

WIDEPOINT CORP
Form ARS
April 30, 2009

April 30, 2009

Dear Stockholder:

During 2008, your Company realized a number of important strategic objectives, and positioned itself for meaningful future growth and profitability.

In summary, from a financial standpoint, WidePoint's 2008 Revenues exceeded \$35 Million, an increase of over 150% versus the prior year. We experienced a full year Operating Loss of \$0.7 Million, of which \$1.6 Million constituted non-cash items. Importantly, our fourth quarter featured the strongest performance period during the calendar year, with Revenues in excess of \$10 Million.

At our most recent Quarterly Investor Call, we referred to the difficult financial and economic times that we all were experiencing throughout the nation, but advised you that WidePoint was financially solid, and well-positioned as a provider of products and services to the government market sector.

Although we did not forecast nor anticipate the serious and continuing economic decline that has occurred since the beginning of the fourth quarter of 2008, I was pleased to be able to report that the Company nevertheless experienced a robust fourth quarter, with strong revenue growth and the achievement of bottom line profitability. In addition, we believe that this performance, with appropriately cautious optimism, is a trend that will continue for 2009 and beyond.

From a strategic perspective, WidePoint successfully concluded the acquisitions of iSYS, LLC, and Protexx, Incorporated. Both acquisitions complemented our existing capabilities to our target markets, while opening market expansion opportunities for us as well. Each of our now-enhanced business segments participated in our Revenue growth throughout 2008. In addition, we have enhanced our marketing and sales capabilities and resources, focused on expense management and cash flows, and strengthened our capital base through private equity financings resulting in net proceeds to the Company of approximately \$4 Million.

As we look forward to 2009 and beyond, we see the opportunity for enhanced organic growth for the Company, supplemented by additional strategic initiatives, that should deliver increased market capitalization, and incremental value to our stockholders.

Sincerely,

/s/ Steve L. Komar

Steve L. Komar
Chairman and Chief Executive Officer

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

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

For the fiscal year ended December 31, 2008.

OR

**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 001-33035

WIDEPOINT CORPORATION

(Exact name of registrant as specified in its charter.)

Delaware

52-2040275

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

18W100 22nd St., Oakbrook Terrace, IL

60181

(Address of principal executive offices)

(Zip Code)

Registrant's phone number, including area code: (630) 629-0003

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

Title of each class:

Common Stock, \$.001 par value per share

Name of each exchange on which registered

NYSE Amex

Securities registered pursuant to section 12(g) of the Act: None

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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, a non-accelerated filer,
or a smaller reporting company (as defined in Rule 12b-2 of the Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

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

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State the aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. \$ 56,310,369.

As of March 24, 2009, the registrant had 58,305,514, shares of its Common Stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III of the Form 10-K is incorporated by reference from the registrant's definitive proxy statement which will be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

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PART I

ITEM 1. BUSINESS.

This Annual Report on Form 10-K contains forward-looking statements that involve substantial risks and uncertainties, many of which are outside of our control. We believe that these statements are within the definition of the Private Securities Litigation Reform Act of 1995. You can often identify these statements by the use of words such as may, will, expect, intend, anticipate, believe, plan, seek, estimate, continue and other similar words, or such words. You should read our forward-looking statements carefully because they discuss our future expectations, make projections of our future results of operations or financial condition or state other forward-looking information. Although forward-looking statements in this Annual Report reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. The factors that could cause or contribute to such differences include, but are not limited to, those discussed elsewhere in this Annual Report. We undertake no obligation to update any forward-looking statement.

In this document, unless the context indicates otherwise, the terms Company and WidePoint, as well as the words we, our, ours and us, refer to both WidePoint Corporation and its consolidated subsidiaries. The term registrant refers to WidePoint Corporation, a Delaware corporation.

Industry and market data used throughout this Annual Report on Form 10-K were obtained through surveys and studies conducted by third parties, industry and general publications and internal company research. We have not independently verified any of the data from third-party sources nor have we ascertained any underlying economic assumptions relied upon therein. While we are not aware of any misstatements regarding the industry data presented herein, estimates involve risks and uncertainties and are subject to change based on various factors.

Overview

WidePoint Corporation (WidePoint or the Company) is a technology-based provider of product and services to both the government sector and commercial markets. WidePoint was incorporated in Delaware on May 30, 1997. We have grown through the merger of highly specialized regional IT consulting companies. Since the first merger in 1998, all the WidePoint companies are united by a common set of corporate values.

The belief in 100% customer satisfaction.

An innovative and entrepreneurial approach to business problems.

A reputation for being an employee-centric organization where the concern for, and appreciation of, its highly skilled and competent staff encourages both personal and professional growth.

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Our expertise lies in three business segments. These segments offer unique solutions in identity management services utilizing certificate-based security solutions; wireless telecommunication expense management systems; and other associated information technology (IT) consulting services and products through which we provide specific subject matter expertise in IT Architecture and Planning, Software Implementation Services, IT Outsourcing, and Forensic Informatics. For additional information related to our three business segments, see Note 9 of our consolidated financial statements in this Form 10-K.

WidePoint has three material operational entities, Operational Research Consultants, Inc. (ORC); iSYS, LLC (iSYS), which we acquired in January 2008; and WidePoint IL, Inc., operated together with Protexx Acquisition Corporation doing business as Protexx, which we acquired in July 2008.

ORC specializes in IT integration and secure authentication processes and software, and providing services to the U.S. Government. ORC has been at the forefront of implementing Public Key Infrastructure (PKI) technologies. PKI technology uses a class of algorithms in which a user can receive two electronic keys, consisting of a public key and a private key, to encrypt any information and/or communication being transmitted to or from the user within a computer network and between different computer networks. PKI technology is rapidly becoming the technology of choice to enable security services within and between different computer systems utilized by various agencies and departments of the U.S. Government.

iSYS specializes in mobile telecommunications expense management services, forensic informatics, and information assurance services, predominantly to various agencies and departments of the U.S. Government.

Protexx, which was in the development stage when we acquired it, specializes in identity assurance, and mobile and wireless data protection products and services.

By delivering advanced, federally certified and other customized technologies, the Company enables organizations to deploy fully compliant IT services in accordance with government-requirements and the demands of the commercial marketplace.

We are led by an experienced management team and our competencies are aligned with evolving security and economic priorities. Our proven experience, top secret security clearances, contract vehicles and fluency across many technologies puts us in an elite group of advanced solution providers serving a wide array of customers' needs.

Our staff consists of business process and computer specialists who help our government and civilian customers augment and expand their resident technologic skills and competencies, drive technical innovation, and help develop and maintain a competitive edge in today's rapidly changing technological environment. Our organization emphasizes an intense commitment to our people, our customers, and the quality of our solutions offerings. As a services organization, our customers are our primary focus.

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The Company's revenues in 2008 increased by approximately 151% from approximately \$14.1 million in 2007 to approximately \$35.4 million in 2008. The increase in revenues in 2008 compared to 2007 was primarily the result of our acquisition of iSYS and the addition of the iSYS wireless telecommunication expense management systems segment. While we anticipate revenue gains for our 2009 calendar year at each of our three business segments, the realization of those gains may be subject to timing delays in project implementation phases that may be outside the control of the Company, and there can be no assurance that our revenues will increase in 2009.

Business Services

Identity Management

We believe a trusted digital identity is critical in today's information age. WidePoint has operational experience in all facets of identity proofing, credential issuing and public key technology. In government as in business, knowing whom you're dealing with is essential when using any form of electronic communications. Businesses need identity assurance for commercial enterprises such as e-Commerce, online banking and trading, Internet-based enterprise solutions for process automation, or digital form signing.

Widepoint understands and has delivered compliant identity management solutions critical to our customer's success. The Company believes that, through its ORC and Protexx subsidiaries, it is positioned at the forefront of implementing Public Key Infrastructure (PKI) solutions. With WidePoint, our clients get the strength and experience of a premier organization in the Information Assurance industry. We believe we implement a system that's right the first time and ready to support our clients through the lifecycle of identity management solutions.

WidePoint also provides an analysis of an organization's business and technical policies across application and data resources for the implementation of various devices such as smart cards, security tokens, cell phones and personal computers, and efficiently implementing these capabilities by incorporating higher levels of automated infrastructure. Our implementation enables an organization to quickly deploy a fully operational capability, providing the highest levels of identification and authorization of users and devices, securing of sensitive data, time-stamping and archiving of data, and an auditable process flow. Further, our credentials used to accomplish all of these requirements are interoperable with any other U.S. federal agency or organization choosing to accept U.S. federally-compliant credentials.

WidePoint's wholly-owned subsidiary, Operational Research Consultants (ORC) is certified by the Federal Government to facilitate public access to the services offered by Government agencies through the use of information technologies, including on-line access to computers for purposes of reviewing, retrieving, providing, and exchanging information. Our Digital Certificate Credentials are authorized to provide trusted individual or business identity information for use by the Department of Defense (DoD), FirstGov and participating U.S. Government agencies. These Credentials can be used to:

Authenticate to government and organization websites containing Sensitive But Unclassified (SBU) information.

Contract for the purchase of goods or services.

Verify the identity of electronic mail correspondents.

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Verify the identity of web/ application servers.

Verify the identity of individuals accessing data servers.

Verify the integrity of software and documents posted on data servers.

Our Digital Certificate Credential services include the Department of Defense External Certificate Authority (DoD ECA), Access Certificates for Electronic Services (ACES), and the GSA Shared Service Provider (SSP).

Wireless Telecommunications Expense Management Services (TEMS)

Widepoint, through our wholly-owned subsidiary iSYS, utilizes our extensive experience working with government and commercial enterprises to develop well-managed solutions that take the pain out of managing wireless telecom expenses and devices. We work with carriers to build a complement of services that work in our clients' interest. A key to our success is providing a single source from which to manage the wireless assets of our clients. We establish a standard process that focuses on the goals of the entire organization rather than counter-productive individual desires that often occur with personal communication devices. Our approach allows our clients to take an overall look at their communication network and identify issues that affect mission requirements, cost to the organization, and employee performance. We provide a variety of reports that provide data for periodic reviews and strategic decision-making. We find that our mobile services generally save our clients 30% to 65% of their current wireless costs.

At the core of our approach is a comprehensive database of all of our clients' telecom assets. Our web-based portal allows our clients to view where their assets are located throughout their organization. By understanding the types of devices that are deployed and how they are used, our clients can effectively manage their current inventory and control new procurements. We also take advantage of bulk savings for our clients by utilizing all available voice, data, and message plans offered by the carriers, so our clients only pay for the services they utilize. We also secure our clients' valuable telecom assets. We believe that Telecom resources are extremely valuable assets to our clients' organizations' valuable both in terms of equipment and information capture. With a strong record of working with some of the most sensitive government and corporate clients, we build solutions that ensure the privacy of both corporate and personal information. Our centralized approach helps to prevent security breaches and ensure that information resides within our clients' organization instead of within individual user populations.

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Consulting Services

WidePoint offers a full range of consulting services and products to support our clients' IT needs. We draw upon the expertise and talents of our consultants and combine this with our business knowledge, so that our clients see results quickly and responsively. Through the combination of select products that we offer along with our consultants' subject matter expertise we provide our clients with a diverse selection of IT integrated consulting services. Among these services are:

IT Architecture and Planning

WidePoint offers IT architecture and planning services to ensure that our clients get the most from their IT investments. Our experience enables us to help our clients make important decisions that align IT with business goals and objectives. Our approach is to be our clients' strategic advisor without vendor or technology specific bias in the following areas:

IT Strategic Planning

Software Selection

Project Management

Software Implementation Services

WidePoint's software implementation services team provides our clients with the creative and technical expertise needed to execute projects of any size. Our consultants follow a rapid, iterative methodology that provides benefits and reduces the risks typically associated with software implementation projects. We possess specific competencies and experience in the following areas:

Application Development

Application Integration

Business Intelligence

IT Outsourcing

Within today's business environment, less time spent worrying about the Information Technology (IT) needs of our clients means more time spent on the success of the core activities of their businesses. WidePoint's Information Technology Outsource specialists work with our clients to develop a customized solution that cost effectively provides for their IT needs. We specialize in the following areas:

Infrastructure Management

Applications Management

IT Strategic Planning

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Information Assurance (IA)

WidePoint's wholly-owned subsidiary iSYS provides a full range of Information Assurance support services to help our customers to protect and defend information and information systems by ensuring confidentiality, integrity, authentication, availability, and non-repudiation. Additionally, our IA Services include strategic risk analysis and management support that includes physical security, reliability, continuity of operations planning (COOP), and support for other enterprise governance issues such as privacy, compliance, audits and disaster recovery. Our IA services include:

Certification and Accreditation

Security Architecture Design

System Security Planning

Security Risk Assessment and Mitigation Planning

Vulnerability Testing and Remediation

Customizable IA plans and processes to correspond to customer needs

Continuity of Operations Planning

Forensic Informatics

WidePoint's wholly-owned subsidiary iSYS provides systems engineering services that specialize in Forensic Informatics to federal, state, and local government agencies throughout the U.S. As the need for faster and more efficient information systems in support of our nation's law enforcement personnel continues to increase, we team with our customers and other IT partner companies to provide superior information technology (IT) services support.

Our support services address on-going enhancements to existing IT systems along with developing new IT systems that incorporate the evolution of long-term advanced hardware and software technologies. In supporting the Federal, State, and Local government agencies, we provide full lifecycle system support services that include: software development, system integration, testing, security engineering, training, and operations & maintenance services to our customers.

Business Growth Strategy

Our objective is to grow our business profitably as a premier technology-based provider of product and services to both the government sector and commercial markets with a current emphasis placed on growing our government sector in two managed services segments: Identity Management, and Wireless Telecommunications Expense Management Services. Our strategies for achieving this objective include the following:

Expanding our Customer Base.

Since inception, and with each of the companies we have acquired, we have focused on providing information technology-based solutions and services to our customers. We have several long standing customer relationships. We intend to capitalize on our long-term relationships with our customers and our reputation within the Department of Defense and other government agencies and corporate clients, to attract new customers and to cross-sell our array of solutions to our existing customers. Under the "best value" contracting process that has resulted from reforms in the government procurement process, past performance and technical approach are key factors that the government may consider when evaluating competitive bids. Based on our long-term support to many of our customers, we believe we have a successful past performance track record and have demonstrated technical expertise that gives us credibility with these customers and enhances our ability to be successful in bidding on follow-on contracts and in competing for new programs of both existing and new customers. Because many of our personnel are on-site with our customers or work in close proximity to our customers, we develop close relationships with them and are often able to enhance our customers' operations by rapidly identifying and developing solutions for customer-specific requirements.

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Targeting High Growth Segments of the Market

We believe the projected growth in government information technology spending and outsourcing of key components of their processes, such as identity management services and mobile telecom expense management services, will offer opportunities for the management and delivery of advanced technology solutions for enterprise applications and information systems. We intend to continue to target and expand our service offerings in high growth program areas. In particular, we intend to focus on developing or providing new or improved solutions in cyber security/information assurance, including cyber security and homeland defense programs, and other identity management and infrastructure solutions for secured system environments. We also plan to continue to target customers seeking to improve their information technology infrastructures and systems, especially those charged with building and operating enhanced web-based collaboration/sharing platforms.

Preparing our Infrastructure for Growth

We continue to place emphasis upon developing our operational competencies and disciplines, and our sales/marketing and financial infrastructure, to allow us to both support and expand our growth opportunities. We believe it is important to strengthen the underlying infrastructure so we can develop new marketing channels, develop new and continuing customers, identify new market opportunities, and support the general and administrative requirement attributable to our growth strategies.

Attracting, Training and Retaining Highly Skilled Professionals

We continue to attract, train and retain skilled professionals, including engineers, scientists, analysts, technicians and support specialists, to ensure that we have the capabilities to fulfill our customers' requirements. We target candidates who have served in the military or as civilian experts, as well as those who are leading specialists in their technology disciplines. We believe we can continue to retain our employees by offering competitive compensation and benefit plans, opportunities for career growth through company-supported education programs and diverse, challenging assignments.

Pursuing Strategic Acquisitions

We plan to enhance our internal growth by selectively pursuing strategic acquisitions of businesses that can cost-effectively broaden our domain expertise and service offerings and allow us to establish relationships with new customers. We are focused primarily on acquiring businesses that provide value-added solutions for our present service offerings and customer base, but we will also consider opportunities to acquire other businesses where we can leverage our reputation, core competencies and experienced management team.

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2008 Acquisitions

iSYS, LLC. In January 2008, we completed the acquisition iSYS, LLC. The iSYS acquisition expanded our U.S. federal customer base and our information assurance offerings while adding forensic informatics, information assurance, and mobile telecom managed services to our product and service offerings. iSYS was formed in, with operations in the greater Washington, D.C. area and Columbus, Ohio. iSYS provides services predominantly to the U.S. federal government and has recently expanded its operations into local and state jurisdictions and to commercial enterprises. We believe that the introduction of our capabilities in providing credentialing services to the iSYS client base may provide an attractive cross-selling opportunity consistent with our product portfolio strategy.

Protexx, Inc. In July 2008, we completed the purchase of the assets and intellectual property of Protexx, Inc. Protexx was a development stage provider of software-based authentication and encryption solutions to government, military, first responder and commercial enterprises. We believe that the acquisition of Protexx should allow us to cost effectively expand our capabilities within our identity management segment, expanding our customer base beyond the federal marketplace and providing a less expensive alternative to our existing, government certified public key infrastructure managed service offerings.

Clients

Our government client base is located predominantly in the Mid-Atlantic region of the U.S. while our commercial client base is located throughout the continental U.S. We have experience and expertise in the following industries: U.S. federal government agencies and associated contractor suppliers, manufacturing firms, consumer product goods firms, direct marketing firms, healthcare firms and financial services firms. Our clients are, for the most part, large governmental agencies, federal government contractors or large commercial enterprises. Historically, we have derived, and may continue to derive in the future, a significant percentage of our total revenues from a relatively small number of clients.

During 2008, three customers, the Transportation Security Administration (TSA), the U.S. Department of Homeland Security (DHS), and the Washington Headquarters Services (WHS), an agency of the U.S. Department of Defense (DoD) that provides services for many DoD agencies and organizations, individually represented 26%, 20%, and 14% of revenues, respectively, and we therefore are materially dependent upon such customers. During 2007, no customer individually represented at least 10% of revenues. Due to the nature of our business and the relative size of certain contracts which are entered into in the ordinary course of business, the loss of any single significant customer, including the above customers, would have a material adverse effect on results.

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Marketing and Sales

We focus sales and marketing efforts on targeting federal government and corporate clients with significant and or critical mobile telecom expense management budgets and requirements, U.S. federal agencies and large corporate user groups requiring identity management compliant solutions for logical and physical access to federal installations and systems, and large corporate users with significant IT budgets and requirements. While we perform work for companies in various industries, the majority of our revenues for 2008 and 2007 were derived from contracts and projects with U.S. federal government agencies, U.S. federal government contractors, manufacturing clients, consumer products clients, healthcare clients, and financial services clients. Prospectively, we expect a majority of our revenue to be derived from contracts with the federal government and related contracting opportunities.

We market our solutions through our direct sales force, and alliances with several strategic partnerships in specific industries. The direct sales force is responsible for providing highly responsive, quality service and ensuring client satisfaction with our services. Strategic partnerships and alliances provide us with additional access to potential clients.

Government Contracts

We have numerous Government contracts and contract vehicles. Our major prime contracts are with various departments of the Department of Defense (DoD), the Transportation Security Administration (TSA), the Department of Homeland Security (DHS), the Centers for Disease Control (CDC), and Customs and Border Protection (CBP). We also hold a number of large indefinite-delivery, indefinite-quantity (IDIQ) contracts that extend WidePoint 's capability to expand its revenue base, including, but not limited to:

The General Services Administration (GSA) contracts for the Federal Strategic Sourcing Initiative (FSSI) for Telecommunications Expense Management (TEM), Federal Supply Schedule for Management, Organizational and Business Improvement Services (MOBIS), the Federal Supply Schedule for Professional Engineering Services (PES), the Solutions and More (SAM), Streamlined Technology Acquisition Resources for Services (STARS), and the Information Technology (IT) Schedule 70.

The Department of Justice (DOJ) Information Technology Support Services (ITSS) 3 contract,

The Federal Bureau of Investigation (FBI) Technical Support and Development Contract (TSDP),

The SeaPort-e Contract to provide engineering, technical, and programmatic support services to the Naval Surface Warfare Centers (NSWC) and the Naval Undersea Warfare Centers (NUWC).

We also have various relationships with other contractors that allow us to act as a subcontractor, thereby providing us access to various other contracts and contract vehicles in biometrics and identity management infrastructure support, and Information Technology Support Services.

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Our contracts with the U.S. Government, and many contracts with other entities, permit the government client to modify, curtail or terminate the contract at any time for the convenience of the government, or for default by the contractor. If a contract is terminated for convenience, we are generally reimbursed for our allowable costs through the date of termination and are paid a proportionate amount of the stipulated profit or fee attributable to the work actually performed. Although contract and program modifications, curtailments or terminations have not had a material adverse effect on us in the past, no assurance can be given that such modifications, curtailments or terminations will not have a material adverse effect on our financial condition or results of operations in the future.

In addition, the U.S. Government and other government entities may terminate a contract for default. If a contract is terminated for default, we may be unable to recover amounts billed or billable under the contract and may be liable for other costs and damages. Although terminations for default have not occurred to us in the past, and thus have not had a material adverse effect on us historically, no assurance can be given that such terminations will not have an effect on our financial condition or results of operations in the future.

Seasonality

Our business is not seasonal. However, it is not uncommon for federal government agencies to award extra tasks or complete other contract actions in the weeks before the end of the federal government's fiscal year (which is September 30) in order to avoid the loss of unexpended fiscal year funds. Additionally, in years when the federal government does not complete its budget process before the end of its fiscal year, government operations typically are funded pursuant to a continuing resolution that authorizes agencies of the federal government to continue to operate, but traditionally does not authorize new spending initiatives. When much of the federal government operates under a continuing resolution, delays can occur in procurement of products and services, and such delays can affect our revenue and profit during that period.

Competition

The competitive profile for the services we provide vary for each of our three segments.

Our key competitors in our identity management space currently include a variety of both large and small companies, including divisions of large federal government integrators such as Lockheed Martin Corporation, Northrop Grumman Corporation, and other large and mid-sized federal contractors, as well as a limited number of small to mid-sized subject matter expert organizations offering specialized capabilities within the identity management space. The same companies that are our competitors will, at times, team with us or subcontract to us in the pursuit of new business. We believe that the major competitive factors in this segment are distinctive technical competencies, governmental approvals to operate within this space, successful past contract performance, price of services, reputation for quality, and key management personnel with domain expertise.

Our key competitors in our mobile telecommunications expense management segment within the U.S. federal marketplace currently include: Avalon Technologies, Profitline (working through Booz Allen & Hamilton), Tango, and Rivermine. We believe that the major competitive factors in the federal marketplace are distinctive technical competencies, successful past contract performance, price of services, reputation for quality and key management personnel with domain expertise. Our key competitors in the commercial marketplace are currently represented by a large number of small-sized participants and the marketplace is presently fragmented. The key competitive factors in the commercial marketplace are the same as in the federal marketplace with an added focus on cost-effective pricing of services.

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Our key competitors in our consulting services segment include divisions of large defense contractors such as Lockheed Martin Corporation, Northrop Grumman Corporation, EDS, Unisys, Science Applications International Corporation, and Manpower, as well as a number of small and mid-size companies. Because of the diverse requirements of U.S. government customers and large corporate customers and the highly competitive nature of large procurements, corporations frequently form alliances or teams to pursue contract opportunities. The same companies listed as competitors will, at another point in time, team with us or subcontract to us in the pursuit of new business. Our consulting services segment is highly competitive in both the U.S. federal government as well as in the commercial marketplace.

Intellectual Property

Our intellectual property primarily consists of methodologies developed for use in application development solutions. The services, described above, define the system and process intellectual property that allows us to be the leader in our markets. In addition, our ORC subsidiary holds a patent for a digital parsing tool that provides a secure repository gateway that will allow users, including first time users, the ability to immediately establish and access accounts by presenting their certificates to a directory validated by the gateway. In this manner, we rely upon a combination of trade secrets, copyright and trademark laws, and contractual restrictions to establish and protect the ownership of our proprietary methodologies. We generally enter into nondisclosure and confidentiality agreements with our employees, partners, consultants, independent sales agents and clients. As the number of our competitors increase, the likelihood that such competitors will use similar methodologies increases. Although our methodologies have never been subject to an infringement claim, there can be no assurance that third parties will not assert infringement claims against us in the future; that the assertion of such claims will not result in litigation; or that we would prevail in such litigation or be able to obtain the license for the use of any allegedly infringed intellectual property from a third party on commercially reasonable terms. Further, regardless of its outcome, litigation can result in substantial costs and divert management's attention from our operations. Although we are not aware of any basis upon which a third party could assert an infringement claim, any infringement claim or litigation could materially adversely affect our business, operating results and financial condition.

Personnel

As of December 31, 2008, we had a total of 90 employees with 81 full time employees and 9 part-time employees. We also periodically employ additional consultants and temporary employees.

