UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) January 5, 2004

Wireless Facilities, Inc.

(Exact name of registrant as specified in its charter)

Delaware	0-27231	13-3818604
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4810 Eastgate Mall, San Diego, CA	92121
(address of principal executive offices)	(Zip Code)

(Registrant’s telephone number, including area code) (858) 228-2000

ITEM 2—ACQUISITION OR DISPOSITION OF ASSETS

On January 5, 2004, Wireless Facilities, Inc. (“WFI”) completed its acquisition of all of the outstanding securities of High Technology Solutions, Inc. (the “Company”), for $48,750,000 in cash. Such initial consideration was reduced by $262,109 for certain post-closing purchase price adjustments pursuant to the Agreement and Plan of Reorganization (“Agreement”) by and among WFI, WFI Government Services, Inc. (“Parent”), a Delaware corporation and wholly-owned subsidiary of WFI, Horseshoe Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent, the Company and certain stockholders. As a result of the acquisition, the Company became a wholly-owned subsidiary of the Parent and therefore, will be included in the consolidated financial results of WFI effective for periods subsequent to January 5, 2004.

The preceding description of the terms of the Agreement is qualified in its entirety by reference to the complete text of the Agreement filed as an exhibit to the original filing on Form 8-K on January 16, 2004.

ITEM 7—FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) Financial Statements of Business Acquired.

(1) High Technology Solutions, Inc.'s audited (i) Consolidated Balance Sheet as of August 29, 2003; (ii) Consolidated Statement of Operations for the year ended August 29, 2003; (iii) Consolidated Statement of Stockholders' Deficit for the year ended August 29, 2003; (iv) Consolidated Statement of Cash Flows for the year ended August 29, 2003 and (v) related notes to consolidated financial statements along with the Report of Independent Auditors are filed with this report as Exhibit 99.1.

(2) High Technology Solutions, Inc.'s unaudited (i) Consolidated Balance Sheet as of November 28, 2003; (ii) Consolidated Statements of Operations for the three months ended November 28, 2003 and November 29, 2002; (iii) Consolidated Statement of Stockholders' Deficit for the three months ended November 28, 2003; (iv) Consolidated Statements of Cash Flows for the three months ended November 28, 2003 and November 29, 2002 and (v) related notes to consolidated financial statements are filed with this report as Exhibit 99.2.

(b) Pro Forma Financial Statements.

(1) Unaudited Pro Forma Combined Balance Sheet as of December 31, 2003 and the related notes thereto are filed with this report as Exhibit 99.3.

(2) Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 2003 and the related notes thereto are filed with this report as Exhibit 99.3.

(c) Exhibits.

23.1 Consent of Ernst & Young LLP, Independent Auditors

99.1 High Technology Solutions, Inc.'s audited (i) Consolidated Balance Sheet as of August 29, 2003; (ii) Consolidated Statement of Operations for the year ended August 29, 2003; (iii) Consolidated Statement of Stockholders' Deficit for the year ended August 29, 2003; (iv) Consolidated Statement of Cash Flows for the year ended August 29, 2003 and (v) related notes to consolidated financial statements along with the Report of Independent Auditors.

99.2 High Technology Solutions, Inc.'s unaudited (i) Consolidated Balance Sheet as of November 28, 2003; (ii) Consolidated Statements of Operations for the three months ended November 28, 2003 and November 29, 2002; (iii) Consolidated Statements of Cash Flows for the three months ended November 28, 2003 and November 29, 2002; (iv) Consolidated Statement of Stockholders' Deficit for the three months ended November 28, 2003 and (v) related notes to consolidated financial statements.

99.3 Unaudited Pro Forma (i) Combined Balance Sheet as of December 31, 2003; (ii) Combined Statement of Operations for the year ended December 31, 2003 and (iii) related notes thereto.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned herein to duly authorized.

Date: March 19, 2004

Wireless Facilities, Inc.

By: /s/ Dan Stokely, CPA

Dan Stokely, CPA
Interim Chief Financial Officer,
Vice President, Corporate Controller
(Principal Financial and Accounting Officer)

Exhibit 23.1

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Forms S-3, Forms S-4 and Forms S-8) of Wireless Facilities, Inc. and in the related Prospectuses, of our report dated October 15, 2003, with respect to the consolidated financial statements of High Technology Solutions, Inc., for the year ended August 29, 2003, included in this Current Report (Form 8-K/A) of Wireless Facilities, Inc.

/s/ ERNST & YOUNG LLP

San Diego, California
March 16, 2004

Exhibit 99.1

CONSOLIDATED FINANCIAL STATEMENTS

High Technology Solutions, Inc.
For the year ended August 29, 2003
with Report of Independent Auditors

High Technology Solutions, Inc.

Consolidated Financial Statements

For the year ended August 29, 2003

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Report of Independent Auditors

Board of Directors
High Technology Solutions, Inc.

We have audited the accompanying consolidated balance sheet of High Technology Solutions, Inc. as of August 29, 2003, and the related consolidated statement of operations, stockholders' deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of High Technology Solutions, Inc. as of August 29, 2003 , and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

San Diego, California
October 15, 2003

High Technology Solutions, Inc.

Consolidated Balance Sheet

	August 29, 2003
Assets	
Current assets:	
Short term investments	$ 88,913
Billed accounts receivable, net of allowance for doubtful accounts of $173,150 at August 29, 2003	7,989,288
Unbilled accounts receivable	809,487
Notes receivable from officers, current portion	225,065
Other current assets	470,246
Total current assets	9,582,999
Property and equipment, net	544,487
Long term investments	187,500
Intangibles and other assets	226,130
Notes receivable from officers, net of current portion	—
Total assets	$ 10,541,116
Liabilities and stockholders' deficit	
Current liabilities:	
Cash overdraft	$ 152,981
Accounts payable	1,646,177
Accrued expenses	389,417
Accrued compensation and related expenses	1,380,245
Deferred revenue	381,971
Line of credit	2,282,616
Current portion of long-term debt	1,209,990
Net liabilities of discontinued operations	56,203
Current portion of capital lease obligations	707
Total current liabilities	7,500,307
Long-term debt, net of current portion	—
Deferred compensation liability	164,180
Total liabilities	7,664,487
Commitments and contingencies	
Redeemable convertible preferred stock	21,679,186
Stockholders' deficit:	
Common stock, $0.001 par value, 35,000,000 authorized shares, 11,311,240 shares issued at August 29, 2003	11,311
Additional paid-in capital	4,703,323
Accumulated deficit	(23,318,595)
	(18,603,961)
Less: Treasury stock, 193,825 shares at cost at August 29, 2003	(198,596)
Total stockholders' deficit	(18,802,557)
Total liabilities and stockholders' deficit	$ 10,541,116

See accompanying notes.

