

WIRELESS TELECOM GROUP INC  
Form 10-K  
March 28, 2008

**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-K**

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to

Commission file number 1-11916

**WIRELESS TELECOM GROUP, INC.**  
(Exact name of registrant as specified in its charter)

New Jersey  
(State or other jurisdiction of  
incorporation or organization)

22-2582295  
(I.R.S. Employer  
Identification No.)

25 Eastmans Road,  
Parsippany, New Jersey  
(Address of principal executive offices)

07054  
(Zip Code)

(973) 386-9696  
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

none  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Note  Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
Do not check if a smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the registrants' Common Stock, \$.01 par value, held by non-affiliates and computed by reference to the closing price as reported by AMEX on June 30, 2007: \$59,948,519

Number of non-affiliated shares of Wireless Telecom Group, Inc. Common Stock, \$.01 par value, outstanding as of March 26, 2008: 19,232,442

### DOCUMENTS INCORPORATED BY REFERENCE

Part III  Items 10, 11, 12, 13 and 14

In the Company's Definitive Proxy Statement in connection with the 2008 annual meeting of shareholders to be filed with the Securities and Exchange Commission no later than April 29, 2008.

Part IV - Certain exhibits listed in response to Item 15(a)(3)

Prior filings made by the Company under the Securities Act of 1933 and the Securities Exchange Act of 1934

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PART I

**Item 1. Business**

Wireless Telecom Group, Inc., a New Jersey corporation (the "Company"), designs and manufactures radio frequency (RF) and microwave-based products for wireless and advanced communications industries and markets its products and services worldwide under the Boonton, Microlab, Noisecom, and Willtek brands. Its complementary suite of high performance instruments and components includes peak power meters, signal analyzers, power splitters, combiners, diplexers, noise modules, precision noise generators, and mobile phone testing solutions. The Company serves both commercial and government markets with workflow-oriented, built-for-purpose solutions in cellular/mobile, WiFi, WiMAX, private mobile radio, satellite, cable, radar, avionics, medical, and computing applications. The consolidated financial statements include the accounts of Wireless Telecom Group, Inc. and its wholly-owned subsidiaries Boonton Electronics Corporation, Microlab/FXR, Willtek Communications GmbH, WTG Foreign Sales Corporation and NC Mahwah, Inc. The corporate website address is [www.wirelesstelecomgroup.com](http://www.wirelesstelecomgroup.com).

**Market**

Since the Company's incorporation in the State of New Jersey in 1985, it has been primarily engaged in supplying noise source products and electronic testing and measurement instruments to various customers. Approximately 88% of the Company's sales in fiscal 2007 were derived from commercial applications. The remaining sales (approximately 12%) were comprised of sales made to the United States Government (particularly the armed forces) and prime defense contractors.

### **Products**

Noise components and instruments (noise source products) are primarily used as a method of testing to determine if sophisticated communications systems are capable of receiving the information being transmitted. A typical application for the Company's noise source products are as a reference standard in test instruments which measure unwanted noise and interference in devices and components utilized in a variety of communications equipment.

This is accomplished by comparing a noise source with known characteristics to the unwanted noise found in the communications system being tested. By generating a random noise signal, in combination with a live transmission signal, a noise generator simulates real world signals and allows the manufacturer to determine if its product is performing to specifications. Noise source testing is often more cost-efficient, faster and more accurate than alternative conventional methods using signal generators.

Coupled with other electronic devices, noise generators are also an effective means of jamming, blocking and disturbing enemy radar and other communications, as well as insulating and protecting friendly communications. In the jamming mode, the Company's noise source products block out or disrupt unwanted radar and radio transmissions generally without being detected.

The Company's noise source products are used in radar systems as part of built-in test equipment to continuously monitor the radar receiver and in satellite communications where the use of back-up receivers are becoming more common as the demand for communication availability and reliability is increasing. Testing by the Company's noise source products assures that the back-up receiver is always functional and ready should the communication using the first receiver fail. The Company's noise source products can test satellite communication receivers for video, telephone and data communications.

The Company also offers a line of broadband test equipment serving the Cable Television and Cable Modem industries. Test instruments from the broadband product line are measurement solutions for CATV equipment, Data-Over-Cable (DOCSIS) and Digital TV.

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The Company's noise source products range from relatively simple items with no control mechanisms or auxiliary components to complex, automated components containing computerized or microprocessor based controls.

The Company, through Boonton, designs and produces electronic testing and measuring instruments including power meters, voltmeters, capacitance meters, audio and modulation meters and accessory products. These products measure the power of RF and microwave systems used by the military and commercial sectors. Further, the Company's products are also used to test terrestrial and satellite communications, radar, telemetry and personal communication products. Recent models are microprocessor controlled and are often used in computerized automatic testing systems. Certain power meter products are designed for measuring signals based on wideband modulation formats, allowing a variety of measurements to be made, including maximum power, peak power, average power and minimum power.

The Company, through Microlab/FXR, designs and manufactures high-power, passive microwave components for the wireless infrastructure market and for other commercial, aerospace and military markets. The Company's products are used in microwave systems, UMTS, PCS and cellular communications base stations, television transmitters, avionics systems and medical electronics. These types of products serve the needs of the in-building distributed antenna systems market, which facilitates seamless wireless coverage throughout the interiors of buildings and building complexes.

The Company, through Willtek, specializes in the design, development and manufacture of instruments that test wireless communications networks and mobile terminals at their radio frequency interface for quality of transmission and reception. The Company's test and measurement products serve two primary market applications, terminal testing ("Terminal Test") and air interface testing ("Air Interface Test"). The Company's Terminal Test products include testing equipment, test applications and services for wireless network operators, service providers and manufacturers of mobile communications equipment. The Company's Air Interface Test products are instruments used to test base station radio frequency, cell coverage and network radio frequency performance.

Further, through Willtek, the Company also manufactures a general-purpose spectrum analyzer for radio frequency applications, which produces a graphical representation of a radio signal and displays a range of wavelengths in a frequency domain.

The Company's products consist of several models with varying degrees of capabilities which can be customized to meet particular customer requirements. They may be incorporated directly into the electronic equipment concerned or may be stand alone components or devices that are connected to, or used in conjunction with, such equipment operating from an external site, in the factory or in the field. Prices of products range from approximately \$100 to \$100,000 per unit, with most sales occurring between \$2,000 and \$25,000 per unit.

The Company's products have extended useful lives and the Company provides for its instrument products, recalibration services to ensure their accuracy, for a fee, to its domestic and international customers, and also calibrates test equipment manufactured by others. Such services accounted for approximately 7% of fiscal 2007 sales.

### **Marketing and Sales**

As of March 26, 2008, the Company's in-house marketing and sales force consisted of sixty individuals. The Company promotes the sale of its products to customers and manufacturers' representatives through its product literature, publication of articles, presentations at technical conferences, direct mailings, trade advertisements and trade show exhibitions.

The Company's products are sold globally through its in-house sales people and by over one hundred manufacturers' representatives and distributors (the Company's channel partners). Generally, our channel partners do not stock inventories of the Company's products. Channel partners accounted for over 50% of the Company's sales for the years ended December 31, 2007 and 2006, respectively. For the year ended December 31, 2007 and 2006, no one channel partner accounted for more than 10% of total sales. The Company does not believe that the loss of any single channel partner would have a material adverse effect on its business.

