote and one hundred votes, respectively, for each share held on all matters to be voted upon at the Annual Meeting.

**How to Vote**

You can vote by mail, over the Internet, by telephone or in person.

*To vote by mail:*

- (1) Mark, sign and date your proxy card; and
- (2) Return your proxy card in the enclosed postage paid envelope.

*To vote over the internet:*

- (1) Have your proxy card available;
- (2) Log on to the Internet and visit the website address provided on your proxy card;
- (3) Follow the instructions provided; and
- (4) Do not mail your proxy card.

*To vote by telephone:*

- (1) Have your proxy card available;
- (2) Call the toll-free number listed on your proxy card;
- (3) Follow the instructions; and
- (4) Do not mail your proxy card.

*To vote in person if you are a registered stockholder:*

- (1) Attend our annual meeting;
- (2) Bring a valid photo identification; and
- (3) Deliver your completed proxy card or ballot in person.

*To vote in person if you hold your WFI shares in street name (through a bank or broker):*

- (1) Submit a later-dated proxy by mail;
- (2) Recast your vote via the Internet or by telephone;
- (3) Attend our annual meeting and vote in accordance with the procedures described above; or
- (4) Submit a written notice of revocation to our offices that is received before the proxy is used.

Votes submitted via the internet or by telephone must be received by 12:00 p.m., Central Daylight Time on May 16, 2006. Submitting your proxy via the Internet or by telephone will not affect your right to vote in person should you decide to attend the Annual Meeting. Our 401(k) Plan provides that the trustee of the 401(k) Plan will vote the shares of our common stock that are not directly voted by participants in

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that plan. If the trustee does not receive voting instructions from participants of the 401(k) Plan the trustee may vote the shares of our common stock under such plan in the same proportion as the shares voted by all other respective plan participants. If the trustee receives a signed but not voted proxy card, the trustee will vote such shares of our common stock according to the Board's recommendations.

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### **Counting Votes**

The inspectors of election appointed for the meeting by our Board of Directors will count the votes cast by proxy or in person at the annual meeting. The inspectors will count those votes to determine whether or not a quorum is present. A majority in voting power of the shares entitled to vote represented in person or by proxy, will constitute a quorum for the transaction of business at the annual meeting. Abstentions and broker shares that are voted as to any matter at the meeting will be included in determining if a quorum is present or represented at the annual meeting. The effects of broker non-votes and abstentions on the specific items to be brought before the Annual Meeting are discussed under each item.

### **Broker Non-Votes**

A broker non-vote occurs when a broker submits a proxy card with respect to shares of common stock held in a fiduciary capacity (typically referred to as being held in street name), but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the election of directors, increases in authorized common stock for general corporate purposes and ratification of auditors. Non-routine matters include approval of and amendments to stock plans.

### **Cost and Method of Solicitation**

We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement, the proxy card and any additional information furnished to our stockholders. We are soliciting proxies by mail, and, in addition, our Directors, officers and employees may solicit proxies personally or by telephone. We will not reimburse any Director, officer or employee for their solicitation. Copies of solicitation materials will be furnished to banks brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to such beneficial owners. In addition, we may reimburse such persons for their costs in forwarding the solicitation materials to such beneficial owners.

### **Stockholder Proposals**

Any stockholder who wishes to present a proposal for action at our next annual meeting of stockholders or wishes to nominate a director candidate for our Board of Directors, must submit such proposal or nomination in writing to our Corporate Secretary at 4810 Eastgate Mall, San Diego, California, 92121. The deadline for submitting a stockholder proposal for inclusion in our proxy statement and form of proxy for our 2007 annual meeting of stockholders pursuant to Rule 14a-8 of the Securities and Exchange Act of 1934 is December 15, 2006. Stockholders wishing to submit proposals or director nominations that are not to be included in such proxy statement and proxy must do so no later than the close of business on March 19, 2007 nor earlier than the close of business on February 16, 2007. Stockholders are also advised to review the Company's Bylaws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

### **Principal Stockholders**

#### *Ownership of more than 5%*

The following tables show stock ownership information as of March 24, 2006 with respect to beneficial ownership of our common stock and our Series B Convertible preferred stock by each person known to us to be the beneficial owner of more than 5% of such stock. As of March 24, 2006, there were 72,332,360 shares of our common stock and 25,483 shares of our Series B preferred stock issued and outstanding.

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Information with respect to beneficial owners of more than 5% of the common stock is based upon the most recent Schedule 13G these owners have filed with SEC.

*Non-Affiliated Stockholders*

		Beneficial Ownership(1)													
		Common Stock						Series B						Common Shares	
		Common Stock						Convertible Preferred						On An	
		Common Stock						Convertible Preferred						As-Converted Basis	
Identity of Owner or Group		Shares	% Ownership	Shares	% Ownership	Shares	% Ownership	Shares	% Ownership	Shares	% Ownership	Shares	% Ownership		
Janus Capital Management, LLC(2)		6,497,246	8.98									6,497,246	8.68		
151 Detroit Street															
Denver, CO 80206															
Lazard Asset Management, LLC		4,218,146	5.83									4,218,146	5.633		
30 Rockefeller Plaza															
New York, NY 10112															
Mac-Per-Wolf Company(2)		6,810,763	9.42									6,810,763	9.09		
311 South Wacker Drive, Suite 6000															
Chicago, IL 60604															
T. Rowe Price(3)		6,437,262	8.90									6,437,262	8.60		
100 E. Pratt Street															
Baltimore, MD 21202															

(1) This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13G filed with the Securities and Exchange Commission (the SEC), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days of March 24, 2006 through the exercise of any stock option or other right. The inclusion of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of, or receives the economic benefit from, such shares. Applicable percentages are based on 72,332,360 shares of common stock, and 25,483 shares of Series B convertible preferred stock outstanding on March 24, 2006.

(2) Janus Capital has an indirect 30% ownership stake in Perkins, Wolf, McDonnell and Company, LLC (Perkins Wolf). As a result of its role as an investment advisor or sub-advisor to the managed portfolios of Janus Capital, Perkins Wolf may be deemed to be the beneficial owner of 6,947,246 shares or 8.98% of the Company's common stock held by such portfolios, however Perkins Wolf does not have the right to receive any dividends from, or the proceeds from the sale of, the securities held in the managed portfolios and disclaims any ownership associated with such rights. Mac-Per-Wolf Company is the minority owner of Perkins Wolf and is the direct beneficial owner of 313,517 shares of the Company's common stock.

(3) These securities are owned by various individual and institutional investors, which Price Associates serves as an investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.



