WIRELESS TELECOM GROUP INC
Form 10-Q
May 15, 2008

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 10-Q

**(Mark One)**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2008**

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from ______________________________ to ______________________________**

**Commission file number**
1-11916

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

| | |
|---|---|
| New Jersey | 22-2582295 |
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |
| 25 Eastmans Road<br>Parsippany, New Jersey | 07054 |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

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

Not Applicable
**(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)**

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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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (see the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company x

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

Number of shares of Common Stock outstanding as of May 13, 2008: 25,658,203
Number of non-affiliated shares of Common Stock outstanding as of May 13, 2008: 19,112,637

WIRELESS TELECOM GROUP, INC.

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**PART 1  FINANCIAL INFORMATION**

**Item 1  Financial Statements**

**WIRELESS TELECOM GROUP, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

**- ASSETS -**

| | March 31, 2008 (unaudited) | DECEMBER 31, 2007 |
|---|---|---|
| **CURRENT ASSETS:** | | |
| Cash and cash equivalents | **$ 10,287,948** | $ 10,387,250 |
| Accounts receivable - net of allowance for doubtful accounts of $172,873 and $139,553 for 2008 and 2007, respectively | **9,347,260** | 9,273,360 |
| Inventories | **10,613,783** | 11,655,819 |
| Deferred income taxes-current | **166,180** | 121,581 |
| Prepaid expenses and other current assets | **1,014,229** | 961,151 |
| **TOTAL CURRENT ASSETS** | **31,429,400** | 32,399,161 |
| **PROPERTY, PLANT AND EQUIPMENT - NET** | **6,376,054** | 6,470,411 |
| **OTHER ASSETS:** | | |
| Goodwill | **24,113,284** | 24,113,284 |
| Other intangible assets - net | **11,255,000** | 11,550,000 |
| Deferred income taxes - non-current | **633,090** | 885,894 |
| Cash surrender value of foreign pension insurance and other assets | **4,574,145** | 4,275,527 |
| **TOTAL OTHER ASSETS** | **40,575,519** | 40,824,705 |
| **TOTAL ASSETS** | **$ 78,380,973** | $ 79,694,277 |

**- LIABILITIES AND SHAREHOLDERS' EQUITY -**

| | | |
|---|---|---|
| **CURRENT LIABILITIES:** | | |
| Accounts payable | **$ 2,479,807** | $ 3,234,060 |
| Accrued expenses and other current liabilities | **3,992,482** | 3,363,578 |
| Current portion of note payable - bank | **206,822** | 192,803 |
| Income tax payable | **118,355** | 148,256 |
| Current portion of mortgage payable | **55,554** | 54,517 |
| **TOTAL CURRENT LIABILITIES** | **6,853,020** | 6,993,214 |
| **LONG TERM LIABILITIES:** | | |
| Notes payable - bank | **2,275,042** | 2,120,828 |
| Deferred income taxes | **3,962,376** | 4,066,216 |
| Mortgage payable | **2,879,146** | 2,893,429 |
| Deferred rent payable | **104,646** | 105,640 |
| Provision for pension liability and other long term liabilities | **2,010,088** | 1,964,267 |
| **TOTAL LONG TERM LIABILITIES** | **11,231,298** | 11,150,380 |
| **COMMITMENTS AND CONTINGENCIES** | | |
| **SHAREHOLDERS' EQUITY:** | | |
| 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 | | |

| | | |
|---|---|---|
| shares issued for 2008 and 2007, 25,756,908 and | | |
| 25,954,161 shares outstanding for 2008 and 2007, respectively | **287,539** | 287,539 |
| Additional paid-in-capital | **36,903,829** | 36,785,310 |
| Retained earnings | **30,689,017** | 31,217,993 |
| Accumulated other comprehensive income (loss) | **(182,362)** | 328,770 |
| Treasury stock at cost, 2,996,953 and 2,799,700 shares for 2008 | **-** | - |
| and 2007, respectively | **(7,401,368)** | (7,068 ,929) |
| **TOTAL SHAREHOLDERS' EQUITY** | **60,296,655** | 61,550 ,683 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **$ 78,380,973** | $ 79,694 ,277 |