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The Company's relationship with its channel partners is usually governed by written contracts that either run for one-year renewable periods terminable by either party on 60 days prior notice or have indefinite lives terminable by either party on 60 days prior notice. The contracts generally provide for territorial and product representation and prohibit the handling of competing products. The Company continually reviews and assesses the performance of its channel partners and makes changes from time to time based on such assessments.

The Company believes that educating its existing and potential customers as to the advantages and applications of its products is a vital factor in its continued success as is its commitment to rapid product introductions and timely revisions to existing products. Management believes that its products offer state-of-the-art performance combined with outstanding customer and technical support. The Company has always placed great emphasis on designing its products to be user-friendly.

### **Customers**

The Company currently sells the majority of its products to various commercial users in the communications industry. Other sales are made to large defense contractors, which incorporate the Company's products into their products for sale to the U.S. and foreign governments, multi-national concerns and Fortune 500 companies. In

fiscal 2007, approximately 88% of sales were derived from commercial applications. The remaining sales were comprised of United States government and military applications.

For fiscal 2007, no one customer accounted for more than 10% of total sales. The Company's largest customers vary from year to year. Accordingly, while the complete loss of any large customer or substantial reduction of sales to such customers could have a material adverse effect on the Company, the Company has experienced shifts in sales patterns with such large companies in the past without any material adverse effect. There can be no assurance, however, that the Company will not experience future shifts in sales patterns not having a material adverse effect on its business.

Regional sales for fiscal 2007 were made to customers in the Americas (\$24,560,835 or 43%), Europe, Middle East and Africa or EMEA (\$23,356,704 or 41% of total sales) and Asia (\$8,684,511 or 16% of total sales).

### ***Research and Development***

The Company currently maintains an engineering staff (fifty-nine individuals as of March 26, 2008) whose duties include the improvement of existing products, modification of products to meet customer needs and the engineering, research and development of new products and applications. Expenses for research and development involve engineering for improvements and development of new products for commercial markets. Such expenditures include the cost of engineering services and engineering support personnel and were approximately \$8,759,000 and \$6,593,000, for the years ended December 31, 2007 and 2006, respectively.

### ***Competition***

The Company competes against many companies, which utilize similar technology to that of the Company, some of which are larger and have substantially greater resources and expertise in financial, technical and marketing areas than the Company. Some of these companies are Agilent Technologies, Rhode and Schwarz, Anritsu, Kathrein, Aeroflex and Micronetics. The Company competes by having a niche in several product areas where it capitalizes on its expertise in manufacturing products with unique specifications.

The Company designs its products with special attention to making them user-friendly, and constantly reevaluates its products for the purpose of enhancing and improving them. The Company believes that these efforts, along with its willingness to adapt its products to the particular needs of its customers and its intensive efforts in customer and technical support are factors that add to the competitiveness of its products.

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### ***Backlog***

The Company's backlog of firm orders shippable in the next twelve months was approximately \$4,500,000 at December 31, 2007, compared to approximately \$5,100,000 at December 31, 2006. It is anticipated that the majority of the backlog orders will be filled during the current year. The stated backlog is not necessarily indicative of Company sales for any future period nor is a backlog any assurance that the Company will realize a profit from the orders.

### ***Inventory, Supplies and Manufacturing***

The Company purchases components, devices and subassemblies from a wide variety of sources. The Company's inventory policy stresses maintaining substantial raw materials in order to lessen its dependency on third party suppliers and to improve its capacity to facilitate production. However, shortages or delays of supplies may, in the future, have a material adverse impact on the Company's operations. One third-party supplier accounted for approximately 20% of the Company's total inventory purchases for fiscal 2007.

The Company is not party to any formal written contract regarding the deliveries of its supplies and components. It generally purchases such items pursuant to written purchase orders of both the individual and blanket variety. Blanket purchase orders usually cover the purchase of a larger amount of items at fixed prices for delivery and payment on specific dates.

The Company primarily produces its products by final and some intermediate assembly, calibration and testing. Testing of products is generally accomplished at the end of the manufacturing process and is performed in-house as are all quality control processes. The Company utilizes modern equipment for the design, engineering, manufacture, assembly and testing of its products.

### ***Warranty and Service***

The Company typically provides one-year warranties on its instrument products covering both parts and labor. The Company, at its option, repairs or replaces products that are defective during the warranty period if the proper preventive maintenance procedures have been followed by its customers. Repairs that are necessitated by misuse of such products or are required outside the warranty period are not covered by the Company's warranty.

In cases of defective products, the customer typically returns them to a Company facility. The Company's service personnel replace or repair the defective items and ship them back to the customer. Generally, all servicing is done at the Company's plants, and the Company charges its customers a fee for those service items that are not covered by warranty. The Company, along with its subsidiary Microlab/FXR, usually does not offer their customers any formal written service contracts. However, Boonton and Willtek do offer its customers formal written service contracts for a fee.

### ***Product Liability Coverage***

The testing of electronic communications equipment and the accurate transmission of information entail a risk of product liability by customers and others. Claims may be asserted against the Company by end-users of any of the Company's products. The Company has maintained product liability insurance coverage since August 1991. To date, the Company has not received or encountered any formal claims for product liability due to a defective or malfunctioning device made by it. However, it is possible that the Company may be subject to such claims in the future and corresponding litigation should one or more of its products fail to perform or meet certain minimum specifications.

### ***Intellectual Property***

Proprietary information and know-how are important to the Company's commercial success. The trademark "Boonton" was registered in the United States Patent and Trademark Office. There can be no assurance that others will not either develop independently the same or similar information or obtain and use proprietary information of the Company. Certain key employees have signed confidentiality and non-competition agreements regarding the Company's proprietary information. The Company's Willtek business segment holds twelve patents and utility models (covering eight products/technologies), four of which are in the United States. Such patent applications and patents cover a wide range of products and technologies and have various expiration dates.

The Company believes that its products do not infringe the proprietary rights of third parties. There can be no assurance, however, that third parties will not assert infringement claims in the future.

### ***Environmental Protection***

The New Jersey Department of Environmental Protection (the "NJDEP") had conducted an investigation in 1982 concerning disposal at a facility in New Jersey previously leased by the Company's Boonton operations. Involved were certain materials formerly used by Boonton's manufacturing operations at that site and the possible effect of such disposal on the aquifer underlying the property. The disposal practices and the use of the materials in question were discontinued in 1978. The Company has cooperated with the NJDEP investigation and has been diligently pursuing the matter in an attempt to resolve it as rapidly as NJDEP operating procedures permit. The above referenced activities were conducted by Boonton prior to the acquisition of that entity in 2000.

The Company and the NJDEP have agreed upon a plan to correct ground water contamination at the site, located in the township of Parsippany-Troy Hills, pursuant to which wells have been installed by the Company. The plan contemplates that the wells will be operated and that soil and water samples will be taken and analyzed

until such time, which the Company is unable to predict, that contamination levels are satisfactory to the NJDEP. Lower than expected expenditures incurred by the Company during the year ended December 31, 2007 in connection with the site amounted to approximately \$200. However, the Company estimates that expenditures in this regard, including the costs of operating the wells and taking and analyzing soil and water samples, will amount to approximately \$18,000 per annum until the NJDEP determines that testing is complete.

### ***Employees***

As of March 26, 2008, the Company had 228 full-time and 10 part-time employees, including its officers, 96 of whom are engaged in manufacturing and repair services, 20 in administration and financial control, 59 in engineering and research and development, and 60 in marketing and sales.

The Company considers its relationship with its employees to be satisfactory.