*Affiliated Stockholders*

		Beneficial Ownership(1)									
							Common Shares				
							Series B				
							On An				
		Common Stock					Convertible Preferred				
		As-Converted Basis									
Identity of Owner or Group		Shares	% Ownership			Shares	% Ownership			Shares	% Ownership
Massih Tayebi(2)		7,982,898	11.03							7,982,898	10.66
BridgeWest LLC											
4350 La Jolla Village Drive, Suite 450											
San Diego, CA 92122											
Sean Tayebi		3,187,439	4.41			10,000	39.24			4,187,439	5.59
c/o Merrill Lynch											
Century Plaza Towers											
2049 Century Park East (South Tower)											
Los Angeles, CA 90067											

(1) This table is based upon information supplied by officers, directors and principal stockholders and Schedules 13G filed with the Securities and Exchange Commission (the SEC), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days of March 24, 2006 through the exercise of any stock option or other right. The inclusion of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of, or receives the economic benefit from, such shares. Applicable percentages are based on 72,332,360 shares of common stock, and 25,483 shares of Series B convertible preferred stock outstanding on March 24, 2006.

(2) Does not include 52,762 shares held by spouse of Massih Tayebi. Massih Tayebi disclaims beneficial ownership of such shares.

*Ownership by Directors and Executive Officers*

The following table shows the amount of our common stock and our Series B convertible preferred stock beneficially owned by our (i) our Directors, (ii) each of the executive officers named in the Executive Compensation Summary Table, and (iii) our Directors and executive officers as a group. All information in the following table is presented as of March 24, 2006. Unless otherwise indicated in the table set forth below, each person named below has an address in care of the Company's principal executive offices.

		Beneficial Ownership(1)											
							Series B					Common Shares	
		Common Stock					Convertible Preferred					On An	
		As-Converted Basis											
Identity of Owner or Group		Shares		% Ownership		Shares		% Ownership		Shares		% Ownership	
<b>Directors</b>													
Scott I. Anderson		699,013	(2)	*						699,013		*	
c/o Cedar Grove Investments, LLC													
3825 Issaquah Pine Lake Road													
Sammamish, WA 98075													
Bandel L. Carano		5,448,199	(3)	7.55						5,294,491		7.27	
Oak Investment Partners													
525 University Avenue													
Suite 1300													
Palo Alto, CA 94302													
Eric M. DeMarco		1,562,935	(4)	2.12						1,562,935		2.05	
William A. Hoglund		216,627	(5)	*						216,627		*	
434 35th Avenue													
Seattle, WA 98122													
Scot B. Jarvis		699,013	(6)	*						699,013		*	
c/o Cedar Grove Investments, LLC													
3825 Issaquah Pine Lake Road													
Sammamish, WA 98075													
Andrew M. Leitch		7,084	(7)	*						7,084		*	
Masood K. Tayebi, Ph.D.		7,216,529	(8)	9.98						7,216,529		9.64	
<b>Named Executive Officers</b>													
Deanna H. Lund		264,638	(10)	*						264,638		*	
James R. Edwards		232,978	(11)	*						232,978		*	
Steven D. Roth													
Rochelle R. Bold		228,158	(11)	*						228,158		*	
David L. Knutson		330,722	(12)	*						330,722		*	
<b>All Directors and executive officers as a group (13 persons)</b>													
		16,999,847		23.44						16,999,847		22.64	
Total Shares Outstanding		<b>72,332,360</b>							25,483				74,880,660
Adjusted for Preferred Shares Conversion:													
Series B		2,548,300											
If Converted Additional Shares		<b>2,548,300</b>											
Adjusted Common Shares (If Converted)		<b>74,880,660</b>											

\* Less than one percent.

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- (1) This table is based upon information supplied by officers, directors and principal stockholders and Schedule 13G filed with the Securities and Exchange Commission (the SEC), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days of March 24, 2006 through the exercise of any stock option or other right. The inclusion of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of, or receives the economic benefit from, such shares. Applicable percentages are based on 72,332,360 shares of common stock, and 25,483 shares of Series B convertible preferred stock outstanding on March 24, 2006.
- (2) Includes 95,001 shares subject to options exercisable within 60 days of March 24, 2006.
- (3) Includes 96,311 shares subject to options exercisable within 60 days of March 24, 2006. Includes 2,554 shares of common stock held directly by Mr. Carano, 14,828 shares of common stock held by Oak Investment Partners VI, L.P., 346 shares of common stock held by Oak VI Affiliates Fund, L.P., 1,402,084 shares of common stock held by Oak Investment Partners IX, Limited Partnership, 14,942 shares of common stock held by Oak IX Affiliates Fund, Limited Partnership, 33,655 shares of common stock held by Oak IX Affiliates Fund-A, Limited Partnership, 48,957 shares held by Oak IX Affiliates, LLC, 3,774,300 shares of common stock held by Oak Investment Partners X, Limited Partnership, 60,582 shares of common stock held by Oak X Affiliates Fund, Limited Partnership. Bandel Carano is a general partner of Oak Investment Partners VI, L.P., Oak VI Affiliates Fund, L.P., Oak Investment Partners IX, L.P., Oak IX Affiliates Fund, L.P., Oak IX Affiliates Fund-A, L.P., Oak IX Affiliates, LLC, Oak Investment Partners X, L.P. and Oak X Affiliates Fund, L.P. Mr. Carano has indirect ownership of these shares and has shared power to vote and dispose of these shares. Mr. Carano disclaims beneficial ownership of the shares held by Oak Investment Partners VI, L.P., Oak VI Affiliates Fund, L.P., Oak Investment Partners IX, L.P., Oak IX Affiliates Fund, L.P., Oak IX Affiliates Fund-A, L.P., Oak IX Affiliates, LLC, Oak Investment Partners X, L.P. and Oak X Affiliates Fund, L.P.
- (4) Includes 1,510,938 shares subject to options exercisable within 60 days from March 24, 2006.
- (5) Includes 160,001 shares subject to options exercisable within 60 days from March 24, 2006.
- (6) Includes 95,001 shares subject to options exercisable within 60 days from March 24, 2006.
- (7) Includes 7,084 shares subject to options exercisable within 60-days from March 24, 2006.
- (8) Includes 7,216,529 shares held directly by Masood K. Tayebi or over which Dr. Tayebi has sole voting power. Excludes: 404,693 shares held directly by Dr. Tayebi's spouse; 2,000,000 shares held in a revocable living trust of which Dr. Tayebi's spouse is trustee; and 646,137 shares held in a grantor retained annuity trust of which Dr. Tayebi's spouse is trustee. Dr. Tayebi disclaims beneficial ownership of all such shares.
- (9) Includes 262,500 shares subject to options exercisable within 60 days from March 24, 2006.
- (10) Includes 226,875 shares subject to options exercisable within 60-days of March 24, 2006.
- (11) Includes 211,875 shares subject to options exercisable within 60 days of March 24, 2006.
- (12) Includes 330,772 shares subject to options exercisable within 60 days of March 24, 2006.