See accompanying notes

**WIRELESS TELECOM GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited)**

| | For the Three Months Ended March 31, **2008** | 2007 |
|---|---|---|
| **NET SALES** | $ **12,988,564** | $ 14,128,607 |
| **COST OF SALES** | **6,822,842** | 6,502,916 |
| **GROSS PROFIT** | **6,165,722** | 7,625,691 |
| **OPERATING EXPENSES** | | |
| Research and development | **1,872,203** | 2,038,562 |
| Sales and marketing | **2,833,890** | 3,000,249 |
| General and administrative | **2,017,031** | 1,797,246 |
| **TOTAL OPERATING EXPENSES** | **6,723,124** | 6,836,057 |
| **OPERATING INCOME (LOSS)** | **(557,402)** | 789,634 |
| **OTHER (INCOME) EXPENSE** | | |
| Interest (income) | **(107,404)** | (122,679) |
| Interest expense | **55,637** | 56,599 |
| Other (income) - net | **(171,238)** | (8,325) |
| **TOTAL OTHER (INCOME) EXPENSE** | **(223,005)** | (74,405) |
| **INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES** | **(334,397)** | 864,039 |
| **PROVISION FOR INCOME TAXES** | **194,579** | 200,796 |
| **NET INCOME (LOSS)** | $ **(528,976)** | $ 663,243 |
| **NET INCOME (LOSS) PER COMMON SHARE:** | | |
| **BASIC** | $ **(0.02)** | $ 0.03 |
| **DILUTED** | $ **(0.02)** | $ 0.03 |

See accompanying notes

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**WIRELESS TELECOM GROUP, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited)**

| | For the Three Months Ended March 31, **2008** | 2007 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net (loss) income | $ **(528,976)** | $ 663,243 |
| Adjustments to reconcile net (loss) income to net cash provided by (used for) operating activities: | | |
| Depreciation and amortization | **243,599** | 261,343 |
| Amortization of purchased intangibles - net | **231,388** | 220,000 |
| Stock compensation expense | **118,519** | 123,740 |
| Deferred rent | **(994)** | (24,006) |
| Deferred income taxes | **104,365** | (103,840) |
| Provision for (recovery from) losses on accounts receivable | **29,763** | (3,965) |
| Changes in assets and liabilities: | | |
| Accounts receivable | **426,082** | 465,623 |
| Inventory | **1,245,513** | (298,679) |
| Prepaid expenses and other assets | **12,150** | 136,459 |
| Accounts payable and accrued expenses | **(1,606,498)** | (2,219,298) |
| Pension liability and other long-term liabilities | **963** | (134,091) |
| Income taxes payable | **(29,901)** | (20,000) |
| **Net cash provided by (used for) operating activities** | **245,973** | (933,471) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Capital expenditures | **(87,846)** | (213,581) |
| Proceeds from dispositions of property, plant and equipment | **15,147** | - |
| **Net cash (used for) investing activities** | **(72,699)** | (213,581) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Payments of mortgage note | **(13,246)** | (12,284) |
| Acquisition of treasury stock | **(332,439)** | - |
| (Decrease) in note payable to shareholder | **-** | (4,621,050) |
| Proceeds from bank loan | **-** | 20,735 |
| **Net cash (used for) financing activities** | **(345,685)** | (4,612,599) |
| Effect of foreign currency on cash and cash equivalents | **73,109** | 34,391 |
| **NET (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(99,302)** | (5,725,260) |
| Cash and cash equivalents, at beginning of period | **10,387,250** | 15,683,411 |
| **CASH AND CASH EQUIVALENTS, AT END OF PERIOD** | $ **10,287,948** | $ 9,958,151 |
| **SUPPLEMENTAL INFORMATION:** | | |
| Cash paid during the period for: | | |

| | | | | |
|---|---|---|---|---|
| Taxes | $ | **120,000** | $ | 353,242 |
| Interest | $ | **55,955** | $ | 57,290 |

See accompanying notes

**WIRELESS TELECOM GROUP, INC.**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES**

The condensed, consolidated balance sheet as of March 31, 2008 and the condensed, consolidated statements of operations for the three month periods ended March 31, 2008 and 2007 and the condensed, consolidated statements of cash flows for the three month periods ended March 31, 2008 and 2007 have been prepared by the Company without audit. 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., collectively the Company. All significant intercompany transactions and balances have been eliminated in consolidation.

In the opinion of management, the accompanying condensed consolidated financial statements referred to above contain all necessary adjustments, consisting of normal accruals and recurring entries, which are necessary to present fairly the Company's results for the interim periods being presented.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including inventory valuation, accounts receivable valuation, valuation of deferred tax assets, accrued warranty expense and estimated fair values of stock options) and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of net revenue and expenses during the reporting period. Actual results could differ from those estimates.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements included in its annual report on Form 10-K for the year ended December 31, 2007. Specific reference is made to that report since certain information and footnote disclosures normally included in financial statements in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted from this report.

