

# WidePoint Announces Q3 Results and Growth in PKI Services

## Continued Growth in PKI Credentialing and Managed Services Expected in Q4; Conference Call Scheduled for November 16

Wednesday, November 15, 2006

**Fairfax, Va.** -- WidePoint Corporation (AMEX: WYY), a leading provider of information technology assurance and identity management services, today announced financial results for the third quarter ended September 30, 2006.

For the nine months ended September 30, 2006, total revenues were approximately \$10,734,000, up 16% from the comparable period a year ago. Revenue for the third quarter decreased, to approximately \$3,208,000 from \$3,645,000 in the third quarter of 2005. This was due primarily to an extension of a customer contract allowing for the company to continue providing additional services under this contract, which resulted in the continued deferral of approximately \$500,000 in certificate sales through August 2007 that have already been paid for. Revenues for the current quarter also did not reflect approximately \$500,000 in sales in late September that will not be recognized until the fourth quarter of this year as a result of a revenue recognition policy not to recognize such revenues until the customers take full delivery of those products and services.

For the nine months ending September 30, 2006, WidePoint's PKI credentialing and managed services segment recorded revenues of \$669,177, up 98% from the comparable period last year. In the third quarter, the PKI segment had year-over-year revenue growth of 82% to approximately \$245,000. In the first nine months of this year, WidePoint's subsidiary, ORC sold a total of 7,605 certificates, up 156% from the first nine months of 2005. In the third quarter, ORC sold 2,380 certificates, compared to 1,074 certificates a year ago, an increase of 122%. The Company anticipates increased certificate sales as it fulfills recent contract wins related to Homeland Security Presidential Directive - 12 (HSPD-12) and the continued ramp-up of the External Certificate Authority (ECA) program.

The Company's gross margin for the quarter increased to 27.4%, compared to 10% in the comparable period a year ago (which was impacted by a non-recurring charge), and 16.8% in the second quarter of 2006. Operating loss for the quarter narrowed to \$220,912, which included approximately \$111,000 in increased sales and marketing expenses associated with HSPD-12, stock option expense of approximately \$112,000 and a non-recurring expense of \$65,000 associated with the Company's listing on the American Stock Exchange (AMEX). In the comparable period in 2005, WidePoint realized an operating loss of approximately \$460,000. Net loss for the quarter narrowed to approximately \$192,363 or \$0.01 per diluted share, compared to a net income of approximately \$249,700 in the third quarter of 2005 due to a large one-time non cash gain on a financial instrument.

WidePoint CEO Steve Komar said, "We have announced six contract wins related to HSPD-12 and PKI/ managed services between September and November in addition to becoming listed on the

AMEX this quarter. While the contract award process has been somewhat lengthy, we are confident in our ability to capture a meaningful portion of this market and we continue to remain optimistic about our medium and long-term prospects and success. Our recent contract awards from the Environmental Protection Agency, Department of Labor, National Science Foundation, Federal Housing Finance Board, Federal Trade Commission and GSA's E-Authentication Program Office further validate our status as the leading provider of information assurance services to the federal government and the Government's commitment to critical infrastructure protection. Widepoint's highest priority remains securing as much of this Revenue and Earnings opportunity as possible."

WidePoint CFO Jim McCubbin said, "Our momentum in the information assurance market continues. We anticipate a meaningful increase in our PKI segment revenues in the fourth quarter of this year as we execute recent contract awards. We also believe that we are well positioned to win further awards, already proposed, in the near term. Excluding amortization expense, we realized positive operating income in our PKI/ managed services segment for the quarter. The Company's general and administrative expenses decreased this quarter compared to a year ago, excluding the effect of recognizing employee stock options expense under FAS 123R and our AMEX listing expense. We generated positive cash flow from operations and ended the quarter with \$2.6 million in cash. We continue to be opportunistically positioned to grow our business significantly over the coming quarters."

The Company will hold a conference call at 4:30 p.m. Eastern, Thursday, November 16 to discuss the third quarter financial results and the Company's future activities. To participate, call (800) 657-1263 any time after 4:20 p.m. EDT on November 16. A transcript of the call will be available at [www.hawkassociates.com/wyymore.aspx](http://www.hawkassociates.com/wyymore.aspx).

### **About WidePoint**

WidePoint is a leading provider of information technology assurance and identity management services to the government sector and commercial markets. WidePoint specializes in providing systems engineering, integration and information technology services. WidePoint's wholly owned subsidiary, ORC, is at the forefront of implementing government-compliant eAuthentication identity management managed services and associated systems engineering and integration. ORC has earned four major U.S. federal government certifications offering the highest levels of assurance for transactions over the Internet.

WidePoint's profile of customers encompasses U.S. Federal Government agencies, including the Department of Defense, the Department of Homeland Security and the Department of Justice as well as major U.S. defense contractors and several major pharmaceutical companies. For more information, visit [www.widepoint.com](http://www.widepoint.com).

An investment profile about WidePoint may be found at [www.hawkassociates.com/wyyprofile.aspx](http://www.hawkassociates.com/wyyprofile.aspx).

For investor relations information regarding WidePoint, visit [www.hawkassociates.com](http://www.hawkassociates.com) and [www.americanmicrocaps.com](http://www.americanmicrocaps.com), or contact Frank Hawkins or Cale Smith, Hawk Associates, at (305) 451-1888, e-mail: [info@hawkassociates.com](mailto:info@hawkassociates.com).

*Safe-Harbor Statement: Under the Private Securities Litigation Reform Act of 1995. This press release may contain forward-looking information within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), including all statements that are not statements of historical fact regarding the intent, belief or current expectations of the company,*

*its directors or its officers with respect to, among other things: (i) the company's financing plans; (ii) trends affecting the company's financial condition or results of operations; (iii) the company's growth strategy and operating strategy; and (iv) the declaration and payment of dividends. The words "may," "would," "will," "expect," "estimate," "anticipate," "believe," "intend" and similar expressions and variations thereof are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the company's ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors.*