

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

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**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): March 9, 2007

**WIRELESS FACILITIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**0-27231**  
(Commission  
File Number)

**13-3818604**  
(I.R.S. Employer  
Identification Number)

**4810 Eastgate Mall**  
**San Diego, CA 92121**  
(Address of Principal Executive Offices) (Zip Code)

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01. Entry into a Material Definitive Agreement.**

*Agreement to Sell European Subsidiaries*

On March 9, 2007, Wireless Facilities, Inc., a Delaware corporation ("WFI"), entered into a definitive agreement (the "Agreement") with LCC Wireless Engineering Services Limited ("LCC Sub"), a company limited by shares formed under the laws of the United Kingdom and a wholly-owned subsidiary of LCC International, Inc. ("LCC"), to sell the Europe, Middle East and Africa ("EMEA") business of WFI. The transactions contemplated by the Agreement were completed on March 10, 2007. Pursuant to the Agreement WFI sold to LCC Sub 100% of the equity interests in six direct or indirect WFI European subsidiaries (the "Transferred Subsidiaries"). In addition, WFI assigned to UK Sub \$3 million in outstanding principal debt and accrued interest owed by the Transferred Subsidiaries to WFI (the "Intercompany Debt").

The purchase price for the acquisition is \$4 million, of which \$3.3 million was paid in cash at closing of the transaction (the "Closing"). The balance of the purchase price, also payable in cash, is payable at the end of the first quarter of 2008. In addition, the Transferred Subsidiaries paid WFI approximately \$1.8 million in partial payment of the Intercompany Debt, and WFI cancelled approximately \$7.3 million of the Intercompany Debt prior to closing. Such balance may be reduced to satisfy any claims of LCC Sub for indemnification pursuant to the Agreement and will be released to WFI to the extent not applied to the satisfaction of such claims. LCC Sub has agreed to pay interest on the amount payable at a rate that is based on rates paid on one year money market deposits.

The parties made customary representations, warranties and covenants in the Agreement, including, among others, representations by WFI relating to the ownership and operating history of the Transferred Subsidiaries and the validity of the Intercompany Debt. WFI has agreed to indemnify LCC Sub,

among other things, for damages arising from any breaches of WFI's representations and warranties in the Agreement and certain tax liabilities, subject to certain overall limitations set forth in the Agreement.

WFI has agreed not to engage in delivering certain specified wireless telecommunication services in the EMEA region for a period of four years following the Closing. In addition, the parties entered into a Transition Services Agreement pursuant to which, among other things, WFI granted LCC Sub a license to use certain intellectual property of WFI for a period of 120 days following the Closing, and WFI agreed to continue to provide information technology support to the Transferred Subsidiaries for periods specified in such agreement. The Agreement contains mutual covenants by WFI and LCC Sub not to solicit employees of the other party or its affiliates for a period of two years following the Closing.

A copy of the press release relating to the matters discussed above is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by this reference.

**Item 4.02(a). Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.**

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On March 12, 2007, Wireless Facilities, Inc. (the "Company") announced that it has been conducting an internal review of its past practices for granting and pricing stock options. The review is ongoing and as a result, the Company will delay filing its 10-K for fiscal 2006 until the review is complete. The Company said this voluntary review was proactively initiated by its executive management team, with oversight from the Company's Board of Directors (the "Board") as well as outside legal counsel. The Company has reviewed all stock option grants since 1998. To date, the Company has identified grants issued between 1998 and 2003 that require further review because their historical measurement dates appear incorrect and are expected to result in adjustments affecting previously issued financial statements. The Company has not determined the final aggregate amount of additional stock-based compensation expenses that may need to be recorded or the amount of such expenses that may need to be recorded in any specific prior period or in any future period. Further, there can be no assurance that no other matters will arise during the review that will require additional adjustments to the Company's financial statements. A conclusion of whether a restatement is required of the Company's previously issued financial statements will not be made until the internal review is complete.

In light of the information presented to the Board at a meeting held on March 9, 2007, the Board concluded that there is a strong likelihood that the Company's previously issued financial statements for the fiscal years 2003, 2004 and 2005, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as well as the financial statements for the interim periods contained in the Quarterly Reports on Form 10-Q filed with respect to each of these years, should no longer be relied upon. In addition, the adjustments are likely to affect financial statements for fiscal years prior to fiscal 2003, and, therefore, there is also a strong likelihood that financial statements for fiscal years prior to fiscal 2003 should also no longer be relied upon.