Our offices are located in areas populated by military personnel (both retired and active duty), and highly skilled civilian personnel. Potential employees possessing the unique qualifications required are readily available for both part-time and full-time employment. The primary method of soliciting personnel is through recruiting resources directly utilizing all known sources that include electronic databases, public forums, and personal networks of friends and former coworkers.

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We believe that our future success will depend in part on our continued ability to attract and retain highly skilled managerial, technical, sales and support personnel. There can be no assurance that we will be able to continue to attract and retain personnel necessary for the development of our business. We generally do not have employment contracts with our employees, but we do maintain employment agreements with our key employees. However, confidentiality and non-disclosure agreements are in place with many of our employees. None of our employees are subject to a collective bargaining agreement. We believe that our relations with our employees are good.

Available Information

Our internet address is www.widepoint.com. We make available through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The Company's principal executive office is located at 18W100 2nd St., Suite 104, Oakbrook Terrace, Illinois and consists of approximately 1,500 square feet of office space that expires in August 2009, with an option for an additional year. The annual lease for this office is approximately \$17,000.

WidePoint's ORC subsidiary's principal office is located at 1723 South Park Court, Chesapeake, Virginia and consists of approximately 2,400 square feet under a month-to-month lease that expires on April 30, 2009. The annual rent for this office is approximately \$31,100.

ORC also maintains a secure facility in Fairfax, VA. The Fairfax office, which houses the Company's identity assurance managed services business segment and its related Secure Network Operating Center, is located at 11250 Waples Mill Road, South Tower, Suite 210, Fairfax, Virginia 22030, and consists of a total rentable area of approximately 11,852 sq. ft. The lease for this office has been extended and will expire March 15, 2014, and costs approximately \$343,000 annually.

Our acquisition of iSYS in January 2008 added two facilities that are leased; the iSYS corporate headquarters located at 7926 Jones Branch Drive, McLean, VA with an annual rent of approximately \$51,000 expiring November 30, 2009 and a call center for the iSYS mobile telecom managed services group in Columbus, OH with an annual rent of approximately \$66,000 expiring May 31, 2012.

Our acquisition of the operating assets of Protexx in July 2008 added one facility at 10 Fairway Drive, Suite 216, Deerfield Beach, Florida under a month-to-month lease with an annual rent of approximately \$14,000.

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WidePoint believes that it can obtain additional facilities required to accommodate its projected needs without difficulty and at commercially reasonable prices, although no assurance can be given that it will be able to do so.

ITEM 3. LEGAL PROCEEDINGS.

We are not involved in any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Company's Annual Meeting of Stockholders was held on December 18, 2008. The following four persons were elected by the following votes to serve as Class II and Class III directors of the Board of Directors. Class II directors will serve for three years or until their resignation and/or their successors are elected and qualified. Class III directors will serve for one year or until their resignation and/or successors are elected and qualified:

	Votes For	Votes Against or Withheld	Abstentions and Broker Non-Votes
Steve L. Komar Class II	46,141,785	2,289,016	
James T. McCubbin Class II	44,788,829	4,141,972	
Otto J. Guenther Class III	46,929,673	2,001,128	
George W. Norwood Class III	46,929,573	2,001,228	

In addition, the terms of current directors Morton S. Taubman, Ronald S. Oxley and James M. Ritter continued following the Annual Meeting of Stockholders.

Stockholders approved the Company's 2008 Stock Incentive Plan by a vote of 13,634,285 shares votes for, 5,406,242 shares votes against, and 29,890,274 shares votes withheld or abstained.

Stockholders ratified the selection of Moss Adams LLP as the independent accountants for the Company for the fiscal year ended December 31, 2008. Such proposal was approved by a vote of 48,103,493 shares for and 725,656 against, with 101,652 shares abstaining.

Table of Contents**ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT.**

The following sets forth information regarding the executive officers and certain significant employees of the Company as of March 31, 2009:

Name	Age	Position
Steve L. Komar	67	Chief Executive Officer and Chairman of the Board
James T. McCubbin	45	Executive Vice President, Chief Financial Officer, Secretary, Treasurer, and Director
Ronald S. Oxley	62	Executive Vice President Sales and Marketing, and Director
Daniel E. Turissini	49	Chief Technology Officer and Chief Executive Officer and President Operational Research Consultants, Inc.
Jin Kang	44	Chief Executive Officer and President iSYS LLC.

Steve L. Komar has served as a director since December 1997 and became Chairman of the Board of Directors in October 2001. Mr. Komar has also served as Chief Executive Officer since December 2001. From June 2000 until December 2001, Mr. Komar served as a founding partner in C-III Holdings, a development stage financial services company. From 1991 to June 2000, Mr. Komar served as Group Executive Vice President of Fiserv, Inc., a company that provides advanced data processing services and related products to the financial industry. From 1980 to 1991, Mr. Komar served in a number of financial management positions with CitiGroup, including the role of Chief Financial Officer of Diners Club International and Citicorp Information Resources, respectively. Mr. Komar is a graduate of the City University of New York with a Bachelor of Science Degree in Accounting and holds a Masters Degree in Finance from Pace University.

James T. McCubbin has served as a director and as our Secretary since November 1998. In May 2008, Mr. McCubbin was promoted to Executive Vice President and Chief Financial Officer. Prior to that time, from August 1998 till May 2008, Mr. McCubbin served as our Vice President and Chief Financial Officer. Prior to that time, from December 1997 to August 1998, Mr. McCubbin served as Vice President, Controller, Assistant Secretary and Treasurer. Prior to the commencement of his employment with WidePoint in November 1997, Mr. McCubbin held various financial management positions with several companies in the financial and government sectors. Mr. McCubbin presently serves on the Board of Directors of Tianjin Pharmaceutical Company and is Chairman of its Audit Committee, Nominating Committee, and Compensation Committee. Mr. McCubbin was on the Board of Directors of Redmile Entertainment until his resignation on March 1, 2008. Mr. McCubbin provides financial consulting services and has served on various Boards of Directors over the past seven years. Mr. McCubbin is a graduate of the University of Maryland with a Bachelor of Science Degree in Finance and a Masters Degree in International Management.

Ronald S. Oxley has served as a director since his appointment on August 15, 2006. Mr. Oxley became the Executive Vice President Sales and Marketing for the Company in May 2008 and as a result, resigned from his position as Chairman of the Corporate Governance and Nominating Committee, and member of the Audit Committee and Compensation Committee. Mr. Oxley has had a distinguished career within the U.S. Federal Government and industry. His U.S. federal government career spanned almost 28 years with the Office of the Secretary of Defense and with the Departments of the Navy, Army and Air Force where he held various senior level executive positions. Subsequent to his U.S. federal government career he also successfully honed his business skills as a senior level executive with several prominent U.S. federal government contractors that included Litton/PRC, Emergent Information Technologies and L-3 Communications. Mr. Oxley was president and general manager of

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L-3 Communications Analytics Corporation based in Vienna, Virginia. L-3 Communications is a provider of information technology solutions to both industry and government, primarily in the aerospace and defense arena. Mr. Oxley served in the same capacity at Emergent Information Technologies, Inc. prior to being acquired by L-3 Communications in November 2001. He came to Emergent in April 2000, from Litton/PRC Inc, where he was senior vice president of business development and marketing. Mr. Oxley holds a top secret SCI clearance with life style polygraph. He holds a Master of Science degree in systems management from the University of Southern California and a Bachelor of Science degree in business administration from California State University. He served in the U.S. Army from 1966 to 1968, including a tour of duty in Vietnam.

Daniel E. Turissini has served as the Vice President and Chief Technology Officer of WidePoint since December 2005. Mr. Turissini has also served as the Chief Executive Officer of Operational Research Consultants, Inc. (ORC), a wholly-owned subsidiary, since our acquisition of ORC on October 25, 2004. Mr. Turissini was a founding partner of ORC in 1991 and served as ORC s principal operating officer since its inception. An innovator in systems engineering and integration, Mr. Turissini has focused in the field of Information Assurance and Information Security while at ORC. While under his leadership, ORC has played a key systems integrator role for the DoD Public Key Infrastructure (PKI), the standard information assurance program being implemented across all branches of the DoD (a user community of approximately 36 million personnel, devices, and applications) and has been certified as the first of three certificate authorities for the Department of Defense s External Certificate Authority (ECA) program and by the General Services Administration to provide Access Certificates for Electronic Services (ACES). From 1982 until 1991, Mr. Turissini held various systems engineering and acquisition management positions in support of the U.S. Federal Government with a variety of companies including Tracor Applied Sciences, Inc., National Technologies Associates, Inc., and Gibbs and Cox, Inc. From 1981 to 1982, Mr. Turissini served in the Merchant Marine on various vessels as Engineer and Mate. Mr. Turissini is a graduate of the U.S. Merchant Marine Academy with a Bachelor of Science Degree in Engineering and holds a Masters of Engineering Administration from The George Washington University.

Jin Kang serves as the Chief Executive Officer and President of iSYS LLC. (iSYS), a wholly-owned subsidiary of the Company, since our acquisition of iSYS on January 4, 2008. Mr. Kang founded the company in 1999 and has managed iSYS since its inception. Mr. Kang has over 20 years of professional experience in the Federal Government Information Technology Services field. Prior to founding iSYS, Mr. Kang was a Division Manager for Science Applications International Corporation (SAIC). His responsibilities included the Combined DNA Index System (CODIS), a marquee program for the FBI Laboratory Division. As the Engineering Manager for Northrop Grumman Corporation, Mr. Kang played a critical role in the successful management of the Defense Medical Information Systems/Systems Integration, Design Development, Operations and Maintenance Services (D/SIDDOMS) contract from its inception with zero revenues to a program of \$190 million in sales. Mr. Kang had management responsibility for all personnel and contract performance for the D/SIDDOMS contract for U.S. Health Affairs. Mr. Kang received a Bachelor and a Masters Degrees in Computer Science and Computer Systems Management from the University of Maryland.

Our executive officers are appointed by and serve at the discretion of the board of directors. There are no family relationships among any of our executive officers or directors.

Table of Contents**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

The Company's Common Stock trades on the NYSE Amex under the symbol WYY and the Frankfurt and Berlin exchanges under the symbol ZMX. From July 6, 2000 to September 25, 2006 the Company's Common Stock was traded on the OTC Bulletin Board under the symbol WDPT. From July 5, 2000 to March 1, 2001 the Company's Common Stock was traded on the NASDAQ SmallCap Market under the symbol WDPT.

The stock prices listed below represent the high and low closing prices of the Common Stock on the NYSE Amex for each of the periods indicated:

2008		High		Low
Fourth Quarter	\$	0.45	\$	0.15
Third Quarter		1.17		0.35
Second Quarter		1.35		1.02
First Quarter		1.44		1.14
2007		High		Low
Fourth Quarter	\$	1.19	\$	0.80
Third Quarter		0.98		0.70
Second Quarter		1.98		0.81
First Quarter		2.42		1.74

As of March 20, 2009 there were 162 registered holders of record of the Company's Common Stock.

Table of Contents**Equity Compensation Plan Information:**

The following table sets forth information as of December 31, 2008, with respect to the Company's compensation plans under which its Common Stock is authorized for issuance:

	(a)	(b)	(c)
	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 (excluding securities reflected in column (a))
Equity Compensation Plans:			
Approved by security holders	4,523,412	\$ 0.65	4,535,438
Not approved by security holders	4,091,045	\$ 0.25	- 0 -
Total	8,614,457	\$ 0.46	4,535,438

Dividend Policy

The Company has never paid cash dividends on its Common Stock and intends to continue this policy for the foreseeable future. WidePoint plans to retain earnings for use in growing its business base. Any future determination to pay cash dividends will be at the discretion of the Board of Directors of the Company and will be dependent on WidePoint's results of operations, financial condition, contractual and legal restrictions and any other factors deemed by the management and the Board of Directors to be a priority requirement of the business.

Recent Sales of Unregistered Securities

None.

Repurchases of Equity Securities

The Company repurchased no shares of its Common Stock during the fourth quarter of 2008.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward Looking Statements

The information set forth below includes forward-looking statements. Certain factors that could cause results to differ materially from those projected in the forward-looking statements are set forth below. Readers are cautioned not to put undue reliance on forward-looking statements. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

WidePoint Corporation (WidePoint or the Company) is a technology-based provider of product and services to both the government sector and commercial markets. WidePoint was incorporated in Delaware on May 30, 1997. We have grown through the merger of highly specialized regional IT consulting companies.

Our expertise lies in three business segments. The three segments offer unique solutions in identity management services utilizing certificate-based security solutions; wireless telecommunication expense management systems; and other associated IT consulting services and products in which we provide specific subject matter expertise in IT Architecture and Planning, Software Implementation Services, IT Outsourcing, and Forensic Informatics. For additional information related to our three business segments, see Note 9 to our financial statements in this Form 10-K.

WidePoint has three material operational entities, Operational Research Consultants, Inc. (ORC); iSYS, LLC (iSYS), which we acquired in January 2008; and WidePoint IL, Inc., operated together with Protexx Acquisition Corp., doing business as Protexx, which we acquired in July 2008:

ORC specializes in IT integration and secure authentication processes and software, and providing services to the U.S. Government. ORC has been at the forefront of implementing Public Key Infrastructure (PKI) technologies. PKI technology uses a class of algorithms in which a user can receive two electronic keys, consisting of a public key and a private key, to encrypt any information and/or communication being transmitted to or from the user within a computer network and between different computer networks. PKI technology is rapidly becoming the technology of choice to enable security services within and between different computer systems utilized by various agencies and departments of the U.S. Government.

iSYS specializes in mobile telecommunications expense management services, forensic informatics, and information assurance services, predominantly to various agencies and departments of the U.S. Government.

Protexx, which was in the development stage company when we acquired it, specializes in identity assurance, and mobile and wireless data protection products and services.

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We intend to continue to market and sell our technical capabilities into the governmental and commercial marketplace. Further, we are continuing to actively search out new synergistic acquisitions that we believe may further enhance our present base of business and service offerings, which has already been augmented by our acquisitions of ORC and iSYS, our asset purchase of Protexx, and our internal growth initiatives.

With the addition of the customer base and the increase in revenues attributable to our iSYS acquisition, WidePoint's opportunity to leverage and expand further into the federal marketplace has improved substantially. iSYS's past client successes, top security clearances for their personnel, and additional breadth of management talent have expanded the Company's reach into markets that previously were not fully accessible to WidePoint. WidePoint intends to continue to leverage the synergies between its newly-acquired operating subsidiary, and cross sell its technical capabilities into each separate marketplace serviced by our respective subsidiaries.

Our revenues and operating results may vary significantly from quarter-to-quarter, due to revenues earned on contracts, the number of billable days in a quarter, the timing of the pass-through of other direct costs, the commencement and completion of contracts during any particular quarter, the schedule of the government agencies for awarding contracts, the term of each contract that we have been awarded and general economic conditions. Because a significant portion of our expenses, such as personnel and facilities costs, are fixed in the short term, successful contract performance and variation in the volume of activity as well as in the number of contracts commenced or completed during any quarter may cause significant variations in operating results from quarter to quarter.

As a result of our acquisitions, which predominantly operate in the U.S. federal marketplace, we rely upon a larger portion of our revenues from the federal government directly or as a subcontractor. The federal government's fiscal year ends September 30. If a budget for the next fiscal year has not been approved by that date, our clients may have to suspend engagements that we are working on until a budget has been approved. Such suspensions may cause us to realize lower revenues in the fourth calendar quarter and/or first quarter of the government's fiscal year. Further, a change in senior government officials may negatively affect the rate at which the federal government purchases the services that we offer.

As a result of the factors above, period-to-period comparisons of our revenues and operating results may not be meaningful. These comparisons are not indicators of future performance and no assurances can be given that quarterly results will not fluctuate, causing a possible material adverse effect on our operating results and financial condition.

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In addition, most of WidePoint's current costs consist primarily of the salaries and benefits paid to WidePoint's technical, marketing and administrative personnel as well as vendor-related costs in connection with our Mobile Telecom Managed Services. As a result of our plan to expand WidePoint's operations through a combination of internal growth initiatives and merger and acquisition opportunities, WidePoint expects such costs to increase. WidePoint's profitability also depends upon both the volume of services performed and the Company's ability to manage costs. As a significant portion of the Company's cost is labor related, WidePoint must effectively manage these costs to achieve and grow its profitability. The Company must also manage our airtime plans and other vendor related offerings under our Mobile Telecom Managed Services provided to our customers as they also represent a significant portion of our costs. To date, the Company has attempted to maximize its operating margins through efficiencies achieved by the use of its proprietary methodologies, and by offsetting increases in consultant salaries with increases in consultant fees received from its clients. The uncertainties relating to the ability to achieve and maintain profitability, obtain additional funding to partially fund the Company's growth strategy and provide the necessary investment to continue to upgrade its management reporting systems to meet the continuing demands of the present regulatory changes affect the comparability of the information reflected in the financial information presented above.

Our staff consists of business process and computer specialists who help our government and civilian customers augment and expand their resident technologic skills and competencies, drive technical innovation, and help develop and maintain a competitive edge in today's rapidly changing technological environment in business. Our organization emphasizes an intense commitment to our people, our customers, and the quality of our solutions offerings. As a services organization, our customers are our primary focus.

The Company's revenues for the year ending December 31, 2008 increased by approximately 151% from approximately \$14.1 million in 2007 to approximately \$35.4 million in 2008. The increase in revenues during 2008 as compared to 2007 was primarily a result of our acquisition of iSYS and the addition of our wireless telecommunication expense management systems segment. While we anticipate revenue gains for our 2009 calendar year at each of our three business segments, the realization of those gains may be subject to timing delays in project implementation phases that may be outside the control of the Company, and there can be no assurance that our revenues will increase in 2009.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S., or U.S. GAAP. These accounting principles require us to make certain estimates, judgments and assumptions. WidePoint believes that the estimates, judgments and assumptions upon which the Company relies are reasonably based upon information available to it at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the periods presented. To the extent there are material differences between these estimates, judgments and assumptions and actual results, the Company's financial statements will be affected. The significant accounting policies that WidePoint believes are the most critical to aid in fully understanding and evaluating our reported financial results include the following:

Revenue recognition;

Allowance for Doubtful Accounts;

Goodwill;

Intangibles; and

Accounting for income taxes.

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In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting among available alternatives would not produce a materially different result. The Company's senior management has reviewed these critical accounting policies and related disclosures with its Audit Committee. See Notes to Consolidated Financial Statements, which contain additional information regarding accounting policies and other disclosures required by U.S. GAAP.

Revenue Recognition

A portion of the Company's revenues are derived from cost-plus, or time-and-materials contracts. Under cost-plus contracts, revenues are recognized as costs are incurred and include an estimate of applicable fees earned. For time-and-material contracts, revenues are computed by multiplying the number of direct labor-hours expended in the performance of the contract by the contract billing rates and adding other billable direct costs. In the event of a termination of a contract, all billed and unbilled amounts associated with those task orders where work has been performed would be billed and collected. The termination provisions of the contract would be accounted for at the time of termination. Any deferred and/or amortization cost would either be billed or expensed depending upon the termination provisions of the contract. Further, the Company has had no material history of losses nor has it identified any material specific risk of loss at December 31, 2008 or December 31, 2007 due to termination provisions and thus has not recorded provisions for such events.

Additionally, revenues are derived from the delivery of non-customized software. In such cases revenue is recognized when there is persuasive evidence that an arrangement exists (generally a purchase order has been received or contract signed), delivery has occurred, the charge for the software is fixed or determinable, and collectability is probable.

Revenue from our mobile telecom expense management services (MTEMS) is recognized upon delivery of services as they are rendered. Arrangements with customers on MTEMS related contracts are recognized ratably over a period of performance.

Revenue from the sale of PKI credentials is recognized when delivery occurs. Arrangements with customers on PKI related contracts may involve multiple deliverable elements. In these cases, the Company applies the principles prescribed in Emerging Issues Task Force Abstract (EITF) 00-21 Revenue Arrangements with Multiple Deliverables. The Company analyzes various factors, including a review of the nature of the contract or product sold, the terms of each specific transaction, the relative fair values of the elements required by EITF 00-21, any contingencies that may be present, its historical experience with like transactions or with like products, the creditworthiness of the customer, and other current market and economic conditions.

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Should the sale of product or software involve an arrangement with multiple elements (for example, the sale of PKI Credential Seats along with the sale of maintenance, hosting and support to be delivered over the contract period), the Company allocates revenue to each component of the arrangement using the residual value method based on the fair value of the undelivered elements. The Company defers revenue from the arrangement equivalent to the fair value of the undelivered elements and recognizes the remaining amount at the time of the delivery of the product or when all other revenue recognition criteria have been met.

Allowance for Doubtful Accounts

WidePoint determines its Allowance by considering a number of factors, including the length of time trade accounts receivable are past due, previous loss history, the customer's current ability to pay its obligations, and the condition of the general economy and the industry as a whole. The Company makes judgments as to its ability to collect outstanding receivables based on these factors and provide allowances for these receivables when collections become doubtful. Provisions are made based on specific review of all significant outstanding balances. Because of the Company's history of minimal credit losses and the nature of the Company's customers at the time, no allowance for doubtful accounts was believed necessary at December 31, 2008 or at December 31, 2007.

Goodwill

Goodwill represents costs in excess of fair values assigned to the underlying net assets acquired. The Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. These standards require the use of the purchase method of accounting for business combinations, set forth the accounting for the initial recognition of acquired intangible assets and goodwill and describe the accounting for intangible assets and goodwill subsequent to initial recognition. Under the provisions of these standards, goodwill is not subject to amortization and annual review is required for impairment. The impairment test under SFAS No. 142 is based on a two-step process involving (i) comparing the estimated fair value of the related reporting unit to its net book value and (ii) comparing the estimated implied fair value of goodwill to its carrying value. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value. The Company's annual impairment testing date is December 31. Goodwill is a significant item on the Company's balance sheet and represents approximately 36% of our total assets as of December 31, 2008. Goodwill is identified on the face of the Balance Sheet.

Intangibles

Purchase Accounting Intangibles:

The Company recognizes an acquired intangible apart from goodwill whenever the intangible arises from contractual or other legal rights, or when it can be separated or divided from the acquired entity and sold, transferred, licensed, rented or exchanged, either individually or in combination with a related contract, asset or liability. The application of purchase accounting to a business acquisition requires that the Company identify the individual assets acquired and liabilities assumed and estimate the fair value of each.

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The intangibles recognized in the acquisition are amortized over the Company's estimate of their useful lives. Impairment losses are recognized if the carrying amount of an intangible subject to amortization is not recoverable from expected future cash flows and its carrying amount exceeds its fair value.

Internally Developed Intangibles:

The Company recognizes an internally developed intangible whenever the costs of the internally generated intangible are beyond the research and development stage and is provable for which the costs of such efforts are specifically identifiable, has a determinate life, and is not inherent in a continuing business and is not related to a reporting entity as a whole. The intangibles recognized as internally developed are amortized over the Company's estimate of their useful lives. Impairment losses are recognized if the carrying amount of an intangible subject to amortization is not recoverable from the expected future cash flows and its carrying amount exceeds its fair value.

The Company reviews its long-lived assets, including property and equipment and identifiable intangibles whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine recoverability of its long-lived assets, the Company evaluates the probability that future undiscounted net cash flows will be less than the carrying amount of the assets.

As of December 31, 2008, the Company is not aware of any known trends, demands, commitments, events or uncertainties that are reasonably likely to occur and materially affect the methodology or the assumptions the Company has used to value long-lived assets. Long-lived assets are a significant item on the Company's balance sheet and represent approximately 46% of our total assets. Any impairment as a result of the estimate utilizing undiscounted net cash flows to determine the assumed value of long-lived assets could have a significant impact on the Company's financial condition, changes in financial condition and results of operations. Long-lived assets are identified on the face of the Balance Sheet as Intangibles. Amortization of Intangibles is identified on the face of the Statement of Operations within Cost of Sales.

Specific intangibles materially arose as a result of the Company's acquisitions of ORC, iSYS, LLC, and the assets purchase of Protexx, Inc. The Company allocated approximately \$1,145,000 (\$224,000 net book value at December 31, 2008) to customer list and relationships and approximately \$2,526,000 to goodwill for its acquisition of ORC. The Company allocated approximately \$1,230,000 (\$972,000 net book value at December 31, 2008) to customer relationships, internally generated software and the iSYS trade name and approximately \$6,050,000 to goodwill for its acquisition of iSYS, LLC. The Company allocated approximately \$506,000 (approximately \$436,000 net book value at December 31, 2008) to internally generated software and systems as a result of the asset purchase of Protexx, Inc. The Company's senior management has discussed the development and selection of the accounting estimates relating to the purchase accounting for the ORC, iSYS LLC, and Protexx acquisitions, the amortization period of the acquired intangibles and the lack of impairment of the assets, and the MD&A disclosure regarding those estimates, with the Audit Committee of the Company's board of directors. Also, the Company engaged a valuation firm to perform an independent analysis to provide a qualified opinion on the Company's methodology and calculations in determining the related intangibles valuations associated with the purchase accounting for the ORC acquisition and engaged a valuation firm to perform an independent analysis to provide a qualified opinion on the related intangibles valuations and purchase price allocations associated with the purchase accounting for the iSYS, LLC acquisition.