The results of operations for the three-month periods ended March 31, 2008 and 2007 are not necessarily indicative of the results to be expected for the full year.

Certain prior period information has been reclassified to conform to the current periods reporting presentation.

**NOTE 2  RECENT ACCOUNTING PRONOUNCEMENTS**

In May 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 162, The Hierarchy of Generally Accepted Accounting Principles. This standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with US GAAP for non-governmental entities. SFAS No. 162 is effective 60 days following the SECs approval of the Public Company Accounting Oversight Board amendments to AU Section 411, the meaning of Present Fairly in Conformity with GAAP. The Company is in the process of evaluating the impact, if any, of SFAS 162 on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133, which amends and expands the disclosure requirements of SFAS 133 to require qualitative disclosure about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. This statement will be effective for the Company beginning in fiscal 2009. The Company does not expect the adoption of this standard to have an impact on the Companys consolidated financial statements.

**WIRELESS TELECOM GROUP, INC.**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**NOTE 2  RECENT ACCOUNTING PRONOUNCEMENTS (Continued)**

In December 2007, the FASB issued two new statements: (a.) SFAS No. 141 (revised 2007), Business Combinations, and (b.) 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.

(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 parents 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 income, and (iii) any changes in the parents ownership interest while the parent retains the controlling financial interest in its subsidiary be accounted for consistently.

In February 2007, the 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 had no adjustment as a result of SFAS No. 159.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. It also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The adoption of SFAS 157 did not have a material impact on the Company's consolidated results of operations and financial condition.

In June 2006, the 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 enterprises 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 FIN 48.

**WIRELESS TELECOM GROUP, INC.**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**NOTE 3  INCOME TAXES**

The Company records deferred taxes in accordance with SFAS No. 109, Accounting for Income Taxes (SFAS 109). This statement requires recognition of deferred tax assets and liabilities for temporary differences between the tax basis of assets and liabilities and the amounts at which they are carried in the financial statements, based upon the enacted tax rates in effect for the year in which the differences are expected to reverse. The Company establishes a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company periodically assesses the value of its deferred tax asset, which has been generated by a history of net operating losses and determines the necessity for a valuation allowance. The Company evaluates which portion, if any, will more likely than not be realized by offsetting future taxable income, taking into consideration any limitations that may exist on its use of its net operating loss carryforwards.

The income tax provision for the quarter ended March 31, 2008 results from operating income derived from the Companys U.S. business entities and the net reduction of certain deferred tax benefits.

**NOTE 4 - INCOME PER COMMON SHARE**

Basic earnings per share is calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share are calculated by using the weighted average number of shares of common stock outstanding and, when dilutive, potential shares from stock options and warrants to purchase common stock, using the treasury stock method.

| | Three Months Ended March 31, | |
|---|---|---|
| | **2008** | 2007 |
| Weighted average common shares outstanding | **25,868,703** | 25,853,851 |
| Potentially dilutive stock options | **-** | 115,938 |
| Weighted average common shares outstanding, assuming dilution | **25,868,703** | 25,969,789 |

Common stock options were not included in the diluted earnings per share calculation for the three months ended March 31, 2008 because the various option exercise prices were greater than the average market price of the common shares for the period presented. The number of potentially dilutive shares not included in diluted earnings per share for the three months ended March 31, 2008 and 2007 was 2,667,646 and 1,299,587, respectively.

**NOTE 5  SHAREHOLDERS EQUITY**

On January 17, 2008 the Board of Directors authorized the repurchase of up to 5% of the Companys outstanding common stock. During the three months ended March 31, 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. As of March 31, 2008, the Company has repurchased 197,253 shares at a cost of $332,439. Subsequent to March 31, 2008, the Company purchased an additional 98,705 shares at a cost of $145,447.

**WIRELESS TELECOM GROUP, INC.**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**NOTE 5  SHAREHOLDERS EQUITY (Continued)**

Comprehensive income (loss) represents changes in equity during a period, except those resulting from investments by owners and distributions to owners. During the first three months of 2008 and fiscal year ended December 31, 2007, the components of other comprehensive income (loss) were accrued pension costs resulting from the adoption of SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans and foreign currency translation gains and losses. The net amounts included in other comprehensive income (loss) at March 31, 2008 and December 31, 2007 was $(182,362) and $328,770, respectively.

**NOTE 6  NOTE PAYABLE: SHAREHOLDER**

The note payable-current amount of $4,621,050 at December 31, 2006 was paid to a shareholder, Investcorp Technology Ventures, on January 3, 2007. The total amount of this payment was for $5,372,464, which included the principal amount stated above plus interest payable on the note of $751,414.