The Audit Committee of the Board and the Company's management have discussed the matters disclosed in this Current Report on Form 8-K with Grant Thornton LLP, the Company's independent registered public accounting firm and with KPMG LLP, the Company's former independent registered public accounting firm.

A copy of the press release relating to the matters discussed above is filed as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by this reference.

**Notice Regarding Forward-Looking Statements**

This Current Report on Form 8-K contains certain forward-looking statements including, without limitation, expressed or implied statements concerning the Company's expectations regarding the timing and anticipated results of its internal review that involve risks and uncertainties. Such statements are only predictions, and the Company's actual results may differ materially. Factors that may cause the Company's results to differ include, but are not limited to: risks that the review will not be completed in a timely manner; risks that the review and the announcement thereof will cause disruption of the Company's operations and distraction of its management; risks that the review will identify other issues not currently being considered that could delay or alter the results of the review; risks of adverse regulatory action or litigation; and risks that the Company's lender will declare a default under the Company's line of credit. These and other risk factors are more fully discussed in the Company's Quarterly Report on Form 10-Q

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for the period ended September 30, 2006 and in other filings made with the Securities and Exchange Commission.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

- 99.1 Press Release of Wireless Facilities, Inc. issued on March 9, 2007.
- 99.2 Press Release of Wireless Facilities, Inc. issued on March 12, 2007.

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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 hereunto duly authorized.

**WIRELESS FACILITIES, INC.**

Date: March 15, 2007

/s/ Deanna H. Lund

Deanna H. Lund

Senior Vice President, Chief Financial Officer and Chief Accounting Officer



**FOR IMMEDIATE RELEASE**

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**WFI ANNOUNCES AGREEMENT TO SELL EMEA BUSINESS TO LCC INTERNATIONAL**  
*Transaction Is Another Milestone In WFI's Transformation Strategy*

**SAN DIEGO, CA — MARCH 9, 2007**—WFI (NASDAQ: WFII), a leader in the design, deployment and management of wireless communication networks, information technology solutions and security systems, announced today that it has signed a definitive agreement with LCC International (NASDAQ: LCCI) to sell WFI's entire Europe, Middle East and Africa (EMEA) business in a cash for stock transaction valued at \$4 million. The transaction is subject to customary closing conditions and is expected to close in the first quarter of 2007.

This transaction allows WFI to focus on a number of domestic opportunities and business initiatives, such as:

- Allowing WFI to place greater focus on the growing domestic opportunities arising from the Advanced Wireless Services (AWS) spectrum auction in the United States
- Minimize risk by exiting business where WFI does not already have a substantive business with critical mass
- Further leverage WFI's domestic operations to maximize efficiency
- Improve WFI's free cash flow and liquidity

“The sale of WFI's EMEA business is consistent with our strategy to focus our business even more directly on the growing domestic opportunities in our industry,” said Eric DeMarco, president and CEO of WFI. “LCC has an established critical mass in Europe that can more effectively support a profitable operation in this region. This business has made notable achievements, including significantly diversifying both its geographic reach and customer base, and I want to thank our employees for their dedication and efforts. Now, by divesting of this business, WFI can dedicate even more of its resources on pursuing the opportunities arising from the AWS Spectrum Auction, as well as other

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profitable growth areas in the U.S. market. Additionally, this transaction will improve WFI's free cash flow and overall liquidity as we pay down debt, another aspect of our transition strategy.”

WFI's EMEA business operation is headquartered in Guilford, England, just outside of London, and includes additional regional offices located in France, Sweden, Turkey, Austria and Egypt.

In accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long Lived Assets,” WFI's EMEA operations will be treated as discontinued operations in WFI's financial statements for the fourth quarter and full year ended December 31, 2006. In addition, all prior year presentations are required to be reclassified to reflect the discontinued operations. WFI does not currently expect the divestiture costs related to this discontinued operation to be material. The employees associated with WFI's EMEA operations will become employees of LCC under the new ownership.