High Technology Solutions, Inc.

Consolidated Statement of Operations

	Year ended August 29, 2003
Net revenues	**$ 43,309,417**
Cost of revenues	**35,065,673**
Gross profit	**8,243,744**
Expenses:	
Selling, general and administrative	**3,823,215**
Research and development	**358,165**
Stock-based compensation	**—**
	4,181,380
Operating income	**4,062,364**
Other income (expense):	
Interest expense	**(282,790)**
Interest income	**16,725**
Other income	**15,165**
Income before income taxes	**3,811,464**
Income tax provision	**(320,000)**
Income from continuing operations	**3,491,464**
Loss from discontinued operations	**(72,617)**
Net income	**3,418,847**
Accretion of dividends on preferred stock	(1,546,998)
Net income attributable to common stock	**$ 1,871,849**

See accompanying notes.

High Technology Solutions, Inc.

Consolidated Statement of Stockholders' Deficit

	Common Stock						
	Shares	Amount	Treasury Stock	Deferred Compensation	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
Balance at August 30, 2002	10,751,768	10,752	(193,540)	—	4,609,962	(25,190,444)	(20,763,270)
Accretion of preferred stock dividend	—	—	—	—	—	**(1,546,998)**	**(1,546,998)**
Issuance of common stock upon exercise of options	**559,472**	**559**	—	—	**93,361**	—	**93,920**
Treasury stock obtained from the sale of assets	—	—	**(5,056)**	—	—	—	**(5,056)**
Net income	—	—	—	—	—	**3,418,847**	**3,418,847**
Balance at August 29, 2003	**11,311,240**	**$ 11,311**	**$ (198,596)**	**$ —**	**$ 4,703,323**	**$ (23,318,595)**	**$ (18,802,557)**

See accompanying notes.

High Technology Solutions, Inc.

Consolidated Statement of Cash Flows

	Year ended August 29, 2003
Operating activities	
Net income	**$ 3,418,847**
Plus: Loss from discontinued operations	**72,617**
Income from continuing operations	**3,491,464**
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:	
Depreciation	**335,238**
Amortization	**3,955**
Provision for doubtful accounts	**84,767**
Receipt of securities for services	**(187,500)**
Loss (gain) on sale or write-off of assets	**—**
Issuance of warrants and options to non-employees	**—**
Deferred interest on notes receivable	**(5,829)**
Changes in assets and liabilities, net of acquisitions:	
Short-term investments	**(15,164)**
Billed accounts receivable	**(2,169,289)**
Unbilled accounts receivable, net	**522,218**
Other current assets	**(166,089)**
Intangibles and other assets	**(23,043)**
Bank overdraft	**(275,954)**
Accounts payable	**(624,987)**
Accrued expenses	**(171,255)**
Accrued compensation and related expenses	**79,004**
Other liabilities	**150,836**
Net cash provided by operating activities of continuing operations	**1,028,372**
Investing activities	
Purchases of property and equipment	**(88,146)**
Purchases of intangible assets	**(929)**
Other assets, net	**—**
Net cash used in investing activities of continuing operations	**(89,075)**
Financing activities	
Borrowings under line of credit	**25,362,044**
Payments on line of credit	**(24,982,138)**
Payments on long-term debt	**(1,360,939)**
Principal payments on capital leases	**(8,657)**
Issuance of common stock	**93,920**
Net cash used in financing activities of continuing operations	**(895,770)**
Net cash provided by continuing operations	**43,527**
Net cash used in discontinued operations	**(43,527)**
Decrease in cash and cash equivalents	**—**
Cash and cash equivalents at beginning of year	**—**
Cash and cash equivalents at end of year	**$ —**
Supplemental disclosure of cash flow information	
Cash paid during the year for interest	**$ 255,949**
Cash paid during the year for income taxes	**$ 310,384**
Supplemental disclosure of noncash financing and investing transactions	
Receipt of treasury stock for the sale of assets	**$ 5,056**
Disposal of capital lease assets	**$ 13,499**
Accretion of preferred stock dividend	**$ 1,546,998**

See accompanying notes.

1. Summary of Significant Accounting Policies and Practices

Description of Business

High Technology Solutions, Inc. (the “Company”) was founded in 1990 and provides support services in the areas of information technology, systems and software integration, and engineering and technical services under contracts with various governmental agencies and commercial entities. The Company’s headquarters are located in San Diego, California. The Company maintains offices in several cities located near government or commercial installations where the Company has been awarded contracts. The Company provides services including, but not limited to, systems engineering and technical services, data processing, software integration, Internet and Intranet software development, interactive media development, networking support, and program management support of government programs.

EyeVelocity, Inc. (formerly MACRO Systems, Inc.), a wholly owned subsidiary of the Company, provides manufacturing services under contracts with various governmental agencies. EyeVelocity previously provided visual imaging software for the automotive industry. During fiscal year 2001, management decided to discontinue the visual imaging software business segment and, accordingly, the operating results have been reclassified as discontinued operations (see Note 10).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and EyeVelocity. All intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition

The Company’s principal source of revenue is from prime contracts and subcontracts funded by U.S. governmental agencies. Approximately 89% of revenues from continuing operations for fiscal year 2003, were from non-fixed price contracts. Revenue on time-and-materials contracts is recognized based on hours incurred, extended at contract labor rates plus materials and other direct costs incurred.

1. Summary of Significant Accounting Policies and Practices (continued)

Revenue on cost plus fixed fee contracts is recognized as costs are incurred. Revenue on firm fixed price contracts is recognized using the percentage-of-completion method based on the ratio of costs incurred to date to total estimated costs at completion. Provisions are made to recognize any losses on contracts when losses become evident.

Payments to the Company for performance on certain U.S. government contracts are subject to audit by the Defense Contract Audit Agency. Revenue has been recorded at amounts expected to be realized upon final settlement.

Balances under retainage provisions in contracts approximated $170,402 at August 29, 2003.

Concentration of Credit Risk

The Company’s primary lines of business are significantly impacted by the United States Department of Defense budget. Should the United States reduce budget allocations for certain defense department expenditures, revenues may be adversely impacted.

Approximately 97% of the Company’s accounts receivable as of August 29, 2003, was due from various United States government agencies or customers working under government contract.