The design and manufacture of the Company's products require substantial technical capabilities in many disparate disciplines, from mechanics and computer science to electronics and mathematics. While the Company believes that the capability and experience of its technical employees compares favorably with other similar manufacturers, there can be no assurance that it can retain existing employees or attract and hire the highly capable technical employees it may need in the future on terms deemed favorable to the Company.

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### **Item 1A. Risk Factors**

**We face intense competition, which could result in lower revenues, higher research and development expenditures and adversely affect our results of operations.**

We operate in industries characterized by aggressive competition, rapid technological change, evolving technology standards and short product life cycles. Many of our competitors utilize similar technologies to ours and have substantially greater resources and expertise in financial, technical and marketing areas than we have. Our competitors may introduce products that are competitively priced, have increased performance or functionality or incorporate technological advances that we have not yet developed or implemented.

To remain competitive, we must continue to develop, market and sell new and enhanced products at competitive prices, which will require significant research and development expenditures. If we do not develop new and enhanced products or if we are not able to invest adequately in our research and development activities, our business, financial condition and results of operations could be negatively impacted.

**Unless we keep pace with changing technologies, we could lose customers and fail to win new customers.**

Our future success will depend upon our ability to develop and introduce a variety of new products and services and enhancements to these new products and services in order to address the changing needs of the marketplace. We may not be able to accurately predict which technologies customers will support. If we do not introduce new products, services and enhancements in a timely manner, if we fail to choose correctly among technical alternatives or if we fail to offer innovative products and services at competitive prices, customers may forego purchases of our products and services and purchase those of our competitors.

**If our products do not perform as promised, we could experience increased costs, lower margins and harm to our reputation.**

The failure of our products to perform as promised could result in increased costs, lower margins and harm to our reputation. This could result in contract terminations and have a material adverse effect on our business and financial results.

**The testing of electronic communications equipment and the accurate transmission of information entail a risk of product liability by customers and third parties.**



Claims may be asserted against us by end-users of any of our products for liability due to a defective or malfunctioning device made by us, and we may be subject to corresponding litigation should one or more of our products fail to perform or meet certain minimum requirements. Such a claim and corresponding litigation could result in substantial costs, diversion of resources and management attention, termination of customer contracts and harm to our reputation.

**If we fail to adequately manage our resources, it could have a severe negative impact on our financial results or stock price.**

We could be subject to fluctuations in technology spending by existing and potential customers. Accordingly, we will have to actively manage expenses in a rapidly changing economic environment. This could require reducing costs during economic downturns and selectively growing in periods of economic expansion. If we do not properly manage our resources in response to these conditions, our results of operations could be negatively impacted.

**Our customers and we are subject to various governmental regulations, compliance with which may cause us to incur significant expenses, and if we fail to maintain satisfactory compliance with certain regulations, we may be forced to recall products and cease their distribution, and we could be subject to civil or criminal penalties.**

Our businesses are subject to various significant international, federal, state and local regulations, including but not limited to health and safety, packaging, product content, labor and import/export regulations. These regulations are complex, change frequently and have tended to become more stringent over time. We may be required to incur significant expenses to comply with these regulations or to remedy violations of these regulations. Any failure by us to comply with applicable government regulations could also result in cessation of our operations or portions of our operations, product recalls or impositions of fines and restrictions on our ability to carry on or expand our operations.

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**We are subject to laws and regulations governing government contracts, and failure to address these laws and regulations or comply with government contracts could harm our business by leading to a reduction in revenue associated with these customers.**

We have agreements relating to the sale of our products to government entities and, as a result, we are subject to various statutes and regulations that apply to companies doing business with the U.S. government. The laws governing government contracts differ from the laws governing private contracts. For example, many government contracts contain pricing terms and conditions that are not applicable to private contracts. We are also subject to investigation for compliance with the regulations governing government contracts. A failure to comply with these regulations might result in suspension of these contracts, or administrative penalties.

**Shortages or delay of supplies of component parts may adversely affect our operating results until alternate sources can be developed.**

Our operations are dependent on the ability of suppliers to deliver quality components, devices and subassemblies in time to meet critical manufacturing and distribution schedules. If we experience any constrained supply of any such component parts, such constraints, if persistent, may adversely affect operating results until alternate sourcing can be developed. There may be an increased risk of supplier constraints in periods where we are increasing production volume to meet customer demands. Volatility in the prices of these component parts, an inability to secure enough components at reasonable prices to build new products in a timely manner in the quantities and configurations demanded or, conversely, a temporary oversupply of these parts, could adversely affect our future operating results.

**We could be subject to significant costs related to environmental contamination from past operations, and environmental contamination caused by ongoing operations could subject us to substantial liabilities in the future.**

The New Jersey Department of Environmental Protection, or the NJDEP, had conducted an investigation in 1982 concerning disposal at a facility in New Jersey previously leased by our Boonton operations. Involved were certain materials formerly used by Boonton's manufacturing operations at that site and the possible effect of such disposal on the aquifer underlying the property. The disposal practices and the use of the materials in question were discontinued in 1978, prior to our acquisition of Boonton Electronics Corporation in 2000. We and the NJDEP have agreed on a plan to correct ground water contamination at the site, pursuant to which wells have been installed by us. The plan contemplates that the wells will be operated and that soil and water samples will be taken and analyzed until such time, which we are unable to predict, that contamination levels are satisfactory to the NJDEP. While we anticipate that the expenditures in connection with the site will not be substantial in future years, if we fail to continue to comply with the NJDEP plan, we could be subject to significant future liabilities and may incur significant future expenditures in connection with the former Boonton site. Furthermore, the determination of the existence and cost of any additional contamination caused by us at any of our U.S. or foreign sites could involve costly and time-consuming negotiations and litigation. While we are not aware of any material liabilities associated with any potential contamination at any of our respective properties, subsurface contamination may exist, and we may be exposed to material liability as a result of the existence of that contamination under various international, federal, state and local laws governing the environment.

**The loss of key personnel could adversely affect our ability to remain competitive.**

We believe that the continued service of our executive officers will be important to our future growth and competitiveness. However, other than our employment agreement with Mr. Johnson, Chief Executive Officer, and the severance agreements we entered into with Mr. Genova and Mr. Henderson, we currently do not have any employment agreements with any of our executive senior management. Although we have an employment agreement with Mr. Johnson, and severance agreements with Mr. Genova and Mr. Henderson, we cannot assure you that Messrs. Johnson, Genova, or Henderson or any of our other executive officers will remain employed by us. Moreover, the design and manufacture of our products require substantial technical capabilities in many disparate disciplines, from engineering, mechanics and computer science to electronics and mathematics. We believe that the continued employment of key members of our technical and sales staffs will be important to us but, as with our executive officers, we cannot assure you that they will remain employed by us.

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**Third parties could claim that we are infringing on their intellectual property rights, such as one Germany-based company that made intellectual property allegations against Willtek, which could result in substantial costs, diversion of significant managerial resources and significant harm to our reputation.**

The industries in which our company operates are characterized by the existence of a large number of patents and frequent litigation based on allegations of patent infringement. From time to time, third parties may assert patent, copyright, trademark and other intellectual property rights to technologies in various jurisdictions that are important to our business.

In late September 2004, Willtek received written notice from a large, Germany-based company alleging that certain products of Willtek utilize (without license) intellectual property for mobile phone measuring instruments that are the subject of certain European patents owned by such company (the "IP Allegations"). We are currently in the process of investigating the IP Allegations. Our purchase agreement in connection with the acquisition of Willtek, among other things, provides for our right to seek indemnification from the former Willtek shareholders for certain liabilities arising from or related to the IP Allegations. However, such provisions may not adequately protect us in all circumstances, and we could potentially incur substantial liability and expenses, and our business, results of operations and financial condition could be materially adversely affected, in the event the Germany-based company asserts a successful claim of infringement against us.