**Our Board of Directors**

Our Board of Directors is responsible for overseeing the management of our business. We keep Directors informed of our business at meetings and through reports and analyses presented to the Board and committees of the Board. Regular communications between our Directors and management also occur apart from meetings of the Board and committees of the Board.

Our Board of Directors is elected annually and currently consists of seven members, six of which are standing for election to the Board at the annual Meeting. On March 22, 2006, Mr. Leitch notified the Board of Directors that he would not stand for election at the Annual Meeting and that he would resign from the Board effective May 16, 2006, and in accordance with our Bylaws, and our Certificate of Incorporation, our Board of Directors unanimously passed a resolution to be effective upon the resignation of Andrew M. Leitch on May 16, 2006, to fix the number of Directors constituting the full Board of Directors at six.

Our Board of Directors has adopted a Director Attendance at Annual Meeting Policy which is available for review on our website at [www.wfinet.com](http://www.wfinet.com).

Our Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at a meeting at which a quorum is present. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the six nominees named. We have no reason to believe that the nominees for election will not be able to serve their full terms. However, the representatives appointed to vote the proxies will have discretionary authority to vote for others if any nominee is unable or unwilling to serve.

The following information is presented for our current directors, including the six nominees for election, with respect to their ages and biographical backgrounds.

Name	Age	Position
Masood K. Tayebi, Ph.D.	44	Chairman
Scott I. Anderson(1)(3)	47	Director
Bandel L. Carano(2)(3)	44	Director
Eric M. DeMarco	42	Director, President and Chief Executive Officer
William A. Hogle(1)(2)	52	Director
Scot B. Jarvis(1)(2)(3)	45	Director
Andrew M. Leitch(1)(3)(4)	62	Director

- (1) Member of our Audit Committee
- (2) Member of our Compensation Committee
- (3) Member of our Nominating and Corporate Governance Committee
- (4) Not a nominee for election

**Biographical Information about Our Directors**

*Masood K. Tayebi, Ph.D.* is currently a co-founder and Executive Chairman of BioDuro, a biotech startup company and was a co-founder of WFI in 1994 and has served as a Director since inception. Dr. Tayebi served as our President from inception to September 2000, and as our Chief Executive Officer from September 2000 to April 1, 2004. Dr. Tayebi was our Executive Chairman from April 2002 through June 2005 and Chairman since June 2005. From 1993 to 1994, he was Senior Manager of Engineering and the head of the Technology and Special Projects Department for LCC/TSI, a provider of network design services and products. From 1992 to 1993, Dr. Tayebi served as a consultant to LCC/TSI. Dr. Tayebi



received an M.S. in Electronics Engineering from the University of Southampton and a Ph.D. in Mobile Radio Propagation from the University of Liverpool, United Kingdom.

*Scott I. Anderson* has served as a Director of WFI since February 1997. Since 1997, Mr. Anderson has been a member of Cedar Grove Partners, LLC, an investment and advisory concern. Since 1998, Mr. Anderson has also been a member of Cedar Grove Investments, LLC. Mr. Anderson was with McCaw Cellular/AT&T Wireless, most recently as Senior Vice President of Acquisitions and Development. Mr. Anderson serves on the board of directors of SunCom Wireless, is an observer on the board of directors of Telephia, Inc., and until its recent acquisition by VeriSign, Callvision, Inc.; and is the manager of Von Donop Inlet PCS, LLC and Pendrell Sand PCS, LLC. He holds a B.A. in History from the University of Washington, Magna Cum Laude, and a J.D. from the University of Washington Law School, with highest honors.

*Bandel L. Carano* served as a Director of WFI from August 1998 to June 2001, and re-joined our Board of Directors in October 2001. Since 1987, he has been a general partner of Oak Investment Partners, Inc., a venture capital firm. Mr. Carano served on the Investment Advisory Board of the Stanford Engineering Venture Fund. Mr. Carano also serves on the board of directors of Airgo Networks, Mahi Networks, nLight Photonics, Metawave and Tensilica. He holds a B.S. and an M.S. in Electrical Engineering from Stanford University. Mr. Carano was nominated and elected as one of our Directors pursuant to the terms of a purchase agreement among the Company and certain of its stockholders in connection with the sale of the Company's Series A convertible preferred stock in October 2001.

*Eric M. DeMarco* joined WFI in November 2003 as President and Chief Operating Officer. Mr. DeMarco was appointed a Director and assumed the role of Chief Executive Officer effective April 1, 2004. Prior to coming to WFI, Mr. DeMarco most recently served as President and Chief Operating Officer of The Titan Corporation (Titan) a Delaware corporation. Prior to his promotion to President and Chief Operating Officer, Mr. DeMarco served as Executive Vice President and Chief Financial Officer of Titan. Prior to joining Titan, Mr. DeMarco served in a variety of public accounting positions primarily focusing on large multinational corporations and publicly traded companies. Mr. DeMarco holds a Bachelor of Science, Business Administration and Finance, Summa Cum Laude, from the University of New Hampshire.

*William A. Hoglund* has served as a Director of WFI since February 2001. Mr. Hoglund is also a member of Safeboats International, LLC. From 1996 to 2000 Mr. Hoglund served as the Vice President and Chief Financial Officer of Eagle River, LLC, a private investment company. During his tenure at Eagle River, Mr. Hoglund was also a director of Nextel Communications, Inc. and Nextlink Communications, Inc. Mr. Hoglund holds a B.A. in Management Science and German Literature from Duke University and an MBA from the University of Chicago.

*Scot B. Jarvis* has served as a Director of WFI since February 1997. Mr. Jarvis co-founded Cedar Grove Partners, LLC in 1997, an investment and consulting/advisory partnership, and has served as a member since its founding. Mr. Jarvis serves on the corporate boards of Excel Switching, Wavelink, Visto, SkyPipeline, Slingshot Sports and Ultratouch. Mr. Jarvis holds a B.A. in Business Administration from the University of Washington.

*Andrew M. Leitch* has been a Director of WFI since April 2005. Mr. Leitch retired in March 2000 from Deloitte & Touche where he was a partner since 1978. From 1983 to 1986 he was the managing partner of the Singapore office, and from 1988 to 1990 he was the managing partner of the Hong Kong office. In 1985, Mr. Leitch was a founder of Deloitte's Asia Board of Partners and served as Chairman until 1990. From 1990 through 2000, Mr. Leitch held various executive positions within Deloitte's Asia operations, retiring as Vice Chairman, Management Committee, Hong Kong. Mr. Leitch currently serves on the board of directors and as Audit Committee Chairman of Blackbaud, Inc. and Aldila, Inc. and is also a board member of two private companies within the Kerry Packer Group as well as Citicorp Everbright China



Fund Limited. Mr. Leitch is a Certified Public Accountant. On March 22, 2006, Mr. Leitch notified the Board of Directors that he would not stand for election at the Annual Meeting and that he would resign from the Board effective May 16, 2006.