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Accounting for Income Taxes

WidePoint accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Under the asset and liability method of SFAS No. 109, deferred income taxes are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts, and the tax bases of existing assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company has incurred historical net operating losses, or NOLs, for federal income tax purposes. Accordingly, no federal income tax provision has been recorded to date and there are no taxes payable. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible.

Based upon the level of historical losses that may limit utilization of NOL carry forwards in future periods, management is unable to predict whether these net deferred tax assets will be utilized prior to expiration. The unused NOL carry forwards expire in years 2010 through 2028. As such, the Company has recorded a full valuation allowance against net deferred tax assets. WidePoint believes that its estimates are reasonable, given the lack of historical earnings and the fact that there may be significant limitations placed on the use of the NOL carryforwards. There is, however, a significant possibility that the Company will have sufficient income in the future to utilize substantial portions of the deferred tax assets. No assurance can be given that the final outcome of these matters will not be different than that which is described above. Such a change in the estimate reflected in the historical income tax provisions could have a material effect on the income tax provision and net income in the period in which such determination is made. The Company has not performed a section 382 analysis.

New Accounting Pronouncements

EITF 07-01

In December 2007, the EITF reached a consensus on EITF No. 07-01, Accounting for Collaborative Arrangements Related to the Development and Commercialization of Intellectual Property, or EITF 07-01. EITF 07-01 discusses the appropriate income statement presentation and classification for the activities and payments between the participants in arrangements related to the development and commercialization of intellectual property. The sufficiency of disclosure related to these arrangements is also specified. EITF 07-01 is effective for fiscal years beginning after December 15, 2008. As a result, EITF 07-01 is effective for the Company in the first quarter of fiscal 2009. The Company does not believe EITF 07-01 will have a material impact on its condensed consolidated financial statements.

Table of Contents**SFAS 141(R) and SFAS 160**

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement No. 141 (Revised 2007), *Business Combinations* (SFAS 141(R)) and Statement No. 160, *Accounting and Reporting of Non-controlling Interests in Consolidated Financial Statements* , an amendment of ARB No. 51 (SFAS 160). These statements will significantly change the financial accounting and reporting of business combination transactions and non-controlling (or minority) interests in consolidated financial statements. SFAS 141(R) requires companies to: (i) recognize, with certain exceptions, 100% of the fair values of assets acquired, liabilities assumed, and non-controlling interests in acquisitions of less than a 100% controlling interest when the acquisition constitutes a change in control of the acquired entity; (ii) measure acquirer shares issued in consideration for a business combination at fair value on the acquisition date; (iii) recognize contingent consideration arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in earnings; (iv) with certain exceptions, recognize pre-acquisition loss and gain contingencies at their acquisition-date fair values; (v) capitalize in-process research and development (IPR&D) assets acquired; (vi) expense, as incurred, acquisition-related transaction costs; (vii) capitalize acquisition-related restructuring costs only if the criteria in SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities* , are met as of the acquisition date; and (viii) recognize changes that result from a business combination transaction in an acquirer's existing income tax valuation allowances and tax uncertainty accruals as adjustments to income tax expense. SFAS 141(R) is required to be adopted concurrently with SFAS 160 and is effective for business combination transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (the Company's fiscal 2009). Early adoption of these statements is prohibited. The Company believes the adoption of these statements will have a material impact on significant acquisitions completed after December 31, 2008.

SFAS 162

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 Securities and Exchange Commission's 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.

FSP 142-3

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Life of Intangible Assets*, or FSP 142-3. FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. FSP 142-3 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP 142-3 on its consolidated financial position and results of operations.

Table of Contents**EITF 03-6-1**

In June 2008, the FASB issued FASB Staff Position Emerging Issues Task Force (EITF) No. 03-6-1, Determining whether Instruments granted in Share-Based Payment Transactions are Participating Securities, or FSP EITF No. 03-6-1. Under FSP EITF No. 03-6-1, unvested share-based payment awards that contain rights to receive non-forfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing earnings per share. FSP EITF No. 03-6-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. It is not expected to have a significant impact on the Company's financial statements.

Results of Operations**Year Ended December 31, 2008 Compared to the Year ended December 31, 2007**

Revenues. Revenues for the year ended December 31, 2008, were approximately \$35.4 million, an increase of \$21.3 million, as compared to revenues of approximately \$14.1 million for the year ended December 31, 2007. This increase was materially attributable to our acquisition of iSYS. iSYS provided approximately \$24.2 million of our \$35.4 million in revenues for the year ended December 31, 2008. Prior to the acquisition of iSYS in January 2008, iSYS had revenues of approximately \$20.0 million for the year ended December 31, 2007. We anticipate further growth of our iSYS subsidiary in fiscal year 2009 as it continues to experience adoption of its mobile telecom services by U.S. federal agencies under the General Services Administrations (GSA) Federal Strategic Sourcing Initiative (FSSI) contract vehicle for mobile telecom services. We have been awarded the first two contracts under this contract vehicle during 2008 and we are actively marketing our services under this contract vehicle to all U.S. federal agencies and departments. We believe we are competitively positioned to win additional awards under this contract vehicle in fiscal year 2009.

Our mobile telecom managed services segment experienced revenue growth of approximately 38% with revenues increasing approximately \$5.8 million from approximately \$15.2 million for the year ended December 31, 2007 (prior to our acquisition in January 2008), to approximately \$21.0 million for the year ended December 31, 2008, as a result of continuing adoption of the Federal Government's GSA FSSI contract vehicle award along with the expansion of our current customer base. In the long-term we anticipate our mobile telecom managed services segment should continue to expand as we witness further adoption by the U.S. federal agencies and departments.

Our PKI credentialing and managed services segment experienced revenue growth of approximately 5% with revenues increasing approximately \$0.2 million from approximately \$3.6 million for the year ended December 31, 2007, to approximately \$3.8 million for the year ended December 31, 2008, as a result of the adoption of the Federal Government's mandate under HSPD-12 and the continuing adoption of several U.S. federally-sponsored programs currently migrating from various pilot programs and or programs that are expanding their deployment as a result of continued adoption by the Department of Defense, the Transportation Security Administration and other U.S. agencies and departments. In the long-term we anticipate that our PKI credentialing and managed services sales should continue to increase as we witness continued adoption of these programs and the launch of various other initiatives. In the short-term we do anticipate a greater variability in revenue growth as we either await contract awards that have been delayed or as certain pilot programs expand to fully implemented programs in support of the HSPD-12 initiative.

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Our consulting services segment experienced increased revenues of approximately \$0.1 million from approximately \$10.6 million for the year ended December 31, 2007 as compared to approximately \$10.7 million for the year ended December 31, 2008. The increase in revenues for the year ended December 31, 2008 as compared to the year ended December 31, 2007 was substantially the result of our acquisition of iSYS and the inclusion of their consulting services group into this segment, partially offset by reductions in our commercial consulting group revenues as a result of the negative economic conditions.

Cost of Sales. Cost of sales for the year ended December 31, 2008, was approximately \$28.9 million, or 81% of revenues, an increase of approximately \$18.6 million above cost of sales of approximately \$10.3 million, or 73% of revenues, for the year ended December 31, 2007. The absolute dollar increase in cost of sales was substantially attributable to higher revenues, combined with iSYS service offering that includes an option that provides for the payments of carrier charges on behalf of some of the customer base. These charges are embedded into the service fees associated with the cost of providing some of our mobile telecom offerings to certain customers. We do not separately measure our profit margins for contracts with this feature. Depreciation and amortization applied to cost of sales also increased approximately \$400,000 from \$446,000 for the year ended December 31, 2007 to approximately \$846,000 for the year ended December 31, 2008. The increase was substantially a result of the addition of intangible amortization costs associated with our purchase accounting valuation of our iSYS intangibles. We believe that as our percentage of business from our higher margin services expands in relationship to our lower margin services that our overall cost of sales as a percentage may decrease in the future.

The cost elements related to consultant salaries, benefits and expenses at all of our subsidiaries are substantially similar.

Gross profit. Gross profit for the year ended December 31, 2008, was approximately \$6.6 million, or 19% of revenues, an increase of \$2.8 million as compared to gross profit of approximately \$3.8 million, or 27% of revenues, for the year ended December 31, 2007.

Sales and marketing. Sales and marketing expenses for the year ended December 31, 2008 were approximately \$0.9 million, or 3% of revenues, as compared to approximately \$0.8 million, or 6% of revenues, for the year ended December 31, 2007. The increase in sales and marketing expenses for the year ended December 31, 2008, was primarily attributable to an increase in sales and marketing expenditures for new personnel and tools as we increased our efforts to expand our sales and marketing infrastructure as part of our strategy to further increase our presence into the federal marketplace, which was partially offset by reductions in sales and marketing personnel within our commercial marketplace. As we expand our sales and marketing efforts these costs may increase.

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General and administrative. General and administrative expenses for the year ended December 31, 2008 were approximately \$6.2 million, or 18% of revenues, as compared to \$3.5 million, or 25% of revenues, for the year ended December 31, 2007. Substantially all of the increase was attributable to the addition of general and administrative costs added from the acquisition of iSYS in January 2008 and the recognition of higher employee stock options expense of approximately \$0.6 million for the year ended December 31, 2008 as compared to approximately \$0.2 million for the year ended December 31, 2007.

Depreciation expense. Depreciation expense for year ended December 31, 2008, was approximately \$161,000, or less than 1% of revenues, an increase of approximately \$78,000, as compared to approximately \$83,000 of such expenses, or less than 1% of revenues, recorded by the Company for the year ended December 31, 2007. The increase in depreciation expenses for the year ended December 31, 2008, was primarily attributable to the increased pool of depreciable assets.

Interest income (expense). Interest income for the year ended December 31, 2008 was \$135,000, an increase of \$31,000 as compared to \$104,000 for the year ended December 31, 2007. The increase in interest income in 2008 was primarily attributable to greater amounts of available cash and other securities in interest bearing accounts. Interest expense for the year ended December 31, 2008 was \$337,000 an increase of \$323,000 as compared to \$14,000 of interest expense for the year ended December 31, 2007. The increase in interest expense in 2008 was primarily attributable to greater expenses associated with the debt instruments issued by the Company in connection with the acquisition of iSYS.

Income taxes. Income taxes for the year ended December 31, 2008 were approximately \$157,000 as compared to no income taxes for the year ended December 31, 2007. The Company incurred a deferred income tax expense of approximately \$157,000 for the year ended December 31, 2008, as a result of the recognition of a deferred tax liability attributable to the differences in our treatment of the amortization of goodwill for tax purposes versus book purposes as it relates to our acquisition of iSYS in January 2008. Because the goodwill is not amortized for book purposes but is for tax purposes and goodwill is considered a permanent asset and not a temporary asset, the related deferred tax liability cannot be reversed until some indeterminate future period when the goodwill either becomes impaired, and/or is disposed of. The deferred tax liability can be offset by future taxable earnings and the deferred tax expense is a non-cash expense. SFAS No. 109 requires the expected timing of future reversals of deferred tax liabilities to be taken into account when evaluating the realizability of deferred tax assets. Therefore, the reversal of deferred tax liabilities related to the goodwill is not to be considered a source of future taxable income when assessing the realization of deferred tax assets. Because the Company has a valuation allowance for the full amount of the deferred income tax asset, the deferred income liability associated with the tax deductible goodwill has been recorded and not offset against existing deferred income tax assets.

Net loss. As a result of the above, the net loss for the year ended December 31, 2008 was approximately \$1.1 million, an increase of \$0.6 million, as compared to the net loss of approximately \$0.5 million for the year ended December 31, 2007.

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The following table sets forth selected segment and consolidated operating results and other operating data for the periods indicated. Segment operating income consists of the revenues generated by a segment, less the direct costs of revenue and selling, general and administrative costs that are incurred directly by the segment. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment.

	2008	2007
Mobile Telecom Managed Services		
Revenues, net	\$ 20,989,371	
Income from operations	\$ 1,400,183	
Total assets	\$ 4,265,700	
Consulting services		
Revenues, net	\$ 10,714,460	\$ 10,566,366
Income from operations	\$ 269,016	\$ 527,861
Total assets	\$ 7,293,511	\$ 4,706,116
PKI Credentialing and Managed Services		
Revenues, net	\$ 3,755,122	\$ 3,563,073
Income from operations	\$ 7,105	\$ 133,159
Total assets	\$ 1,512,673	\$ 1,490,195
Total Company		
Revenues	\$ 35,458,953	\$ 14,129,439
Loss from operations before depreciation expense	\$ (566,962) (1)	\$ (524,430)(2)
Depreciation expense	\$ (160,565)	\$ (83,458)
Interest (expense) income, net	\$ (202,107)	\$ 90,709
Other expense	\$ (3,927)	
Income tax expense	\$ (156,891)	
Net loss	\$ (1,090,452)	\$ (517,179)
Total Corporate assets	\$ 10,509,734	\$ 5,067,645
Total assets	\$ 23,581,618	\$ 11,263,956

(1) Includes \$221,077 in amortization expense in cost of sales associated with the purchase of ORC, \$70,342 in amortization expense in cost of sales associated with internally developed

intangibles and
\$257,667 in
amortization
expense in cost
of sales
associated with
the purchase of
iSYS, which is
not allocated
among the
segments and
includes
\$1,854,745 in
unallocated
corporate costs
in sales, general
and
administrative
and depreciation
expense.

- (2) Includes \$221,078 in amortization expense in cost of sales associated with the purchase of ORC, which is not allocated among the segments and includes \$964,372 in unallocated corporate costs in sales, general and administrative expense.

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Liquidity and Capital Resources

The Company has, since inception, financed its operations and capital expenditures through the sale of preferred and common stock, seller notes, convertible notes, convertible exchangeable debentures, senior secured loans and the proceeds from the exercise of the warrants related to a convertible exchangeable debenture. During 2008 and 2007, operations were primarily financed with working capital, senior debt, issuance of common stock, and stock option and warrant exercises.

Cash provided by operating activities for the year ended December 31, 2008, was approximately \$2,679,000 as compared to cash used by operating activities of approximately \$445,000 for the year ended December 31, 2007. The increase in cash balances available for operating activities for the year ended December 31, 2008, was primarily a result of higher collections of accounts receivable that we acquired in our acquisition of iSYS as well as higher overall collections of accounts receivable in general and increases in our deferred revenues also primarily attributable to our acquisition of iSYS. From the date of the acquisition, iSYS has decreased its accounts receivable and produced cash from operations of approximately \$600,000. This was partially offset by a decrease in vendor payables and accrued expenses of \$300,000. Additionally, deferred revenue for iSYS produced approximately \$1.6 million in additional cash from operations. Cash provided by investing and financing activities also improved materially as a result from two capital raises in April and May of 2008 that raised approximately \$4.1 million. Capital expenditures in property and equipment were approximately \$96,000, excluding any capital leases for the year ended December 31, 2008, as compared to capital expenditures in property and equipment of approximately \$132,000, excluding capital leases for the year ended December 31, 2007.

Substantially all of the increases in assets and liabilities in the Company's balance sheet were due to our acquisition of iSYS and capital raises during 2008.

The Company requires substantial working capital to fund the future growth of its business, particularly to finance accounts receivable, sales and marketing efforts, and capital expenditures. There are currently no material commitments for capital expenditures but that could change with the addition of material contract awards. Future capital requirements will depend on many factors, including the rate of revenue growth, if any, the timing and extent of spending for new product and service development, technological changes and market acceptance of the Company's services.

WidePoint believes that its current cash position is sufficient to meet capital expenditure and working capital requirements through 2009. However, the growth and technological change of the market make it difficult to predict future liquidity requirements with certainty. Over the longer term, the Company must successfully execute its plans to increase revenue and income streams that will generate significant positive cash flows if it is to sustain adequate liquidity without impairing growth or requiring the infusion of additional funds from external sources. Additionally, a major expansion might require external financing that could include additional debt or equity capital. There can be no assurance that additional financing, if required, will be available on acceptable terms, if at all, for future acquisitions and/or growth initiatives.

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As of December 31, 2008, the Company had net working capital of approximately \$2.7 million. WidePoint's primary source of liquidity consists of approximately \$4.4 million in cash and cash equivalents and approximately \$7.6 million of accounts receivable and unbilled accounts receivable. Current liabilities include approximately \$5.0 million in accounts payable and accrued expenses and approximately \$2.1 million in a related party note payable.

The Company's business environment is characterized by rapid technological change, experiencing times of high growth and contraction, and is influenced by material events such as mergers and acquisitions that can substantially change the Company's performance and outlook.

On January 2, 2008, the Company entered into a Commercial Loan Agreement with Cardinal Bank relating to a \$5,000,000 revolving credit facility and a \$2,000,000 term loan. Advances under the revolving credit facility were interest bearing at a variable rate equal to the prime rate plus 0.25% with an interest rate floor of 6.5% and the repayment date for such facility was April 30, 2009. This revolving credit facility replaced the Company's prior \$2,000,000 revolving credit facility with Cardinal Bank. The term loan bears interest at 7.5% annually and the repayment date of such term loan is January 1, 2012. On March 17, 2009, the Company entered into a Debt Modification Agreement and Commercial Loan Agreement ("2009 Commercial Loan Agreement") with Cardinal Bank. This new revolving credit facility replaces the Company's prior \$5 million revolving credit facility with Cardinal Bank. The 2009 Commercial Loan Agreement allows for the Company to borrow up to \$5 million. The repayment date of the revolving credit facility was extended to June 1, 2010 and advances under the revolving credit facility will bear interest at a variable rate equal to the prime rate plus 0.5% with an interest rate floor of 5%.

On January 4, 2008, the Company completed the closing of the acquisition of all the issued and outstanding membership interests of iSYS from Mr. Jin Kang, the sole owner-member of iSYS, pursuant to the terms of a Membership Interest Purchase Agreement, dated as of January 2, 2008, between the Company, iSYS, and Jin Kang. Pursuant to the terms of the Membership Interest Purchase Agreement, the Company paid Jin Kang the following consideration at the closing: (i) \$5,000,000 in cash, (ii) \$2,000,000 principal amount in an Installment Cash Promissory Note, which bears simple annual interest at the initial rate of 7% through December 31, 2008, and thereafter the simple interest rate will increase to 10% from January 1, 2009 through the date of maturity, which will be on the earlier of either April 1, 2009 or the filing by the Company of its Annual Report on Form 10-K for the year ending December 31, 2008, and (iii) the issuance of 1,500,000 shares of Company common stock. The Company also issued an additional 3,000,000 shares of Company common stock in the name of Jin Kang, which shares were delivered into escrow to be held subject to the satisfaction of certain earnout provisions under the Membership Interest Purchase Agreement, and which shares are subject to return to the Company in the event such earnout provisions are not achieved under the terms of the Membership Interest Purchase Agreement. Under the terms of the Membership Interest Purchase Agreement, Jin Kang also entered into an Employment and Non-Compete Agreement, dated as of January 4, 2008.

Off-Balance Sheet Arrangements

The Company has no existing off-balance sheet arrangements as defined under SEC regulations.

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Other

Inflation has not had a significant effect on the Company's operations, as increased costs to the Company have generally been offset by increased prices of products and services sold, although this has been more recently compromised by some of the competitive pricing pressures referenced under Competition in Item 1 of this document. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could substantially differ from those estimates.

This report contains forward-looking statements setting forth the Company's beliefs or expectations relating to future revenues and profitability. Actual results may differ materially from projected or expected results due to changes in the demand for the Company's products and services, uncertainties relating to the results of operations, dependence on its major customers, risks associated with rapid technological change and the emerging services market, potential fluctuations in quarterly results, and its dependence on key employees and other risks and uncertainties affecting the technology industry generally. The Company disclaims any intent or obligation to update publicly these forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA.

The consolidated financial statements and schedules required hereunder and contained herein are listed under Item 15 below.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that material information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that the information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. We performed an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the existence of the material weaknesses discussed below in

Management's Report on Internal Control Over Financial Reporting, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of the end of the period covered by this report.

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We do not expect that our disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of our management and directors; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*.

Based on this assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2008 due to the existence of the material weaknesses as of December 31, 2008, discussed below. A material weakness is a control deficiency, or a combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

Inadequate segregation of duties within a significant account or process. We did not have appropriate segregation of duties within our internal controls that would ensure the consistent application of procedures in our financial reporting process by existing personnel. This control deficiency could result in a misstatement to substantially all of our financial statement accounts and disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected. Accordingly, management has concluded that this control deficiency constitutes a material weakness.

Inadequate documentation of the components of internal control. We did not maintain documented policies and evidence of compliance with our internal controls that would ensure the consistent application of procedures in our financial reporting process by existing personnel. This control deficiency could result in a misstatement to substantially all of our financial statement accounts and disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected. Accordingly, management has concluded that this control deficiency constitutes a material weakness.

Income Tax Accounting. We engage outside parties to assist us in accounting for income taxes. We have not implemented an effective review process for accounting for income taxes that could lead to errors occurring in the amounts and disclosures for income taxes. Accordingly, management has concluded that this control deficiency constitutes a material weakness.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report.

Remediation Plan for Material Weaknesses

The material weaknesses described above in Management's Report on Internal Control Over Financial Reporting comprise control deficiencies that we discovered in the fourth quarter of fiscal year 2007 and during the financial close process for fiscal year 2008. Upon the Company's acquisition of iSYS in January 2008, the Company further determined that the material weaknesses described above were also present in iSYS internal controls. We specifically noted weaknesses associated with the process of recognizing a certain segment of the iSYS revenue and associated direct costs.

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Beginning and during the fourth quarter of fiscal 2007, we formulated a remediation plan and initiated remedial action to address those material weaknesses at WidePoint. During the first quarter of 2008, we expanded the scope of our remediation plan to address the material weaknesses related to the internal controls and procedures of iSYS. The elements of the remediation plan are as follows:

Inadequate segregation of duties within a significant account or process. We commenced a thorough review of our accounting staff's duties and where necessary we have begun segregating such duties with other personnel.

Inadequate documentation of the components of internal control. We commenced a thorough review of our documentation and where necessary we are putting into place policies and procedures to document such evidence to comply with our internal control requirements. We are specifically addressing policies to properly review and recognize a certain segment of the iSYS revenue and associated direct costs. We have also retained a financial consultant to assist us in further reviewing and improving our internal control processes.

We believe that these measures, if effectively implemented and maintained, will remediate the material weaknesses discussed above.

Changes in Internal Control Over Financial Reporting

During the fourth quarter of fiscal year 2008 and the first quarter of 2009, we undertook a number of measures to remediate the material weaknesses discussed under Management's Report on Internal Control Over Financial Reporting, above. Those measures, described under Remediation Plan for Material Weaknesses, undertaken during the fourth quarter of fiscal year 2008, have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Other than as described above, there have been no changes in our internal control over financial reporting during the fourth quarter of fiscal year 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

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Part III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Except for the information regarding executive officers required by Item 401 of Regulation S-K, which is included in Part I of this Annual Report on Form 10-K as Item 4A, pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 11. EXECUTIVE COMPENSATION.

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Pursuant to General Instruction G(3) of Form 10-K, the information called for by this item is hereby incorporated by reference from our definitive proxy statement or amendment hereto to be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

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Part IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Financial Statements and Financial Statement Schedule

(1) Financial Statements:

Report of Moss Adams LLP, Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2008 and 2007

Consolidated Statements of Operations for the Years Ended December 31, 2008 and 2007.

Consolidated Statements of Changes in Stockholders Equity for the Years Ended December 2008 and 2007.

Consolidated Statements of Cash Flow for the Years Ended December 31, 2008 and 2007.

Notes to Consolidated Financial Statements

All other schedules are omitted either because they are not applicable or not required, or because the required information is included in the financial statements or notes thereto:

(b) Exhibits: The following exhibits are filed herewith or incorporated herein by reference:

EXHIBIT

NO.	DESCRIPTION
2.1	Membership Interest Purchase Agreement, dated as of January 2, 2008, between the Company, iSYS LLC, and Jin Kang. (Incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
3.1	Amended and Restated Certificate of Incorporation of WidePoint Corporation. (Incorporated herein by reference to Exhibit A to the Registrant's Definitive Proxy Statement, as filed on December 27, 2004.)
3.2	Bylaws of ZMAX Corporation. (Incorporated herein by reference to Exhibit 3.6 to the Registrant's Registration Statement on Form S-4 (File No. 333-29833))
4.1	Certificate Of Designations, Rights And Preferences Of The Series A Convertible Preferred Stock between WidePoint Corporation and Barron Partners LP (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K/A filed on November 2, 2004.)
10.1	Employment Agreement between WidePoint Corporation and Steve Komar, dated July 1, 2002.* (Incorporated herein by reference to Exhibit 10.26 to Registrant's Report of Form 10Q, as filed on August 15, 2002 (File No. 000-23967))

* Management contract or compensatory plan.