Cash Equivalents and Short-Term Investments

The Company considers all highly liquid investments with original maturities of three months or less from the purchase date to be cash equivalents. The Company’s securities are classified as “available-for-sale” in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 115, *Accounting for Certain Investment in Debt and Equity Securities*. These investments are carried at fair market value with any unrealized gains and losses recorded as a separate component of stockholders’ equity. Fair value is based upon market prices quoted on the last day of the fiscal year. Gross unrealized gains and losses were not material for the year ended August 29, 2003.

1. Summary of Significant Accounting Policies and Practices (continued)

Long-Term Investments

Equity investments in businesses that are not publicly traded are stated at the lower of cost or fair market value, and gains are recognized when realized. Fair market value for these investments is based on management's review of the underlying operating performance and cash flow forecasts for the companies underlying these investments, as well as available comparable private equity transaction information. The Company assesses and records impairment losses when events and circumstances indicate such assets might be impaired.

Intangibles Assets

Intangible assets consist primarily of patent and trademarks associated with the Company's interactive media business. These assets are being amortized over the estimated useful lives of typically 5 years.

The Company assesses the recoverability of intangible assets by determining whether the amortization of the intangible assets over their remaining lives can be recovered through undiscounted future operating cash flows of the acquired businesses. The impairment of intangible assets, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of intangible assets will be impacted if estimated future operating cash flows are not achieved.

Property and Equipment

Property and equipment are recorded at cost. Equipment under capital leases is stated at the present value of the minimum lease payments.

Depreciation is provided on a straight-line method over the estimated useful lives of the assets, which range from three to seven years. Equipment acquired under capital leases and leasehold improvements are amortized over the useful life of the asset or the lease term, whichever is less.

Assets held under capital leases as of August 29, 2003 were not material.

1. Summary of Significant Accounting Policies and Practices (continued)

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of

In accordance with SFAS No. 144, the Company recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

1. Summary of Significant Accounting Policies and Practices (continued)

Recent Accounting Pronouncements

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*. SFAS No. 148 amended SFAS No. 123 *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 became effective for fiscal years ending after December 15, 2002. The Company has currently chosen not to adopt the voluntary change to the fair value based method of accounting for stock-based employee compensation. If the Company should choose to adopt such a method, its implementation pursuant to SFAS No. 148 could have a material effect on the Company's consolidated financial position and results of operations.

In April 2003, the FASB issued SFAS No. 149, *Amendment of Statement 133 on Derivative Instruments and Hedging Activities*. SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in SFAS No. 133 and when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, for hedging relationships designated after June 30, 2003, and to certain pre-existing contracts. The adoption of SFAS No. 149 has not had a material impact on the Company's consolidated financial statements.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 affects the issuer's accounting for three types of freestanding financial instruments; (a) mandatorily redeemable shares which the issuing company is obligated to buy back in exchange for cash or other assets, (b) put options and forward purchase contracts that do or may require the issuer to buy back some of its shares in exchange for cash or other assets, and (c) obligations that can be settled with shares, the monetary value of which is fixed, ties solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150 also requires disclosures about alternative ways of settling the instruments and the capital structure of entities. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and for

1. Summary of Significant Accounting Policies and Practices (continued)

all periods beginning after June 15, 2003 except for mandatorily redeemable financial instruments of nonpublic entities which are subject to the provisions of SFAS No. 150 for the first fiscal period beginning after December 15, 2003. The Company is currently evaluating the adoption and impact on its consolidated financial statements.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN 45 requires a liability to be recorded in the guarantor's balance sheet upon issuance of a guarantee. In addition, FIN 45 requires disclosures about the guarantees that an entity has issued, including a reconciliation of changes in the entity's product warranty liabilities. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statements ending after December 15, 2002. The adoption of FIN 45 has not had a material impact on the Company's consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), *Consolidation of Variable Interest Entities*. FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. A variable interest entity either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources to the entity to support its activities. FIN 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period beginning after June 15, 2003. The adoption of FIN 46 has not had a material impact on the Company's consolidated financial statements.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

1. Summary of Significant Accounting Policies and Practices (continued)

Stock Options

As permitted by SFAS No. 123, *Accounting for Stock-Based Compensation*, the Company applies the intrinsic value-based method prescribed by APB Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations in accounting for fixed plan stock options. As such, no compensation expense is recognized if the exercise price of stock options equals or exceeds the fair value of the underlying stock at the date of grant.

Deferred compensation for stock options and warrants granted to non-employees has been determined at the grant date in accordance with SFAS No. 123 and EITF No. 96-18, *Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*, and has been recorded at the fair value of the equity instruments issued. Such deferred compensation is generally recognized over the period the related services are rendered. The effect on the Company's operating results from the issuance of these stock options was $0 for fiscal year 2003.

Pro forma net income has been determined as if the Company had accounted for its employee stock options under the fair-value method prescribed in SFAS No. 123. The fair value of these options was estimated at the date of grant using the minimum value pricing model with the following weighted average assumptions for fiscal year 2003: risk-free interest rate of 5%; zero dividend yield; and a weighted-average expected life of 8 years. The estimated weighted average fair value of stock options granted during fiscal year 2003 was $0.07.

The minimum value pricing model is similar to the Black-Scholes option valuation model, which was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable, except that it excludes the factor for volatility. In addition, option valuation models require the input of highly subjective assumptions. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the employee stock options.

1. Summary of Significant Accounting Policies and Practices (continued)

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period of the related options. The Company's pro forma information follows:

	Year ended August 29, 2003
Pro forma net income	$ 3,373,085
As reported	$ 3,418,847

Advertising

The Company expenses advertising as incurred. Advertising expenses for the fiscal year 2003 was $43,256.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

The Company's fiscal year is 52 or 53 weeks ending the Friday closest to August 31.

2. Property and Equipment

Property and equipment consisted of the following:

	August 29, 2003
Machinery and equipment	$ 2,011,079
Furniture and fixtures	158,574
Purchased software	578,008
Leasehold improvements	114,338
Construction in progress	17,128
	2,879,127
Accumulated depreciation and amortization	(2,334,640)
Property and equipment, net	$ 544,487

3. Notes Receivable from Officers

Notes receivable from officers consisted of the following:

	August 29, 2003
Note receivable from officer, unsecured, interest payable bi-weekly at 5.25%, principal due 2004	$ 72,777
Note receivable from officer, unsecured, interest at 6.80%. Principal and accrued interest are due 2004 or when the Company completes an initial public offering, whichever occurs first	142,288
Other	10,000
	$ 225,065

During fiscal year 2003, the company extended the due date of two notes receivable from officers totaling $82,777 by 14 months. Additionally, the interest rate of these notes was reduced from 8.25% to 5.25%.

