

WIRELESS FACILITIES INC
Form DEF 14A
April 25, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other
than the Registrant ..

Check the appropriate box:

- .. Preliminary Proxy Statement
- .. Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- .. Definitive Additional Materials
- .. Soliciting Material under Rule 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)

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6. Amount Previously Paid:
 7. Form, Schedule or Registration Statement No.:
 8. Filing Party:
 9. Date Filed: April 25, 2003
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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 JUNE 19, 2003

TO THE STOCKHOLDERS OF WIRELESS FACILITIES, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Wireless Facilities, Inc., a Delaware corporation (the Company), will be held on Thursday, June 19, 2003 at 10:00 a.m. local time at the principal executive offices of Wireless Facilities, Inc., located at 4810 Eastgate Mall, San Diego, California 92121 for the following purposes:

1. To elect directors to hold office until the next Annual Meeting of Stockholders and until their successors are elected.
2. To ratify the selection of KPMG LLP as independent auditors of the Company for its fiscal year ending December 26, 2003.
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 April 21, 2003, 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. For ten days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at our principal offices located at 4810 Eastgate Mall, San Diego, California.

By Order of the Board of Directors

David A. Garrison

Associate General Counsel and

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Secretary

San Diego, California

May 1, 2003

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.

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 19, 2003

INFORMATION CONCERNING SOLICITATION AND VOTING

GENERAL

The enclosed proxy is solicited on behalf of the Board of Directors of Wireless Facilities, Inc., a Delaware corporation (the Company), for use at the Annual Meeting of Stockholders to be held on June 19, 2003, 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 the principal executive offices of the Company located at 4810 Eastgate Mall, in San Diego, California 92121. The Company intends to mail this proxy statement and accompanying proxy card on May 1, 2003 to all stockholders entitled to vote at the Annual Meeting.

SOLICITATION

The Company 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 stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of the Company's stock beneficially owned by others to forward to such beneficial owners. The Company may reimburse persons representing beneficial owners of the Company's stock for their costs of forwarding solicitation materials to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, telegram or personal solicitation by directors, officers or other regular employees of the Company. No additional compensation will be paid to directors, officers or other regular employees for such services.

VOTING RIGHTS AND OUTSTANDING SHARES

Only holders of record of the Company's Common Stock and Preferred Stock at the close of business on April 21, 2003 (the official record date) are entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. At the close of business on April 21, 2003, the Company had outstanding and entitled to vote 49,800,225 shares of Common Stock and 153,637 shares of Preferred Stock, comprised of 63,637 shares of Series A Convertible Preferred Stock and 90,000 shares of Series B Convertible Preferred Stock.

Each holder of record of Common Stock and Preferred Stock on the record date is entitled to one vote for each share held on all matters to be voted upon at the Annual Meeting.

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A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the Company's outstanding shares entitled to vote are represented at the meeting, either in person or by proxy. All votes will be tabulated by the inspector of elections appointed for the meeting by the Company's Board of Directors, who will tabulate affirmative and negative votes, abstentions and broker non-votes. Votes for and against, abstentions and broker non-votes will each be counted for determining the presence of a quorum. The effect of broker non-votes and abstentions on the specific items to be brought before the Annual Meeting are discussed under each item.

Voting Via the Internet or By Telephone For Shares Registered in the Name of a Broker or Bank

If you are a beneficial owner whose stock is held in street name you will receive instructions for granting proxies from their banks, brokers or other agents.

A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers the means to grant proxies to vote shares by means of the telephone and Internet. If your shares are held in an account with a broker or bank participating in the ADP Investor Communications Services program, you may grant a proxy to vote those shares telephonically by calling the telephone number shown on the instruction form received from your broker or bank, or via the Internet at ADP Investor Communication Services web site at <http://www.proxyvote.com>.

Votes submitted via the Internet or by telephone must be received by 11:59 p.m., Eastern Time on June 18, 2003. 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.

Stockholders of record may not grant a proxy to vote their shares by means of the Internet or by telephone and may only vote by returning the Company's proxy card by mail or by attending the Annual Meeting in person.

VOTING AND REVOCABILITY OF PROXIES

All valid proxies received before the Annual Meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal.

Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with the Secretary of the Company at the Company's principal executive offices located at 4810 Eastgate Mall, San Diego, CA 92121, a written notice of revocation or a duly executed proxy bearing a later date, or it may be revoked by attending the meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

STOCKHOLDER PROPOSALS

The deadline for submitting a stockholder proposal for inclusion in the Company's proxy statement and form of proxy for the Company's 2004 annual meeting of stockholders pursuant to Rule 14a-8 of the Securities and Exchange Commission is January 3, 2004. 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 22, 2004 nor earlier than the close of business on February 21, 2004. Unless a stockholder who wishes to bring a matter before the stockholders at the Company's 2004 annual meeting of stockholders notifies the Company of such matter prior to March 22, 2004, management will have discretionary authority to vote all shares for which it has proxies in opposition to such matter. 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.