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EXHIBIT NO.	DESCRIPTION
10.2	Employment Agreement between WidePoint Corporation and James McCubbin, dated July 1, 2002.* (Incorporated herein by reference to Exhibit 10.26 to Registrant's Report of Form 10Q, as filed on August 15, 2002 (File No. 000-23967))
10.3	Preferred Stock Purchase Agreement Between WidePoint Corporation and Barron Partners LP. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A filed on November 2, 2004.)
10.4	Stock Purchase Agreement between WidePoint Corporation, Operational Research Consultants, Inc. (Incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K/A filed on November 2, 2004.)
10.5	Employment and Non-Compete Agreement between WidePoint Corporation, Operational Research Consultants, Inc and Daniel Turissini.* (Incorporated herein by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
10.6	Addendum to Employment and Non-Compete Agreement between the Registrant and Daniel E. Turissini, effective as of July 25, 2007. *(Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 30, 2007.)
10.7	Commercial Loan Agreement, dated August 16, 2007, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 21, 2007.)
10.8	Security Agreement, dated August 16, 2007, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 21, 2007.)
10.9	Promissory Note, dated August 16, 2007, issued by the Company in favor of Cardinal Bank. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on August 21, 2007.)
10.10	Promissory Note, dated November 5, 2007, between Protexx, Inc. and its subsidiaries, including but not limited to 22THEN LLC, as borrower, WidePoint Corporation, as lender, and Peter Letizia, as guarantor. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)

* Management contract or compensatory plan.

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EXHIBIT NO.	DESCRIPTION
10.11	Revolving Line of Credit Agreement, dated as of November 5, 2007, by and among Protexx, Inc. and its subsidiaries, including but not limited to 22THEN LLC, as borrower, Peter Letizia, as guarantor, and WidePoint Corporation, as lender. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)
10.12	Security Agreement, dated as of November 5, 2007, given by Protexx, Inc. and each of its subsidiaries and 22THEN LLC, collectively, as debtors, to and in favor of WidePoint Corporation, as secured party. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)
10.13	Software Escrow Agreement, dated as of November 5, 2007, between 22THEN LLC and Protexx Incorporated, collectively, as supplier, WidePoint Corporation, as user, and Foley & Lardner LLP, as escrow agent. (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)
10.14	\$2,000,000 Installment Cash Promissory Note, dated January 4, 2008, issued by the Company in favor of Jin Kang. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.15	Employment and Non-Compete Agreement, dated as of January 4, 2008, between the Company, iSYS LLC and Jin Kang. * (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.16	Commercial Loan Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.17	Security Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.18	\$5,000,000 Promissory Note, dated January 2, 2008, issued by the Company in favor of Cardinal Bank. (Incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.19	Security Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)

* Management contract or compensatory plan.

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EXHIBIT NO.	DESCRIPTION
10.20	\$2,000,000 Promissory Note, dated January 2, 2008, issued by the Company in favor of Cardinal Bank. (Incorporated herein by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.21	Debt Subordination Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
10.22	Common Stock Purchase Agreement, dated April 29, 2008, between the Company and Deutsche Bank AG, London Branch. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 5, 2008.)
10.23	Escrow Agreement, dated April 29, 2008, between the Company, Deutsche Bank AG, London Branch and Foley & Lardner LLP as Escrow Agent. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on May 5, 2008.)
10.24	Common Stock Purchase Agreement, dated May 16, 2008, between the Company and Endurance Partners, L.P. (Incorporated herein by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008.)
10.25	Escrow Agreement, dated May 16, 2008, between the Company, Endurance Partners, L.P. and Foley & Lardner LLP as Escrow Agent. (Incorporated herein by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008.)
10.26	Common Stock Purchase Agreement, dated May 16, 2008, between the Company and Endurance Partners (Q.P.), L.P. (Incorporated herein by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008.)
10.27	Escrow Agreement, dated May 16, 2008, between the Company, Endurance Partners (Q.P.), L.P. and Foley & Lardner LLP as Escrow Agent. (Incorporated herein by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008.)
10.28	Amendment, dated as of July 25, 2008, between the Registrant and Steven L. Komar.* (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 31, 2008).
10.29	Amendment, dated as of July 25, 2008, between the Registrant and James T. McCubbin.* (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on July 31, 2008).

* Management contract or compensatory

plan.

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EXHIBIT NO.	DESCRIPTION
10.30	Asset Purchase Agreement, dated July 31, 2008, by and among the Registrant, Protexx Acquisition Corporation, Protexx Incorporated, Peter Letizia, Charles B. Manuel, Jr. and William Tabor. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 6, 2008).
10.31	Debt Modification Agreement, dated as of March 17, 2009, between the Registrant and its subsidiaries and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 23, 2009).
10.32	Commercial Loan Agreement, dated as of March 17, 2009, between the Registrant and its subsidiaries and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 23, 2009).
21	Subsidiaries of WidePoint Corporation (Filed herewith).
23.1	Consent of Moss Adams LLP (Filed herewith).
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

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SIGNATURES

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

WidePoint Corporation

Date: March 31, 2009

/s/ STEVE L. KOMAR
Steve L. Komar
Chief Executive Officer

Date: March 31, 2009

/s/ JAMES T. MCCUBBIN
James T. McCubbin
Vice President Principal Financial and
Accounting 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.

Dated: March 31, 2009

/s/ STEVE L. KOMAR
Steve L. Komar
Director and Chief Executive Officer

Dated: March 31, 2009

/s/ JAMES T. MCCUBBIN
James T. McCubbin
Director, Vice President and Chief
Financial Officer

Dated: March 31, 2009

/s/ JAMES M. RITTER
James M. Ritter
Director

Dated: March 31, 2009

/s/ MORTON S. TAUBMAN
Morton S. Taubman
Director

Dated: March 31, 2009

/s/ RON S. OXLEY
Ron Oxley
Director

Dated: March 31, 2009

/s/ OTTO GUENTHER
Otto Guenther
Director

Dated: March 31, 2009

/s/ GEORGE NORWOOD
George Norwood
Director

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of WidePoint Corporation:

We have audited the accompanying consolidated balance sheets of WidePoint Corporation and subsidiaries as of December 31, 2008 and 2007 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of these consolidated financial statements 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 the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 WidePoint Corporation and subsidiaries as of December 31, 2008 and 2007 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.

/s/ Moss Adams LLP
Scottsdale, Arizona
March 31, 2009

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

Table of Contents**WIDEPOINT CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets**

	December 31,	
	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,375,426	\$ 1,831,991
Accounts receivable	5,282,192	4,437,397
Unbilled accounts receivable	2,301,893	371,435
Prepaid expenses and other assets	267,666	328,539
Total current assets	12,227,177	6,969,362
Property and equipment, net	431,189	435,859
Goodwill	8,575,881	2,526,110
Intangibles, net	2,236,563	1,165,461
Other assets	110,808	167,164
Total assets	\$ 23,581,618	\$ 11,263,956
Liabilities and stockholders equity		
Current liabilities:		
Related party note payable	\$ 2,140,000	\$
Short term note payable	97,158	63,520
Accounts payable	2,465,394	2,715,180
Accrued expenses	2,548,106	644,366
Deferred revenue	1,667,969	96,674
Short-term portion of long-term debt	486,707	
Short-term portion of capital lease obligation	107,141	118,246
Total current liabilities	9,512,475	3,637,986
Deferred income tax liability	156,891	
Long-term debt, net of current portion	1,117,230	
Capital lease obligation, net of current portion	95,248	162,976
Total liabilities	10,881,844	3,800,962
Stockholders equity:		
Common stock, \$0.001 par value; 110,000,000 shares authorized; 58,275,514 and 52,558,697 shares issued and outstanding, respectively	58,276	52,559
Stock warrants	38,666	38,666
Additional paid-in capital	67,194,788	60,873,273
Accumulated deficit	(54,591,956)	(53,501,504)

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Total stockholders' equity	12,699,774	7,462,994
Total liabilities and stockholders' equity	\$ 23,581,618	\$ 11,263,956

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

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Table of Contents**WIDEPOINT CORPORATION AND SUBSIDIARIES****Consolidated statements of operations**

	For the Years Ended December 31,	
	2008	2007
Revenues, net	\$ 35,458,953	\$ 14,129,439
Cost of revenues (including depreciation and amortization of \$846,340 and 446,387, respectively)	28,877,994	10,325,916
Gross profit	6,580,959	3,803,523
Sales and marketing	901,007	806,556
General and administrative (including SFAS123 (R) stock compensation expense of \$563,108 and \$174,716, respectively)	6,246,914	3,521,397
Depreciation expense	160,565	83,458
Loss from operations	(727,527)	(607,888)
Other income (expenses):		
Interest income	134,531	104,248
Interest expense	(336,638)	(13,539)
Other expense	(3,927)	
Net loss before provision for income taxes	(933,561)	(517,179)
Deferred income tax expense	156,891	
Net loss	(1,090,452)	(517,179)
Basic and diluted net loss per share	\$ (0.02)	\$ (0.01)
Basic and diluted weighted-average shares outstanding	56,673,952	52,401,705

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

Table of Contents**WIDEPOINT CORPORATION AND SUBSIDIARIES**
Consolidated Statements of Changes in Stockholders' Equity

	Permanent Equity		Common		Additional	Accumulated	Permanent	
	Preferred Stock	Common Stock	Stock	Stock	Paid-In	Deficit	Equity	
	Shares	Amount	Shares	Amount	Capital		Total	
Balance, December 31, 2006	195,214	\$ 195	50,494,757	\$ 50,495	\$ 38,666	\$ 60,667,229	\$(52,984,325)	\$ 7,772,260
Issuance of common stock options exercises			111,800	112		34,598		34,710
Conversion of preferred stock	(195,214)	(195)	1,952,140	1,952		(1,757)		
Costs associated from registration statement						(1,513)		(1,513)
Stock options expense						174,716		174,716
Net loss							(517,179)	(517,179)
Balance, December 31, 2007		\$	52,558,697	\$ 52,559	\$ 38,666	\$ 60,873,273	\$(53,501,504)	\$ 7,462,994
Issuance of common stock options exercises			32,000	32		14,368		14,400
Issuance of common stock iSYS earnout Jin Kang			184,817	185		38,627		38,812
Issuance of common stock iSYS acquisition			1,500,000	1,500		1,798,500		1,800,000
Issuance of common stock Capital raise			4,000,000	4,000		4,076,000 (169,088)		4,080,000 (169,088)

Costs related to issuance of stock Capital raise							
Stock options expense				563,108			563,108
Net loss						(1,090,452)	(1,090,452)
Balance, December 31, 2008	\$	58,275,514	\$ 58,276	\$ 38,666	\$ 67,194,788	\$ (54,591,956)	\$ 12,699,774

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

Table of Contents**WIDEPOINT CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

	For the Years Ended December 31,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (1,090,452)	\$ (517,179)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Deferred income tax expense	156,891	
Depreciation expense	218,052	125,415
Amortization expense	788,852	404,430
Amortization of deferred financing costs	8,571	
Stock options expense	563,108	174,716
Loss (Gain) on disposal of equipment	3,927	
Changes in assets and liabilities, net of business combination		
Accounts receivable and unbilled accounts receivable	1,436,910	1,411,612
Prepaid expenses and other assets	145,411	134,583
Accounts payable and accrued expenses	(1,123,802)	(1,710,561)
Deferred revenue	1,571,295	(467,920)
Net cash provided by (used in) operating activities	2,678,763	(444,904)
Cash flows from investing activities:		
Purchase of asset/subsidiary, net of cash Acquired	(5,192,020)	
Software development costs	(123,490)	(211,679)
Proceeds from sale of office equipment	250	
Purchases of property and equipment	(96,300)	(131,565)
Net cash used in investing activities	(5,411,560)	(343,244)

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

Table of Contents**WIDEPOINT CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows**

	For the Years Ended December 31,	
	2008	2007
Cash flows from financing activities:		
Borrowings on notes payable	3,800,000	
Principal payments on notes payable	(2,315,060)	(103,537)
Principal payments under capital lease obligation	(120,307)	(56,127)
Costs related to registration statement		(29,720)
Costs related to financing purchase of subsidiary	(13,713)	
Proceeds from issuance of stock	4,080,000	
Costs related to issuance of stock	(169,088)	
Proceeds from exercise of stock options	14,400	34,710
Net cash provided by (used in) financing activities	5,276,232	(154,674)
Net increase(decrease) in cash	2,543,435	(942,822)
Cash and cash equivalents, beginning of period	\$ 1,831,991	\$ 2,774,813
Cash and cash equivalents, ending of period	\$ 4,375,426	\$ 1,831,991
Supplementary cash flow information:		
Cash paid for		
Interest	\$ 178,088	\$ 13,539
Income taxes	\$	\$
Supplementary Disclosure of non-cash Investing and Financing Activities:		
Promissory Note issued for iSYS acquisition	\$ 2,000,000	
Value of 1.5 million common shares issued as consideration in the acquisition of iSYS	\$ 1,800,000	
Value of 184,817 earnout shares issued as additional consideration in the acquisition of iSYS	\$ 38,812	
Insurance policies financed by short term notes payable	\$ 142,657	\$ 110,725
Capital leases for acquisition of property and equipment	\$ 41,473	\$ 224,478

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

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Notes to Consolidated Financial Statements

1. Basis of Presentation, Organization, Nature of Operations:

WidePoint Corporation (WidePoint or the Company) is a technology-based provider of product and services to both the government sector and commercial markets. WidePoint was incorporated in Delaware on May 30, 1997. We have grown through the merger of highly specialized regional IT consulting companies.

Our expertise lies in three business segments. The three segments offer unique solutions in identity management services utilizing certificate-based security solutions; wireless telecommunication expense management systems; and other associated IT consulting services and products in which we provide specific subject matter expertise in IT Architecture and Planning, Software Implementation Services, IT Outsourcing, and Forensic Informatics. For additional information related to our three business segments, see Note 9 to our financial statements in this Form 10-K.

WidePoint has three material operational entities, Operational Research Consultants, Inc. (ORC), iSYS, LLC (iSYS), and WidePoint IL, Inc., along with a development stage company, Protexx Acquisition Corporation doing business as Protexx. In January 2008, we completed the acquisition of iSYS. iSYS specializes in mobile telecommunications expense management services and forensic informatics, and information assurance services predominantly to the U.S. Government. In July 2008, we completed the purchase of the operating assets and proprietary intellectual property of Protexx, Inc. Protexx specializes in identity assurance and mobile and wireless data protection services. ORC specializes in IT integration and secure authentication processes and software, and providing services to the U.S. Government. ORC has been at the forefront of implementing Public Key Infrastructure (PKI) technologies. PKI technology uses a class of algorithms in which a user can receive two electronic keys, consisting of a public key and a private key, to encrypt any information and/or communication being transmitted to or from the user within a computer network and between different computer networks. PKI technology is rapidly becoming the technology of choice to enable security services within and between different computer systems utilized by various agencies and departments of the U.S. Government.

Our staff consists of business process and computer specialists who help our government and civilian customers augment and expand their resident technologic skills and competencies, drive technical innovation, and help develop and maintain a competitive edge in today's rapidly changing technological environment in business. Our organization emphasizes an intense commitment to our people, our customers, and the quality of our solutions offerings. As a services organization, our customers are our primary focus.

2. Significant Accounting Policies:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of acquired entities since their respective dates of acquisition. All significant intercompany amounts have been eliminated.

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Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring use of estimates and judgment relate to revenue recognition, accounts receivable valuation reserves, realizability of intangible assets, realizability of deferred income tax assets and the evaluation of contingencies and litigation. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the current year presentation.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. As of December 31, 2008, three clients, the DHS, the TSA, and the WHS, represented 18%, 11%, and 11%, respectively, of accounts receivable. As of December 31, 2007, two clients, Headquarters Cryptologic Systems Group (HQ CPSG) and United Space Alliance, represented 26% and 13% of accounts receivable, respectively.

Significant Customers

During 2008, three customers, the Transportation Security Administration (TSA), the U.S. Department of Homeland Security (DHS), and the Washington Headquarters Services (WHS), an agency of the U.S. Department of Defense (DoD) that provides services for many DoD agencies and organizations, individually represented 26%, 20%, and 14% of revenues, respectively, and we therefore are materially dependent upon such customers. During 2007, no customer individually represented at least 10% of revenues. Due to the nature of our business and the relative size of certain contracts which are entered into in the ordinary course of business, the loss of any single significant customer, including the above customers, would have a material adverse effect on results.

Fair value of financial instruments

The Company's financial instruments include cash equivalents, deferred revenue, accounts receivable, notes receivable, accounts payable, short-term debt and other financial instruments associated with the issuance of the common stock warrants attributable to the preferred stock capital investment in the Company in October of 2004. The carrying values of cash equivalents, accounts receivable, notes receivable, and accounts payable approximate their fair value because of the short maturity of these instruments. The carrying amounts of the Company's bank borrowings under its credit facility approximate fair value because the interest rates are reset periodically to reflect current market rates.

Table of Contents*Cash and Cash Equivalents*

Investments purchased with original maturities of three months or less are considered cash equivalents for purposes of these consolidated financial statements. The Company maintains cash and cash equivalents with various major financial institutions. Included in the December 31, 2008 cash balances was approximately \$6,048,000 in interest bearing balances in one bank, in excess of federally insured amounts, as compared to approximately \$1,730,000 for December 31, 2007.

Accounts Receivable

The majority of the Company's accounts receivable is due from the Federal Government and established private sector companies in the following industries: manufacturing, consumer product goods, direct marketing, healthcare and financial services. Credit is extended based on an evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within 30 to 60 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are reviewed for collectability and after 90 days are considered past due.

The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
For the year ended December 31, 2007, Allowance for doubtful accounts	\$	\$ 20,150	\$ 20,150	\$
For the year ended December 31, 2008, Allowance for doubtful accounts	\$	\$ 114	\$ 114	\$

Unbilled Accounts Receivable

Unbilled accounts receivable on time-and-materials contracts represent costs incurred and gross profit recognized near the period-end but not billed until the following period. Unbilled accounts receivable on fixed-price contracts consist of amounts incurred that are not yet billable under contract terms. At December 31, 2008 and 2007, unbilled accounts receivable totaled \$2,301,893, and \$371,435, respectively.

Revenue Recognition

Revenue from our mobile telecom expense management services (MTEMS) is recognized upon delivery of goods and services as they are rendered. Arrangements with customers on MTEMS related contracts are recognized ratably over a period of performance.

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Revenue from the sale of PKI credentials is recognized when delivery occurs. Arrangements with customers on PKI related contracts may involve multiple deliverable elements. In these cases, the Company applies the principles prescribed in Emerging Issues Task Force Abstract (EITF) 00-21 Revenue Arrangements with Multiple Deliverables. The Company analyzes various factors, including a review of the nature of the contract or product sold, the terms of each specific transaction, the relative fair values of the elements required by EITF 00-21, any contingencies that may be present, its historical experience with like transactions or with like products, the creditworthiness of the customer, and other current market and economic conditions.

Additionally, revenues are derived from the delivery of non-customized software. In such cases revenue is recognized when there is persuasive evidence that an arrangement exists (generally a purchase order has been received or contract signed), delivery has occurred, the charge for the software is fixed or determinable, and collectability is probable.

Should the sale of product or software involve an arrangement with multiple elements (for example, the sale of PKI Credential Seats along with the sale of maintenance, hosting and support to be delivered over the contract period), the Company allocates revenue to each component of the arrangement using the residual value method based on the fair value of the undelivered elements. The Company defers revenue from the arrangement equivalent to the fair value of the undelivered elements and recognizes the remaining amount at the time of the delivery of the product or when all other revenue recognition criteria have been met.

A portion of our revenues are derived from cost-plus, or time-and-materials contracts. Under cost-plus contracts, revenues are recognized as costs are incurred and include an estimate of applicable fees earned. For time-and-material contracts, revenues are computed by multiplying the number of direct labor-hours expended in the performance of the contract by the contract billing rates and adding other billable direct costs.

In the event of a termination of a contract, all billed and unbilled amounts associated with those task orders where work has been performed would be billed and collected. The termination provisions of the contract would be accounted for at the time of termination. Any deferred and/or amortization cost would either be billed or expensed depending upon the termination provisions of the contract. Further, the Company has had no material history of losses nor has it identified any material specific risk of loss at December 31, 2008 and 2007, respectively due to termination provisions and thus has not recorded provisions for such events.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Under SFAS No.109, deferred tax assets and liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. SFAS No. 109 requires that the net deferred tax asset be reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the net deferred tax asset will not be realized.

Table of Contents*Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Property and equipment consisted of the following:

	December 31,	
	2008	2007
Computers, equipment and software	\$ 867,013	\$ 657,883
Less Accumulated depreciation and amortization	(435,824)	(222,024)
	\$ 431,189	\$ 435,859

Depreciation expense is computed using the straight-line method over the estimated useful lives of three to five years. In accordance with the American Institute of Certified Public Accountants Statement of Position 98-1 Accounting for the Costs of Computer Software Developed or Obtained for Internal Use, the Company capitalizes costs related to software and implementation in connection with its internal use software systems.

Software Development Costs

WidePoint accounts for software development costs (or internally developed intangible assets) related to software products for sale, lease or otherwise marketed in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed. For projects fully funded by the Company, significant development costs are capitalized from the point of demonstrated technological feasibility until the point in time that the product is available for general release to customers. Once the product is available for general release, capitalized costs are amortized based on units sold, or on a straight-line basis over a six-year period or other such shorter period as may be required. WidePoint recorded approximately \$240,000 of amortization expense for the year ended December 31, 2008, as compared to \$183,000 of amortization expense for the year ended December 31, 2007. We capitalized approximately \$123,000 in new costs in 2008. Capitalized software costs, net, included in Intangibles, net, at December 31, 2008 were approximately \$0.6 million, as compared to approximately \$0.7 million of capitalized software costs included in Intangibles, net, at December 31, 2007.

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Goodwill, Intangible Assets, and Long-Lived Assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets acquired. The Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. These standards require the use of the purchase method of accounting for business combinations, set forth the accounting for the initial recognition of acquired intangible assets and goodwill and describe the accounting for intangible assets and goodwill subsequent to initial recognition. Under the provisions of these standards, goodwill is not subject to amortization and annual review is required for impairment. The impairment test under SFAS No. 142 is based on a two-step process involving (i) comparing the estimated fair value of the related reporting unit to its net book value and (ii) comparing the estimated implied fair value of goodwill to its carrying value. Impairment losses are recognized whenever the implied fair value of goodwill is less than its carrying value. The Company's annual impairment testing date is December 31.

The Company recognizes an acquired intangible apart from goodwill whenever the intangible arises from contractual or other legal rights, or when it can be separated or divided from the acquired entity and sold, transferred, licensed, rented or exchanged, either individually or in combination with a related contract, asset or liability. Such intangibles are amortized over their useful lives. Impairment losses are recognized if the carrying amount of an intangible subject to amortization is not recoverable from expected future cash flows and its carrying amount exceeds its fair value.

The Company reviews its long-lived assets, including property and equipment, identifiable intangibles, and goodwill annually or whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine recoverability of its long-lived assets, the Company evaluates the probability that future undiscounted net cash flows will be less than the carrying amount of the assets.

Basic and Diluted Net Loss Per Share

Basic income or loss per share includes no dilution and is computed by dividing net income or loss by the weighted-average number of common shares outstanding for the period. Diluted income or loss per share includes the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The conversion of outstanding options and warrants to purchase 8,614,457 and 7,176,257 shares, respectively, for the years ended December 31, 2008 and 2007 has not been included in the calculation of the net loss per share as such effect would have been anti-dilutive. As a result of these items, the basic and diluted loss per share for all periods presented are identical.

Stock-based compensation

Employee stock-based compensation:

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123 (revised 2004), *Share-Based Payment*, (SFAS No. 123R). This statement requires that the costs of employee share-based payments be measured at fair value on the awards' grant date and recognized in the financial statements over the requisite service period.

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Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123R using the modified prospective application transition method. Under this method, compensation cost for the portion of awards for which the requisite service has not yet been rendered that are outstanding as of the adoption date is recognized over the remaining service period. The compensation cost for that portion of awards is based on the grant-date fair value of those awards as calculated for pro forma disclosures under SFAS No. 123, as originally issued. All new awards that are modified, repurchased, or cancelled after the adoption date are accounted for under provisions of SFAS No. 123R. The Company recognizes share-based compensation ratably using the straight-line attribution method over the requisite service period. In addition, pursuant to SFAS No. 123R, the Company is required to estimate the amount of expected forfeitures when calculating share-based compensation, instead of accounting for forfeitures as they occur, which was the Company's practice prior to the adoption of SFAS 123R.

For purposes of determining the effect of these options, the fair value of each option is estimated on the date of grant based on the Black-Scholes single-option pricing model assuming the following for the years ended December 31:

	2008	2007
Dividend yield		
Risk-free interest rate	2.61 4.13%	4.52%
Volatility factor	66 70%	85%
Expected life in years	5	4

The amount of compensation expense recognized under SFAS 123R during the years ended December 31 under our plans was comprised of the following:

	2008	2007
General and administrative expense	\$ 563,108	\$ 174,716
Share-based compensation before taxes	\$ 563,108	\$ 174,716
Related income tax benefits		
Share-based compensation expense	\$ 563,108	\$ 174,716
Net share-based compensation expenses per basic and diluted common share	\$ 0.01	\$ 0.01

The material increase in stock compensation expense in the year ended December 31, 2008 was primarily attributable to short term vesting associated with certain grants provided to select key employees at our iSYS subsidiary.