**Misappropriation of our intellectual property could harm our reputation, affect our competitive position and cost money.**

We believe that our intellectual property, including its methodologies, is critical to our success and competitive position. We rely on a combination of U.S. and foreign patent, copyright, trademark and trade secret laws, as well as confidentiality agreements to establish and protect our proprietary rights. If we are unable to protect our intellectual property against unauthorized use by third parties, our reputation among existing and

potential customers could be damaged and our competitive position adversely affected.

Attempts may be made to copy aspects of our products or to obtain and use information that we regard as proprietary. Accordingly, we may not be able to prevent misappropriation of our technology or deter others from developing similar technology. Our strategies to deter misappropriation could be undermined if:

- the proprietary nature or protection of our methodologies is not recognized in the United States or foreign countries;
- third parties misappropriate our proprietary methodologies and such misappropriation is not detected; and
- competitors create applications similar to ours but which do not technically infringe on our legally protected rights.

If these risks materialize, we could be required to spend significant amounts to defend our rights and divert critical managerial resources. In addition, our proprietary methodologies may decline in value or our rights to them may become unenforceable. If any of the foregoing were to occur, our business could be materially adversely affected.

**The success of our strategic plan to grow sales and develop relationships in Europe and Asia may be limited by risks related to conducting business in European and Asian markets.**

Part of our strategy is to increase sales and build additional relationships in European and Asian markets as a result of the Willtek acquisition through Willtek's experience in marketing and distributing products and developing strategic relationships in European and Asian markets. Risks inherent in marketing, selling and developing relationships in European and Asian markets include those associated with:

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- economic conditions in European and Asian markets, including the impact of recessions in European and Asian economies and fluctuations in the relative values of the U.S. dollar, the Euro and Asian currencies;
- taxes and fees imposed by European and Asian governments that may increase the cost of products and services;
- greater difficulty in accounts receivable collection and longer collection periods;
- seasonal reductions in business activities in some parts of the world;
- laws and regulations imposed by individual countries and by the European Union, particularly with respect to intellectual property, license requirements and environmental requirements; and
- political and economic instability, terrorism and war.

In addition, European and Asian intellectual property laws are different than and may not protect our proprietary rights to the same extent as do U.S. intellectual property laws, and we will have to ensure that our intellectual property is adequately protected in foreign jurisdictions and in the United States. If we do not adequately protect our intellectual property rights, competitors could use our proprietary technologies in non-protected jurisdictions and put us at a competitive disadvantage.

**The new requirements of Section 404 of the Sarbanes-Oxley Act of 2002 will increase our operating expenses, and our acquisition of Willtek has increased the cost and complexity of compliance.**

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require annual review and evaluation of our internal control systems, and attestation of these systems. Management has performed a

review of our internal control systems and procedures that will be necessary in order for us to comply with the requirements of Section 404 at December 31, 2007. This evaluation process required us to hire an outside advisory service firm which resulted in additional accounting and legal expenses, all of which caused our operating expenses to increase. In addition, the evaluation and attestation processes required by Section 404 is performed on an annual basis and we may encounter problems or delays in completing the implementation of improvements. Our acquisition of Willtek has increased the cost and complexity of our compliance under Section 404.

**The significant direct and indirect costs of the Willtek acquisition and integration could adversely affect our financial performance.**

We incurred approximately \$3.0 million of costs in connection with the Willtek acquisition, including:

- costs associated with integrating the businesses of the combined company;
- the fees of Capitalink, L.C. in connection with its delivery of a fairness opinion to our board of directors;
- costs and expenses for services provided by our lawyers, accountants and other professionals in connection with the Willtek acquisition; and
- the reasonable transaction expenses incurred by the former Willtek shareholders and Willtek that are related to the Willtek acquisition, up to a maximum amount of \$1.0 million.

The transaction costs and expenses attributable to financial advisory, legal and accounting services incurred by us and the transaction expenses incurred by the former Willtek shareholders and Willtek that were paid by us under the terms of the Willtek stock purchase agreement were capitalized as a component of the purchase price. Goodwill associated with the Willtek acquisition is required to be tested at least annually for impairment, and are required to record a charge to earnings, in an amount that is not currently estimable, if there is an impairment in the value of such goodwill at a later date. Other intangible assets acquired in connection with the Willtek acquisition are amortized over their estimated useful lives.

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**As a result of the 2005 acquisition of Willtek, we have become a substantially larger and geographically dispersed organization, and if our management is unable to effectively manage the combined company going forward, our operating results will suffer.**

As a result of the 2005 Willtek acquisition, we acquired approximately 146 new employees, most of whom are located in Germany. Prior to the Willtek acquisition, most of our employees were based at our headquarters in Parsippany, New Jersey. As a result, we face challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs. The inability to successfully manage the substantially larger and geographically dispersed organization, or any significant delay in achieving successful management, could have a material adverse effect on us and, as a result, on the market price of our common stock.

**The concentration of ownership of our outstanding common stock with the former Willtek shareholders following the Willtek acquisition, as well as certain provisions of the shareholders' agreement we entered into with the former Willtek shareholders at the closing of the Willtek acquisition, enables the former Willtek shareholders to significantly influence the outcome of all matters, transactions and corporate actions that require approval of our shareholders.**

The former Willtek shareholders, together, beneficially own approximately 25% of the outstanding shares of our common stock as of March 26, 2008. Under the terms of the shareholders' agreement we entered into with the former Willtek shareholders at the closing of the Willtek acquisition, designees of Investcorp occupy two of seven seats on our board of directors, including the position of Chairman of the Board. Additionally, at each annual meeting, Investcorp is entitled to designate to our nominating committee up to two candidates for nomination for election to our seven-member board of directors, for so long as Investcorp's beneficial ownership levels exceed certain percentage thresholds.

The post-acquisition concentration of ownership of our outstanding common stock with the former Willtek shareholders, combined with Investcorp's right to designate director candidates for nomination and the former Willtek shareholders' voting obligations in the election of directors under the terms of the shareholders' agreement, enables the former Willtek shareholders to significantly influence the outcome of all matters, transactions and corporate actions that require approval of our shareholders, including the election and removal of directors and mergers or other business combination transactions, and could have the effect of delaying or preventing a change-in-control of the company or otherwise discourage a potential acquirer from attempting to obtain control of the company. This, in turn, could have an adverse effect on the market price of our common stock or prevent our shareholders from realizing a premium over the market price for their shares of common stock.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

The Company leases a total of approximately 98,000 square feet of space worldwide. The Company's foreign facility in Ismaning, Germany occupy approximately 36,000 square feet. The lease terminates on December 31, 2010 and can be renewed for two five-year periods twelve months prior to the end of the expiring term.

In September 2002, the Company relocated its corporate headquarters and noise generation operations to the 45,700 square foot facility occupied by Boonton in Hanover Township, Parsippany, New Jersey. The term of this lease agreement is for ten years ending September 30, 2011 and can be renewed for one five-year period at fair market value to be determined at term expiration.

The Company also owns a 44,000 square foot facility located in Mahwah, New Jersey. In November 2000, the Company entered into a lease agreement with an unrelated third party for the entire facility. The triple net lease runs through August 1, 2013 and the tenant has an exclusive option to purchase the property at a predetermined purchase price of approximately \$3,500,000 up through August 1, 2012 during the lease term.