PROPOSAL 1

ELECTION OF DIRECTORS

There are six members authorized on the Company's Board of Directors, all of whom are nominated to be re-elected at the Annual Meeting. David Lee resigned on February 7, 2003, and William Owens was appointed by a unanimous resolution of the Board on January 31, 2003. Each director to be elected will hold office until the next annual meeting of stockholders and until his or her successor is elected and has qualified, or until such director's earlier death, resignation or removal.

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote. Shares represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the six nominees named. Neither abstentions nor broker non-votes will have any effect on the outcome of voting with respect to election of directors. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such shares will be voted for the election of such substitute nominee as management may propose. Each person nominated for election has agreed to serve if elected and management has no reason to believe that any nominee will be unable to serve.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF EACH NAMED NOMINEE.

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The following table sets forth, for our current directors, including all the nominees, information with respect to their age and background.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Masood K. Tayebi	41	Chairman, CEO & President
Scott Anderson	44	Director
Scot Jarvis	42	Director
William Hoglund	49	Director
William Owens	63	Director
Bandel Carano	41	Director

Masood K. Tayebi, Ph.D. co-founded Wireless Facilities, Inc. in 1994 and has served as a director of the Company since its inception. Dr. Tayebi served as our President from inception to September 2000, and has served as our Chief Executive Officer since September 2000, and as Chairman of the Company since April 2002. 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 Anderson has served as a director of the Company since February 1997. Since 1997, Mr. Anderson has been a principal of Cedar Grove Partners, LLC, an investment and advisory partnership. Since 1998, Mr. Anderson has also been a principal in Cedar Grove Investments, LLC, a private seed capital firm. 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 Triton PCS, is an observer on the board of directors of Telephia, Inc., and is the manager of Von Donop Inlet PCS, LLC. He holds a B.A. in History from the University of Washington and a J.D. from the University of Washington Law School.

Scot Jarvis has served as a director of the Company since February 1997. Mr. Jarvis co-founded Cedar Grove Partners, LLC in 1997, an investment and consulting/advisory partnership, and has served as a general partner since its founding. He holds a B.A. in Business Administration from the University of Washington.

William Hoglund has served as a director of the Company since February 2001. Mr. Hoglund served as the Vice President and Chief Financial Officer of Eagle River, LLC, a private investment company from 1996 to 2000. 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.

William Arthur Owens has served as a Director of the Company since February, 2003. He retired as a four-star admiral from the United States Navy in 1996. From 1994-1996 he was Vice Chairman of the Joint Chiefs of Staff. He commanded the U.S. Sixth Fleet, and was Deputy Chief of Naval Operations. Admiral Owens holds a B.S. in Mathematics from the United States Naval Academy, a B.A. and M.A. in Politics, Philosophy and Economics from Oxford University, an MBA from George Washington University, and a graduate degree from Rickover Nuclear Physics and Engineering. Admiral Owens has been Vice Chairman of the Board and CEO of Teledesic from 1998 to the present. He serves on the corporate boards of Teledesic, LLC, Polycom, Viasat, Microvision, TIBCO, Symantec, Metal Storm LLC, Telstra, Nortel Corp. Ltd., BAT, Cray, and Biolase. He serves on the charity/university boards of Carnegie Foundation, Harvard Kennedy School, Department of Defense Policy Board and Fred Hutchison Cancer Research Center.

Bandel Carano has served as a director of the Company from August 1998 to June 2001, and since 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

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Engineering Venture Fund. Mr. Carano also serves on the board of directors of Metawave Communications Corp., a provider of antenna systems to wireless

network operators. He holds a B.S. and an M.S. in Electrical Engineering from Stanford University. Mr. Carano was nominated and elected as a director pursuant to the terms of a purchase agreement by and 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.

BOARD COMMITTEE AND MEETINGS

During the fiscal year ended December 27, 2002 the Board of Directors held four regularly scheduled meetings and acted by unanimous written consent five times. The Board of Directors has an Audit Committee and a Compensation Committee. The full Board of Directors selects nominees for election as directors and will consider stockholder recommendations for nominees which are submitted in accordance with the Company's Bylaws.

The Audit Committee meets with the Company's independent auditors at least annually to review the scope and results of the annual audit and discuss the financial statements; recommends to the Board the independent auditors to be retained; oversees the independence of the independent auditors; evaluates the independent auditors' performance; receives and considers the 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 all corporate policies that have been approved by the Board of Directors and discharges such other duties as may from time to time be assigned to it by the Board of Directors. The Audit Committee currently is composed of three non-employee directors: William Hoglund, Scott Anderson and Scot Jarvis. The Audit Committee met four times during the last fiscal year. All members of the Company's Audit Committee are independent (as independence is defined in Rule 4200(a)(15) of the NASD listing standards.) A copy of the Report of the Audit Committee of the Board of Directors is attached as Appendix A to this proxy statement. The Board of Directors has adopted a written charter for the Audit Committee.