4. Long-Term Debt

Long-term debt consisted of the following:

	August 29, 2003
Note payable, bank, payable in monthly installments of $60,000, plus interest at a variable rate of bank prime plus 0.75% (4.75% at August 29, 2003, maturing May 2004	$ 660,000
Note payable, bank, payable in monthly installments of $55,556, plus interest at a variable rate of bank prime plus 1.25% (5.25% at August 29, 2003, maturing June 2004, net of deferred financing fees of $5,565 at August 29, 2003	549,990
Less current portion	(1,209,990)
Long-term debt, net of current portion	$ —

The Company is a party to a loan and security agreement with a bank, dated August 5, 2002, as amended (the “Agreement”). The Agreement provides for a revolving, asset-based line of credit of up to $7,000,000, which bears interest at the bank’s prime rate plus 0.25%. The weighted average interest rate for the year ended August 29, 2003 was 4.76%. The entire outstanding unpaid balance under the line of credit and all accrued unpaid interest thereon are due January 15, 2004. The bank borrowings are secured by substantially all of the assets of the Company. As of August 29, 2003, $2,282,616 was outstanding and $4,717,384 was available under the line of credit.

At August 29, 2003, the Company has a standby letter of credit outstanding amounting to $50,000 guaranteeing the performance under securing borrowings on corporate credit cards.

5. Income Taxes

The income tax provision consists of the following:

	Year ended August 29, 2003
Current:	
Federal	**$ 75,000**
State	**245,000**
Total current taxes	**320,000**
Deferred:	
Federal	—
State	—
Total deferred taxes	—
Total income tax provision	**$320,000**

Alternative minimum taxable income was approximately $375,000 for 2003.

A reconciliation of total income tax provision to the amount computed by applying the statutory federal alternative minimum tax rate of 20% where applicable and a blended state tax rate of 6.4% to income before income tax provision for the year ended August 29, 2003 is as follows:

	2003
Income tax expense at federal statutory rate	$ 75,000
State taxes, net of federal tax benefit	245,000
	$320,000

Significant components of the Company's deferred tax assets and liabilities as of August 29, 2003 are shown below. A valuation allowance has been established to offset the deferred tax assets as realization of such assets is uncertain:

	2003
Deferred tax assets:	
Operating loss carryforward	**$ 5,302,000**
Accrued liabilities and other	**641,000**
Deferred compensation	**166,000**
Property, plant and equipment	**149,000**
Total deferred tax assets	**6,258,000**
Valuation allowance	**(6,258,000)**
Net deferred tax liability	**$ —**

At August 29, 2003, the Company has federal and state net operating loss carryforwards of approximately $15,380,000 and $3,460,000, respectively, which will begin expiring in 2019 and 2004, respectively, unless previously utilized. The Company also has federal research credit carryforwards of approximately $140,000, which will begin expiring in 2019 unless previously utilized.

5. Income Taxes (continued)

Pursuant to Internal Revenue Code Sections 382 and 383, use of the Company's net operating losses and tax credit carryforwards may be limited if a cumulative change in ownership of more than 50% has occurred within a three-year period.

6. Redeemable Preferred Stock and Stockholders' Deficit

Preferred Stock

During fiscal year 2000, the Company issued Series A Redeemable Convertible Preferred Stock (Preferred Stock). The Preferred Stock has voting rights equal to the number of common shares into which the Preferred Stock is convertible. As long as 33% of the shares of Preferred Stock are outstanding, the Board shall consist of up to nine directors and specified Preferred Stock holders shall have in addition to other voting rights the exclusive right to elect up to three directors.

In the event of any liquidation, dissolution, or winding up of the Company, the holders of Preferred Stock are entitled to $6.064 per share plus all declared or accrued and unpaid dividends. The Preferred Stock accrues dividends at a rate of 6% for two years from the date of issuance and 9% thereafter. Through the fourth anniversary of the date of issuance, the Company has the option to pay any accrued dividends in-kind with additional Preferred Stock or in cash. Commencing on the fourth anniversary of the date of issuance, the holder of Preferred Stock shall be entitled to receive preferential dividends payable in cash on the last business day of each quarter. If the Company cannot pay the dividends, then such dividends become cumulative and compound quarterly from the date due. Cumulative unpaid dividends on the Preferred Stock at August 29, 2003 amount to $4,679,193.

The Preferred Stock is redeemable at the holders' option if any of the following items occur: (i) any sale, lease, exchange or other transfer of all or substantially all of the property and assets of the Company, (ii) any merger or consolidation to which the Company is a party or (iii) any group or persons shall own securities of the Company representing 50% or more of the voting securities, excluding the current stockholder who originally owned greater than this amount. If none of these events occur, the Company shall redeem all of the outstanding Preferred Stock on the earlier of the fifth anniversary from the first date of issuance or the date on which the Company or any subsidiary shall make an assignment for the benefit of creditors, commence any proceeding relating to bankruptcy or insolvency.

6. Stockholders' Deficit (continued)

The Preferred Stock is convertible into common stock anytime at the holder's option and is subject to mandatory conversion in the event of a qualified sale or initial public offering. The conversion price of the Preferred Stock is $2.07 per share. As of August 29, 2003, the Company has reserved 11,000,000 shares of common stock for the conversion of the Preferred Stock.

Warrants

During fiscal year 2003, the Company issued a warrant to purchase 2,500 shares of common stock at $0.25 per share in conjunction with a financing arrangement with a bank. The warrant expires on April 1, 2008. The value of the warrant was not material.

During fiscal year 2002, the Company issued warrants to purchase 180,000 shares of common stock at $0.15 per share in conjunction with a financing arrangements. The warrant for 120,000 of these shares expires on January 29, 2007, and the warrant for the remaining 60,000 shares expires on May 7, 2007. The warrants were valued at $9,000 using the Black-Scholes model, and have been fully amortized to interest expense as of August 29, 2003.

Stock Option Plans

The Company has reserved the greater of: (i) 4,000,000 shares of common stock or (ii) 20% of the outstanding shares of common stock at the end of each quarter (including the assumed conversion of any convertible preferred shares outstanding into common stock) under the 2002 Stock Option Plan (the "2002 Plan") for issuance to eligible employees, directors and consultants. The 2002 Plan provides for the grant of incentive and nonstatutory stock options. Terms of the stock option agreements, including vesting requirements, are determined by the Board of Directors, subject to the provisions of the 2002 Plan. On the date of grant, the exercise price of incentive stock options must equal at least the deemed fair value and the exercise price of non-statutory stock options may be no less than 85% of the deemed fair market value. Options granted by the Company generally vest over five years and have a maximum term of 10 years from the date of grant. As of August 29, 2003, 3,540,195 common shares are reserved for issuance under the 2002 Plan.