Since we have cumulative operating losses as of December 31, 2008 and December 31, 2007 for which a valuation allowance has been established, we recorded no income tax benefits for share-based compensation arrangements. Additionally, no incremental tax benefits were recognized from stock options exercised during the year ended December 31, 2008 and December 31, 2007, which would have resulted in a reclassification to reduce net cash provided by operating activities with an offsetting increase in net cash provided by financing activities.

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A summary of the option activity under our plans during the years ended December 31, 2008, and 2007, respectively, is presented below:

	# of Shares		Weighted average Grant date fair value Per share
NON-VESTED			
Non-vested at December 31, 2006	753,477	\$	0.67
Granted	124,000	\$	0.58
Vested	(391,183)	\$	0.59
Forfeited	(29,250)	\$	0.43
Non-vested at December 31, 2007	457,044	\$	0.73
Granted	1,480,000	\$	0.46
Vested	(623,044)	\$	0.72
Forfeited			
Non-vested at December 31, 2008	1,314,000	\$	0.43
OUTSTANDING AND EXERCISABLE			
Total outstanding at December 31, 2006	7,103,261	\$	0.36
Issued	124,000	\$	0.93
Cancelled	(30,250)	\$	0.48
Exercised	(111,800)	\$	0.31
Total outstanding at December 31, 2007	7,085,211	\$	0.37
Issued	1,480,000	\$	0.87
Cancelled	(9,800)	\$	0.45
Exercised	(32,000)	\$	0.45
Total outstanding at December 31, 2008	8,523,411	\$	0.45
Total exercisable at December 31, 2007	6,628,167	\$	0.32
Total exercisable at December 31, 2008	7,209,411	\$	0.37

The aggregate remaining contractual lives in years for the options outstanding and exercisable at December 31, 2008 and 2007 were 2.50 years and 3.75 years, respectively.

Aggregate intrinsic value represents total pretax intrinsic value (the difference between WidePoint's closing stock price on December 31, 2008 and the exercise price, multiplied by the number of in-the-money options) that would have

been received by the option holders had all option holders exercised their options on December 31, 2008. This amount changes based on the fair market value of WidePoint's stock. The total intrinsic value of options outstanding as of December 31, 2008 and 2007, respectively, were \$112,650 and \$5,200,151. The total intrinsic value of options exercisable on December 31, 2008 and 2007, respectively, were \$112,650 and \$5,151,104. The total intrinsic value of options exercised during the year ended December 31, 2008 and 2007, respectively, were \$29,120 and \$161,412. The Company issues new shares of common stock upon the exercise of stock options.

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At December 31, 2008, 4,535,438 shares were available for future grants under the Company's 2008 Stock Incentive Plan. This does not include warrants to purchase 3,999,999 shares granted and vested to members of the senior management team that were not issued under the Company's 1997 Stock Incentive Plan.

At December 31, 2008, the Company had approximately \$375,871 of total unamortized compensation expense, net of estimated forfeitures, related to stock option plans that will be recognized over the weighted average period of 3.25 years.

Non-employee stock-based compensation:

The Company accounts for stock-based non-employee compensation arrangements using the fair value recognition provisions of FASB Statement 123, *Accounting for Stock-Based Compensation* and Emerging Issues Task Force *EITF 96-18, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*.

New accounting pronouncements

EITF 07-01

In December 2007, the EITF reached a consensus on EITF No. 07-01, *Accounting for Collaborative Arrangements Related to the Development and Commercialization of Intellectual Property*, or EITF 07-01. EITF 07-01 discusses the appropriate income statement presentation and classification for the activities and payments between the participants in arrangements related to the development and commercialization of intellectual property. The sufficiency of disclosure related to these arrangements is also specified. EITF 07-01 is effective for fiscal years beginning after December 15, 2008. As a result, EITF 07-01 is effective for the Company in the first quarter of fiscal 2009. The Company does not believe EITF 07-01 will have a material impact on its condensed consolidated financial statements.

SFAS 141(R) and SFAS 160

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement No. 141(Revised 2007), *Business Combinations* (SFAS 141(R)) and Statement No. 160, *Accounting and Reporting of Non-controlling Interests in Consolidated Financial Statements* , an amendment of ARB No. 51 (SFAS 160). These statements will significantly change the financial accounting and reporting of business combination transactions and non-controlling (or minority) interests in consolidated financial statements. SFAS 141(R) requires companies to: (i) recognize, with certain exceptions, 100% of the fair values of assets acquired, liabilities assumed, and non-controlling interests in acquisitions of less than a 100% controlling interest when the acquisition constitutes a change in control of the acquired entity; (ii) measure acquirer shares issued in consideration for a business combination at fair value on the acquisition date; (iii) recognize contingent consideration arrangements at their acquisition-date fair values, with subsequent changes in fair value generally reflected in earnings; (iv) with certain exceptions, recognize pre-acquisition loss and gain contingencies at their acquisition-date fair values; (v) capitalize in-process research and

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development (IPR&D) assets acquired; (vi) expense, as incurred, acquisition-related transaction costs; (vii) capitalize acquisition-related restructuring costs only if the criteria in SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*, are met as of the acquisition date; and (viii) recognize changes that result from a business combination transaction in an acquirer's existing income tax valuation allowances and tax uncertainty accruals as adjustments to income tax expense. SFAS 141(R) is required to be adopted concurrently with SFAS 160 and is effective for business combination transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 (the Company's fiscal 2009). Early adoption of these statements is prohibited. The Company believes the adoption of these statements will have a material impact on significant acquisitions completed after December 31, 2008.

SFAS 162

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 Securities and Exchange Commission's 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.

FSP 142-3

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Life of Intangible Assets*, or FSP 142-3. FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets*. FSP 142-3 is effective for fiscal years beginning after December 15, 2008. The Company is currently assessing the impact of FSP 142-3 on its consolidated financial position and results of operations.

EITF 03-6-1

In June 2008, the FASB issued FASB Staff Position Emerging Issues Task Force (EITF) No. 03-6-1, *Determining whether Instruments granted in Share-Based Payment Transactions are Participating Securities*, or FSP EITF No. 03-6-1. Under FSP EITF No. 03-6-1, unvested share-based payment awards that contain rights to receive non-forfeitable dividends (whether paid or unpaid) are participating securities, and should be included in the two-class method of computing earnings per share. FSP EITF No. 03-6-1 is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. It is not expected to have a significant impact on the Company's financial statements.

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3. Debt:

The Company entered into a senior lending agreement with Cardinal Bank on August 16, 2007. The senior lending agreement had a maturity date of September 1, 2008 and provided for a \$2 million revolving credit facility. Borrowings under the Agreement were collateralized by the Company's eligible contract receivables, inventory, all of its stock in certain of its subsidiaries and certain property and equipment. The credit facility contained specific financial covenants related to working capital levels and consolidated net worth. There was no borrowing under this credit facility at December 31, 2007.

In January of 2008, the Company modified this credit facility with Cardinal Bank to allow for up to \$7 million, which included a four-year term note for \$2 million that we had entered into with Cardinal Bank in January 2008. We partially utilized this credit facility to acquire iSYS, LLC in January of 2008 and borrowed under the line of credit approximately \$1.8 million that we repaid in full in May 2008 from the proceeds raised in a subsequent capital raise that occurred in April and May of 2008. On December 31, 2008 we had no borrowing under this credit facility. The line of credit had a \$5 million borrowing cap at an interest rate of 6.5% as of December 31, 2008.

On March 17, 2009, the Company entered into a Debt Modification Agreement and Commercial Loan Agreement (2009 Commercial Loan Agreement) with Cardinal Bank. This new revolving credit facility replaced the Company's prior \$5 million revolving credit facility with Cardinal Bank. The 2009 Commercial Loan Agreement allows for the Company to borrow up to \$5 million. The repayment date of the revolving credit facility was extended to June 1, 2010 and advances under the revolving credit facility will bear interest at a variable rate equal to the prime rate plus 0.5% with an interest rate floor of 5%. As part of the credit facility the Company must comply with certain financial covenants that include tangible net worth, interest coverage ratios and other measures that the Company was either in full compliance with or had waived as of December 31, 2008.

The Company also has a four-year term note with Cardinal Bank that we entered into January 2008 in the principal amount of \$2 million, which bears interest at the rate of 7.5% with 48 equal principal and interest payments. At December 31, 2008 we owed approximately \$1.6 million under the note.

The Company also has a subordinated seller financed note for \$2 million in favor of Jin Kang, a related party of the Company and the former owner and current officer of iSYS, LLC, which is due the earlier of April 1, 2009 or upon the filing of the Company's Form 10-K. The note bore interest at the simple rate of 7% through December 31, 2008, which rate increased to 10% on January 1 and will remain at 10% through the payment of the note. On December 31, 2008 the note and interest due to Jin Kang was \$2,140,000. On March 17, 2009, the Company entered into a Debt Modification Agreement and Commercial Loan Agreement with Cardinal Bank. The new agreement excluded the subordination agreement of Jin Kang from our prior credit facility to allow for the payment of the seller's note.

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4. Goodwill and Intangible Assets:

Effective January 1, 2002, WidePoint adopted SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS 142 requires, among other things, the discontinuance of goodwill amortization. Under SFAS 142, goodwill is to be reviewed at least annually for impairment; the Company has elected to perform this review annually on December 31st of each calendar year. These reviews have resulted in no adjustments in goodwill.

The following summarizes the Company's acquisition activity for the year ended December 31, 2008:

iSYS Acquisition

On January 8, 2008, the Company entered into a Membership Interest Purchase Agreement to acquire 100% of the voting interest of iSYS. The Company acquired the membership interest in iSYS, LLC as part of a strategy to expand critical mass in key managed services sectors related to information technology, identity management, and the control, management, and securitization of the devices utilized in those efforts. Under the terms of the Agreement, the Company paid the following consideration at the closing of the acquisition:

- (i) \$5,000,000 in cash,
- (ii) \$2,000,000 principal amount in an Installment Cash Promissory Note, which bore simple annual interest at the initial rate of 7% through December 31, 2008. Thereafter the simple interest rate increased to 10% on January 1, 2009 and will remain at 10% through the date of maturity, which will be on the earlier of either April 1, 2009 or the filing by the Company of its Annual Report on Form 10-K for the year ending December 31, 2008,
- (iii) the issuance of 1,500,000 shares on January 8, 2008 of Company common stock valued at \$1,800,000, based on the closing market price of the Company's common shares of \$1.20 per common share as a result of the acquisition of iSYS on January 4, 2008; and
- (iv) a four-year earnout provision which may require up to \$6,000,000 in additional consideration to be equally paid out in cash and common stock. The earnout amount for each measurement year is equal to the excess of actual EBITDA over target EBITDA of \$1,400,000. In years 1-3 (beginning in 2008), the earnout amount will be equal to 67% of the excess and in the final year 50% of the excess. The earnout is payable 50% in cash and 50% in common stock. The Company placed 3,000,000 additional shares of Company common stock in the name of the seller into escrow to be held subject to the satisfaction of the earnout provisions. Amounts earned in connection with the earnout provision will be recorded as an adjustment to the purchase price.

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The following represent adjustments made to the purchase price under the terms of the Agreement:

- (i) Subsequent to the closing and as a requirement of the purchase agreement between WidePoint and iSYS, an audit of the working capital of iSYS was performed by iSYS's auditor to determine if the minimum requirement of \$2,000,000 in working capital existed at the time of the closing of the purchase. It was determined by both parties that an excess of \$143,410 existed. The excess working capital was therefore adjusted and paid to the former sole member of iSYS and the purchase price has been subsequently adjusted.
- (ii) As a result of attaining certain performance targets under a contractual agreement for the purchase of the iSYS mobile telecom software, iSYS was required to pay \$225,000 in additional payments that were earned in 2008. These payments represent the final obligations by iSYS for the mobile telecom software and the \$225,000 was therefore added to goodwill.
- (iii) As a result of attaining certain earnout provisions for year one of the earnout the Company recognized additional purchase price consideration of \$223,629, which consisted of \$184,817 payable in cash and accrued for as of December 31, 2008 and 184,817 common shares with a value of \$38,812, which shares were released from escrow as of December 31, 2008.

The aggregate purchase price including \$102,722 of acquisition costs, purchase price adjustments for net working capital and year one earnout amounts was \$9,494,761. The allocation of the purchase price was based upon management's estimates and assumptions. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed based on the latest available information on iSYS, at January 8, 2008:

Fair value of current assets	\$ 4,670,801
Property, plant and equipment, net	59,463
Intellectual property	1,230,000
Goodwill	6,049,771
Other non current assets	12,117
Total fair value of assets acquired	\$ 12,022,152
Total fair value of current liabilities assumed	2,527,391
Net consideration paid to acquire iSYS	\$ 9,494,761

The operations of iSYS were included in the Company's results of operations beginning on January 4, 2008, the acquisition date. The factors resulting in goodwill were iSYS's name, reputation, and established key personnel. None of the goodwill will be deductible for tax purposes.

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The accompanying consolidated pro forma information gives effect to the iSYS acquisition as if it had occurred on January 1, 2007 and its results of operations were included in the year ended December 31, 2007 for the full period. The pro forma information is included only for purposes of illustration and does not necessarily indicate what the Company's operating results would have been had the acquisition of iSYS been completed on January 1, 2007. Stock compensation expense of approximately \$400,000 as the result of the issuance of stock option grants provided to key employees of iSYS, LLC are not included in the proforma illustration.

	Year Ended December 31, 2007
Revenue	\$ 34,044,865
Net income	\$ 1,094,971
Income per share, basic and diluted	\$ 0.02

Protexx, Inc. Asset Purchase

On July 31, 2008, the Company entered into an Asset Purchase Agreement (the "Purchase Agreement"), by and among the Company, Protexx Acquisition Corporation, Protexx, Incorporated, Peter Letizia, Charles B. Manuel, Jr. and William Tabor, pursuant to which Protexx Acquisition Corporation, a wholly-owned subsidiary of the Company, purchased certain of the assets of Protexx, Inc., a provider of software-based authentication and encryption solutions to government, military, first responder and commercial enterprises. Under the terms of the Agreement, the Company paid the following consideration at the closing of the acquisition:

- (i) \$1.00 in cash,
- (ii) the assumption of approximately \$506,000, net, of assumed assets, liabilities and direct costs associated with the asset purchase. At the time of the asset purchase Protexx was a development stage company that did not have an established customer base and/or an assembled workforce. Therefore the asset purchase price will be allocated to other intangible assets, and
- (iii) a two-year earnout provision which may entitle the former owners to receive earnout payments under the Purchase Agreement in the event that the business conducted with the assets purchased from Protexx, Inc. exceeds specified earnings targets in calendar years 2008 and 2009. Half of any such earnout payment earned shall be paid in cash, with the remainder to be paid in Company common stock.

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No earnout was attained in calendar year 2008. Protexx shall have the opportunity to earn for calendar year 2009 a maximum earnout of \$4,500,000. For calendar year 2009, Protexx must meet the minimum EBITDA target in order to qualify for any earnout amount.

The changes in the carrying amount of goodwill for the year ended December 31, 2008 and 2007 are as follows:

	Total
Balance as of January 1, 2007	\$ 2,526,110
Goodwill adjustments	
Balance as of December 31, 2007	\$ 2,526,110
iSYS acquisition	6,049,771
Balance as of December 31, 2008	\$ 8,575,881

There were no goodwill adjustments made in 2007. In 2008, \$6,049,771 in goodwill was acquired as a result of the acquisition of iSYS, LLC. Management believes that as of December 31, 2008 the carrying value of our goodwill was not impaired.

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The following table summarizes purchased and internally developed intangible assets subject to amortization:

	As of December 31, 2008		
	Gross Carrying Amount	Accumulated Amortization	Weighted Average Amortization Period (in years)
<i>Purchased Intangible Assets</i>			
ORC Intangible (Includes customer relationships and PKI business opportunity purchase accounting preliminary valuations)	\$ 1,145,523	(\$921,158)	5
iSYS (includes customer relationships, internal use software and trade name)	\$ 1,230,000	(\$257,667)	5
Protexx (Identity Security Software)	\$ 506,463	(\$70,342)	3
	\$ 2,881,986	(\$1,249,167)	4
<i>Internally Developed Intangible Assets</i>			
ORC PKI-I Intangible (Related to internally generated software)	\$ 334,672	(\$242,516)	6
ORC PKI-II Intangible (Related to internally generated software)	\$ 649,991	(\$417,159)	6
ORC PKI-III Intangible (Related to internally generated software)	\$ 211,680	(\$47,040)	3
ORC PKI-IV Intangible (Related to internally generated software)	\$ 42,182	(\$9,374)	3
ORC PKI-V Intangible (Related to internally generated software)	\$ 81,308		3
	1,319,833	(\$706,089)	5
Total	\$ 4,201,819	(\$1,965,256)	5
Aggregate Amortization Expense:			
For year ended 12/31/08	\$ 788,852		
Estimated Amortization Expense:			
For year ended 12/31/09	\$ 912,485		
For year ended 12/31/10	\$ 643,291		
For year ended 12/31/11	\$ 341,456		
For year ended 12/31/12	\$ 187,666		
For year ended 12/31/13	\$ 151,665		

Total \$ 2,236,563

The total weighted average remaining life of all of the intangibles is approximately 3 years.

There were no amounts of research and development assets acquired in 2008 or 2007, nor any written off in the periods.

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Income taxes for the years ended December 31 are as follows:

	2008	2007
Current provision/(benefit)	\$	\$
Deferred provision/(benefit)	156,891	
	\$ 156,891	\$

The provision (benefit) for income taxes results in effective rates, which differs from the federal and state statutory rate as follows:

	2008	2007
Statutory federal income tax rate	34.0%	34.0%
State income taxes, net of federal benefit	4.9	4.9
Non-deductible expenses	(1.0)	(0.5)
Decrease (increase) in valuation allowance	(72.7)	151.1
Permanent difference related to tax deductible goodwill	16.8	
Expiration of state loss carryforwards and change in state tax rate	0.0	(189.5)
Other	1.3	
	(16.7)%	0.0%

No tax benefit has been realized associated with the exercise of stock options in the years ended December 31, 2008 and 2007 because of the existence of net operating loss carryforwards. There will be no credit to additional paid in capital for such until the associated benefit is realized through a reduction of income taxes payable. During the years ended December 31, 2008 and 2007, respectively, the Company recognized \$563,108 and \$174,716 in expense for book purposes for stock-based compensation. The deferred tax assets (liabilities) consisted of the following as of December 31, 2008 and 2007:

	December 31,	
	2008	2007
Deferred tax assets:		
Net operating loss carryforwards	\$ 8,155,662	\$ 7,396,003
AMT credit	13,420	13,853
Stock based compensation	443,400	224,539
Other assets	81,296	35,488
Total deferred tax assets	8,693,778	7,669,883
Deferred tax liabilities:		
Intangibles	716,570	348,266
Goodwill amortization	156,756	
Capitalized software costs	251,375	276,077
Total deferred tax liabilities	1,124,701	624,343

Net deferred tax asset	7,569,077	7,045,540
Less Valuation allowance	(7,725,968)	(7,045,540)
Net deferred income tax liability	\$ (156,891)	\$ - 0 -

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The Company has determined that its net deferred tax asset did not satisfy the recognition criteria set forth in SFAS No. 109 and, accordingly, established a valuation allowance for 100 percent of the net deferred tax asset.

The Company incurred a deferred income tax expense of approximately \$157,000 for the year ended December 31, 2008, as a result of the recognition of a deferred tax liability attributable to the differences in our treatment of the amortization of goodwill for tax purposes versus book purposes as it relates to our acquisition of iSYS in January 2008. Because the goodwill is not amortized for book purposes but is for tax purposes, the related deferred tax liability cannot be reversed until some indeterminate future period when the goodwill either becomes impaired, and/or is disposed of. The deferred tax liability can be offset by future earnings and the deferred tax expense is a non-cash expense. SFAS No. 109 requires the expected timing of future reversals of deferred tax liabilities to be taken into account when evaluating the realizability of deferred tax assets. Therefore, the reversal of deferred tax liabilities related to the goodwill is not to be considered a source of future taxable income when assessing the realization of deferred tax assets. Because the Company has a valuation allowance for the full amount of the deferred income tax asset, the deferred income liability associated with the tax deductible goodwill has been recorded and not offset against existing deferred income tax assets.

As of December 31, 2008, the Company had net operating loss carry forwards of approximately \$21,000,000 to offset future taxable income. These carry forwards expire between 2010 and 2028. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the level of historical losses that may limit utilization of NOL carry forwards in future periods, management is unable to predict whether these net deferred tax assets will be utilized prior to expiration. Under the provision of the Tax Reform Act of 1986, when there has been a change in an entity's ownership of 50 percent or greater, utilization of net operating loss carry forwards may be limited. As a result of WidePoint's equity transactions, the Company's net operating losses will be subject to such limitations and may not be available to offset future income for tax purposes. To date the Company has not completed a Section 382 analysis.

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Changes in the valuation allowance for the years ended December 31, are as follows:

	2008	2007
Opening balance	\$ (7,045,540)	\$ (7,827,012)
Decrease (Increase)	(680,428)	781,472
Ending balance	\$ (7,725,968)	\$ (7,045,540)

In June 2006, the FASB issued Interpretation 48, *Accounting for Uncertainty in Income Taxes* an interpretation of FASB Statement No. 109 (FIN 48), which became effective for years beginning on January 1, 2007. FIN 48 addressed the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The Company's assessments of its tax positions in accordance with FIN 48 did not result in changes that had a material impact on results of operations, financial condition or liquidity. As of December 31, 2008 and at December 31, 2007, the Company had no unrecognized tax benefits. While the Company does not have any interest and penalties in the years ended December 31, 2008 and 2007, the Company's policy is to recognize such expenses as tax expense.

The Company files U.S. federal income tax returns with the Internal Revenue Service (IRS) as well as income tax returns in various states. The Company may be subject to examination by the IRS for tax years 2001 through 2008. Additionally, the Company may be subject to examinations by various state taxing jurisdictions for tax years 2001 through 2008. The Company is currently not under examination by the IRS or any state tax jurisdiction.

6. Stockholders Equity:

The Company is authorized to issue 110,000,000 shares of common stock, \$.001 par value per share. During the twelve month period ended December 31, 2008, in addition to the common stock transactions discussed below, 32,000 shares of common stock were issued as the result of the exercise of employee stock options. As of December 31, 2008, there were 58,275,514 shares of common stock outstanding. During the year ended December 31, 2007, 111,800 shares of common stock were issued as the result of the exercise of employee stock options to purchase 111,800 shares. As of December 31, 2007 there were 52,558,697 shares of common stock outstanding.

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Common Stock

On January 8, 2008, pursuant to the terms of a Membership Interest Purchase Agreement between the Company, iSYS, LLC and Jin Kang, dated January 4, 2008, the Company issued 1,500,000 shares of Company common stock on January 8, 2008 at a stock price of \$1.20 per common share (based on the closing market price of the Company's common shares the issuance date) for a value of \$1,800,000. The Company also issued an additional 3,000,000 shares of Company common stock on January 8, 2008, which shares were delivered into escrow to be held subject to the satisfaction of certain earnout provisions under the Membership Interest Purchase Agreement, and which shares are subject to return to the Company in the event such earnout provisions are not achieved under the terms of the Membership Interest Purchase Agreement. Under the Membership Interest Purchase Agreement the initial \$1.4 million in earnings before interest, taxes, depreciation and amortization (EBITDA) from iSYS is excluded from the earnout for the initial 3 years, with 66% of the value in excess of such initial \$1.4 million being paid to the former owner of iSYS, with 50% of the amount being paid in cash and 50% being valued and released in escrow shares. In the fourth year the value in excess of 50% is used instead of 66%, with the total earnout capped at \$6 million, with \$3 million payable in cash and \$3 million payable in the release of earnout shares. Performance of the earnout is measured annually and awarded within 30 days following the end of the Company's fiscal year and filing of the Company's Form 10-K for that year. As of December 31, 2008 performance measures were attained allowing for the release of 184,817 common shares valued at \$1.00 per common share from the common shares placed into escrow at the time of the acquisition of iSYS by the Company.

On April 29, 2008, the Company entered into a Common Stock Purchase Agreement (Purchase Agreement) with Deutsche Bank AG, London Branch (Deutsche Bank), and related agreements, as part of a private equity financing to raise additional funds for working capital. Under the Purchase Agreement, Deutsche Bank agreed to purchase 2,500,000 shares of WidePoint common stock for a total purchase price of \$2,550,000, or \$1.02 per share. Pursuant to the Purchase Agreement, the Company issued 2,500,000 shares of its common stock to Deutsche Bank on May 2, 2008. The offer and sale of the shares were not registered under the Securities Act of 1933, as amended, in reliance on the private offering exemption provided under Section 4(2) thereof.