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**Item 3. Legal Proceedings**

Reference is made to the discussion in Item 1 above regarding an investigation by the NJDEP concerning certain discontinued practices of the Company and their effect on the soil and ground water at a certain facility formerly occupied by the Company. No administrative or judicial proceedings have been commenced in connection with such investigation. The owner of the Parsippany-Troy Hills facility has notified the Company, that if the investigation proves to interfere with the sale of the property, it may seek to hold the Company liable for any resulting damages. Since May 1983, the owner has been on notice of this problem and has failed to institute any legal proceedings with respect thereto. While this does not bar the owner from instituting a suit, it is the opinion of the Company's legal counsel that it is doubtful that the owner would prevail on any claim due to the fact that such a claim would be barred by the statute of limitations. There are no other material legal proceedings known to the Company.

**Item 4. Submission of Matters to a Vote of Security Holders**

Not applicable.

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**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Common Stock of the Company has traded on the American Stock Exchange under the name Wireless Telecom Group, Inc. (Symbol: WTT) since September 12, 1994. The following table sets forth the high and low sales prices of the Company's Common Stock for the periods indicated as reported on the American Stock Exchange.

2007 Fiscal Year	High	Low
1st Quarter	\$2.60	\$2.20
2nd Quarter	3.19	2.41
3rd Quarter	3.15	1.75
4th Quarter	2.50	1.58

2006 Fiscal Year		
1st Quarter	\$3.15	\$2.42
2nd Quarter	3.00	2.44
3rd Quarter	2.62	2.15
4th Quarter	3.34	1.60

On March 26, 2008, the closing price of the common stock of the Company as reported was \$1.55. On March 26, 2008, the Company had 529 stockholders of record. These stockholders of record do not include non-registered stockholders whose shares are held in "nominee" or "street name".

The company did not declare quarterly dividends for the past two years.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in the previous columns)
Equity compensation plans approved by security holders	2,668,987	\$2.53	883,250
Equity compensation plans not approved by security holders	-	-	-
Total	2,668,987	\$2.53	883,250

#### Item 6. Selected Financial Data

Not applicable.

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#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

##### Introduction

Wireless Telecom Group, Inc., and its operating subsidiaries, (collectively, the "Company"), develop, manufacture and market a wide variety of electronic noise sources, electronic testing and measuring instruments including power meters, voltmeters and modulation meters, high-power passive microwave components and handset production testers for wireless products. The Company's products have historically been primarily used to test the performance and capability of cellular/PCS and satellite communication systems and to measure the power of RF and microwave systems. Other applications include radio, radar, wireless local area network (WLAN) and digital television.

The financial information presented herein includes: (i) Consolidated Balance Sheets as of December 31, 2007 and 2006 (ii) Consolidated Statements of Operations for the years ended December 31, 2007 and 2006 (iii) Consolidated Statement of Changes in Shareholders' Equity for the years ended December 31, 2007 and 2006 (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2007 and 2006.

### **Forward-Looking Statements**

The statements contained in this Annual Report on Form 10-K that are not historical facts, including, without limitation, the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as "believes," "expects," "intends," "plans," "may," "will," "should," "anticipates" or "continues" or thereof of other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. These statements are based on the Company's current expectations of future events and are subject to a number of risks and uncertainties that may cause the Company's actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, continued ability to maintain positive cash flow from results of operations, continued evaluation of goodwill for impairment and the Company's development and production of competitive technologies in our market sector, among others. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. These risks and uncertainties are disclosed from time to time in the Company's filings with the Securities and Exchange Commission, the Company's press releases and in oral statements made by or with the approval of authorized personnel. The Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments.

### **Critical Accounting Policies**

#### ***Estimates and assumptions***

Management's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for each period. The following represents a summary of the Company's critical accounting policies, defined as those policies that the Company believes are: (a) the most important to the portrayal of our financial condition and results of operations, and (b) that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Estimates and assumptions are made by management to assess the overall likelihood that an accounting estimate or assumption may require adjustment. Management assumptions have been reasonably accurate in the past, and future estimates or assumptions are likely to be calculated on the same basis.

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#### ***Stock-based compensation***

The Company accounts for its stock-based compensation in accordance with SFAS No. 123(R) "Share Based Payment" (No. 123R). The statement establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services. It also addresses transactions in which an entity incurs liabilities in exchange for goods and services that are based on the fair value of the entity's equity instruments or

that may be settled by the issuance of those equity instruments. The statement requires a public entity to measure the cost of employee service received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exception). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of these instruments using the modified prospective approach. Due to the Company's limited history with respect to forfeitures of incentive stock options, there is no estimate of expired or canceled options included in the option valuation.

### ***Revenue recognition***

Revenue from product sales, net of trade discounts and allowances, is recognized once delivery has occurred provided that persuasive evidence of an arrangement exists, the price is fixed or determinable, and collectibility is reasonably assured. Delivery is considered to have occurred when title and risk of loss have transferred to the customer. Sales to international distributors are recognized in the same manner.

### ***Inventory***

Raw material inventories are stated at the lower of cost (first-in, first-out method) or market. Finished goods and work-in-process are valued at average cost of production, which includes material, labor and manufacturing expenses.

### ***Comprehensive income/Foreign currency***

Assets and liabilities of the Company's foreign subsidiaries are translated at period-end exchange rates, while income and expenses are translated at average rates for the period. Translation gains and losses are reported as a component of accumulated other comprehensive income on the statement of shareholders' equity in accordance with SFAS No. 130, "Reporting Comprehensive Income".

### ***Allowances for doubtful accounts***

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. A key consideration in estimating the allowance for doubtful accounts has been, and will continue to be, our customer's payment history and aging of its accounts receivable balance. For example, each additional 1% allowance required on our accounts receivable would reduce our income before taxes by approximately \$94,000.

### ***Income taxes***

As part of the process of preparing the consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. The process incorporates an assessment of the current tax exposure together with temporary differences resulting from different treatment of transactions for tax and financial statement purposes. Such differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheet. The recovery of deferred tax assets from future taxable income must be assessed and, to the extent that recovery is not likely, the Company establishes a valuation allowance. Increases in valuation allowances result in the recording of additional tax expense. Further, if the ultimate tax liability differs from the periodic tax provision reflected in the consolidated statements of operations, additional tax expense may be recorded. We must continue to be profitable in order to be able to utilize this asset in future periods.

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### ***Valuation of long-lived assets***

The Company assesses the potential impairment of long-lived tangible and intangible assets, subject to amortization, whenever events or changes in circumstances indicate that the carrying value may not be



recoverable. These assets, other than goodwill, are reviewed for impairment not less than annually and whenever events or changes in circumstances indicate that the carrying value of any such asset may be impaired. The Company's management evaluates the recoverability of such assets by estimating future cash flows. If the sum of the undiscounted cash flows, expected to result from the use of the assets and their eventual disposition, is less than the carrying amount of the assets, management will recognize an impairment loss to the extent of the excess of the carrying amount of the assets over the fair value of the assets.

SFAS No. 142 requires that the Company perform an assessment of whether there is an indication that goodwill is impaired on an annual basis unless events or circumstances warrant a more frequent assessment. The impairment assessment involves, among other things, an estimation of the fair value of the reporting unit based on the discounted cash flow methodology. Significant assumptions used in our analysis include annual revenue growth rates from 12% to 15% and a discount rate of approximately 15%. If the assessment indicates that the fair value is less than the carrying value, then the goodwill would be subject to an impairment loss adjustment.