## Corporate Governance

### Meeting Attendance

Our Board of Directors normally meets quarterly, but may hold additional meetings as required. During fiscal 2005, the Board held four regularly scheduled meetings and two special meetings and acted by unanimous written consent ten times. Each Director attended at least 75% of the Board meetings he was eligible to attend and at least 75% of the meetings of each committee of the Board on which he was serving. Six of our Directors attended last year's annual meeting of stockholders.

### Independent Directors

Our Board of Directors has unanimously determined that four of our Directors standing for election, Messrs. Anderson, Carano, Hogle and Jarvis, who constitute a majority of our Board of Directors, are independent Directors as that term is defined by NASD Marketplace Rule 4200(a)(15). In making this determination, the Board has affirmatively determined, considering broadly all relevant facts and circumstances regarding each independent Director, that none of the independent Directors has a material relationship with us (either directly or as a partner, stockholder, officer or affiliate of an organization that has a relationship with us). Dr. Tayebi and Mr. DeMarco are not considered independent because they are either currently, or have within the last three years been, employed by WFI.

### Committees of the Board of Directors

#### Audit Committee

Our Audit Committee consists of Messrs. Anderson (Chairperson), Hogle, Jarvis and Leitch. Our Board of Directors has affirmatively determined that each member of the Audit Committee is independent under NASD Marketplace Rule 4200(a)(15), and meets all other qualifications under NASD Marketplace Rule 4350(d)(2), the Sarbanes-Oxley Act of 2002 and applicable rules of the Securities and Exchange Commission. Our Board of Directors has also affirmatively determined that both Mr. Hogle and Mr. Leitch qualify as an audit committee financial expert as such term is defined in Regulation S-K of the Securities Act of 1933. During 2005, the Audit Committee held four regular meetings and twenty-four special meetings. On March 22, 2006, Mr. Leitch notified the Board of Directors that he would not stand for election at the Annual Meeting and that he would resign from the Board effective May 16, 2006. Following Mr. Leitch's notification and effective March 22, 2006, the Board appointed Mr. Hogle to serve as a member of the Audit Committee. Mr. Hogle had previously been a member of the Audit Committee through May 18, 2005.

The Audit Committee acts pursuant to a written charter, a copy of which was attached as Appendix A to our proxy statement for our annual meeting of stockholders in 2004 and which is reviewed at least annually by the Committee. The Audit Committee Charter is also available for review on our website at [www.wfinet.com](http://www.wfinet.com). The Audit Committee has reviewed and reassessed the Audit Committee Charter and believes that the Audit Committee Charter adequately meets the needs of WFI as well as the requirements of NASD Marketplace Rule 4350(d)(1).

Under its Charter, the Audit Committee:

- Is directly and solely responsible for the appointment, compensation, retention, and as necessary, the termination of our independent auditors;



- Oversees the audit activities of our independent auditors with such independent auditors reporting directly to the Committee;
- Reviews and discusses with our independent auditors, the scope, results and integrity of our annual audit and financial statements, our compliance with legal and regulatory requirements and the performance of our internal auditors;
- Consults with our independent auditors to ensure rotation of the lead audit partner at least every five years and the timing of such rotation;
- Oversees the independence of our independent auditors;
- Evaluates our independent auditors' performance; and reviews and considers our independent auditors' comments as to controls, adequacy of staff and management performance and procedures in connection with audit and financial controls; and
- Reviews compliance with certain corporate policies and discharges such other duties as may from time to time be assigned to it by the Board of Directors.

#### **Compensation Committee**

The Compensation Committee consists of Messrs. Carano, Høglund and Jarvis (Chairperson). Our Board of Directors has affirmatively determined that each member of the Compensation Committee is independent as such term is defined under NASD Marketplace Rule 4200(a)(15). The Compensation Committee met five times and acted by unanimous written consent nine times during 2005. Our Board of Directors has adopted a charter for the Compensation Committee and a copy of that charter is available for review on our website at [www.wfinet.com](http://www.wfinet.com).

Under its Charter, the Compensation Committee:

- Takes any and all action which may be taken by the Board of Directors with respect to fixing the compensation level of officers and employees of WFI, including the compensation of our Chief Executive Officer;
- Develops and implements compensation policies that will clearly articulate the relationship of corporate performance to executive compensation and will attract and retain high quality executives;
- Proposes for adoption by the Board of Directors and, if applicable, ratification by our stockholders, compensation plans, including but not limited to, stock option, stock appreciation rights, pension and profit sharing, stock purchase and deferred compensation plans and other similar programs and any amendments thereto or terminations thereof;
- Grants rights, sets participation guidelines and interests in compensation plans to eligible participants;
- Reviews and approves other such compensation matters referred to the Committee by the Board of Directors or the Chief Executive Officer;
- Prepares a report to be filed with the Proxy Statement or Information Statement disclosing the compensation policies of WFI applicable to our Executive Officers; and
- Reports from time to time to the Board of Directors on the Committee's actions.



**Nominating and Corporate Governance Committee**

Our Nominating and Corporate Governance Committee is composed of Messrs. Andersen, Carano, Høglund, Jarvis and Leitch. On March 22, 2006, Mr. Leitch notified the Board of Directors that he would not stand for election at the Annual Meeting and that he would resign from the Board effective May 16, 2006. The Nominating and Corporate Governance Committee evaluates and recommends to the Board of Directors nominees for each election of Directors. The Nominating and Corporate Governance Committee met one time in 2005. Our Board of Directors has adopted a charter for the Nominating and Corporate Governance Committee and a copy of that charter is available for review on our website at [www.wfinet.com](http://www.wfinet.com).

In fulfilling its responsibilities, the Nominating and Corporate Governance Committee considers the following factors:

- The appropriate size of the Company's Board and its committees;
- The needs of the Company with respect to the particular talents and experience of its Directors;
- The knowledge, skills and experience of nominees, including experience in the wireless communications or government contracting industry, business, finance, administration or public service, in light of prevailing business conditions and the knowledge, skills and experience already possessed by other members of the Board;
- Experience with accounting rules and practices;
- Applicable regulatory and securities exchange/association requirements;
- Appreciation of the relationship of the Company's business to the changing needs of society; and
- A balance between the benefit of continuity and the desire for a fresh perspective provided by new members.

The Nominating and Corporate Governance Committee's goal is to assemble a Board that brings to WFI a variety of perspectives and skills derived from high quality business and professional experience. In doing so, the Nominating and Corporate Governance Committee also considers candidates with appropriate non-business backgrounds.