On May 16, 2008, the Company entered into two Common Stock Purchase Agreements (collectively, the Endurance Purchase Agreements) with Endurance Partners, L.P. and Endurance Partners (Q.P.), L.P., and related agreements, as part of a private equity financing to raise additional funds for working capital. Under the Endurance Purchase Agreements, Endurance Partners, L.P. agreed to purchase 428,954 shares of WidePoint common stock for a total purchase price of \$437,533, or \$1.02 per share, and Endurance Partners (Q.P.), L.P. agreed to purchase 1,071,046 shares of WidePoint common stock for a total purchase price of \$1,092,467, or \$1.02 per share. Pursuant to the Endurance Purchase Agreements, on May 19, 2008, the Company issued 428,954 shares of its common stock to Endurance Partners, L.P. and 1,071,046 shares of its common stock to Endurance Partners (Q.P.), L.P. The offer and sale of the shares were not registered under the Securities Act of 1933, as amended, in reliance on the private offering exemption provided under Section 4(2) thereof.

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As a result of the equity transactions to raise additional capital that we entered into during the second quarter of 2008, the Company issued a combined cumulative total of 4,000,000 common shares of the Company which provided gross proceeds of approximately \$4.1 million, and net proceeds after various legal and other expenses of \$3.9 million.

On July 31, 2008, pursuant to the terms of the Purchase Agreement between the Company, Protexx Acquisition Corporation, a Delaware corporation, Protexx Incorporated, a Delaware corporation (Protexx), and Peter Letizia, Charles B. Manuel, Jr. and William Tabor, the Company issued 2.5 million shares of its common stock in the name of Protexx and delivered such shares to the parties escrow agent to be held in escrow pending the possible release of such shares as part of the potential earnout to which Protexx may be entitled under the Purchase Agreement for calendar year 2008. The 2008 earnout was not attained. For calendar year 2009, Protexx shall have the opportunity to earn an additional Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) worth of privately issued shares of WidePoint common stock as part of the earnout for that calendar year. The maximum number of shares of WidePoint common stock that Protexx shall have the opportunity to earn for calendar year 2009 shall be equal to the number of shares of WidePoint common stock that results from Two Million Two Hundred Fifty Thousand Dollars (\$2,250,000) divided by the greater of (x) One Dollar and Twenty-Five Cents (\$1.25) or (y) the average closing sale price of the WidePoint common stock for the twenty (20) trading days immediately preceding December 31, 2009.

Stock Warrants

On November 1, 2005, the Company issued a warrant to purchase 54,878 shares to Hawk Associates as part of a consulting agreement in which Hawk Associates agreed to act as the Company s investor relations representative. The warrant has a term of 5 years. We are accounting for this award in accordance with EITF 96-18.

On October 27, 2004 and November 22, 2004, the Company issued two warrants to purchase 30,612 shares and 5,556 shares, respectively, to Liberty Capitol as part of a consulting agreement in which Liberty Capitol assisted the Company in arranging its senior debt financing with RBC-Centura Bank. The warrants have a term of 5 years. The Company used a fair-value option pricing model to value these stock warrants at approximately \$14,291. This value has been reflected as part of stock warrants in the stockholders equity section of the consolidated balance sheet.

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7. Stock Options and Stock-Based Compensation:

2008 Stock Incentive Plan

Effective December 18, 2007, the Board of Directors of the Company adopted the 2008 Stock Incentive Plan (the 2008 Plan), which was adopted by the Company s shareholders on December 18, 2008. The 2008 Plan is intended to replace the 1997 Stock Incentive Plan and the 1997 Directors Formula Stock Option Plan, discussed below. The 2008 Plan is administered by the Compensation Committee and authorizes the grant or award of incentive stock options, non-qualified stock options, stock appreciation rights, dividend equivalent rights, performance unit awards and phantom shares. The 2008 Plan is intended to (a) provide incentive to officers and key employees of the Company and its affiliates to stimulate their efforts toward the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encourage stock ownership by directors, officers and key employees by providing them with a means to acquire a proprietary interest in the Company, acquire shares of the Company s common stock, or to receive compensation which is based upon appreciation in the value of the Company s common stock; and (c) provide a means of obtaining, rewarding and retaining key personnel and consultants. The 2008 Plan will terminate on December 17, 2017.

A total of 6,015,438 shares of common stock are authorized for possible issuance under the 2008 Plan. There were 4,535,438 shares available for issuance under the 2008 Plan at December 31, 2008. Of such shares, 4,535,438 shares can be issued for future grants. At December 31, 2008, options to purchase a total of 1,480,000 shares of common stock, at prices ranging from \$0.81 to \$1.22 per share, were outstanding.

1997 Stock Incentive Plan

In May 1997, the Company adopted the 1997 Stock Incentive Plan (the 1997 Plan). The purpose of the 1997 Plan was to provide additional compensation to employees, officers, and consultants of the Company or its affiliates. Under the terms of the 1997 Plan, as amended, 10,000,000 shares of common stock were reserved for issuance as incentive awards under the 1997 Plan. The number of shares of Company common stock associated with any forfeited stock incentive were added back to the number of shares that could be issued under the 1997 Plan. Awards under the 1997 Plan and their terms were determined by a committee (the Committee) that was selected by the Board of Directors. The 1997 Plan permitted the Committee to make awards of a variety of equity-based incentives (collectively, Stock Incentives).

The 1997 Plan allowed for the grant of incentive stock options and nonqualified stock options. The exercise price of the options was established by the Committee. The term of an option will be specified in the applicable agreement, provided, however, that no option could be exercised ten years after the date of grant. In addition to stock options, the 1997 Plan also allowed for the grant of other Stock Incentives, including stock appreciation rights, stock awards, phantom shares, performance unit appreciation rights and dividend equivalent rights. Stock Incentives granted under the 1997 Plan are subject to the terms prescribed by the Committee in accordance with the provisions of the 1997 Plan.

No further awards will be made under the 1997 Plan.

Table of Contents*1997 Directors Formula Stock Option Plan*

In May 1997, the Company adopted the 1997 Directors Formula Stock Option Plan (the "Director Plan"). The Company reserved 120,000 shares of common stock to underlie stock options granted under the Director Plan. Any shares associated with forfeited options were added back to the number of shares that underlie stock options to be granted under the Director Plan.

Awards of stock options under the Director Plan were determined by the express terms of the Director Plan. Generally, only non-employee directors of the Company who did not perform services for the Company were eligible to participate in the Director Plan. The Director Plan provided for option grants to purchase 12,000 shares of common stock upon a non-employee director's initial appointment to the Board of Directors. Options granted under the Director Plan vest immediately to 8,000 shares of common stock underlying such options, vest to an additional 2,000 shares after the director's completion of the first year of continued service to the Company, and vest to the remaining 2,000 shares after the completion of the second year of continued service to the Company. Each option granted pursuant to the Director Plan was evidenced by an agreement and is subject to additional terms as set forth in the agreement. Options become exercisable when vested and expire ten years after the date of grant, subject to any shorter period that may be provided in the agreement.

No further awards will be made under the Director Plan.

The following is a summary of the WidePoint options and management warrant activity:

	Number of Shares	Option Price Range		Weighted- Average Exercise Price
Outstanding, December 31, 2006	7,103,261	0.07	2.80	0.36
Granted	124,000	0.93	0.93	0.93
Exercised	(111,800)	0.07	0.45	0.31
Canceled or expired	(30,250)	0.45	1.35	0.48
Outstanding, December 31, 2007	7,085,211	0.07	2.80	0.37
Granted	1,480,000	0.81	1.22	0.87
Exercised	(32,000)	0.45	0.45	0.45
Canceled or expired	(9,800)	0.45	0.45	0.45
Outstanding, December 31, 2008	8,523,411	0.07	2.80	0.45

Table of Contents**8. Commitments and Contingencies:**

The company has entered into a number of leases for its office locations as described above in Note 1. The Company's commitments and contingencies are as follows for its operating leases, which include those leases, and other operating leases. The terms of the operating leases run through 2014 and the total commitments per year are as follows:

Year Ended December 31,	Operating Leases
2009	\$ 417,605
2010	339,208
2011	412,753
2012	426,004
Beyond 2012	434,750
Total	\$ 2,030,320

Capital Leases

The Company has leased certain equipment under capital lease arrangements. Future minimum payments required under the leases are as follows:

Year	
2009	118,819
2010	87,004
2011	12,949
	218,772
Less portion representing interest	(16,383)
Net minimum lease payments Under capital leases	202,389
Current portion	(107,141)
Long-term portion	\$ 95,248

The capital lease entered into in the year ended December 31, 2008 is for a period of three years. Total carrying value of assets under capital leases at December 31, 2008 was \$169,305. Depreciation for the year ended December 31, 2008 was \$110,181, and accumulated depreciation at December 31, 2008 was \$192,899.

Employment Agreements

The Company has employment agreements with certain executives that set forth compensation levels and provide for severance payments in certain instances.

Litigation

The Company is not involved in any material legal proceedings.

Table of Contents**9. Segment reporting:**

Segments are defined by SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, as components of a company in which separate financial information is available and is evaluated by the chief operating decision maker, or a decision making group, in deciding how to allocate resources and in assessing performance.

During 1998, the Company adopted SFAS No. 131 and until December 31, 2005 the Company was comprised of a single segment, which was comprised of our consulting services segment within our Commercial and Federal Government Marketplaces. As of January 1, 2006, the Company added a second segment, which consists of PKI credentialing and managed services. The PKI credentialing and managed services segment provides PKI credentialing and managed services to U.S. federal agencies and federal contractors as a result of regulatory compliance requirements.

Segment operating income consists of the revenues generated by a segment, less the direct costs of revenue and selling, general and administrative costs that are incurred directly by the segment. Unallocated corporate costs include costs related to administrative functions that are performed in a centralized manner that are not attributable to a particular segment. These administrative function costs include costs for corporate office support, all office facility costs, costs relating to accounting and finance, human resources, legal, marketing, information technology and company-wide business development functions, as well as costs related to overall corporate management.

The following table sets forth selected segment and consolidated operating results and other operating data for years ended December 31:.

	2008	2007
Mobile Telecom Managed Services		
Revenues, net	\$ 20,989,371	
Income from operations	\$ 1,400,183	
Total assets	\$ 4,265,700	
Consulting services		
Revenues, net	\$ 10,714,460	\$ 10,566,366
Income from operations	\$ 269,016	\$ 527,861
Total assets	\$ 7,293,511	\$ 4,706,116
PKI Credentialing and Managed Services		
Revenues, net	\$ 3,755,122	\$ 3,563,073
Income from operations	\$ 7,105	\$ 133,159
Total assets	\$ 1,512,673	\$ 1,490,195
Total Company		
Revenues	\$ 35,458,953	\$ 14,129,439
Loss from operations before depreciation expense	\$ (566,962)(1)	\$ (524,430)(2)
Depreciation expense	\$ (160,565)	\$ (83,458)

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	2008	2007
Interest (expense) income, net	\$ (202,107)	\$ 90,709
Other expense	\$ (3,927)	
Income tax expense	\$ (156,891)	
Net loss	\$ (1,090,452)	\$ (517,179)
Total Corporate assets	\$ 10,509,734	\$ 5,067,645
Total assets	\$ 23,581,618	\$ 11,263,956

(1) Includes \$221,077 in amortization expense in cost of sales associated with the purchase of ORC, \$70,342 in amortization expense in cost of sales associated with internally developed intangibles and \$257,667 in amortization expense in cost of sales associated with the purchase of ISYS, which is not allocated among the segments and includes \$1,854,745 in unallocated corporate costs in sales, general and administrative and depreciation expense.

(2) Includes \$221,078 in amortization expense in cost of sales

associated with the purchase of ORC, which is not allocated among the segments and includes \$964,372 in unallocated corporate costs in sales, general and administrative expense.

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies (Note 2). The Company does not allocate selling, general and administrative expenses, income taxes, interest or other income and expense to segments.

10. Subsequent Events.

On March 17, 2009, the Company entered into a Debt Modification Agreement and Commercial Loan Agreement (2009 Commercial Loan Agreement) with Cardinal Bank. This new revolving credit facility replaces the Company's prior \$5 million revolving credit facility with Cardinal Bank. The 2009 Commercial Loan Agreement allows for the Company to borrow up to \$5 million. The repayment date of the revolving credit facility was extended to June 1, 2010 and advances under the revolving credit facility will bear interest at a variable rate equal to the prime rate plus 0.5%.

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EXHIBIT INDEX

21 Subsidiaries of WidePoint Corporation (Filed herewith).

23.1 Consent of Moss Adams LLP (Filed herewith).

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

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

FORM 10-K/A No. 1

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

Amendment No. 1 to Annual Report on Form 10-K for the year ended December 31, 2008

WIDEPOINT CORPORATION

(Exact name of registrant as specified in its charter.)

<u>Delaware</u>	<u>001-33035</u>	<u>52-2040275</u>
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
<u>One Lincoln Centre, Oakbrook Terrace, IL</u>		<u>60181</u>
(Address of principal executive offices)		(Zip Code)

(630) 629-0003

Registrant's phone number, including area code:

The undersigned registrant hereby amends the following items, financial statements, exhibits or other portions of its Annual Report on Form 10-K for the year ended December 31, 2008, as set forth in the pages attached hereto:

Part III	Item 10	Directors, Executive Officers and Corporate Governance
	Item 11	Executive Compensation
	Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
	Item 13	Certain Relationships and Related Transactions, and Director Independence

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Item 14 Principal Accountant Fees and Services

Part IV Item 15(b) Exhibits

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

WidePoint Corporation

Date: April 30, 2009

By: /s/ James T. McCubbin
James T. McCubbin
Executive Vice President and
Chief Financial Officer

INTRODUCTORY NOTE

This Form 10-K/A is being filed as Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and originally filed on March 31, 2009, for purposes of (i) adding information under Items 10, 11, 12, 13 and 14 of Part III, and (ii) amending Item 15(b) to include a material contract and certifications of the Company's Chief Executive Officer and Chief Financial Officer as exhibits 31.1A, 31.2A, and 32A attached hereto.

Part III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The following sets forth information regarding the directors, executive officers and certain significant employees of the Company as of March 31, 2009:

Name	Age	Position
Steve Komar	67	Chief Executive Officer, Director, and Chairman of the Board
James McCubbin	45	Executive Vice President, Chief Financial Officer, Secretary and Director
Ron Oxley	62	Executive Vice President Sales and Marketing, and Director
James Ritter	64	Director, Chairman of the Compensation and Nominating Committees
Morton Taubman	65	Director, Chairman of the Audit Committee
Otto Guenther	67	Director
George Norwood	66	Director
Daniel Turissini	49	Vice President, Chief Technology Officer and Chief Executive Officer and President-Operational Research Consultants, Inc.
Jin Kang	44	President of iSYS LLC

Steve Komar has served as a director since December 1997 and became Chairman of the Board of Directors in October 2001. Mr. Komar has also served as Chief Executive Officer since December 2001. From June 2000 until December 2001, Mr. Komar served as a founding partner in C-III Holdings, a development stage financial services company. From 1991 to June 2000, Mr. Komar served as Group Executive Vice President of Fiserv, Inc., a company that provides advanced data processing services and related products to the financial industry. From 1980 to 1991, Mr. Komar served in a number of financial management positions with CitiGroup, including the role of Chief Financial Officer of Diners Club International and Citicorp Information Resources, respectively. Mr. Komar is a graduate of the City University of New York with a Bachelor of Science Degree in Accounting and holds a Masters Degree in Finance from Pace University.

James McCubbin has served as a director and as our Secretary since November 1998. Mr. McCubbin was promoted to Executive Vice President and Chief Financial Officer of WidePoint in May 2008. Prior to that time, from August 1998 till May 2008, Mr. McCubbin served as WidePoint's Vice President and Chief Financial Officer. Prior to that time, from December 1997 to August 1998, Mr. McCubbin served as WidePoint's Vice President, Controller, Assistant Secretary and Treasurer. Prior to the commencement of his employment with WidePoint in November 1997, Mr. McCubbin held various financial consulting, management, and/or staff positions with several companies in the financial and government sectors including but not limited to Memtec America Corporation, a continuous microfiltration water technology company, McBee Consulting, a healthcare consulting firm, Martin Marietta presently known as Lockheed Martin, a multinational aerospace manufacturer and advanced technology company formed in 1995 by the merger of Lockheed Corporation with Martin Marietta Corporation, and Ernst and Young, an international auditing and accounting firm. Mr. McCubbin presently serves on the Board of Directors of Tianjin Pharmaceutical Company. Tianjin engages in the development, manufacture, marketing, and sale of traditional Chinese medicines and other pharmaceuticals in the Peoples Republic of China. Mr. McCubbin presently serves as Tianjin's Chairman of its Audit Committee, Nominating

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Committee, and Compensation Committee. Mr. McCubbin was on the Board of Directors of Redmile Entertainment, a worldwide developer and publisher of interactive entertainment software, and served as its Audit Committee Chairman until his resignation on March 1, 2008. Mr. McCubbin provides financial consulting services to small cap companies and has either served on or assisted various Boards of Directors over the past seven years. Mr. McCubbin is a graduate of the University of Maryland with a Bachelor of Science Degree in Finance and a Masters Degree in International Management.

Lieutenant (Ret.) General Otto Guenther, has served as a director since his appointment on August 15, 2007. General Guenther serves as a member of the Corporate Governance and Nominating Committee. He joins the board after a distinguished 34-year military career, including serving as the Army's first chief information officer, followed by nearly a decade of leadership within the federal information technology industry. His key assignments included the following: commanding general for Fort Monmouth, NJ, and the Communications Electronics Command; program executive officer for the Army's tactical communications equipment; project manager for the Tactical Automated Data Distribution System; and commander for the Defense Federal Acquisition Regulatory Council. General Guenther recently retired from Northrop Grumman Mission Systems, where he served as the Sector Vice President and General Manager of Tactical Systems Division. While there, he oversaw battlefield digitization, command and control, and system engineering activities for the U.S. Army. Under his leadership, the division grew to approximately 1,650 employees across several locations and completed over \$700 million in acquisitions. Previously General Guenther was general manager of Computer Associates International's Federal Systems Group, a \$300 million operation providing IT products and services to the federal market area. General Guenther was awarded several honors by the Army, including the Distinguished Service Medal, Legion of Merit (Oak Leaf Cluster), Defense Superior Service Medal (Oak Leaf Cluster), Joint Service Medal, and Army Commendation Medal. Recognized for his work within the industry, he also received several Armed Forces Communications and Electronics Association awards and was inducted into Government Computer News Hall of Fame. General Guenther received a bachelor's degree in economics from Western Maryland College, now called McDaniel College, and a master's degree in procurement and contracting from the Florida Institute of Technology.

Major (Ret.) General George Norwood has served as a director since his appointment on August 15, 2007. General Norwood serves as a member of the Audit Committee and the Compensation Committee. General Norwood is currently President and Chief Executive Officer of Norwood & Associates, Inc. of Tampa, Fla., which maintains extensive international and U.S. networks of government, military and private sector contacts while providing technical and strategic planning expertise to corporations pursuing defense-related opportunities. General Norwood previously served as Deputy Chief of Staff for the United Nations Command and United States Forces in Korea from 1995 to 1997. He also served as the U.S. member of the United Nations Command's Military Armistice Commission responsible for general officer level negotiations with North Korea. General Norwood served as Commander of the 35th Fighter Wing at Misawa Air Base in Japan in the early/mid-1990's, and earlier as Deputy Inspector General and Director of Inspections for the U.S. Air Force in Washington, D. C. Other key assignments included the following: senior leadership positions in F-16 fighter wings in Europe; War Reserve Material and Munitions Planning, Programming, and Budgeting expert at the Pentagon; and F-16 fighter squadron Commander and Operations Officer at Nellis Air Force Base in Nevada. He also served two combat tours in Southeast Asia in A-1 and F-4 aircraft. General Norwood currently serves on the boards of directors of Airborne Tactical Advantage Company and Scalable Network Technologies. He is on the board of strategic advisors of AtHoc, Inc. General Norwood received a bachelor's degree in mathematics from San Diego State University and a master's degree in business administration from Golden Gate University. He is a graduate of the National War College and Defense Language Institute.

James Ritter has served as a director since December 1999 and as Assistant Secretary since December 2002, resigning from the position of Assistant Secretary in 2008. Mr. Ritter is the Chairman of the Corporate Governance and Nominating Committee and the Compensation Committee and is also a member of the Audit Committee. Mr. Ritter is the retired Corporate Headquarters Chief Information Officer of Lockheed Martin Corporation. Prior to his retirement in February 2001, Mr. Ritter was employed at Lockheed Martin Corporation for over 32 years in various positions involving high level IT strategic planning and implementation, e-commerce development, integrated financial systems, and large-scale distributed systems.

Morton Taubman has served as a director since his appointment on March 10, 2006. Mr. Taubman is also the Chairman of the Audit Committee and is a member of the Compensation Committee and the Corporate Governance and Nominating Committee. Mr. Taubman is an attorney and certified public accountant with an expertise in corporate law, government contracting and international relations. Prior to forming the law firm Leser, Hunter, Taubman & Taubman, Mr. Taubman was the senior vice president and general counsel to DIGICON Corporation, an IT and telecommunications company. Before joining DIGICON, he was a senior and executive partner at Ginsburg, Feldman and Bress, LLP, an established Washington, D.C. firm that provided expertise in tax, telecommunications, litigation, federal regulatory issues, capital reformation, government contracting and international issues. Before that, he was a founding partner at a number of law firms, was the partner-in-charge of the Washington D.C. office of Laventhol & Harworth, a partner at Coopers & Lybrand and a special agent with the U.S. Treasury Department. Mr. Taubman has been an adjunct law professor for more than 15 years at Georgetown University and George Washington University. He presently also serves as special corporate counsel to Global Options Group, Inc. and Global Options, Inc., a company focusing on risk management and special government projects and as general counsel to Interior Systems, Inc. d/b/a ISI Professional Services, a United States federal contractor. He holds a bachelor's degree in accounting from the University of Baltimore, a Juris Doctor degree from the University of Baltimore Law School and a Master of Law degree from Georgetown University.

Ronald Oxley has served as a director since his appointment on August 15, 2006. Mr. Oxley became the Executive Vice President - Sales and Marketing for the Company in May 2008 and as a result, resigned from his position as Chairman of the Corporate Governance and Nominating

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Committee, and member of the Audit Committee and Compensation Committee. Mr. Oxley has had a distinguished career within the U.S. Federal Government and industry. His U.S. federal government career spanned almost 28 years with the Office of the Secretary of Defense and with the Departments of the Navy, Army and Air Force where he held various senior level executive positions. The last nine years of his federal career was at the Office of the Secretary of Defense where he monitored the development of the office's defense-wide strategic vision and implementation plan for command, control, communications, intelligence, surveillance and reconnaissance. Subsequent to his U.S. federal government career he also served as a senior level executive with several prominent U.S. federal government contractors that included Litton/PRC, Emergent Information Technologies and L-3 Communications. Mr. Oxley currently serves as an executive vice president of ARC International Corporation. ARC specializes in providing domestic and international middle-market and emerging growth companies with a broad range of strategic advisory services. Prior to joining ARC in 2004, Mr. Oxley was president and general manager of L-3 Communications Analytics Corporation based in Vienna, Virginia. L-3 Communications is a provider of information technology solutions to both industry and government, primarily in the aerospace and defense arena. Mr. Oxley served in the same capacity at Emergent Information Technologies, Inc. prior to being acquired by L-3 Communications in November 2001. He came to Emergent in April 2000, from Litton/PRC Inc, where he was senior vice president of business development and marketing. Before joining Litton/PRC in 1996, Mr. Oxley spent more than 28 years in the U.S. federal government, during which he was awarded a series of Meritorious Service Awards and was nominated for a Presidential Executive Career Award in 1996. Mr. Oxley holds a top secret SCI clearance with life style polygraph. He holds a Master of Science degree in systems management from the University of Southern California and a Bachelor of Science degree in business administration from California State University. He served in the U.S. Army from 1966 to 1968, including a tour of duty in Vietnam.

Daniel Turissini has served as the Vice President and Chief Technology Officer of WidePoint since December 2005. Mr. Turissini has also served as the Chief Executive Officer of Operational Research Consultants, Inc. (ORC), a wholly-owned subsidiary, since our acquisition of ORC on October 25, 2004. Mr. Turissini was a founding partner of ORC in 1991 and served as ORC's principal operating officer since its inception. An innovator in systems engineering and integration, Mr. Turissini has focused in the field of Information Assurance and Information Security while at ORC. While under his leadership, ORC has played a key systems integrator role for the DoD Public Key Infrastructure (PKI), the standard information assurance program being implemented across all branches of the DoD (a user community of approximately 36 million personnel, devices, and applications) and has been certified as the first of three certificate authorities for the Department of Defense's External Certificate Authority (ECA) program and by the General Services Administration to provide Access Certificates for Electronic Services (ACES). From 1982 until 1991, Mr. Turissini held various systems engineering and acquisition management positions in support of the U.S. Federal Government with a variety of companies including Tracor Applied Sciences, Inc., National Technologies Associates, Inc., and Gibbs and Cox, Inc. From 1981 to 1982, Mr. Turissini served in the Merchant Marine on various vessels as Engineer and Mate. Mr. Turissini is a graduate of the United States Merchant Marine Academy with a Bachelor of Science Degree in Engineering and holds a Masters of Engineering Administration from The George Washington University.