If the impairment review of goodwill, intangible assets subject to amortization, and other long-lived assets differ significantly from actual results, it could have a material adverse effect on the Company's results of operations and financial condition. For example, at December 31, 2007 a 1% impairment adjustment on goodwill and other intangibles would reduce income before taxes by approximately \$240,000 and \$116,000, respectively.

### **Results Of Operations** **Year Ended December 31, 2007 Compared to 2006**

Net sales for the year ended December 31, 2007 were \$56,602,050 as compared to \$53,763,249 for the year ended 2006, an increase of \$2,838,801 or 5.3%. This increase was primarily the result of continued strong demand for our Willtek mobile terminal test, Boonton instruments and Microlab in-building wireless products.

The Company's gross profit on net sales for the year ended December 31, 2007 was \$31,537,641 or 55.7% as compared to \$29,270,041 or 54.4% as reported in the previous year. Gross profit margins are higher in 2007 than in 2006 primarily due to an increase in sales contribution from Willtek, whose products generally contribute higher gross profit margins within the Company's product mix, and the result of increased overall demand for the Company's products. Prices have remained relatively stable along with modest increases in manufacturing labor costs. The Company can experience variations in gross profit based upon the mix of product sales as well as variations due to revenue volume and economies of scale. The Company continues to rigidly monitor costs associated with material acquisition, manufacturing and production.

Operating expenses for the year ended December 31, 2007 were \$28,374,952 or 50.1% of net sales as compared to \$25,082,645 or 46.7% of net sales for the year ended December 31, 2006. For the year ended December 31, 2007 as compared to the prior year, operating expenses increased in dollars by \$3,292,307. Operating expenses are higher due to increased spending in the areas of both research and development and sales and marketing. Furthermore, this increase is consistent with the Company's strategic plan to focus its spending on these critical operational functions in order for the Company to further expand into the worldwide marketplace and continue to improve top-line revenue growth.

Interest income decreased by \$19,297 for the year ended December 31, 2007. This decrease was primarily due to a lower cash investment balance and consequently decreased returns on short-term investments in 2007. Other income increased by \$769,457 for the year ended December 31, 2007. This increase was primarily due to a realized gain on foreign currency exchange booked on the Company's Germany based subsidiary.

Net income was \$3,456,656 or \$0.13 per share on a diluted basis, for the year ended December 31, 2007 as compared to \$3,524,111 or \$0.14 per share on a diluted basis, for the year ended December 31, 2006, a decrease of \$67,455 or 1.9%. The decrease was primarily due to the analysis mentioned above.

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### **Liquidity and Capital Resources**

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The Company's working capital has increased by \$3,792,950 to \$25,738,738 at December 31, 2007, from \$21,945,788 at December 31, 2006. At December 31, 2007, the Company had a current ratio of 4.7 to 1, and a ratio of debt to tangible net worth of .7 to 1. At December 31, 2006, the Company had a current ratio of 2.6 to 1, and a ratio of debt to tangible net worth of 1.3 to 1.

Operating activities used \$209,810 in cash for the year ending December 31, 2007. For the year ended December 31, 2006, operating activities provided \$1,059,825 in cash flows. For 2007, cash used for operations was primarily due to net income, a non-cash charge for depreciation and amortization, a decrease in accounts receivable, and a non-cash charge for stock compensation expense, partially off-set by a decrease in accounts payable and accrued expenses, an increase in inventory, and a non-cash adjustment for a deferred income tax benefit. For 2006, cash provided by operations was primarily due to net income, a non-cash adjustment for depreciation and amortization, and an increase in accounts payable and accrued expenses, partially off-set by an increase in accounts receivable, an increase in inventories, a decrease in long-term liabilities, and an increase in prepaid expenses and other assets.

The Company has historically been able to turn over its accounts receivable approximately every two months. This average collection period has been sufficient to provide the working capital and liquidity necessary to operate the Company.

Net cash used for investing activities for 2007 amounted to \$765,392 compared to \$839,328 for the year ending December 31, 2006. For 2007 and 2006, the primary use of cash was for capital expenditures.

Financing activities used \$4,457,780 in cash for the year ended December 31, 2007. The primary use of these funds was for payment made to satisfy the note payable due to Investcorp. Net cash provided by financing activities was \$1,675,177 for the year ending December 31, 2006. In 2006, the primary source of these funds was from proceeds relating to the sale of the Company's treasury stock, and increases in notes payable to both a third-party institution and majority shareholder.

### Table of Contractual Obligations

	Total	Payments Due by Period			
		Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Mortgage	\$ 2,947,946	\$ 54,517	\$ 190,517	\$ 2,702,912	-
Facilities Leases	4,348,263	1,412,147	2,848,399	63,794	23,923
Bank Note Payable	2,313,631	192,803	1,156,815	771,210	192,803
Operating/Equipment Leases	392,105	135,499	219,948	36,658	-
	\$ 10,001,945	\$ 1,794,966	\$ 4,415,679	\$ 3,574,574	\$ 216,726

On January 17, 2008, the Board of Directors authorized the repurchase of up to 5% of the Company's common stock. During the first quarter of 2008, the Company has made purchases from time to time in the open market. The stock repurchase authorization does not have an expiration date and the timing and amount of shares repurchased will be determined by a number of factors including the levels of cash generation from operations, cash requirements for investments, and current share price. The stock repurchase program may be modified or discontinued at any time.

The Company believes that its financial resources from working capital provided by operations are adequate to meet its current needs.

The Company does not anticipate that inflation will significantly impact its business nor does it believe that its business is seasonal.

***Recent Accounting Pronouncements Affecting the Company***

In June 2006, the Financial Accounting Standards Board (‘‘FASB’’) issued Interpretation No. 48, ‘‘Accounting for Uncertainty in Income Taxes’’ an interpretation of FASB Statement No. 109 (‘‘FIN 48’’). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with SFAS No. 109, ‘‘Accounting for Income Taxes’’. It also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and it provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective as of the beginning of the first fiscal year beginning after December 15, 2006. The Company adopted the provisions of FIN 48 on January 1, 2007. The Company had no adjustment as a result of the adoption of FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, ‘‘Fair Value Measurements,’’ or SFAS No. 157, which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. SFAS No. 157 is effective for the Company as of January 1, 2008. We expect that the financial impact, if any, of the adoption of SFAS No. 157 will not be material on our financial statements upon the initial adoption of SFAS 157.

In September 2006, the FASB issued SFAS No. 158, ‘‘Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans – An Amendment of FASB Statements No. 87, 88, 106, and 132(R)’’. SFAS 158 requires the Company to fully recognize in its financial statements its obligations associated with defined benefit pension plans, retiree healthcare plans, and other postretirement plans. Specifically, it requires recognition of a liability for a plan’s underfunded or overfunded status within the balance sheet and recognition of changes in the funded status of a plan through comprehensive income in the year in which the changes occur. On December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS 158. The adoption of this standard in 2006 had the effect of increasing stockholders’ equity by approximately \$130,000 as a result of fully recognizing the obligations associated with the Company sponsored defined benefit pension and other postretirement plans.

In February 2007, FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. SFAS No. 159 allows companies to choose to measure many financial instruments and certain other items at fair value. The statement requires that unrealized gains and losses on items for which the fair value option has been elected to be reported in earnings. SFAS No. 159 also amends certain provisions of SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, although earlier adoption is permitted. The Company does not expect the adoption of this standard to have a material effect on its financial position or results of operations.