6. Stockholders' Deficit (continued)

Upon issuance of the 2002 Plan, the Company terminated any further issuances of stock options under both the 1996 and 1999 Stock Option Plans. Previous stock option grants under the 1996 and 1999 Stock Option Plans will remain valid until they expire or are otherwise cancelled. As of August 29, 2003, 95,100 options were outstanding under the 1996 and 1999 Stock Option Plans.

A summary of the Company's stock option activity and related information for the year ended August 29, 2003, are as follows:

Outstanding at August 30, 2002	2,904,094	$ 0.15 – $5.00	$0.17
Granted	**302,250**	**$0.15 – $0.275**	**$0.24**
Exercised	**(559,472)**	**$ 0.15 – $0.25**	**$0.17**
Canceled	**(232,789)**	**$ 0.15 – $5.00**	**$0.16**
Outstanding at August 29, 2003	**2,414,083**	**$ 0.15 – $5.00**	**$0.18**

The following table summarizes information about options outstanding and exercisable as of August 29, 2003:

Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life	Number Exercisable
$0.15	2,083,983	8.6	1,224,746
$0.25	158,000	9.3	140,998
$0.275	130,000	10.0	130,000
$0.50	20,000	3.1	20,000
$1.50	20,000	4.9	20,000
$5.00	2,100	7.5	1,430
	2,414,083		1,537,174

7. Employee Benefit Plans

The Company has a defined contribution plan covering substantially all employees who are at least 18 years of age with one month of service. Employees may elect to contribute up to 100% of their annual salary, subject to federal limitations. Contributions by the Company are discretionary but will not exceed 6% of employee compensation and approximated $202,770 for the fiscal year ended August 29, 2003.

In December 1997, the Company established a non-qualified deferred compensation agreement (the “Agreement”) for the benefit of a selected group of executives. The Agreement was structured as a “Rabbi Trust” in which the Company and senior management may contribute funds to an irrevocable trust. Upon the death or retirement of Company senior management covered under the Agreement, the trust will make payments to senior management or named beneficiaries. Accordingly, until funds contributed by the Company are distributed from the trust, the funds are available to settle the general obligations of the Company. As of August 29, 2003, $164,180 contributed to the trust is included as both an asset and a matching liability in “other assets” and “deferred compensation liability.”

8. Commitments and Contingencies

Leases

The Company leases miscellaneous office equipment and conducts operations in leased facilities. The leases expire on various dates through June 2007. Under the terms of these noncancelable operating leases, the Company is required to pay all taxes, insurance and maintenance. Rental expense under the leases approximated $610,267 in fiscal year 2003.

8. Commitments and Contingencies (continued)

Future minimum lease payments under the operating and capital leases are as follows:

Fiscal year ending	Operating Leases	Capital Leases
2004	$ 453,752	$ 1,325
2005	302,272	—
2006	279,197	—
2007	566	—
2008	—	—
Total minimum lease commitments	$ 1,035,787	1,325
Less amount representing interest		(618)
Present value of future minimum lease payments		707
Less current portion		707
		$ —

9. Related Party Transactions

During fiscal year 2002, the due date of a note receivable from an officer of the Company was extended by two years.

10. Discontinued Operations

During fiscal year 2001, the Company completed a formal plan to wind down the operation of its automotive accessory visualization software business. The revenues and expenses of this business segment have been reclassified to discontinued operations. During fiscal year 2002 the Company sold certain intellectual property assets of this business segment and continued to wind-down other operations of this segment. The wind-down of operations was completed in fiscal year 2003, and the Company expects negligible losses from this business segment in future periods.

Revenues reclassified to discontinued operations were $0 in fiscal year 2003. Losses from discontinued operations of $72,617 in fiscal year 2003, were presented net of income tax benefit of $0 for fiscal year 2003. Cash flows from discontinued operations have been reported as a single line in the Company’s consolidated statement of cash flows.

10. Discontinued Operations (continued)

Assets and liabilities of the discontinued operations consisted of the following:

	August 29, 2003
Assets:	
Current assets	$ —
Non-current assets, net	—
	—
Liabilities:	
Accounts payable and other current liabilities	56,203
Total net assets (liabilities)	$ (56,203)

Net assets (liabilities) of the discontinued operations have been separately classified in the accompanying balance sheets as of August 29, 2003.

11. Subsequent Event (unaudited)

On January 5, 2004, all of the outstanding securities of the Company were acquired for $48,750,000 in cash. Such initial consideration was reduced by $262,109 for certain post-closing purchase price adjustments pursuant to the Agreement and Plan of Reorganization ("Agreement") by and among the Wireless Facilities, Inc. (WFI), WFI Government Services, Inc. (Parent), a Delaware corporation and wholly-owned subsidiary of WFI, Horseshoe Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent, the Company and certain of its stockholders. As a result of the acquisition, the Company became a wholly-owned subsidiary of Parent and therefore, will be included in the consolidated financial results of WFI effective for periods subsequent to January 5, 2004.

Exhibit 99.2

High Technology Solutions, Inc.
Consolidated Balance Sheet
November 28, 2003
(in millions, except shares and per share amounts)

	(Unaudited)
Assets	
Current assets:	
Short-term investments	$ 0.1
Billed accounts receivable, net of allowance for doubtful accounts of $0.2	7.8
Unbilled accounts receivable	0.4
Notes receivable from officers, current portion	0.2
Other current assets	0.4
Total current assets	8.9
Property and equipment, net	0.5
Long term investments	0.2
Intangibles and other assets	0.2
Total assets	$ 9.8
Liabilities and stockholders’ deficit	
Current liabilities:	
Accounts payable	$ 1.3
Accrued expenses	0.5
Accrued compensation and related expenses	1.8
Deferred revenue	0.3
Line of credit payable	1.0
Current portion of long-term debt	0.9
Cash dividends payable on preferred stock	0.1
Total current liabilities	5.9
Deferred compensation liability	0.2
Total liabilities	6.1
Commitments and contingencies	
Redeemable convertible preferred stock	22.1
Stockholders’ deficit:	
Common stock, $0.001 par value, 35,000,000 authorized shares, 11,509,773 shares issued at November 28, 2003	—
Additional paid-in capital	4.7
Accumulated deficit	(22.9)
	(18.2)
Less: Treasury stock, 193,825 shares at cost at November 28, 2003	(0.2)
Total stockholders’ deficit	(18.4)
Total liabilities and stockholders’ deficit	$ 9.8

See accompanying notes to unaudited financial consolidated statements.