**About WFI**

Headquartered in San Diego, CA, WFI is an independent provider of systems engineering, network services and technical outsourcing for the world's largest wireless carriers, enterprise customers and for government agencies. WFI provides the design, deployment, integration, and the overall management of wired and wireless networks which deliver voice and data communication, and which support advanced security systems. WFI has performed work in over 100 countries since its founding in 1994. News and information are available at [www.wfinet.com](http://www.wfinet.com). (code: WFI-mb)

**Notice Regarding Forward-Looking Statements**

This news release contains certain forward-looking statements including, without limitation, expressed or implied statements concerning the WFI's expectations regarding the closing of the divestitures of its EMEA, the financial statement impacts of the divestiture, future financial performance and cash flows and market developments that involve risks and uncertainties. Such statements are only predictions, and WFI's actual results may differ materially. Factors that may cause WFI's results to differ include, but are not limited to: risks that the planned sale of the EMEA and/or South American operations will not be completed as anticipated; risks that the actions announced today will have an adverse impact on the performance or morale of employee personnel or on customer relations; risks that the anticipated benefits of the divestiture will not be achieved; changes in the scope or timing of WFI's projects; changes or cutbacks in spending by the U.S. Department of Defense, which could cause delays or cancellations of key government contracts; slowdowns in telecommunications infrastructure spending in the United States and globally, which could delay network deployment and reduce demand for WFI's services; the timing, rescheduling or cancellation of significant customer contracts and agreements, or consolidation by or the loss of key customers; failure to successfully consummate acquisitions or integrate acquired operations; the rate of adoption of telecom outsourcing by network carriers and equipment suppliers; the rate of growth of adoption of WLAN and wireless security systems by enterprises; and competition in the marketplace which could reduce revenues and profit margins. WFI undertakes no obligation to update any forward-looking statements. These and other risk factors are more fully discussed in WFI's

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**WFI ANNOUNCES VOLUNTARY INTERNAL REVIEW OF PAST PRACTICES IN GRANTING STOCK OPTIONS, RESULTS IN DELAY IN FILING OF ANNUAL FORM 10-K**

**SAN DIEGO, CA, MARCH 12, 2007**—WFI (NASDAQ: WFII), a leader in the design, deployment, and management of wireless communication networks, information technology solutions and security systems, today announced that it has been conducting an internal review of its past practices for granting and pricing stock options. The review is ongoing and as a result, the Company will delay filing its 10-K for fiscal 2006 until the review is complete. The Company said this voluntary review was proactively initiated by its executive management team, with oversight from the Board of Directors as well as outside legal counsel.

Assisting WFI's current executive team, which has been in place since 2004, is the law firm of Morrison & Foerster. The group has reviewed all stock option grants since 1998. To date, the group has identified grants issued between 1998 and 2003 that require further review because their historical measurement date appear incorrect and could result in adjustments affecting all previously issued financial statements. A conclusion of whether a restatement is required of the Company's previously issued financial statements will not be made until the internal review is complete. However, at this time, WFI said there is a strong likelihood that its previously issued financial statements, which could be impacted by the 1998 to 2003 option grants in question and the associated compensation expense through vesting periods through 2005, can no longer be relied upon.

The Company said it is working to complete its stock option review in a timely manner; however, it does not expect to be in a position to file its Form 10-K for fiscal 2006 by the March 15, 2007, filing deadline. WFI also said it recently advised the Securities and Exchange Commission of its ongoing review and its expectations with respect to the filing of its annual report. WFI anticipates that it will receive notice from the NASDAQ Listing Qualifications Department indicating that it is not in

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compliance with filing requirements. WFI expects that it will submit an appeal to the delisting notice from the NASDAQ.

Additionally, WFI said that, as a result of its expectation that it will not be able to file its Form 10-K by the SEC deadline, it will not be able to satisfy its affirmative covenant with its lender, KeyBank, which requires that WFI deliver audited financial statements for 2006 by March 30, 2007. The Company is in the process of working with its lender to waive this affirmative covenant, but WFI can provide no assurance that any waiver will be granted by the lender. The Company is currently in compliance with all other financial covenants under the secured line of credit.

As a result of the actions announced today, WFI will not be able to comment on any aspect of the internal review relating to the past practices of stock-option granting or the possible outcome of this review until after the assessment is completed. At that time, the Company expects to provide an update on the findings.

**About WFI**

Headquartered in San Diego, CA, WFI is an independent provider of systems engineering, network services and technical outsourcing for the world's largest wireless carriers, enterprise customers and for government agencies. The company provides the design, deployment, integration, and the overall management of wired and wireless networks which deliver voice and data communication, and which support advanced security systems. WFI has performed work in over 100 countries since its founding in 1994. News and information are available at [www.wfinet.com](http://www.wfinet.com). (code: WFI-mb)

**Notice Regarding Forward-Looking Statements**

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