In December 2007, the FASB issued two new statements: (a.) SFAS No. 141 (revised 2007), ‘‘Business Combinations’’, and (b.) SFAS No. 160 ‘‘Non-controlling Interests in Consolidated Financial Statements’’. These statements are effective for fiscal years beginning after December 15, 2008 and the application of these standards will improve, simplify and converge internationally the accounting for business combinations and the reporting of non-controlling interests in consolidated financial statements. The Company is in the process of evaluating the impact, if any, on SFAS 141(R) and SFAS 160 and does not anticipate that the adoption of these standards will have any impact on its consolidated financial statements.

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(a.) SFAS No. 141(R) requires an acquiring entity in a business combination to: (i) recognize all (and only) the assets acquired and the liabilities assumed in the transaction, (ii) establish an acquisition-date fair value as the measurement objective for all assets acquired and the liabilities assumed, and (iii) disclose to investors and other users all of the information they will need to evaluate and understand the nature of, and the financial effect of, the business combination, and (iv) recognize and measure the goodwill acquired in the business combination or a gain from bargain purchase.

(b.) SFAS No. 160 will improve the relevance, comparability and transparency of financial information provided to investors by requiring all entities to: (i) report non-controlling (minority) interests in subsidiaries in the same manner, as equity but separate from the parent's equity, in consolidated financial statements, (ii) net income attributable to the parent and to the non-controlling interest must be clearly identified and presented on the face of the consolidated statement of operations, and (iii) any changes in the parent's ownership interest while the parent retains the controlling financial interest in its subsidiary be accounted for consistently.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

***Interest Rate Risk***

The Company's bank loan and the associated interest expense are not sensitive to changes in the level of interest rates. The Company's note is interest free through June 2008 and will bear interest at the annual rate of 4% beginning July 2008. The note requires twelve half-yearly payments beginning December 2008 until maturity at June 2014. As a result, the Company is not subject to market risk for changes in interest rates and will not be subjected to increased or decreased interest payments if market rates fluctuate and the Company is in a borrowing mode.

***Foreign Exchange Rate Risk***

The Company has one foreign subsidiary in Germany. The Company does business in more than seventy countries and currently generates approximately 57% of its revenues from outside of the Americas. The Company's ability to sell its products in foreign markets may be affected by changes in economic, political or market conditions in the foreign markets in which the Company does business.

The Company's total assets in its foreign subsidiary was \$14.7 million at December 31, 2007, translated into US dollars at the closing exchange rates. The company also acquires certain inventory from foreign suppliers and, as such, faces risk due to adverse movements in foreign currency exchange rates. These risks could have a material impact on the Company's results in future periods. The potential loss based on end of period balances and prevailing exchange rates resulting from a hypothetical 10% strengthening of the dollar against foreign currencies was not material in the period ended December 31, 2007. The Company does not currently employ any currency derivative instruments, futures contracts or other currency hedging techniques to mitigate its risks in this regard.

***Industry Risk***

The electronic test and measurement industry is cyclical which can cause significant fluctuations in sales, gross profit margins and profits, from year to year. It is difficult to predict the timing of the changing cycles in the electronic test and measurement industry.

**Item 8. Financial Statements and Supplementary Data**

The response to this item is submitted in a separate section of this report.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

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**Item 9A. Controls and Procedure**

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, as of the end of the period covered by this report, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, relating to Wireless Telecom Group, Inc., including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

(b) Management's Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive officer and principal financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. As of December 31, 2007, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Based on the assessment, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria. This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in the annual report.

(c) Changes in Internal Controls over Financial Reporting

In connection with the evaluation required by paragraph (d) of Rule 13a-15 under the Exchange Act, there was no change identified in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

The audit committee periodically conducts a self-evaluation. The results of the most recent self-assessment, which were communicated to the Company's Board of Directors, concluded the committee performed effectively.

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**PART III**

**Item 10. Directors and Executive Officers of the Registrant**

The information required under this item is set forth in the Company's Definitive Proxy Statement relating to the Company's 2008 annual meeting of shareholders to be held on or about June 12, 2008 and is incorporated herein by reference. Such Proxy Statement will be filed with the Commissions within 120 days of the Company's year-end.

**Item 11. Executive Compensation**

The information required under this item is set forth in the Company's Definitive Proxy Statement relating to the Company's 2008 annual meeting of shareholders to be held on or about June 12, 2008 and is incorporated herein by reference. Such Proxy Statement will be filed with the Commissions within 120 days of the Company's year-end.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required under this item is set forth in the Company's Definitive Proxy Statement relating to the Company's 2008 annual meeting of shareholders to be held on or about June 12, 2008 and is incorporated herein by reference. Such Proxy Statement will be filed with the Commissions within 120 days of the Company's year-end.

**Item 13. Certain Relationships and Related Transactions**

The information required under this item is set forth in the Company's Definitive Proxy Statement relating to the Company's 2008 annual meeting of shareholders to be held on or about June 12, 2008 and is incorporated herein by reference. Such Proxy Statement will be filed with the Commissions within 120 days of the Company's year-end.

**Item 14. Principal Accountant Fees and Services**

The information required under this item is set forth in the Company's Definitive Proxy Statement relating to the Company's 2008 annual meeting of shareholders to be held on or about June 12, 2008 and is incorporated herein by reference. Such Proxy Statement will be filed with the Commissions within 120 days of the Company's year-end.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

- (a) (1) Report of Independent Registered Public Accounting Firm  
Consolidated Balance Sheets as of December 31, 2007 and 2006  
Consolidated Statements of Operations for the Two Years in the Period ended December 31, 2007  
Consolidated Statements of Changes in Shareholders' Equity for the Two Years in the Period ended December 31, 2007  
Consolidated Statements of Cash Flows for the Two Years in the Period ended December 31, 2007  
Notes to Consolidated Financial Statements

- (2) Financial Statement Schedules  
Schedule II - Valuation and Qualifying Accounts

All other schedules have been omitted because the required information is included in the financial statements or notes thereto or because they are not required.

- (3) Exhibits
- 3.1 Certificate of Incorporation, as amended (1)
- 3.2 Amended and Restated By-laws (1)

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3.3	Amendment to the Certificate of Incorporation (2)
3.4	Amendment to the Certificate of Incorporation (3)
4.2	Form of Stock Certificate (1)
10.1	Summary Plan Description of Profit Sharing Plan of the Registrant (1)
10.2	Incentive Stock Option Plan of the Registrant and related agreement (1)
10.3	Amendment to Registrant's Incentive Stock Option Plan and related agreement (3)
10.4	Wireless Telecom Group, Inc. 2000 Stock Option Plan (4)
10.5	Stock Purchase Agreement dated December 21, 2001, by and among the Company, Microlab/FXR and Harry A. Augenblick (5)
10.6	Stock Purchase Agreement made as of December 21, 2001, by and among the Company and Microlab/FXR Employees Stock Ownership Plan (5)
10.7	Amended and Restated Stock Purchase Agreement, dated as of March 29, 2005, among the Company, Willtek Communications GmbH, Investcorp Technology Ventures, L.P., and Damany Holding GmbH (6)

10.8	Amended and Restated Loan Agreement, dated March 29, 2005, by and among Investcorp Technology Ventures, L.P., Willtek Communications GmbH and Wireless Telecom Group, Inc. (6)
10.9	Severance Agreement, dated March 29, 2005, between Wireless Telecom Group, Inc. and Paul Genova (8)
10.10	Employment and Severance Agreement, dated January 23, 2006, between Wireless Telecom Group, Inc. and James M. Johnson
10.11	Employment and Severance Agreement, dated February 6, 2007, between Wireless Telecom Group, Inc. and Lawrence Henderson
11.1	Computation of Per Share Earnings filed herewith
14	Code of Ethics (7)
23.1	Consent of Independent Registered Public Accounting Firm (PKF) filed herewith as Exhibit 23.1