Mr. Kang has served as the President of WidePoint subsidiary iSYS LLC since its acquisition in January 2008. He founded the company in 1999 and has successfully managed the company as its President from its inception. Mr. Kang has over 20 years of professional experience in the Federal Government Information Technology Services field. Prior to starting iSYS, Mr. Kang was a Division Manager for Science Applications International Corporation (SAIC). His responsibilities included the Combined DNA Index System (CODIS), a marquee program for the FBI Laboratory Division. As the Engineering Manager for Northrop Grumman Corporation, Mr. Kang played a critical role in the management of the Defense Medical Information Systems/Systems Integration, Design Development, Operations and Maintenance Services (D/SIDDOMS) contract from its inception with zero revenues to a program of \$190M in sales. He had management responsibility for all personnel and contract performance for the D/SIDDOMS contract for U.S. Health Affairs. Mr. Kang received a Bachelor and a Masters Degrees in Computer Science and Computer Systems Management from the University of Maryland.

Our executive officers are elected by and serve at the discretion of the board of directors.

There are no family relationships among any of our executive officers or directors.

Code of Ethics

The Company's Board of Directors has a code of ethics for the chief executive and principal financial and accounting officers. The Company has posted a copy of the code on its website located at www.widepoint.com.

Audit Committee

The Company has an Audit Committee. The members of the Audit Committee are:

Morton S. Taubman (Chair)
James Ritter
George Norwood

The Audit Committee met four times in 2008. The primary functions of this Committee are to: appoint (subject to shareholder approval), and be directly responsible for the compensation, retention and oversight of, the firm that will serve as independent accountants to audit our financial statements and to perform services related to the audit (including the resolution of disagreements between management and the independent accountants regarding financial reporting); review the scope and results of the audit with the independent accountants; review with management and the independent accountants, prior to the filing thereof, the annual and interim financial results (including Management's Discussion and Analysis) to be included in Forms 10-K and 10-Q, respectively; consider the adequacy and effectiveness of our internal accounting controls and auditing procedures; review, approve and thereby establish procedures for the receipt, retention and treatment of complaints received by WidePoint regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; review and approve related person transactions in accordance with the policies and procedures of the Company; and consider the accountants' independence and establish policies and procedures for pre-approval of all audit and non-audit services provided to WidePoint by the independent accountants who audit its financial statements. At each meeting, Committee members meet privately with representatives of Moss Adams LLP, our independent accountants, and with WidePoint's Executive Vice President and Chief Financial Officer. The Board has determined that Mr. Taubman, an independent director, satisfies the accounting or related financial management expertise requirements set forth in the NYSE AMEX Corporate Governance Rules, and has designated Mr. Taubman as the audit committee financial expert, as such term is defined by the SEC.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of securities ownership and changes in such ownership with the Securities and Exchange Commission. Statements of Changes in Beneficial Ownership of Securities on Form 4 are generally required to be filed before the end of the second business day following the day on which the change in beneficial ownership occurred. Based on a review of Forms 3 and 4 filed during 2008, Mr. James Ritter failed to timely file one Form 4 reporting one transaction.

ITEM 11. EXECUTIVE COMPENSATION.

The following table contains information about the Chief Executive Officer and the four other most highly paid executive officers whose total compensation earned during 2008 exceeded \$100,000.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(2)	Total (\$)
Steve Komar Chief Executive Officer	2008	94,167	--	--	--	--	--	7,200	101,367
	2007	40,000	--	--	--	--	--	7,200	47,200
James McCubbin Executive Vice President, Chief Financial Officer, Secretary and Treasurer	2008	141,875	40,000	--	--	--	--	6,000	187,875
	2007	119,000	--	--	--	--	--	6,000	125,000
Ron Oxley (3) Executive Vice President Sales & Marketing	2008	112,500	--	--	202,500	--	--	7,000	322,000
	2007	--	--	--	--	--	--	12,000	12,000
Dan Turissini Chief Technology Officer and Chief Executive Officer of ORC (4)	2008	225,000	--	--	--	--	--	--	225,000
	2007	225,000	50,000	--	--	--	--	--	275,000
Jin Kang (5) President, iSYS	2008	225,000	--	--	267,750	--	--	--	492,750
	2007	--	--	--	--	--	--	--	--

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(1) Reference is made to Note 2 to the consolidated financial statements contained in our Annual Report on Form 10-K, as filed on March 31, 2009, with respect to the calculation of such amounts.

(2) For Mr. Komar, represents a monthly home office and cell phone allowance of \$600. For Mr. McCubbin, represents a monthly home office allowance of \$500.

(3) For Mr. Oxley, Directors fees were paid of \$7,000 prior to his employment with the Company commencing in May of 2008 and 250,000 in options were granted to Mr. Oxley as a result of his employment with the Company in May of 2008, with such options being granted on July 25, 2008 at a price per common share of \$0.81 with an intrinsic value of \$202,500. Such options become fully exercisable on July 25, 2015, subject to acceleration upon the achievement of certain performance measures. In 2007, Mr. Oxley received a Directors fee of \$12,000.

(4) A bonus was paid to Mr. Turissini in 2007 in connection with the extension of his employment agreement for two additional years.

(5) For Mr. Kang, options were granted to Mr. Kang as a result of his employment with the Company commencing in January 2008, as part of our acquisition of iSYS, LLC. Options representing 315,000 common shares were issued on January 4, 2008 at a price per common share of \$0.85 per common share with an intrinsic value of \$267,750. Such options became fully exercisable on April 5, 2008. Mr. Kang was not employed by the Company during 2007.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information on outstanding warrants, options and stock awards held by the named executive officers at December 31, 2008, including the number of shares underlying both exercisable and unexercisable portions of each stock option and warrant, as well as the exercise price and expiration date of each outstanding option and warrant.

Name	Option Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date
Steve L. Komar, Chairman, President & Chief Executive Officer	425,000	--	--	\$ 0.07	7/7/2012
	50,000	--	--	\$ 0.09	4/24/2013
	50,000	--	--	\$ 0.13	12/31/2013
	1,333,333	--	--	\$0.235	7/14/2009
James T. McCubbin, Executive Vice President, Chief Financial Officer, Secretary and Treasurer	1,000	--	--	\$ 1.35	7/3/2010
	450,000	--	--	\$ 0.17	1/2/2010
	1,333,333	--	--	\$0.235	7/14/2009
Ronald Oxley Executive Vice President, Sales & Marketing	12,000	--	--	\$ 2.80	8/15/2016
	50,000	--	--	\$ 2.80	8/15/2016
	--	250,000	--	\$ 0.81	7/25/2018
Daniel Turissini, Chief Technology Officer and Chief Executive Officer of ORC	470,000	--	--	\$ 0.76	9/14/2015
Jin Kang President iSYS, LLC	315,000	--	--	\$ 0.85	1/4/2013

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The Company granted 565,000 options to the named executive officers in 2008 and no options were exercised by the named executive officers in 2008.

Employment Agreements and Compensation Arrangements; Termination and Change in Control Provisions

The following describes the terms of employment agreements between the Company and the named executive officers and sets forth information regarding potential payments upon termination of employment or a change in control of the Company.

Mr. Komar. On July 1, 2002, we entered into an employment agreement with Steve Komar, our Chief Executive Officer and President. The employment agreement had an initial term expiring on July 1, 2003 with five renewable one-year options remaining. On July 25, 2008, the Company entered into an addendum to the employment agreement that provided that Mr. Komar's employment agreement shall be extended by one year and provided for an additional one year extension. The agreement provides for (1) a base salary of \$40,000 per year, which was increased to \$180,000 per year in 2008, (2) a home office/automobile expense allowance of \$500 per month to cover such expenses incurred in the pursuit of our business; (3) a phone allowance of \$100 per month to cover such expenses incurred in the pursuit of our business; (4) reimbursement for additional actual business expenses consistent with our existing policies that have been incurred for our benefit; (5) paid medical and other benefits consistent with our existing policies with respect to our key executives, as such policies may be amended from time to time in the future; and (6) performance incentive bonuses as may be granted annually at the discretion of the Compensation Committee of the Board of Directors.

The employment agreement also contains termination and change of control provisions as a result of (a) Mr. Komar's death or permanent disability which renders him unable to perform his duties hereunder (as determined by the Company in its good faith judgment), (b) by Mr. Komar's resignation upon the expiration of the Employment Period, provided that Mr. Komar gives at least 90 days prior written notice to the Company, (c) the termination of his employment at the convenience of the Board of Directors of the Company by unanimous consent (excluding the consent of Mr. Komar if Mr. Komar is also a director of the Company at that time) with at least 90 days notice to be provided by the Company to Mr. Komar prior to the expiration of the Employment Period, (d) a change in control of more than 50% of the outstanding shares of the Company, (e) a sale or other disposition of a majority of the Company's base IT Staff Augmentation business, (f) the insolvency of the Company, or (g) a termination by the Company for Cause. In the event Mr. Komar is not in breach of the employment agreement and the Employment Period is terminated prior to the expiration of the then current term, then in certain events, termination payments may become payable by the Company as set forth in more detail below. In the event of the death or permanent disability of Mr. Komar, \$50,000 shall be paid to Mr. Komar or his estate and all granted but unvested stock options shall be immediately vested and the period of exercise extended for an additional 2 years.

In the event of Mr. Komar's resignation, no termination payments or accelerated vesting of stock options shall occur. In the event of termination at the election of the Company, then \$250,000 will be due and payable by the Company to Mr. Komar as a severance payment, which payment will be paid in 12 equal installment payments of \$20,833.33 each over the immediately subsequent 12 months following such date of termination and all awarded but unvested stock options shall be immediately vested and the period of exercise extended for the then remaining term of the option as provided under the option agreement. In the event of a termination occurring as a result of a change in control of more than 50% of the outstanding shares of the Company, then \$250,000 will be payable by the Company to Mr. Komar as a severance payment, which payment will be paid in one lump-sum payment within 30 days of the date of such termination and all awarded but unvested stock options shall be immediately vested and the period of exercise extended for the then remaining term of the option as provided under the option agreement. In the event of termination as a result of a sale or other disposition of a majority of the Company's base IT Staff Augmentation business, then \$250,000 will be payable by the Company to Mr. Komar as a severance payment, which payment will be paid in one lump-sum payment within 30 days of the date of such termination and all awarded but unvested stock options shall be immediately vested and the period of exercise extended for the then remaining term of the option as provided under the option agreement. In the event of a change of control of more than 50% of the outstanding shares of the Company that allows for the continuance of employment under his agreement, then a \$100,000 lump sum payment is immediately due to Mr. Komar, and any future payments under this agreement for termination as a result of a change of control greater than 50% of the outstanding shares of the Company or in the event of termination as a result of a sale or other disposition of a majority of the Company's base IT Staff Augmentation business shall result in a \$150,000 payment to Mr. Komar. In the event of the insolvency of the Company while Mr. Komar is employed by the Company as Chief Executive Officer or similar position of control, then all obligations under this Agreement will immediately terminate except that the Company shall pay to Mr. Komar a termination payment of \$50,000.00 on such date of termination of employment and no further compensation or other payments beyond the insolvency date will be due or payable to Mr. Komar by the Company. In the event of a termination for Cause, no payments will be due or payable by the Company to Mr. Komar. Cause shall mean (i) the repeated failure or refusal of Mr. Komar to follow the lawful directives of the Company or its designee (except due to sickness, injury or disabilities), (ii) gross inattention to duty or any other willful, reckless or grossly negligent act (or omission to act) by Mr. Komar, which, in the good faith judgment of the Company, materially injures the Company, including the repeated failure to follow the policies and procedures of the Company, (iii) a material breach of this Agreement by Mr. Komar which is not cured within a 60 day period following formal notification by the Company, or (iv) the commission by Mr. Komar of an act of financial dishonesty against the Company that results in the conviction of a felony.

Mr. McCubbin. On July 1, 2002, we entered into an employment agreement with James McCubbin, our Chief Financial Officer. The employment agreement had an initial term expiring on July 1, 2003 with five renewable one-year options remaining. On July 25, 2008 the

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Company entered into an addendum to the employment agreement that provided that Mr. McCubbin's employment agreement shall be extended by one year and provided for an additional one year extension. The agreement provides for (1) a base salary of \$119,000 per year, which was increased to \$180,000 in 2008, (2) a home office/automobile expense allowance of \$500 per month to cover such expenses incurred in the pursuit of our business; (3) reimbursement for additional actual business expenses consistent with our existing policies that have been incurred for our benefit; (4) paid medical and other benefits consistent with our existing policies with respect to our key executives, as such policies may be amended from time to time in the future; and (5) performance incentive bonuses as may be granted annually at the discretion of the Compensation Committee of the Board of Directors.

The employment agreement also contained termination and change of control provisions as a result of (a) Mr. McCubbin's death or permanent disability which renders Mr. McCubbin unable to perform his duties hereunder (as determined by the Company in its good faith judgment), (b) Mr. McCubbin's resignation upon the expiration of the Employment Period, provided that Mr. McCubbin gives at least 90 days prior written notice to the Company, (c) the termination of his employment at the convenience of the Board of Directors of the Company by unanimous consent (excluding the consent of Mr. McCubbin if he is also a director of the Company at that time) with at least 90 days notice to be provided by the Company to Mr. McCubbin prior to the expiration of the Employment Period, (d) a change in control of more than 50% of the outstanding shares of the Company, (e) a sale or other disposition of a majority of the Company's base IT Staff Augmentation business, (f) the insolvency of the Company, or (g) a termination by the Company for Cause.

In the event Mr. McCubbin is not in breach of this Agreement and the Employment Period is terminated prior to the expiration of the then current term, then in certain events as described below, termination payments may become payable by the Company. In the event of the death or permanent disability of Mr. McCubbin, \$50,000 shall be paid to Mr. McCubbin or his estate and all granted but unvested stock options shall be immediately vested and the period of exercise extended for an additional 2 years. In the event of Mr. McCubbin's resignation, no termination payments or accelerated vesting of stock options shall occur. In the event of termination at the election of the Company, then \$125,000 will be due and payable by the Company to Mr. McCubbin as a severance payment, which payment will be paid in 12 equal installment payments of \$10,416.66 each over the immediately subsequent 12 months following such date of termination and all awarded but unvested stock options shall be immediately vested and the period of exercise extended for the then remaining term of the option as provided under the option agreement. In the event of a termination occurring as a result of a change in control of more than 50% of the outstanding shares of the Company, then \$250,000 will be payable by the Company to Mr. McCubbin as a severance payment, which payment will be paid in one lump-sum payment within 30 days of the date of such termination and all awarded but unvested stock options shall be immediately vested and the period of exercise extended for the then remaining term of the option as provided under the option agreement. In the event of termination as a result of a sale or other disposition of a majority of the Company's base IT Staff Augmentation business, then \$250,000 will be payable by the Company to Mr. McCubbin as a severance payment, which payment will be paid in one lump-sum payment within 30 days of the date of such termination and all awarded but unvested stock options shall be immediately vested and the period of exercise extended for the then remaining term of the option as provided under the option agreement. In the event of a change of control of more than 50% of the outstanding shares of the Company that allows for the continuance of employment under this agreement, then a \$100,000 lump sum payment is immediately due to Mr. McCubbin, and any future payments under this agreement for termination as a result of a change of control greater than 50% of the outstanding shares of the Company or in the event of termination as a result of a sale or other disposition of a majority of the Company's base IT Staff Augmentation business shall result in a \$150,000 payment to Mr. McCubbin. In the event of the insolvency of the Company while Mr. McCubbin is employed by the Company as Chief Financial Officer or similar position of control, then all obligations under this Agreement will immediately terminate except that the Company shall pay to Mr. McCubbin a termination payment of \$50,000 on such date of termination of employment and no further compensation or other payments beyond the insolvency date will be due or payable to Mr. McCubbin by the Company. In the event of a termination for Cause, no payments will be due or payable by the Company to Mr. McCubbin. Cause shall mean (i) the repeated failure or refusal of Mr. McCubbin to follow the lawful directives of the Company or its designee (except due to sickness, injury or disabilities), (ii) gross inattention to duty or any other willful, reckless or grossly negligent act (or omission to act) of Mr. McCubbin, which, in the good faith judgment of the Company, materially injures the Company, including the repeated failure to follow the policies and procedures of the Company, (iii) a material breach of this Agreement by Mr. McCubbin which is not cured by Employee within a 60 day period following formal notification by the Company, or (iv) the commission by Mr. McCubbin of an act of financial dishonesty against the Company that results in the conviction of a felony.

Mr. Oxley. In May 2008, the Company entered into an employment agreement with Ronald Oxley, our Executive Vice President of Sales, Marketing and Business Strategy. The agreement provides for (1) a base salary of \$180,000 per year, (2) reimbursement for pre-approved business expenses consistent with our existing policies that have been incurred for our benefit; (3) paid medical and other benefits consistent with our existing policies with respect to our key executives, as such policies may be amended from time to time in the future; and (4) performance incentive bonuses as may be granted at the discretion of the Compensation Committee of the Board of Directors.

The agreement also contains a termination provision. His employment period will continue from the date of his agreement unless terminated earlier by (a) Mr. Oxley's death or permanent disability which renders him unable to perform his duties hereunder (as determined by WidePoint in its good faith judgment), (b) Mr. Oxley's resignation, commencing from and after the second anniversary date of his agreement, upon prior written notice to WidePoint of 90 days before the annual anniversary date of this Agreement, or (c) WidePoint for Cause. Cause shall mean (i) the repeated failure or refusal of Mr. Oxley to follow the lawful directives of WidePoint or its designee (except due to sickness, injury or disabilities), after prior notice to Mr. Oxley and a reasonable opportunity to cure by Mr. Oxley of up to 30 days, (ii) gross inattention to duty

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or any other willful, reckless or grossly negligent act (or omission to act) by Mr. Oxley, which, in the good faith judgment of WidePoint, materially injures WidePoint, including the repeated failure to follow the policies and procedures of WidePoint, after prior notice to Mr. Oxley and a reasonable opportunity to cure by Mr. Oxley of up to 30 days, (iii) a material breach of the employment agreement by Mr. Oxley, after prior notice to Mr. Oxley and a reasonable opportunity to cure by Mr. Oxley of up to 30 days, (iv) the commission by Mr. Oxley of a felony or other crime involving moral turpitude or the commission by Mr. Oxley of an act of financial dishonesty against WidePoint or (v) a proper business purpose of WidePoint, which shall be limited only to a decrease in the staffing of the corporate headquarters staff or the elimination of the position filled by Mr. Oxley as a result of a material decrease in revenues and/or profits of WidePoint, but with other cost cutting measures and the termination of other employees at such office being first considered and instituted as determined in the sole judgment of WidePoint prior to the termination of Mr. Oxley; provided, however, that in the event WidePoint terminates Mr. Oxley for a proper business purpose, then (I) the scope of the non-compete set forth in the employment agreement shall be limited to the products and services offered by WidePoint as of the termination of Mr. Oxley and (II) WidePoint shall pay to Mr. Oxley the lesser of (A) Mr. Oxley's salary and benefits each month for the 6 month period immediately following such termination or (B) in the event less than 6 months remains in the then current term of Mr. Oxley's employment with WidePoint, then Mr. Oxley shall receive his salary and benefits each month for such lesser remaining period of time.

Mr. Oxley's employment agreement further provides that during the employment period and for one year following the termination of Mr. Oxley's agreement as a result of his resignation or a termination by WidePoint for cause, Mr. Oxley will not own, manage, control, participate in, consult with, advertise on behalf of, render services for or in any manner engage in any competitive business of soliciting or providing any computer, technology, information technology, consulting or any other services and/or products of any type whatsoever to any federal, state and/or local governments and/or to any existing or targeted customers or clients of WidePoint; nor shall Mr. Oxley attempt to influence any then existing or targeted customers, clients or suppliers of WidePoint to curtail any business they are currently, or in the last 24 months have been, transacting with WidePoint. Furthermore, during such period, Mr. Oxley shall not, without WidePoint's prior written consent, knowingly solicit or encourage any existing employee or recruit to leave or discourage their employment with WidePoint.

Mr. Turissini. On October 24, 2004, the Company entered into an employment agreement with Daniel Turissini, our Chief Technology Officer and the Chief Executive Officer of our wholly owned subsidiary, Operational Research Consultants, Inc. (ORC). The employment agreement had an initial term expiring on October 25, 2006. On July 25, 2007 the Company entered into an addendum to the employment agreement that provided that Mr. Turissini's employment agreement shall be annually renewable through October 24, 2009. The agreement provides for (1) a base salary of \$225,000 per year, (2) reimbursement for additional actual business expenses consistent with our existing policies that have been incurred for our benefit; (3) paid medical and other benefits consistent with our existing policies with respect to our key executives, as such policies may be amended from time to time in the future; and (4) performance incentive bonuses as may be granted annually at the discretion of the Compensation Committee of the Board of Directors.

The agreement also contains a termination provision. His employment period will continue from the date of his agreement on October 24, 2004 unless terminated earlier by (a) Mr. Turissini's death or permanent disability which renders him unable to perform his duties hereunder (as determined by ORC and WidePoint in their good faith judgment), (b) Mr. Turissini's resignation, commencing from and after the third anniversary date of his agreement, upon prior written notice to ORC and WidePoint of 90 days before the annual anniversary date of this Agreement, or (c) ORC and/or WidePoint for Cause. Cause shall mean (i) the repeated failure or refusal of Mr. Turissini to follow the lawful directives of ORC, WidePoint or their designee (except due to sickness, injury or disabilities), after prior notice to Mr. Turissini and a reasonable opportunity to cure by Mr. Turissini of up to 30 days, (ii) gross inattention to duty or any other willful, reckless or grossly negligent act (or omission to act) by Mr. Turissini, which, in the good faith judgment of ORC and WidePoint, materially injures ORC or WidePoint, including the repeated failure to follow the policies and procedures of ORC or WidePoint, after prior notice to Mr. Turissini and a reasonable opportunity to cure by Mr. Turissini of up to 30 days, (iii) a material breach of this Agreement by Mr. Turissini, after prior notice to Mr. Turissini and a reasonable opportunity to cure by Mr. Turissini of up to 30 days, (iv) the commission by Mr. Turissini of a felony or other crime involving moral turpitude or the commission by Mr. Turissini of an act of financial dishonesty against ORC or WidePoint or (v) a proper business purpose of ORC or WidePoint, which shall be limited only to a decrease in the staffing of the office in which Mr. Turissini is working or the elimination of the position filled by Mr. Turissini as a result of a material decrease in revenues and/or profits at the office in which Mr. Turissini is working, but with other cost cutting measures and the termination of other employees at such office being first considered and instituted as determined in the sole judgment of ORC and WidePoint prior to the termination of Mr. Turissini; provided, however, that in the event ORC terminates Mr. Turissini for a proper business purpose, then (I) the scope of the non-compete set forth in the employment agreement shall be limited to the products and services offered by ORC as of the termination of Mr. Turissini and (II) ORC shall pay to Mr. Turissini the lesser of (A) Mr. Turissini's salary and benefits each month for the 6 month period immediately following such termination or (B) in the event less than 6 months remains in the then current term of Mr. Turissini's employment with ORC, then Mr. Turissini shall receive his salary and benefits each month for such lesser remaining period of time.

Mr. Turissini's employment agreement further provides that for one year following the termination of Mr. Turissini's agreement as a result of his resignation or a termination by ORC or WidePoint for cause, Mr. Turissini will not own, manage, control, participate in, consult with, advertise on behalf of, render services for or in any manner engage in any competitive business of soliciting or providing any computer, technology, information technology, consulting or any other services and/or products of any type whatsoever to any federal, state and/or local governments and/or to any existing or targeted customers or clients of ORC and/or WidePoint; nor shall Mr. Turissini attempt to influence any then existing or targeted customers, clients or suppliers of ORC or WidePoint to curtail any business they are currently, or in the last 36 months

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have been, transacting with ORC or WidePoint. Furthermore, during such period, Mr. Turissini shall not, without ORC's or WidePoint's prior written consent, knowingly solicit or encourage any existing employee or recruit to leave or discourage their employment with ORC or WidePoint.

Mr. Kang. In January 2008, Jin Kang entered into an Employment and Non-Compete Agreement with iSYS, LLC and WidePoint, pursuant to which Mr. Kang will serve as the President of iSYS. The agreement provides for (1) a base salary of \$225,000 per year, (2) reimbursement for business expenses consistent with our existing policies that have been incurred for our benefit, (3) paid medical and other benefits consistent with our existing policies with respect to our key executives, as such policies may be amended from time to time in the future, and (4) performance incentive bonuses as may be granted at the discretion of the Compensation Committee of the Board of Directors.