Other than the foregoing, there are no stated minimum criteria for Director nominees. However, the Nominating and Corporate Governance Committee may also consider such other factors as it may deem are in the best interests of WFI and its stockholders. The Nominating and Corporate Governance Committee does, however, recognize that under applicable regulatory requirements at least one member of the Board must meet the criteria for an audit committee financial expert as defined by SEC rules, and that at least a majority of the members of the Board must meet the definition of independent director under NASD Marketplace Rules or the listing standards of any other applicable self regulatory organization. The Nominating and Corporate Governance Committee also believes it appropriate for certain key members of the Company's management to participate as members of the Board.

The Nominating and Corporate Governance Committee identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience that are relevant to the Company's business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board up for re-election at an upcoming annual meeting of stockholders does not wish to continue in service, the Nominating and Corporate Governance Committee identifies the desired skills and experience of a new nominee in light of the criteria above. Current members of the Nominating and Corporate Governance Committee and Board will be polled for suggestions as to individuals meeting the criteria of the Nominating and Corporate

Governance Committee. Research may also be performed to identify qualified individuals. If the Nominating and Corporate Governance Committee believes that the Board requires additional candidates for nomination, the Nominating and Corporate Governance Committee may explore alternative sources for identifying additional candidates. This may include engaging, as appropriate, a third party search firm to assist in identifying qualified candidates.

The Nominating and Corporate Governance Committee will evaluate any recommendation for Director nominee proposed by a stockholder who (i) has continuously held at least 1% of the outstanding shares of the Company's common stock entitled to vote at the annual meeting of stockholders for at least one year by the date the stockholder makes the recommendation and (ii) undertakes to continue to hold the common stock through the date of the meeting. In order to be evaluated in connection with the Company's established procedures for evaluating potential director nominees, any recommendation for director nominee submitted by a qualifying stockholder must be received by the Company no later than 120 days prior to the anniversary of the date proxy statements were mailed to stockholders in connection with the prior year's annual meeting of stockholders. Any stockholder recommendation for director nominee must be submitted to the Corporate Secretary in writing at 4810 Eastgate Mall, San Diego, California 92121 and must contain the following information:

- A statement by the stockholder that he/she is the holder of at least 1% of the Company's common stock and that the stock has been held for at least a year prior to the date of the submission and that the stockholder will continue to hold the shares through the date of the annual meeting of stockholders;
- The candidate's name, age, contact information and current principal occupation or employment;
- A description of the candidate's qualifications and business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed;
- The candidate's resume; and
- Three references.

The Nominating and Corporate Governance Committee will evaluate recommendations for Director nominees submitted by Directors, management or qualifying stockholders in the same manner, using the criteria stated above.

All Directors and Director nominees will submit a completed form of Directors' and Officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee.

**Communications with Directors**

The Board has adopted a Communications with Directors Policy. The Communications with Directors Policy is available for review on our website at [www.wfinet.com](http://www.wfinet.com).

**Code of Ethics**

Our Board of Directors has adopted a Code of Ethics that applies to all of our Directors, officers and employees. The Code of Ethics is available for review on our website at [www.wfinet.com](http://www.wfinet.com); the Code of Ethics is also available in print, without charge, to any stockholder who requests a copy by writing to us at WFI, 4810 Eastgate Mall, San Diego, California, 92121, Attention: Investor Relations. Each of our Directors, officers, including our Chief Executive Officer, Chief Financial Officer and Corporate Controller, and all of our other principal executive officers and employees is required to be familiar with the Code of Ethics and to certify compliance annually. There have not been any waivers of the Code of Ethics relating to any of our executive officers or Directors in the past year.

**Director Compensation**

Directors who are not our employees receive the following quarterly retainer and committee fees:

Quarterly Retainer	\$3,500
Audit Committee Chair	\$3,000
Audit Committee Chair Regular Meeting Fee	\$2,000
Audit Committee Chair Calls	\$1,000
Other Audit Committee Matters	\$1,000 to \$4,000 (as determined by Board Chairman)
Committee Chair Retainer	\$1,000
Board Meetings	\$4,000
Board Conference Calls	\$2,000
Committee Meetings (per meeting)	\$1,000
Committee Conference Calls	\$500
Annual Stock Option Grant	20,000 shares

All fees are paid quarterly in arrears.

The Directors compensation schedule was approved by the Board of Directors on June 2, 2004 upon recommendation of the Compensation Committee and was modified on November 18, 2004 with respect to Audit Committee and Audit Committee Chair fees in light of the increased responsibilities of the Audit Committee as a result of the Sarbanes-Oxley Act. Additionally, in February 2005 the Board of Directors approved a Non-Management Directors Stock Fee Program whereby our non-management Directors may elect to receive all or a portion of their fees in shares of our common stock. Further, in July 2005, the Board of Directors approved a Non-Management Directors Stock Option Fee Program similar to the Non-Management Directors Stock Fee Program, whereby our non-management Directors may elect to receive all or a portion of their accrued Directors fees in the form of a fully-vested stock option grant. If elected under either of these plans, the common stock, or the exercise price of the stock option grant, each such Director shall receive, is valued based on the closing trading price of our common stock on the trading day immediately preceding the regularly scheduled Board of Directors Meeting for the respective quarter in which the Directors fees are being paid. Our Directors also receive reimbursement for all out-of-pocket expenses related to their duties, including, but not limited to, travel, car rental and lodging fees.

In addition, upon election to the Board, each Director receives a stock option grant to purchase 20,000 shares of our common stock. Directors also receive an annual stock option grant of 20,000 shares on January 1 of each year. All options are granted under our 1999 or 2005 Equity Incentive Plan at the closing trading price of our common stock on the day immediately preceding the stock option grant. Options granted to our Directors vest over 4 years and have ten year terms. The vesting of the options will accelerate upon a change of control of WFI.

Directors who are also employees of ours do not receive any compensation for their services as members of the Board of Directors.

## Management

Our executive officers and their respective positions are set forth in the following table. Biographical information of each executive officer who is not also a Director is set forth following the table. There are no family relationships between any Director or executive officer and any other Director or executive officer of WFI. Executive officers serve at the discretion of our Board of Directors.

### Executive Officers

Name	Position	Age	Year in Which He/She Became Officer
Masood K. Tayebi, Ph.D.	Chairman of the Board	44	1997
Eric M. DeMarco	Chief Executive Officer and President	42	2003
James R. Edwards	Senior Vice President, General Counsel and Secretary	54	2004
Deanna H. Lund	Senior Vice President and Chief Financial Officer	38	2004
Laura L. Siegal	Vice President Finance and Corporate Controller	43	2004

The term of office of each executive officer is until his or her respective successor is elected and has been qualified, or until his or her earlier death, resignation or removal. Historically, the Board has elected officers annually at its first meeting following the Annual Meeting of Stockholders.