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- 31.1 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification pursuant to 18 U.S.C. section 1350
- 32.2 Certification pursuant to 18 U.S.C. section 1350

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- (1) Filed as an exhibit to the Company's Registration Statement on Form S-18 (File No.33-42468-NY) and incorporated by reference herein.
- (2) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 1994 and incorporated by reference herein.
- (3) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 1995 and incorporated by reference herein.
- (4) Filed as Annex B to the Definitive Proxy Statement of the Company filed on July 17, 2000 and incorporated by reference herein.
- (5) Filed as an exhibit to the Company's Current Report on Form 8-K, dated December 21, 2001, filed with the Commission on January 4, 2002 and incorporated by reference herein.
- (6) Filed as an exhibit to the Company's Current Report on Form 8-K, dated March 29, 2005, filed with the Commission on March 29, 2005 and incorporated by reference herein.
- (7) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 and incorporated by reference herein.
- (8) Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2004 and incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WIRELESS TELECOM GROUP, INC.

Date: March 27, 2008

By: /s/ James M. Johnson  
James M. Johnson  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Savio Tung Savio Tung	Chairman of the Board	March 27, 2008
/s/ James M. Johnson James M. Johnson	Chief Executive Officer and Vice Chairman of the Board	March 27, 2008
/s/ Paul Genova Paul Genova	President, Chief Financial Officer	March 27, 2008
/s/ Henry Bachman Henry Bachman	Director	March 27, 2008



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/s/ Rick Mace Rick Mace	Director	March 27, 2008
/s/ Adrian Nemcek Adrian Nemcek	Director	March 27, 2008
/s/ Joseph Garrity Joseph Garrity	Director	March 27, 2008
s/ Hazem Ben-Gacem Hazem Ben-Gacem	Director	March 27, 2008

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**Wireless Telecom Group, Inc.**

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders  
Wireless Telecom Group, Inc.  
Parsippany, NJ

We have audited the accompanying consolidated balance sheets of Wireless Telecom Group, Inc. and Subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in shareholders' equity, cash flows and the schedule listed in the accompanying index for the years then ended. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements and the schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the consolidated financial statements and the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wireless Telecom Group, Inc. and Subsidiaries at December 31, 2007 and 2006 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the schedule presents fairly, in all material respects, the information set forth therein.

/s/ PKF

Certified Public Accountants  
A Professional Corporation

March 25, 2008  
New York, New York

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**CONSOLIDATED BALANCE SHEETS**  
**Wireless Telecom Group, Inc.**

**-ASSETS-**

	December 31,	
	2007	2006
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	<b>\$ 10,387,250</b>	\$ 15,683,411
Accounts receivable - net of allowance for doubtful accounts of \$139,553 and \$298,290 for 2007 and 2006, respectively	<b>9,273,360</b>	9,499,555
Inventories	<b>11,988,610</b>	9,733,008
Deferred income taxes - current	<b>121,581</b>	121,581
Prepaid expenses and other current assets	<b>961,151</b>	1,023,399
<b>TOTAL CURRENT ASSETS</b>	<b>32,731,952</b>	36,060,954
<b>PROPERTY, PLANT AND EQUIPMENT - NET</b>	<b>6,470,411</b>	6,486,830
<b>OTHER ASSETS:</b>		
Goodwill	<b>24,113,284</b>	24,113,284
Other intangible assets □ net	<b>11,550,000</b>	12,730,000
Deferred income taxes □ non-current, net	<b>885,894</b>	656,363
Other assets	<b>3,942,736</b>	3,281,671
<b>TOTAL OTHER ASSETS</b>	<b>40,491,914</b>	40,781,318
<b>TOTAL ASSETS</b>	<b>\$ 79,694,277</b>	\$ 83,329,102

**- LIABILITIES AND SHAREHOLDERS □ EQUITY -**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 3,234,060	\$ 3,616,094
Accrued expenses and other current liabilities	3,363,578	5,514,403
Note payable - shareholder	-	4,621,050
Current portion of note payable - bank	192,803	-
Income tax payable	148,256	313,000
Current portion of mortgage payable	54,517	50,619
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,993,214</b>	<b>14,115,166</b>
<b>LONG TERM LIABILITIES:</b>		
Note payable - bank	2,120,828	2,073,927
Deferred income taxes	4,066,216	4,481,576
Mortgage payable	2,893,429	2,947,886
Deferred rent payable	105,640	125,009
Other long-term liabilities	1,964,267	2,689,787
<b>TOTAL LONG TERM LIABILITIES</b>	<b>11,150,380</b>	<b>12,318,185</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$.01 par value, 2,000,000 shares authorized, none issued	-	-
Common stock, \$.01 par value, 75,000,000 shares authorized, 28,753,861 and 28,653,551 shares issued for 2007 and 2006, respectively, 25,954,161 and 25,853,851 shares outstanding for 2007 and 2006, respectively	287,539	286,536
Additional paid-in capital	36,785,310	36,070,025
Retained earnings	31,217,993	27,761,337
Accumulated other comprehensive income (loss)	328,770	(153,218)
Treasury stock, at cost □ 2,799,700 shares	(7,068,929)	(7,068,929)
	<b>61,550,683</b>	<b>56,895,751</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 79,694,277</b>	<b>\$ 83,329,102</b>

The accompanying notes are an integral part of these consolidated financial statements.

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**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Wireless Telecom Group, Inc.**

	For the Year Ended December 31,	
	2007	2006
<b>NET SALES</b>	\$ 56,602,050	\$ 53,763,249
<b>COST OF SALES</b>	25,064,409	24,493,208
<b>GROSS PROFIT</b>	31,537,641	29,270,041
<b>OPERATING EXPENSES</b>		
Research and development	8,758,858	6,592,910

Sales and marketing	12,318,501	11,233,545
General and administrative	7,297,593	7,256,190
<b>TOTAL OPERATING EXPENSES</b>	<b>28,374,952</b>	<b>25,082,645</b>
<b>OPERATING INCOME</b>	<b>3,162,689</b>	<b>4,187,396</b>
<b>OTHER (INCOME) EXPENSE</b>		
Interest (income)	(319,777)	(339,074)
Interest expense	224,975	228,645
Other (income) □ net	(884,148)	(114,691)
<b>TOTAL OTHER (INCOME)</b>	<b>(978,950)</b>	<b>(225,120)</b>
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<b>4,141,639</b>	<b>4,412,516</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>684,983</b>	<b>888,405</b>
<b>NET INCOME</b>	<b>\$ 3,456,656</b>	<b>\$ 3,524,111</b>

<b>NET INCOME PER COMMON SHARE:</b>		
Basic	\$ 0.13	\$ 0.14
Diluted	\$ 0.13	\$ 0.14

<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>		
Basic	25,896,547	25,820,909
Diluted	26,007,367	25,919,663

The accompanying notes are an integral part of these consolidated financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Wireless Telecom Group, Inc.**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income(Loss)	Treasury Stock at Cost	Total
BALANCE AT DECEMBER 31, 2005	\$ 286,476	\$ 35,737,185	\$ 24,237,226	\$ 52,075	\$ (7,701,429)	\$ 52,611,533
Net income	-	-	3,524,111	-	-	3,524,111