High Technology Solutions, Inc.
Consolidated Statements of Operations
For the three months ended November 28, 2003 and November 29, 2002
(in millions, except per share amounts)

	(Unaudited)	
	November 28, 2003	November 29, 2002
Net revenues	$ 11.4	$ 10.4
Cost of revenues	9.5	8.6
Gross profit	1.9	1.8
Selling, general and administrative expenses	0.9	0.9
Operating income	1.0	0.9
Other income (expense):		
Interest expense	—	(0.1)
Income before provision for income taxes	1.0	0.8
Provision for income taxes	0.1	0.1
Net income	0.9	0.7
Accretion of dividends on preferred stock	(0.4)	(0.4)
Net income attributable to common stock	$ 0.5	$ 0.3

See accompanying notes to unaudited consolidated financial statements.

High Technology Solutions
Consolidated Statement of Stockholders' Deficit
For the three months ended November 28, 2003
(in millions)

	(Unaudited)					
	Common stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount				
Balance at August 29, 2003	11.3	$ —	$ (0.2)	$ 4.7	$ (23.3)	$ (18.8)
Accretion of preferred stock dividend	—	—	—	—	(0.5)	(0.5)
Issuance of common stock	0.2	—	—	—	—	—
Net income	—	—	—	—	0.9	0.9
Balance at November 28, 2003 (unaudited)	11.5	$ —	$ (0.2)	$ 4.7	$ (22.9)	$ (18.4)

See accompanying notes to unaudited consolidated financial statements.

High Technology Solutions, Inc.
Consolidated Statements of Cash Flows
For the three months ended November 28, 2003 and November 29, 2002
(in millions)

	(Unaudited)	
	November 28, 2003	November 29, 2002
Net cash provided by operating activities	$ 1.6	$ (0.3)
Financing activities:		
Borrowings under line of credit	6.5	6.3
Payments on line of credit	(7.8)	(5.7)
Payments on long-term debt	(0.3)	(0.3)
Net cash provided by (used in) financing activities of continuing operations	(1.6)	0.3
Net increase (decrease) in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	$ —	$ —
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ —	$ 0.1
Cash paid during the period for income taxes	$ 0.1	$ —
Supplemental disclosure of non-cash financing transactions:		
Issuance of in-kind preferred stock dividends	$ 2.0	$ —
Accretion of preferred stock dividend	$ 0.4	$ 0.4

See accompanying notes to unaudited consolidated financial statements.

1. Summary of Significant Accounting Policies and Practices

Description of Business

High Technology Solutions, Inc. (the "Company") was founded in 1990 and provides support services in the areas of information technology, systems and software integration, and engineering and technical services under contracts with various governmental agencies and commercial entities. The Company's headquarters are located in San Diego, California. The Company maintains offices in several cities located near government or commercial installations where the Company is currently servicing awarded contracts. The Company provides services including, but not limited to, systems engineering and technical services, data processing, software integration, Internet and Intranet software development, interactive media development, networking support, and program management support of government programs.

Principles of Consolidation

All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Year and Basis of Presentation

The Company's fiscal year is 52 or 53 weeks ending the Friday closest to August 31. The information as of November 28, 2003, and for the three months ended November 28, 2003 and November 29, 2002 is unaudited. In the opinion of management, these financial statements include all material adjustments, which consist primarily of normal recurring inter-period adjustments, which are deemed necessary for the fair presentation of the interim consolidated financial statements. Interim operating results are not necessarily indicative of operating results expected in subsequent periods or for the year as a whole. These financial statements should be read in conjunction with the financial statements and the related notes included in the Company's audited financial statements for the year ended August 29, 2003.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior period amounts have been reclassified to the extent deemed necessary in order to conform with the current period presentation.

Revenue Recognition

The Company's principal source of revenue is from prime contracts and subcontracts funded by United States federal and state governmental agencies. Approximately 98% and 86% of revenues from continuing operations for the three months ended November 28, 2003 and November 29, 2002, respectively, were from non-fixed price contracts. Revenue on time-and-materials contracts is recognized based on hours incurred, extended at contract labor rates plus materials and other direct costs incurred. Revenue on cost plus fixed fee contracts is recognized as costs are incurred. Revenue on firm fixed price contracts is recognized using the percentage-of-completion method based on the ratio of costs incurred to date to total estimated costs at completion. Provisions are made to recognize in full, losses on contracts when losses become evident and deemed probable. Payments to the Company for performance on certain U.S. government contracts are subject to audit by the Defense Contract Audit Agency. Revenue has been recorded at amounts expected to be realized upon final settlement. Balances under contractual-based retainage provisions in contracts approximated $0.2 million at November 28, 2003.

Cash Equivalents and Short-Term Investments

The Company considers all highly liquid investments with original maturities of three months or less from the purchase date to be cash equivalents. The Company's securities are classified as "available-for-sale" in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investment in Debt and Equity Securities*. These investments are carried at fair market value with any unrealized gains and losses recorded as a separate component of stockholders' equity. Fair value is based upon market prices quoted on the last day of the fiscal year. Gross unrealized gains and losses were not material for the three months ended November 28, 2003 and November 29, 2002.

Recent Accounting Pronouncements

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure*. SFAS No. 148 amended SFAS No. 123 *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 became effective for fiscal years ending after December 15, 2002. The Company has currently chosen not to adopt the voluntary change to the fair value based method of accounting for stock-based employee compensation. If the Company should choose to adopt such a method, its implementation pursuant to SFAS No. 148 could have a material effect on the Company's consolidated financial position and results of operations.

In January 2003, the FASB issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." FIN 46 requires an investor with a majority of the variable interests (primary beneficiary) in a variable interest entity (VIE) to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A VIE is an entity in which the voting equity investors do not have a controlling financial interest or the equity investment at risk is insufficient to finance the entity's activities without receiving additional subordinated financial support from the other parties. Development-stage entities that have sufficient equity invested to finance the activities they are currently engaged in and entities that are businesses, as defined in FIN 46, are not considered VIEs.