Dr. Tayebi and Mr. DeMarco's biographical information is included with those of the other members of our Board of Directors.

*Mr. Edwards* has been our Senior Vice President, General Counsel and Secretary since April 2004. Prior to joining WFI, Mr. Edwards most recently served as Senior Legal Counsel for Qualcomm Incorporated working with Qualcomm's Global Development Group and Ventures Group. Prior to joining Qualcomm, Mr. Edwards served as Vice President, General Counsel and Secretary of Wireless Knowledge, Inc., a Qualcomm subsidiary; Vice President, General Counsel and Secretary of Vapotronics, Inc., a developer of medical device technologies; Vice President, General Counsel and Secretary of General Atomics, an energy and defense contractor focused on advanced technology Research and Development; and General Counsel and Secretary of Logicon, Inc., a defense contractor. Mr. Edwards has been a member of the board of directors of IWT Tesoro Corporation since 2002. Mr. Edwards is a graduate of the University of San Diego, School of Law, where he received his Juris Doctorate, and of Colorado State University, where he received his Bachelor of Science Degree in Psychology, Cum Laude.

*Ms. Lund* has been our Senior Vice President and Chief Financial Officer since April 2004. Prior to joining WFI, Ms. Lund most recently served as Vice President of The Titan Corporation from July 1998 and Titan's Corporate Controller from December 1996. Ms. Lund was also Titan's Corporate Manager of Operations Analysis from 1993 to 1996. Prior thereto, Ms. Lund worked for Arthur Andersen LLP.

*Ms. Lund received her bachelor's degree in accounting from San Diego State University, magna cum laude, and is a Certified Public Accountant.*

*Ms. Siegal has served as our Vice President and Corporate Controller since April 4, 2006. Prior thereto Ms. Siegal served as Vice President, Finance and Treasurer and Risk Management since September 2004. Ms. Siegal joined WFI in August 2000 and has served as our Treasurer since December 2003, our Director of Corporate Planning from August 2002 to December 2003, our Director of Financial Planning and Analysis from January 2001 to August 2002, and our Director of Purchasing from August 2000 to January 2001. Throughout her career, Ms. Siegal has held a variety of financial management positions in technology and consulting companies including Controller of MEC Analytical Systems. Ms. Siegal received a bachelor's degree in Economics from the University of California, San Diego.*

#### **Executive Compensation**

*The reports of the Compensation Committee and the Audit Committee, reference to the Audit Committee members and the stock performance graph should not be considered soliciting material and should not be considered filed with the Securities and Exchange Commission as part of this proxy statement. Any current or future cross-references to this proxy statement in filings with the Securities and Exchange Commission under either the Securities Act or the Securities Exchange Act will not include such reports or the graph reproduced above, except to the extent WFI specifically incorporates it by reference in such filing.*

#### **Compensation Committee Report on Executive Compensation**

The Compensation Committee is composed of three Directors of our Board of Directors, each of whom is a non-employee director within the meaning of Rule 16b-3 under the Exchange Act and an outside director within the meaning of Section 162(m) of the Code. The Compensation Committee receives and approves each of the elements of the executive compensation program of our company and continually assesses the effectiveness and competitiveness of the program. In addition, the Compensation Committee administers the compensation and employee benefit plans, which include primarily the 1999 and 2005 Equity Incentive Plans, the 2000 Nonstatutory Stock Option plan (collectively, the Option Plans), and reviews with our Board of Directors all aspects of the compensation structure for our company's executives. Set forth below in full is the Report of the Compensation Committee regarding compensation paid by us to our executive officers during 2005.

#### *Compensation Philosophy*

Our executive compensation program is based upon a pay-for-performance philosophy. The executive compensation program is designed to provide value to the executive based on the extent of individual performance, our performance versus budgeted revenue and net income targets and other financial measures, our longer-term financial performance and total return to stockholders, including the extent by which share price appreciation meets, exceeds or falls short of expectations. Under this program design, incentive payments that closely track our financial performance can exceed targeted levels only when company performance levels as a whole exceed expectations.

#### *Elements of the Executive Compensation Program*

*Base Salary.* As a general matter, the base salary for each executive is initially established through negotiation at the time the officer is hired, taking into account such officer's qualifications, experience, prior salary and competitive salary information. Year-to-year adjustments to each executive officer's base salary are determined by the executive's success in contributing to the Company's short and long-term objectives. Short-term objectives include gross profit and gross margin, operating income and operating

income margin, and net earnings and net earnings margin. Long-term objectives include the timely development of new service offerings, enhancements and improvements to existing service offerings, identification of new markets for the Company's services, development and execution of plans to address identified market opportunities, adequate control over and efficient use of our assets, and share price appreciation. Relative weights are not assigned to the factors considered in establishing base salaries.

*Annual Incentive Bonuses.* In addition to base salary, the Company provides executive officers and other key managers the opportunity to receive incentive compensation in the form of annual discretionary bonuses of cash or options to purchase common stock in our Company.

*Deferred Compensation Plan.* The Company provides our executive officers and other eligible highly compensated employees with the opportunity to defer up to eighty percent (80%) of their cash compensation derived from base salary, bonus awards and/or commissions pursuant to our Nonqualified Deferred Compensation Plan ( *Compensation Plan* ). The deferrals reduce a participant's current taxable income and allow the participant to accumulate savings on a tax deferred basis. In addition, WFI may, in its sole and absolute discretion, make annual discretionary contributions, including matching contributions to the Compensation Plan. To date, WFI has not made any such contributions. Deferrals (and WFI contributions, if applicable) are adjusted for gain or loss based on the performance of one or more investment options selected by the participant from among investment funds chosen by a committee appointed by the Compensation Committee to administer the Compensation Plan. Generally, all distributions under the Compensation Plan will be made in a single lump sum, although participants that terminate their employment as a result of their retirement may elect to receive distributions in annual installments.

*Long-Term Incentives.* The Company provides our executive officers with long-term incentives through our option plans. The Option Plans' primary objective is to provide an incentive for the executive officers to make decisions and take actions that maximize long-term stockholder value. Each plan promotes this long-term focus using vesting periods. Most initial options currently vest over a four year period from the date of grant, twenty-five percent on the first anniversary of the date of grant and the balance vesting monthly over the remaining three years. Subsequent option grants to employees with over one year of service vest on a monthly basis over a four year period. The Compensation Committee reviews and approves all grants made to officers of our company under the Option Plans and in connection with initial hiring, promotions, extraordinary achievements or compensation adjustments. In addition to these factors, the size and timing of grants are generally subject to policies established by the Compensation Committee regarding the position of the grantee within our company, the overall number of options actually granted to such optionee in the past, and the extent of vesting of such grants.