The Compensation Committee approves the compensation of the Company's officers, administers the 1997 Stock Option Plan, the 1999 Equity Incentive Plan, the 2000 Non-Qualified Stock Option Plan, and the Employee Stock Purchase Plan, and has overall responsibility for the Company's compensation policies for senior management. The Compensation Committee is currently composed of two non-employee directors: Scot Jarvis and Bandel Carano. Bandel Carano was appointed to the Compensation Committee effective February 28, 2002. Scott Anderson and David Lee resigned from the Compensation Committee effective February 28, 2002. The Compensation Committee acted by unanimous written consent two times during the last fiscal year.

During the fiscal year ended December 27, 2002, each Board member attended 75% or more of the aggregate number of the meetings of the Board and of the committees on which he served, held during the period for which he was a director or committee member, respectively.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

The Board of Directors has selected KPMG LLP as the Company's independent auditors for the fiscal year ending December 26, 2003 and has further directed that management submit the selection of independent auditors for ratification by the stockholders at the Annual Meeting. KPMG LLP has audited the Company's financial statements since 1996. Representatives of KPMG LLP are expected to be present at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of KPMG LLP as the Company's independent auditors is not required by the Company's Bylaws or otherwise. However, the Board is submitting the selection of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee and the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee and the Board in their discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in the best interests of the Company and its stockholders.

The affirmative vote of the holders of a majority of the votes cast in person or by proxy is required to ratify the selection of KPMG LLP. Neither abstentions nor broker non-votes will have any effect upon the outcome of voting with respect to the ratification of independent auditors.

AUDIT FEES. During the fiscal year ended December 27, 2002, the aggregate fees billed by KPMG LLP for the audit of the Company's financial statements for such fiscal year and for the reviews of the Company's interim financial statements was \$477,706.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES. During the fiscal year ended December 27, 2002, KPMG LLP earned no consulting fees for information technology consulting.

ALL OTHER FEES. During fiscal year ended December 27, 2002, the aggregate fees billed by KPMG LLP for professional services other than audit fees was \$182,953.

The Audit Committee has determined the rendering of all other non-audit services by KPMG LLP is compatible with maintaining the auditors independence.

THE BOARD OF DIRECTORS RECOMMENDS

A VOTE IN FAVOR OF PROPOSAL 2.

**SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information as of March 28, 2003 regarding the ownership of the Company's Common Stock, the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock by: (i) each director and nominee for director; (ii) each of the executive officers named in the Summary Compensation Table below; (iii) all executive officers and directors of the Company as a group; and (iv) all those known by the Company to be beneficial owners of more than five percent of any class of the Company's voting securities. Unless otherwise indicated in the table set forth below, each person or entity named below has an address in care of the Company's principal executive offices.

	Beneficial Ownership(1)							
	Series A				Series B		Common Shares On An As-Converted Basis	
	Common Stock		Convertible Preferred		Convertible Preferred			
	Shares	% Ownership	Shares	% Ownership	Shares	% Ownership	Shares	% Ownership
Directors and Affiliated Stockholders:								
Scott Anderson	859,433(2)	1.73%					859,433	1.31%
Cedar Grove Investments 3825 Issaquah Pine Lake Road Sammamish, WA 98075								
Scot Jarvis	859,433(2)	1.73%					859,433	1.31%
Cedar Grove Investments 3825 Issaquah Pine Lake Road Sammamish, WA 98075								
Bandel Carano	2,328,231(3)	4.70%	63,637(11)	100%	40,000(12)	44.44%	13,328,301	20.33%
Oak Investment Partners 525 University Avenue Suite 1300 Palo Alto, CA 94301								
William Høglund	84,583(4)	*					84,583	*
William Owens		*						*
Masood Tayebi	7,699,970(5)	15.54%					7,699,970	11.74%
5% or Greater Ownership Of Voting Securities:								
Meritech Capital Partners		*			40,000(13)	44.44%	4,000,000	6.10%
285 Hamilton Avenue, Suite 200 Palo Alto, CA 94301								
Sean Tayebi	2,352,939	4.75%			10,000	12.12%	3,352,939	5.11%
C/O Merrill Lynch Century Plaza Towers 2049 Century Park East (South Tower) 11th Floor Los Angeles, CA 90067								
Massih Tayebi	9,557,109(6)	19.28%					9,557,109	14.58%
BridgeWest LLC 4350 La Jolla Village Drive, Suite 450 San Diego, CA 92122								
Wasatch Advisors, Inc.	5,629,431	11.36%					5,629,431	8.59%
150 Social Hall Avenue								