The agreement also contains a termination provision. His employment period will continue from the date of his agreement unless terminated earlier by (a) Mr. Kang's death or permanent disability, (b) Mr. Kang's resignation (other than for Good Reason), upon prior written notice to WidePoint and iSYS of 90 days, or (c) iSYS or WidePoint for Cause. Cause shall mean (i) the repeated failure or refusal of Mr. Kang to follow the lawful directives of iSYS, WidePoint or their designee (except due to sickness, injury or disabilities), after prior notice to Mr. Kang and a reasonable opportunity to cure by Mr. Kang of up to 30 days, (ii) gross inattention to duty or any other willful, reckless or grossly negligent act (or omission to act) by Mr. Kang, which, in the good faith judgment of WidePoint or iSYS, materially injures WidePoint or iSYS, including the repeated failure to follow the policies and procedures of WidePoint or iSYS, after prior notice to Mr. Kang and a reasonable opportunity to cure by Mr. Kang of up to 30 days, (iii) a material breach of his employment agreement by Mr. Kang, after prior notice to Mr. Kang and a reasonable opportunity to cure by Mr. Kang of up to 30 days or (iv) the conviction by Mr. Kang of a felony or other crime involving moral turpitude or the commission by Mr. Kang of an act of financial dishonesty against WidePoint or iSYS. Good Reason shall mean (i) a material breach of the employment agreement by WidePoint or iSYS, subject to written notice and an opportunity to cure of up to 30 days, (ii) any material adverse alteration or diminution of Mr. Kang's duties, subject to written notice and an opportunity to cure of up to 30 days, and (iii) the relocation of iSYS's principal executive offices to a location more than 50 miles from its present location.

Upon termination of Mr. Kang's employment without Cause or by Mr. Kang for Good Reason, iSYS shall pay to Mr. Kang (i) any unpaid base salary as of the date of termination, (ii) in the event that the termination occurs prior to the third anniversary of WidePoint's acquisition of iSYS, base salary from the date of termination until the third anniversary of WidePoint's acquisition of iSYS, (iii) a pro rata portion of any bonus payable to Mr. Kang in respect of the year in which the termination occurs and (iv) reimbursement of outstanding business expenses.

Mr. Kang's employment agreement further provides that during the employment period and for two years following the termination of Mr. Kang's employment as a result of his resignation other than for Good Reason or a termination by WidePoint or iSYS for Cause, Mr. Kang will not own, manage, control, participate in, consult with, advertise on behalf of, render services for or in any manner engage in any competitive business of soliciting or providing any computer, technology, information technology, consulting or any other services and/or products of any type whatsoever to any federal, state and/or local governments and/or to any existing or targeted customers or clients of WidePoint and iSYS; nor shall Mr. Kang attempt to influence any then existing or targeted customers, clients, consultants or suppliers of WidePoint or iSYS to curtail any business they are currently, or in the last 36 months have been, transacting with WidePoint or iSYS. Furthermore, during such period, Mr. Kang shall not, without the prior written consent of WidePoint and iSYS, knowingly solicit or encourage any existing employee, consultant or recruit to leave or discourage their employment with WidePoint or iSYS.

Director Compensation

Directors who are not also officers or employees receive an annual fee of \$12,000. The following table sets forth director compensation for fees paid and stock option compensation expense recognized by the Company in 2008:

Director Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	All Other Compensation (\$)	Total (\$)
James Ritter	12,000	--	--	12,000
Morton Taubman	12,000	--	--	12,000
George Norwood	12,000	--	--	12,000
Otto Guenther	12,000	--	--	12,000

(1) The aggregate number of shares subject to outstanding options held by each director as of December 31, 2008 is as follows: Mr. Ritter 50,000; and Mr. Taubman 62,000, General Norwood 62,000, and General Guenther 62,000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

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The following table sets forth information as to those holders (other than officers and directors) known to WidePoint to be the beneficial owners of more than 5% of the outstanding shares of Common Stock as of April 25, 2009.

Security Ownership of Certain Beneficial Owners (Greater than 5% Holders)

Names and Complete Mailing Address	Number of Shares	Percent of Common Stock Outstanding
Citigroup Inc., Citigroup Global Markets, Inc., Citigroup Financial Products Inc and Citigroup Global Markets Holdings Inc. 388 Greenwich Street New York, NY 10013	4,997,500	8.6%(1)
Samuel Andrew Donaldson 1717 Desales St., N.W. Washington, D.C., 20036	3,035,000	5.2%(2)
Ewing & Partners, Timothy G. Ewing, Ewing Asset Management, LLC and Endurance General Partners, L.P. 4515 Cole Avenue Suite 808 Dallas, TX 75205	3,280,500	5.6%(3)

(1) Citigroup Inc, Citigroup Global Markets, Citigroup Financial Products Inc., and Citigroup Global Markets Holdings Inc. share voting and dispositive power in respect to all shares listed above.

(2) Samuel Andrew Donaldson has sole voting and dispositive power in respect to the shares listed above.

(3) Ewing & Partners has sole voting and dispositive power over 3,280,500 shares. Each of Timothy G. Ewing, Ewing Asset Management, LLC and Endurance General Partners, L.P. has sole voting and dispositive power over 3,240,500 shares.

The following table sets forth the number of shares of our Common Stock beneficially owned as of April 25, 2009 with respect to the beneficial ownership of Common Stock by each director, director nominee, and each executive officer named in the Summary Compensation Table herein. In general, beneficial ownership includes those shares a director or executive officer has the power to vote or transfer, except as otherwise noted, and shares underlying warrants and stock options that are exercisable currently or within 60 days.

Security Ownership of Directors and Executive Officers

<u>Directors, Nominees and Executive Officers</u>	<u>Number of Shares of Common Stock (1)</u>	<u>Percent of Outstanding Common Stock (1)</u>
Steve Komar (2)	2,658,333	4.6%
Morton Taubman (3)	62,000	0.1%
James McCubbin (4)	2,641,433	4.5%
James Ritter (5)	90,500	0.1%
Daniel Turissini (6)	1,299,611 133,000	2.2% 0.1%

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<u>Directors, Nominees and Executive Officers</u>	<u>Number of Shares of Common Stock (1)</u>	<u>Percent of Outstanding Common Stock (1)</u>
Ronald Oxley (7)		
Jin Kang (8)	1,919,817	3.3%
Otto Guenther (9)	60,000	0.1%
George Norwood (10)	60,000	0.1%
All directors and officers as a group (9 persons) (11)	8,924,694	15.3%

(1) Assumes in the case of each shareholder listed in the above list that all warrants or options held by such shareholder that are exercisable currently or within 60 days were fully exercised by such shareholder, without the exercise of any warrants or options held by any other shareholders.

(2) Includes (i) 800,000 shares of Common Stock owned directly by Mr. Komar, (ii) 425,000 shares of Common Stock that may be purchased by Mr. Komar at a price of \$0.07 per share until July 7, 2012, pursuant to a stock option grant to him on January 7, 2002, (iii) 50,000 shares of Common Stock at an exercise price of \$0.09 per share through April 24, 2013 pursuant to a stock option granted to him on April 24, 2003, (iv) 50,000 shares of Common Stock at an exercise price of \$0.13 per share through December 31, 2013 pursuant to a stock option granted to him on December 31, 2003, and (v) 1,333,333 shares of Common Stock at an exercise price of \$0.235 per share through July 14, 2009 pursuant to a warrant granted to him on July 14, 2004.

(3) Includes (i) 12,000 shares of Common Stock that may be purchased by Mr. Taubman at a price of \$2.70 per share until March 10, 2016, pursuant to a stock option granted to him on March 10, 2006, and (ii) 50,000 shares of Common Stock that may be purchased by him at a price of \$2.70 per share through March 10, 2016, under an option granted on March 10, 2006.

(4) Includes (i) 857,100 shares of Common Stock owned directly by Mr. McCubbin, (iii) 450,000 shares of Common Stock that may be purchased by Mr. McCubbin at a price of \$0.17 per share until January 2, 2011, pursuant to a stock option grant to him on January 2, 2001, (iii) 1,000 shares of Common stock that may be purchased by Mr. McCubbin, at a price of \$1.35 per share until July 3, 2010, pursuant to a stock option granted to him on July 3, 2000, and (iv) 1,333,333 shares of Common Stock at an exercise price of \$0.235 per share through July 14, 2009 pursuant to a warrant granted to him on July 14, 2004.

(5) Includes (i) 65,500 shares of Common Stock owned directly by Mr. Ritter, and (ii) 50,000 shares of Common Stock that may be purchased by him at a price of \$0.13 per share through December 31, 2013, under an option granted on December 31, 2003.

(6) Includes (i) 825,000 shares of Common Stock issued to Mr. Turissini in connection with the Company's acquisition in October 2004 of Operational Research Consultants, Inc., (ii) 470,000 shares of Common Stock that may be purchased by Mr. Turissini at a price of \$0.76 per share until September 14, 2015, pursuant to a stock option grant to him on September 14, 2005, and (iii) 4,611 shares of restricted Common Stock privately issued to Mr. Turissini by the Company as a result of a stock award earned in 2005 and paid to him in 2006.

(7) Includes (i) 12,000 shares of Common Stock that may be purchased by Mr. Oxley at a price of \$2.80 per share until August 16, 2016, pursuant to a stock option granted to him on August 16, 2006 under the Directors Plan, (ii) 50,000 shares of Common Stock that may be purchased by him at a price of \$2.80 per share through August 16, 2016, under an option granted on August 16, 2006, and (iii) 71,000 shares owned directly by Mr. Oxley. Does not include 250,000 shares that may be purchased by Mr. Oxley at a price of \$0.81 per share until July 25, 2018, pursuant to a stock option granted to him on July 25, 2008. Such options become fully exercisable on July 25, 2015, subject to acceleration upon the achievement of certain performance measures.

(8) Includes (i) 1,350,000 shares of Common Stock issued to Mr. Kang in January 2008 in connection with our acquisition of iSYS, (ii) 184,817 shares of Common Stock released to Mr. Kang as a result of the release of certain earnout shares awarded to Mr. Kang in connection with our acquisition of iSYS, (iii) 70,000 shares of Common Stock owned directly by Mr. Kang, and (iv) 315,000 shares of

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Common Stock that may be purchased by him at a price of \$0.85 per share through January 14, 2013, under an option granted on January 4, 2008.

(9) Includes (i) 10,000 shares of Common Stock that may be purchased by Mr. Guenther at a price of \$0.93 per share until August 14, 2017, pursuant to a stock option granted to him on August 15, 2007, and (ii) 50,000 shares of Common Stock that may be purchased by him at a price of \$0.93 per share through August 14, 2017, under an option granted on August 15, 2007. Does not include 2,000 shares that may be purchased by Mr. Guenther at a price of \$0.93 per share until August 15, 2017, pursuant to a stock option granted to him on August 15, 2007 that vests on August 15, 2009.

(10) Includes (i) 10,000 shares of Common Stock that may be purchased by Mr. Norwood at a price of \$0.93 per share until August 14, 2017, pursuant to a stock option granted to him on August 15, 2007, and (ii) 50,000 shares of Common Stock that may be purchased by him at a price of \$0.93 per share through August 14, 2017, under an option granted on August 15, 2007. Does not include 2,000 shares that may be purchased by Mr. Norwood at a price of \$0.93 per share until August 15, 2017, pursuant to a stock option granted to him on August 15, 2007 that vests on August 15, 2009.

(11) Includes the shares referred to as included in notes (2), (3), (4), (5), (6), (7), (8), (9), and (10), above.

Equity Compensation Plan Information:

The following table sets forth information as of December 31, 2008, with respect to the Company's compensation plans under which its Common Stock is authorized for issuance:

	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance (excluding securities reflected in column (a))
Equity Compensation Plans:			
Approved by security holders	4,523,412	\$0.65	4,535,438
Not approved by security holders	4,091,045	\$0.25	-0-
Total	8,614,457	\$0.46	4,535,438

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

A related person transaction is a consummated or currently proposed transaction in which we were or are to be a participant and the amount involved exceeds \$120,000, and in which a related person (i.e., any director or executive officer or nominee for director, or any member of the immediate family of such person) has or will have a direct or indirect material interest.

The Company was not a participant in any related person transactions since the beginning of the Company's last fiscal year and no such transactions are currently proposed with the exception that the Company in January 2008 completed the closing of the acquisition of all the issued and outstanding membership interests of iSYS, LLC from Mr. Jin Kang, the sole owner-member of iSYS, pursuant to the terms of a Membership Interest Purchase Agreement, dated as of January 2, 2008, between the Company, iSYS, and Jin Kang. Mr. Kang presently serves at the President of iSYS, LLC. Pursuant to the terms of the Membership Interest Purchase Agreement, the Company paid Jin Kang the following consideration at the closing: (i) \$5,000,000 in cash, (ii) \$2,000,000 principal amount in an Installment Cash Promissory Note, which bore simple annual interest at the initial rate of 7% through December 31, 2008, and thereafter the simple interest rate was increased to 10% from January 1, 2009 through the date of maturity, which occurred on the filing by the Company of its Annual Report on Form 10-K for the year ending December 31, 2008 on March 31, 2009, and (iii) the issuance of 1,500,000 shares of Company common stock. The Company also issued an additional 3,000,000 shares of Company common stock in the name of Jin Kang, which shares were delivered into escrow to be held subject to the satisfaction of certain earnout provisions under the Membership Interest Purchase Agreement, and which shares are subject to return to the

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Company in the event such earnout provisions are not achieved under the terms of the Membership Interest Purchase Agreement. In July of 2008, upon the completion of an audit of the working capital of iSYS at December 31, 2007, the Company paid to Mr. Kang approximately \$143,000 to reconcile an overage of working capital delivered to the Company at December 31, 2007. The Company also paid to Mr. Kang in March 2009 \$2,186,000 in satisfaction of the above-referenced Installment Cash Promissory Note between the Company and Mr. Kang, which included \$2,000,000 for the principal balance of the note and approximately \$186,000 in interest. The Company also paid to Mr. Kang in April 2009 approximately \$185,000 as a result of meeting certain earnout provisions between the Company and Mr. Kang as well as released approximately 185,000 common shares from the 3,000,000 common shares presently held in escrow. Under the terms of the Membership Interest Purchase Agreement, Jin Kang also entered into an Employment and Non-Compete Agreement, dated as of January 4, 2008.

The Company's Corporate Governance Guidelines state that the Board intends that, at all times, a substantial majority of its directors will be considered independent under relevant NYSE AMEX and SEC guidelines. The Corporate Governance and Nominating Committee conducts an annual review of the independence of the members of the Board and its Committees and reports its findings to the full Board. Based on the report and recommendation of the Corporate Governance Committee, the Board has determined that each of the non-employee directors Messrs. Taubman, Ritter, Norwood, and Guenther satisfies the independence criteria set forth in the applicable NYSE AMEX listing standards and SEC rules. Each Board Committee consists entirely of independent, non-employee directors.

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationships (including vendor, supplier, consulting, legal, banking, accounting, charitable and family relationships) with WidePoint, other than as a director and shareholder. NYSE AMEX listing standards also impose certain per se bars to independence, which are based upon a director's relationships with WidePoint currently and during the three years preceding the Board's determination of independence.

The Board considered all relevant facts and circumstances in making its determinations, including the following:

No non-employee director receives any direct compensation from WidePoint other than under WidePoint's director compensation program.

No immediate family member (within the meaning of the NYSE AMEX listing standards) of any non-employee director is an employee of WidePoint or otherwise receives direct compensation from WidePoint.

No non-employee director (or any of their respective immediate family members) is affiliated with or employed in a professional capacity by WidePoint's independent accountants.

No non-employee director is a member, partner, or principal of any law firm, accounting firm or investment banking firm that receives any consulting, advisory or other fees from WidePoint.

No WidePoint executive officer is on the compensation committee of the board of directors of a company that employs any of our non-employee directors (or any of their respective immediate family members) as an executive officer.

No non-employee director (or any of their respective immediate family members) is indebted to WidePoint, nor is WidePoint indebted to any non-employee director (or any of their respective immediate family members).

No non-employee director serves as an executive officer of a charitable or other tax-exempt organization that received contributions from WidePoint.

Non-management members of the Board of Directors conduct at least two regularly-scheduled meetings per year without members of management being present. Mr. Ritter serves as the presiding director of such meetings. Following an executive session of non-employee directors, the presiding director may act as a liaison between the non-employee directors and the Chairman, provide the Chairman with input regarding agenda items for Board and Committee meetings, and coordinate with the Chairman regarding information to be provided to the non-employee directors in performing their duties.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Audit Fees

The Company paid Moss Adams approximately \$143,000 and \$94,000 in audit and review fees related to the audits for fiscal year 2008 and 2007, respectively. The Company will pay Moss Adams in 2009 approximately \$80,000 in audit fees for work associated with the Company's fiscal 2008 audit.

Audit-Related Fees

The Company did not pay Moss Adams LLP any audit-related fees for fiscal year 2008 or 2007.

Tax Fees

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The Company did not pay Moss Adams LLP any tax fees for fiscal year 2008 or 2007.

All Other Fees

The Company did not pay Moss Adams LLP any nonaudit fees for fiscal year 2008 or 2007.

Audit Committee Policies and Procedures For Pre-Approval of Independent Auditor Services

The following describes the Audit Committee's policies and procedures regarding pre-approval of the engagement of the Company's independent auditor to perform audit as well as permissible non-audit services for the Company.

For audit services, the independent auditor will provide the Committee with an engagement letter during the March-May quarter of each year outlining the scope of the audit services proposed to be performed in connection with the audit of the current fiscal year. If agreed to by the Committee, the engagement letter will be formally accepted by the Committee at an Audit Committee meeting held as practicably as possible following receipt of the engagement letter. The independent auditor will submit to the Committee for approval an audit services fee proposal after acceptance of the engagement letter.

For non-audit services, Company management may submit to the Committee for approval (during May through September of each fiscal year) the list of non-audit services that it recommends the committee engage the independent auditor to provide for the fiscal year. The list of services must be detailed as to the particular service and may not call for broad categorical approvals. Company management and the independent auditor will each confirm to the Audit Committee that each non-audit service on the list is permissible under all applicable legal requirements. In addition to the list of planned non-audit services, a budget estimating non-audit service spending for the fiscal year may be provided. The Committee will consider for approval both the list of permissible non-audit services and the budget for such services. The Committee will be informed routinely as to the non-audit services actually provided by the independent auditor pursuant to this pre-approval process.

To ensure prompt handling of unexpected matters, the Audit Committee delegates to its Chairperson the authority to amend or modify the list of approved permissible non-audit services and fees. The Chairperson will report any action taken pursuant to this delegation to the Committee at its next meeting.

All audit and non-audit services provided to the Company are required to be pre-approved by the Committee. The Chief Financial Officer of the Company will be responsible for tracking all independent auditor fees against the budget for such services and report at least annually to the Audit Committee.

Part IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(b) Exhibits: The following exhibits are filed herewith or incorporated herein by reference:

EXHIBIT

<u>NO.</u>	<u>DESCRIPTION</u>
2.1	Membership Interest Purchase Agreement, dated as of January 2, 2008, between the Company, iSYS LLC, and Jin Kang. (Incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
3.1	Amended and Restated Certificate of Incorporation of WidePoint Corporation. (Incorporated herein by reference to Exhibit A to the Registrant's Definitive Proxy Statement, as filed on December 27, 2004.)
3.2	Bylaws of ZMAX Corporation. (Incorporated herein by reference to Exhibit 3.6 to the Registrant's Registration Statement on Form S-4 (File No. 333-29833))
4.1	Certificate Of Designations, Rights And Preferences Of The Series A Convertible Preferred Stock between WidePoint Corporation and Barron Partners LP (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K/A filed on November 2, 2004.)

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- 10.1 Employment Agreement between WidePoint Corporation and Steve Komar, dated July 1, 2002.* (Incorporated herein by reference to Exhibit 10.26 to Registrant's Report of Form 10Q, as filed on August 15, 2002 (File No. 000-23967))
- 10.2 Employment Agreement between WidePoint Corporation and James McCubbin, dated July 1, 2002.* (Incorporated herein by reference to Exhibit 10.26 to Registrant's Report of Form 10Q, as filed on August 15, 2002 (File No. 000-23967))
- 10.3 Preferred Stock Purchase Agreement Between WidePoint Corporation and Barron Partners LP. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A filed on November 2, 2004.)
- 10.4 Stock Purchase Agreement between WidePoint Corporation, Operational Research Consultants, Inc. (Incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K/A filed on November 2, 2004.)

* Management contract or compensatory plan.

- 10.5 Employment and Non-Compete Agreement between WidePoint Corporation, Operational Research Consultants, Inc and Daniel Turissini.* (Incorporated herein by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006.)
- 10.6 Addendum to Employment and Non-Compete Agreement between the Registrant and Daniel E. Turssini, effective as of July 25, 2007. *(Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 30, 2007.)
- 10.7 Commercial Loan Agreement, dated August 16, 2007, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 21, 2007.)
- 10.8 Security Agreement, dated August 16, 2007, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 21, 2007.)
- 10.9 Promissory Note, dated August 16, 2007, issued by the Company in favor of Cardinal Bank. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on August 21, 2007.)
- 10.10 Promissory Note, dated November 5, 2007, between Protexx, Inc. and its subsidiaries, including but not limited to 22THEN LLC, as borrower, WidePoint Corporation, as lender, and Peter Letizia, as guarantor. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)
- 10.11 Revolving Line of Credit Agreement, dated as of November 5, 2007, by and among Protexx, Inc. and its subsidiaries, including but not limited to 22THEN LLC, as borrower, Peter Letizia, as guarantor, and WidePoint Corporation, as lender. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)
- 10.12 Security Agreement, dated as of November 5, 2007, given by Protexx, Inc. and each of its subsidiaries and 22THEN LLC, collectively, as debtors, to and in favor of WidePoint Corporation, as secured party. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)
- 10.13 Software Escrow Agreement, dated as of November 5, 2007, between 22THEN LLC and Protexx Incorporated, collectively, as supplier, WidePoint Corporation, as user, and Foley &Lardner LLP, as escrow agent. (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 10-Q filed on November 9, 2007.)

* Management contract or compensatory plan.

- 10.14 \$2,000,000 Installment Cash Promissory Note, dated January 4, 2008, issued by the Company in favor of Jin Kang. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.15 Employment and Non-Compete Agreement, dated as of January 4, 2008, between the Company, iSYS LLC and Jin Kang. * (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.16

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Commercial Loan Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)

- 10.17 Security Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.18 \$5,000,000 Promissory Note, dated January 2, 2008, issued by the Company in favor of Cardinal Bank. (Incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.19 Security Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.20 \$2,000,000 Promissory Note, dated January 2, 2008, issued by the Company in favor of Cardinal Bank. (Incorporated herein by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.21 Debt Subordination Agreement, dated January 2, 2008, between the Company and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed on January 8, 2008.)
- 10.22 Common Stock Purchase Agreement, dated April 29, 2008, between the Company and Deutsche Bank AG, London Branch. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 5, 2008.)
- 10.23 Escrow Agreement, dated April 29, 2008, between the Company, Deutsche Bank AG, London Branch and Foley & Lardner LLP as Escrow Agent. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on May 5, 2008.)
- 10.24 Common Stock Purchase Agreement, dated May 16, 2008, between the Company and Endurance Partners, L.P. (Incorporated herein by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008.)

* Management contract or compensatory plan.

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- 10.25 Escrow Agreement, dated May 16, 2008, between the Company, Endurance Partners, L.P. and Foley & Lardner LLP as Escrow Agent. (Incorporated herein by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008).
 - 10.26 Common Stock Purchase Agreement, dated May 16, 2008, between the Company and Endurance Partners (Q.P.), L.P. (Incorporated herein by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008).
 - 10.27 Escrow Agreement, dated May 16, 2008, between the Company, Endurance Partners (Q.P.), L.P. and Foley & Lardner LLP as Escrow Agent. (Incorporated herein by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q filed on May 20, 2008).
 - 10.28 Amendment, dated as of July 25, 2008, between the Registrant and Steven L. Komar.* (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 31, 2008).
 - 10.29 Amendment, dated as of July 25, 2008, between the Registrant and James T. McCubbin.* (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on July 31, 2008).
 - 10.30 Asset Purchase Agreement, dated July 31, 2008, by and among the Registrant, Protexx Acquisition Corporation, Protexx Incorporated, Peter Letizia, Charles B. Manuel, Jr. and William Tabor. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 6, 2008).
 - 10.31 Debt Modification Agreement, dated as of March 17, 2009, between the Registrant and its subsidiaries and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 23, 2009)
 - 10.32 Commercial Loan Agreement, dated as of March 17, 2009, between the Registrant and its subsidiaries and Cardinal Bank. (Incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 23, 2009)
 - 10.33 Employment and Non-Compete Agreement, dated May 2008, between the Registrant and Ronald Oxley* (Filed herewith).

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- 21 Subsidiaries of WidePoint Corporation. (Incorporated herein by reference to Exhibit 21 to the Registrant's Annual Report on Form 10-K filed on March 31, 2009).

* Management contract or compensatory plan.

- 23.1 Consent of Moss Adams LLP (Incorporated herein by reference to Exhibit 23.1 to the Registrant's Annual Report on Form 10-K filed on March 31, 2009).

31.1A Amended Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

31.2A Amended Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

32A Amended Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).