The provisions of FIN 46 were effective immediately for all arrangements entered into with new VIEs created after January 31, 2003. In October 2003, the FASB deferred the effective date of FIN 46 for pre-existing VIEs to no later than February 2004. In December 2003, the FASB issued a revision to FIN 46 (FIN 46-R), which incorporated the October 2003 deferral provisions and clarified and revised the accounting guidance for VIEs. All VIEs, regardless of when created, are required to be evaluated under FIN 46-R no later than the quarter ended March 31, 2004. Management is still evaluating the effect of applying FIN 46-R, but does not currently expect this standard will have a material effect on the Company's financial condition, results of operations or cash flows. As of November 28, 2003, the Company did not identify any VIEs that would require consolidation or any exposure to VIEs that would require disclosure.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 affects the issuer's accounting for three types of freestanding financial instruments; (a) mandatorily redeemable shares which the issuing company is obligated to buy back in exchange for cash or other assets, (b) put options and forward purchase contracts that do or may require the issuer to buy back some of its shares in exchange for cash or other assets, and (c) obligations that can be settled with shares, the monetary value of which is fixed, ties solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150 also requires disclosures about alternative ways of settling the instruments and the capital structure of entities. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and for all periods beginning after June 15, 2003 except for mandatorily redeemable financial instruments of nonpublic entities which are subject to the provisions of SFAS No. 150 for the first fiscal period beginning after December 15, 2003. The Company adopted this standard effective August 30, 2003.

Stock Options

As permitted by SFAS No. 123, *Accounting for Stock-Based Compensation*, the Company applies the intrinsic value-based method prescribed by APB Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations in accounting for fixed plan stock options. As such, no compensation expense is recognized if the exercise price of stock options equals or exceeds the fair value of the underlying stock at the date of grant. Deferred compensation for stock options and warrants granted to non-employees has been determined at the grant date in accordance with SFAS No. 123 and EITF No. 96-18, *Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services*, and has been recorded at the fair value of the equity instruments issued. Such deferred compensation is generally recognized over the period the related services are rendered. The effect on the Company's operating results from the issuance of these stock options was $0 for the periods ended November 28, 2003 and November 29, 2002. Pro forma net income has been determined as if the Company had accounted for its employee stock options under the fair-value method prescribed in SFAS No. 123. The fair value of these options was estimated at the date of grant using the minimum value pricing model with the following weighted average assumptions for the three months ended November 28, 2003 and November 29, 2002: risk-free interest rate of 5%; zero dividend yield; and a weighted-average expected life of 8 years. The minimum value pricing model is similar to the Black-Scholes option valuation model, which was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable, except that it excludes the factor for volatility. In addition, option valuation models require the input of highly subjective assumptions. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the employee stock options. Pro forma net income did not differ materially from reported net income.

2. Commitments and Contingencies

The Company periodically evaluates all pending or threatened contingencies or commitments, if any, that are reasonably likely to have a material adverse effect on its operations or financial position. The Company assesses the probability of an adverse outcome and determines if it is remote, reasonably possible or probable as defined in accordance with the provisions of SFAS No. 5, "Accounting for Contingencies." If information available prior to the issuance of the Company's financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the Company's financial statements, and the amount of the loss, or the range of probable loss can be reasonably estimated, then such loss is accrued and charged to operations. If no accrual is made for a loss contingency because one or both of the conditions pursuant to SFAS No. 5 are not met, but the probability of an adverse outcome is at least reasonably possible, the Company will disclose the nature of the contingency and provide an estimate of the possible loss or range of loss, or state that such an estimate cannot be made.

3. Discontinued Operations

During fiscal year 2001, the Company completed a formal plan to wind down the operation of its automotive accessory visualization software business. The revenues and expenses of this business segment have been reclassified to discontinued operations, and the results of operations from this business segment were not material for the periods ended November 28, 2003 and November 29, 2002. The wind-down of operations was completed in fiscal year 2003, and the Company expects negligible losses from this business segment in future periods.

4. Subsequent Event

On January 5, 2004, all of the outstanding securities of the Company were acquired for $48,750,000 in cash. Such initial consideration was reduced by $262,109 for certain post-closing purchase price adjustments pursuant to the Agreement and Plan of Reorganization ("Agreement") by and among the Wireless Facilities, Inc. (WFI), WFI Government Services, Inc. (Parent), a Delaware corporation and wholly-owned subsidiary of Parent, Horseshoe Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent, the Company and certain of its stockholders. As a result of the acquisition, the Company became a wholly-owned subsidiary of Parent and therefore, will be included in the consolidated financial results of WFI effective for periods subsequent to January 5, 2004.

Exhibit 99.3

WIRELESS FACILITIES, INC
UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

This unaudited pro forma combined balance sheet has been prepared as if the acquisition had taken place as of December 31, 2003. The unaudited pro forma combined statement of operations for the year ended December 31, 2003, has been prepared as if the acquisition had taken place on January 1, 2003. The operations acquired from HTS have a fiscal year end of August 31st. For purposes of the pro forma combined financial statements, the information for the operations acquired from HTS is presented using WFI's fiscal year-end.

The pro forma adjustments are based upon available information and certain assumptions that WFI's management believes is reasonable. The unaudited pro forma financial statements are provided for informational purposes only and are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the date indicated or the expected financial position or results of operations in the future. Furthermore, the allocation of the purchase price is subject to refinement.

The unaudited pro forma combined financial statements should be read in conjunction with WFI's separate historical consolidated financial statements and notes thereto as filed with the United States Securities and Exchange Commission, as well as the historical financial statements and notes thereto of the operations of HTS acquired by WFI contained elsewhere herein, and in conjunction with the related notes to these unaudited pro forma combined financial statements. In management's opinion, all material adjustments necessary to reflect the effect of this transaction have been made.

Wireless Facilities, Inc.
Unaudited Pro Forma Combined Balance Sheet
December 31, 2003
(in millions, except share data)