On December 21, 2005, our Board of Directors approved, subject to certain limited conditions, the amendment of all outstanding stock option grants under the Company's 1999 Equity Incentive Plan and 2000 Nonstatutory Stock Option Plan (collectively, the *Option Plans* ), with an exercise price per share greater than 120% of the closing market price of our common stock on December 29, 2005 to provide that, as of December 30, 2005, the exercise price of each outstanding stock option under the Option Plans was reduced to 120% of the closing price of our common stock as reported on the NASDAQ National Market on December 29, 2005; *provided, however*, that the holder of such outstanding stock option was an employee of ours on December 30, 2005, but excluding (i) employees of ours that were categorized as project staff associates and (ii) employees who had, prior to December 30, 2005, given notice to, or received notice from us terminating their employment on a date or time period after December 30, 2005.

#### *CEO Compensation*

Mr. DeMarco's base salary was reviewed in March 2005 and again in March 2006 by the Compensation Committee. The Compensation Committee believes that the total compensation of our



President and Chief Executive Officer is largely based upon the same policies and criteria used for other executive officers at comparable companies. Each year the Compensation Committee reviews the Chief Executive Officer's compensation arrangement, the individual performance for the calendar year under review, as well as our company's performance. Mr. DeMarco did not receive a bonus for 2005. In determining whether or not Mr. DeMarco would receive a bonus for 2005, the Compensation Committee considered the financial performance of the Company, his achievement of personal goals and contributions to the Company, and his role in implementing strategic and financial initiatives designed to increase our company's development and growth efforts. In August 2005, Mr. DeMarco was granted options under the 1999 Equity Incentive Plan to purchase 225,000 shares of our common stock at \$5.38 per share.

As a result of the repricing of outstanding stock options on December 30, 2005 discussed above, Mr. DeMarco's November 17, 2003 stock option grant of 1,250,000 shares was repriced from \$12.80/share to \$6.19/share.

*Section 162(m) Compliance*

Section 162(m) of the Internal Revenue Code generally limits the tax deductions a public corporation may take for compensation paid to its Named Executive Officers to \$1.0 million per executive per year. Performance-based compensation tied to the attainment of specific goals is excluded from the limitation. Our stockholders have previously approved the Option Plans, qualifying options and stock appreciation rights under these plans as performance-based compensation exempt from the Section 162(m) limits. Other awards under these plans also may qualify as performance-based compensation in the discretion of the Compensation Committee. In addition, the Compensation Committee intends to evaluate our executive compensation policies and benefit plans during the coming year to determine whether additional actions to maintain the tax deductibility of executive compensation are in the best interest of our stockholders.

*Conclusion*

Through the programs described above, a significant portion of our compensation program and realization of its benefits is contingent on both our company and individual performance.

The foregoing report has been furnished by the Compensation Committee.

Scot B. Jarvis, Chairperson  
Bandel L. Carano  
William A. Hogle

*Compensation Committee Interlocks and Insider Participation*

None of the members of the Compensation Committee are, or have been employees of WFI. None of our current executive officers has ever served as a member of a board of directors or compensation committee of any other entity that has or has had one or more executive officers serving as a member of our Board of Directors or Compensation Committee during the last fiscal year.

**Summary Compensation Table**

The following table shows, for each of the fiscal years ended December 26, 2003, December 31, 2004, and December 30, 2005, the cash compensation paid by us and any of our subsidiaries or divisions, as well as certain other compensation paid or accrued for those years, to our Chief Executive Officer, our four other most highly compensated executive officers serving in such capacities as of December 30, 2005, and one former executive officer in 2005 (the Named Executive Officers ) in all capacities in which they served. The compensation described in this table does not include medical, group life insurance or other benefits which are available generally to all of our salaried employees.

Name and Principal Position	Year	Annual Compensation		Long-Term	All Other
		Salary(\$)	Bonus(\$)	Compensation	
		(A)	(B)	Underlying	(D)
				Options/SARs	
				(#) (C)	
Eric M. DeMarco	2005	293,561		225,000	14,000
Chief Executive Officer and President	2004	280,288		500,000	2,996
	2003	27,520		1,250,000 (E)	
Deanna Hom Lund	2005	221,146		100,000	14,000
Senior Vice President and	2004	145,385	30,000	300,000 (E)	1,817
Chief Financial Officer	2003				
James R. Edwards	2005	212,755		70,000	14,000
Senior Vice President	2004	137,980		270,000 (E)	10,289
General Counsel and Secretary	2003				
Steven D. Roth*	2005	204,681		45,000	14,966
Former President, Government Services	2004	61,421		150,000	3,231
Division	2003				
Rochelle R. Bold**	2005	204,230		70,000	5,534
Former Senior Vice President Corporate	2004	153,439		125,000 (E)	4,833
Development & Investor Relations	2003	3,833		130,000	
David L. Knutson***	2005	183,187		389,000 (E)	12,813
Former Executive Vice President	2004	178,364	32,667	40,000	1,021
of Wireless Network Services	2003	80,770	20,000	300,000	

\* Effective December 23, 2005, Mr. Roth resigned from his position as President of our Government Services Division. Mr. Roth joined WFI in September 2004.

\*\* Effective February 28, 2006, Ms. Bold resigned as an officer of WFI. She had been our Senior Vice President, Corporate Development and Investor Relations since November 2003.

\*\*\* Effective February 10, 2006, Mr. Knutson resigned from his position as Executive Vice President of our Wireless Network Services Division. Mr. Knutson joined WFI in June 2003.

(A) Amounts shown include cash compensation earned and received by the executive officers as well as amounts earned but deferred at the election of those officers.

(B) Amounts shown include bonus cash compensation earned by the executive officers for each fiscal year, whether received in the fiscal year in which it was earned or in the subsequent fiscal year.

(C) Except as indicated in Note (E) below, amounts shown consist of option grants at fair market value under our 1999 Equity Incentive Plan and 2000 Nonstatutory Stock Option Plan.



(D) Amounts shown consist of (i) our matching contribution to our 401(k) Retirement Plan, and (ii) other compensation. Amounts shown for fiscal year 2005 for the named executive officers consist of the following elements of compensation: Mr. DeMarco: (i) \$14,000; Ms. Lund: (i) \$14,000; Mr. Edwards: (i) \$14,000; Mr. Roth: (i) 14,966; Ms. Bold: (i) \$5,534; and Mr. Knutson: (i) \$12,815.