**NOTE 7  INVENTORIES**

Inventory carrying value is net of inventory reserves of $3,321,762 and $3,089,829 at March 31, 2008 and December 31, 2007, respectively.

| Inventories consist of: | March 31, **2008** | December 31, 2007 |
|---|---|---|
| Raw materials | **$ 5,988,920** | $ 6,265,451 |
| Work-in-process | **2,891,868** | 3,274,550 |
| Finished goods | **1,732,995** | 2,115,818 |
| | **$ 10,613,783** | $ 11,655,819 |

**NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS**

In accordance with SFAS No. 142, goodwill must be tested at least annually for impairment at the reporting unit level. If an indication of impairment exists, the Company is required to determine if such goodwill's implied fair value is less than the carrying value in order to determine the amount, if any, of the impairment loss required to be recorded. Impairment indicators include, among other conditions, cash flow deficits, an historic or anticipated decline in revenue or operating profits, adverse legal or regulatory developments and/or a material decrease in the fair value of some or all of the assets. The Company performs the required impairment tests of goodwill on an annual basis in conjunction with the Companys fiscal year end. Intangible assets are being amortized over their estimated useful lives, which range from 5 to 15 years.

The following table discloses the Companys intangible assets by classification and presents each intangible asset class at their original cost less accumulated amortization as of March 31, 2008:

| Intangibles | Cost | Accumulated Amortization | Net |
|---|---|---|---|
| Customer relationships | $ 10,900,000 | $ 1,998,333 | $ 8,901,667 |
| Trade names and trademarks | 2,000,000 | 366,667 | 1,633,333 |
| Developed technology | 1,600,000 | 880,000 | 720,000 |
| | $ 14,500,000 | $ 3,245,000 | $ 11,255,000 |

**WIRELESS TELECOM GROUP, INC.**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)**

The estimated annual amortization expense of intangible assets for the current and each of the four succeeding fiscal years is as follows:

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Customer relationships | $ 726,667 | $ 726,667 | $ 726,667 | $ 726,667 | $ 726,667 |
| Trade names and trademarks | 133,333 | 133,333 | 133,333 | 133,333 | 133,333 |
| Developed technology | 320,000 | 320,000 | 160,000 | - | - |
| | $ 1,180,000 | $ 1,180,000 | $ 1,120,000 | $ 860,000 | $ 860,000 |

Amortization expense of intangible assets was $295,000 for the three months ended March 2008 and 2007.

**NOTE 9 - ACCOUNTING FOR STOCK OPTIONS**

The Company follows the provisions of SFAS 123(R), Share-Based Payment. The Company's results for the three-month periods ended March 31, 2008 and 2007 include share-based compensation expense totaling $118,519 and $123,740, respectively. Such amounts have been included in the Condensed Consolidated Statements of Operations within operating expenses.

Stock option compensation expense is the estimated fair value of options granted amortized on a straight-line basis over the requisite service period. The weighted average estimated fair value of stock options granted in the three-months ended March 31, 2007 was $1.16. The Company did not grant stock options during the first quarter of 2008.

The fair value of options at the date of grant was estimated using the Black-Scholes option pricing model. For the options granted during 2007, the Company took into consideration guidance under SFAS 123(R) and SEC Staff Accounting Bulletin No. 107 (SAB 107) when reviewing and updating assumptions. The expected option life is derived from assumed exercise rates based upon historical exercise patterns and represents the period of time that options granted are expected to be outstanding. The expected volatility is based upon historical volatility of our shares using weekly price observations over an observation period of three years. The risk-free rate is based on the U.S. treasury yield curve rate in effect at the time of grant for periods similar to the expected option life.

The assumptions are as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | **2008** | 2007 |
| Expected term (in years) | **-** | 4.0 |
| Expected volatility | **-** | 56.8% |
| Expected dividend yield | **-** | 0.0% |
| Risk-free interest rate | **-** | 4.8% |

Due to the Companys limited history with respect to forfeitures of incentive stock options, there is no estimate of expired or cancelled options included in the above option valuation.

During the first three months of 2007, the Company granted 253,000, options under the Plan at an exercise price of $2.40.

**WIRELESS TELECOM GROUP, INC.**
**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(unaudited)**

**NOTE 9 - ACCOUNTING FOR STOCK OPTIONS (Continued)**

The following table represents our stock options granted, exercised, forfeited and cancelled during the first quarter of 2008:

| | Weighted Average Exercise | Weighted Average Remaining | Aggregate |
|---|---|---|---|