	Wireless Facilities, Inc. Historical	(a) HTS 12/31/03 Ending Balance	(a) Allocation of HTS Purchase Price	Pro forma Combined
Assets				
Current assets:				
Cash and cash equivalents	$ 89.6	$ —	$ (48.4)	$ 41.2
Short-term investments	24.6	0.1	—	24.7
Accounts receivable, net	95.8	7.5	(0.3)	103.0
Accounts receivable—related party	0.2	—	—	0.2
Contract management receivables, net	1.0	—	—	1.0
Prepaid expenses	1.9	0.4	—	2.3
Employee loans and advances	0.4	—	—	0.4
Other current assets	4.5	—	—	4.5
Total current assets	218.0	8.0	(48.7)	177.3
Property and equipment, net	11.3	0.5	—	11.8
Goodwill, net	51.1	—	39.6	90.7
Other intangibles, net	0.5	—	3.4	3.9
Deferred tax assets, net	11.5	—	3.6	15.1
Investments in unconsolidated affiliates	8.1	—	—	8.1
Other assets	0.4	0.4	—	0.8
Total assets	$ 300.9	$ 8.9	$ (2.1)	$ 307.7
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 12.6	$ 1.3	$ (0.2)	$ 13.7
Accrued expenses	27.6	2.1	—	29.7
Contract management payables	1.0	—	—	1.0
Billings in excess of costs on completed contracts	6.9	0.3	1.5	8.7
Accrual for contingent acquisition consideration	3.8	—	—	3.8
Accrual for unused office space	1.5	—	—	1.5
Income taxes payable	1.2	—	—	1.2
Line of credit and current portion of long term debt	—	1.1	(1.1)	—
Capital lease obligations	0.5	—	—	0.5
Other current liabilities	—	0.2	0.8	1.0
Total current liabilities	55.1	5.0	1.0	61.1
Capital lease obligations, net of current portion	0.2	—	—	0.2
Accrual for unused office space, net of current portion	2.0	—	—	2.0
Other liabilities	1.3	0.2	0.6	2.1
Total liabilities	58.6	5.2	1.6	65.4
Minority interest in subsidiary	0.3	—	—	0.3
Commitments and contingencies				
Redeemable convertible preferred stock	—	22.3	(22.3)	—
Stockholders' equity:				
Preferred stock, 5,000,000 shares authorized—Series B Convertible Preferred Stock, $.001 par value, 90,000 shares issued and outstanding at December 31, 2003 (liquidation preference $45.0)	—	—	—	—
Common stock, $.001 par value, 195,000,000 shares authorized; 62,550,245 shares issued and outstanding at December 31, 2003	0.1	—	—	0.1
Additional paid-in capital	303.4	5.1	(5.1)	303.4
Accumulated earnings (deficit)	(57.5)	(23.7)	23.7	(57.5)
Accumulated other comprehensive loss	(4.0)	—	—	(4.0)
Total stockholders' equity	242.0	(18.6)	18.6	242.0
Total liabilities and stockholders' equity	$ 300.9	$ 8.9	$ (2.1)	$ 307.7

See accompanying notes to unaudited proforma combined financial statements.

WIRELESS FACILITIES, INC.
Unaudited Pro Forma Combined Statement of Operations
For the year ended December 31, 2003
(in millions, except per share amounts)

	Wireless Facilities, Inc. Historical	High Technology Solutions, Inc.	Pro forma Adjustments	Pro forma Combined
Revenues	$ 262.2	$ 45.1	$ —	$ 307.3
Cost of revenues	190.9	36.9	(0.1)(b)	227.7
Gross profit	71.3	8.2	0.1	79.6
Selling, general and administrative expenses	45.6	4.6	—	50.2
Credit for doubtful accounts	(3.3)	—	—	(3.3)
Depreciation and amortization	6.7	0.1	0.3(c)	7.1
Asset impairment and other charges, net	0.1	—	—	0.1
Operating income	22.2	3.5	(0.2)	25.5
Other income (expense):				
Interest income (expense), net	0.9	(0.2)	(0.9)(d)	(0.2)
Foreign currency gain	0.2	—	—	0.2
Other, net	0.2	—	—	0.2
Total other income (expense)	1.3	(0.2)	(0.9)	0.2
Income before minority interest in income of subsidiary and income taxes	23.5	3.3	(1.1)	25.7
Provision for income taxes	—	0.3	(0.3)(e)	—
Net income	$ 23.5	$ 3.0	$ (0.8)	$ 25.7
Net income per common share:				
Basic	$ 0.44			$ 0.48
Diluted	$ 0.32			$ 0.35
Weighted average common shares outstanding:				
Basic	53.4			53.4
Diluted	73.3			73.3

See accompanying notes to unaudited proforma combined financial statements.

WIRELESS FACILITIES, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following pro forma adjustments (comments b thru e) were made to the historical combined statement of operations of the Company and the operations acquired from High Technology Solutions, Inc. (HTS) for the year ended December 31, 2003, to reflect the acquisition as if it had occurred on January 1, 2003.

(a) The unaudited pro forma combined financial statements give effect to the HTS acquisition. The acquisition was funded with WFI's cash and cash equivalents and short-term investments on hand. The purchase price reported on the pro forma balance sheet includes approximately $1.6 million in accrued acquisition costs as of January 5, 2004, associated with the transaction. The majority of the acquired acquisition costs is expected to be settled in cash by the combined entity within the next year.

The acquisition is being accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141"), whereby the total cost of the acquisition has been allocated to tangible and intangible net assets acquired based upon determined fair values at the effective date of the acquisition. The allocation of the purchase price is subject to refinement. The following table summarizes the determined fair values of the assets acquired and liabilities assumed at the date of acquisition.

	Operations Acquired from HTS	Estimated Life
Current assets	$ 7.8	
Property, furniture and equipment, net	0.5	Various (2-5 yrs)
Deferred tax assets	3.6	
Customer contracts	3.2	Various (10-15 yrs)
Technology	0.2	5 years
Goodwill	39.6	Indefinite
Other assets	0.4	Indefinite
Total assets acquired	55.3	
Current liabilities	6.0	
Long term liabilities	0.8	
Total liabilities assumed	6.8	
Fair value of net assets acquired	$ 48.5	

The goodwill is not subject to amortization and none of the amount assigned to goodwill is deductible for tax purposes.

(b) The pro forma adjustment to cost of revenues totaling $0.1 million includes a depreciation adjustment which was calculated by determining the amount of depreciation for the period using the fair values and estimated useful lives as noted above, and adjusting the actual amounts recognized for the period by the amount calculated to arrive at a net adjustment of $0.2 million for the period ended December 31, 2003.

Additionally, in connection with the determination of the fair value of assets acquired, and pursuant to the provisions of SFAS No. 141, the Company has valued acquired contracts in process at contract price, minus the estimated costs to complete and deferred profit for the normal industry profit on its effort to complete such contracts. This deferred profit has been reflected in the balance sheet for operations acquired from HTS as an increase to goodwill and a corresponding increase to billings in excess of costs on completed contracts. The pro forma adjustment for cost of revenues includes the recognition of $0.3 million as a reduction of costs against the deferred profit during the period.

(c) The pro forma adjustment for depreciation and amortization for the period ended December 31, 2003 is calculated by determining the amount of depreciation and amortization for the period using the fair values and the estimated useful lives as noted above. The difference between the actual amounts recognized for the

periods is adjusted by the amounts calculated to arrive at a net adjustment $0.3 million for the period ended December 31, 2003, primarily attributable to amortization of finite-life intangible assets.

(d) The pro forma adjustment relates to the reversal of $0.2 million for all interest expense recognized during the period associated with HTS' borrowings that were repaid in total at closing and the reversal of interest income totaling $1.1 million during the period associated with the interest earned on cash paid by the Company, had the acquisition taken place on January 1, 2003.

(e) The income tax effect included in the pro forma adjustments was calculated using the Company's actual effective tax rate (0%) for the period.