(E) Includes the following stock option grants that were cancelled and re-granted on December 30, 2005 as part of a stock option repricing of all outstanding employee stock options that were originally granted at prices greater than 120% of the closing market value of our common stock on December 29, 2005: Mr. DeMarco 1,250,000 options originally granted on November 17, 2003; Ms. Lund: 200,000 options originally granted on April 20, 2004; Mr. Edwards: 170,000 options granted on April 20, 2003; Ms. Bold: 130,000 options originally granted on November 17, 2003 and 25,000 options originally granted on April 8, 2004; and Mr. Knutson: 150,000 options originally granted on May 1, 2003, 150,000 options originally granted on December 18, 2003, 25,000 options originally granted on May 25, 2004 and 25,000 options originally granted on April 12, 2005.

On November 18, 2004, our Board of Directors adopted the Wireless Facilities, Inc. Nonqualified Deferred Compensation Plan, effective as of January 1, 2005 (the Compensation Plan). The Compensation Plan provides our executive officers and other eligible highly compensated employees with the opportunity to defer up to eighty percent (80%) of their cash compensation derived from base salary, bonus awards and/or commissions pursuant to the Compensation Plan. The deferrals reduce a participant's current taxable income and allow the participant to accumulate savings on a tax deferred basis. In addition, WFI may, in its sole and absolute discretion, make annual discretionary contributions, including matching contributions to the Compensation Plan. To date, WFI has not made any such contributions. Deferrals (and WFI contributions, if applicable) are adjusted for gain or loss based on the performance of one or more investment options selected by the participant from among investment funds chosen by a committee appointed by the Compensation Committee to administer the Compensation Plan. Generally, all distributions under the Compensation Plan will be made in a single lump sum, although participants that terminate their employment as a result of their retirement may elect to receive distributions in annual installments. WFI may, in its sole discretion, suspend or terminate the Compensation Plan or revise or amend it in any respect whatsoever; provided, however that no such action may reduce amounts credited to deferral accounts and such accounts will continue to be owed to the participants or beneficiaries.

#### **Agreements with Executive Officers and Directors**

In addition to other compensation arrangements described elsewhere in this proxy statement, we have entered into agreements with four of the Named Executive Officers herein as follows:

On November 14, 2003, we entered into an Executive Employment Agreement with Mr. DeMarco in connection with his duties as an executive of WFI. Among other things, the terms of the agreement provide for Mr. DeMarco's compensation, eligibility to receive annual incentive awards and to participate in long-term incentive, employee benefit and retirement programs. In the event that Mr. DeMarco is terminated without cause, he will be entitled to a lump sum equal to three times the sum of his current base salary, plus three times his target bonus potential for the year, less any bonus already received for such year, vesting of all outstanding stock options and participation for Mr. DeMarco and his dependents in our employee health care program for one-year or until Mr. DeMarco procures health care coverage through another employer. Additionally, in the event that there is a change of control of WFI, Mr. DeMarco shall be entitled to accelerated vesting of 50% of all outstanding and unvested stock options. Furthermore, Mr. DeMarco shall also be entitled to the severance compensation described above should Mr. DeMarco's employment be terminated as a result of such change in control.

Under Mr. DeMarco's agreement, a change in control is deemed to have occurred in the event of any one of the following occurrences: (i) the acquisition by an individual person or entity or a group of individuals or entities acting in concert, directly or indirectly, through one transaction or a series of related transactions, of more than 50% of WFI's outstanding voting securities; (ii) a merger or consolidation of WFI with or into another entity after which WFI's stockholders immediately prior to such transaction hold less than 50% of the voting securities of the surviving entity; (iii) a sale of all or substantially all of WFI's assets; or (iv) the change in the majority of the Board of Directors pursuant to a successful hostile proxy contest.

On March 28, 2005, we entered into a Change in Control Agreement with Ms. Lund, Mr. Edwards and Ms. Bold (collectively the Officers). The terms of these agreements provide that upon a change in control of WFI, the Officers shall be entitled to accelerated vesting of 50% of all of their outstanding and unvested stock options and any applicable stock appreciation rights. Upon the one-year anniversary or a triggering event, as defined in the agreement, whichever occurs first, all remaining unvested stock options and applicable stock appreciation rights shall be fully vested. Additionally, if as a result of such change in control, the Officers are terminated without cause, or voluntarily resign as a result of a triggering event, as defined in the agreement, the Officers shall be entitled to severance compensation, equal to one year base salary then in effect plus their maximum bonus amount for such fiscal year, with all such severance compensation conditioned upon the Officers executing a separation agreement with a release of claims reasonably satisfactory to WFI.

Under this Change in Control Agreement, a Change in Control is deemed to have occurred in the event of (i) the acquisition by an individual person or entity or a group of individuals or entities acting in concert, directly or indirectly, through one transaction or a series of transactions, of more than 50% of the outstanding voting securities of WFI; (ii) a merger or consolidation of WFI with or into another entity after which the stockholders of WFI immediately prior to such transaction hold less than 50% of the voting securities of the surviving entity; (iii) any action or event that results in the Board of Directors consisting of fewer than a majority of Incumbent Directors (Incumbent Directors shall mean directors who either (A) are directors of WFI as of the date of the Change in Control Agreement, or (B) are elected or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination); or (iv) a sale of all or substantially all of the assets of WFI.

Effective February 28, 2006, Ms. Bold resigned as an officer of WFI and the terms of her Change in Control Agreement were terminated.

On March 28, 2006, we amended and restated our Change in Control Agreements with Ms. Lund and Mr. Edwards, to provide (i) a severance payment of two years of Ms. Lund's or Mr. Edwards, as the case may be, base salary plus the maximum bonus amount for that period in the event of termination or resignation as a result of certain triggering events and (ii) a severance payment of one year of base salary in the event of termination without cause, plus a vesting of all unvested stock options and stock appreciation rights.

**Option Grants in Last Fiscal Year**

WFI grants options to the Named Executive Officers under our 1999 Equity Incentive Plan (the Incentive Plan ). As of March 24, 2006, options to purchase a total of 9,072,073 shares (net of cancelled and expired awards) were outstanding under the Incentive Plan and options to purchase 1,579,850 shares remained available for grant thereunder.

The following table contains information concerning the grant of stock options made during fiscal 2005 under our long-term incentive programs to the Named Executive Officers:

Name(A)	Individual Grants		% of Total Options Granted to Employees in Fiscal Year(C)	Exercise Price (\$/SH)(D)	Expiration Date(E)	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(F)	
	Number of Securities Underlying Options Granted(B)	(G)				5%(\$)	10%(\$)
Eric M. DeMarco	225,000		2.23	5.38	08/09/15	761,277	1,929,225
	1,250,000	(G)	12.37	6.19	11/17/03	0,000,000	5,934,272
Deanna Hom Lund	100,000		0.99	5.38	08/09/15	338,345	857,433
	200,000	(G)	1.98	6.19	04/20/14	309,526	1,039,242
James R. Edwards	70,000		0.69	5.38	08/09/15	236,842	600,203