As filed with the Securities and Exchange Commission on August 18, 1999
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Wireless Facilities, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	7380	13-3818604
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

9805 Scranton Road, Suite 100
San Diego, CA 92121
(858) 824-2929
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Massih Tayebi, Ph.D.
Chief Executive Officer
Wireless Facilities, Inc.
9805 Scranton Road, Suite 100
San Diego, CA 92121
(858) 824-2929
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies To:

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act") check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) of the Securities Act, please check the following box and list the Securities Act registration serial number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [_]

CALCULATION OF REGISTRATION FEE

Title of Securities To be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock ($0.001 par value).....	$70,000,000	$19,460

(1) Includes shares that the Underwriters will have the option to purchase solely to cover over-allotments, if any.
(2) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(o) promulgated under the Securities Act.

Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the   +
+Securities and Exchange Commission is effective. This prospectus is not an   +
+offer to sell these securities and is not soliciting an offer to buy these   +
+securities in any state where the offer or sale is not permitted.   +
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SUBJECT TO COMPLETION, DATED AUGUST 18, 1999

Shares

Wireless Facilities, Inc.

[LOGO]
Common Stock

Prior to this offering, there has been no public market for our common stock. The initial public offering price is expected to be between $ and $ per share. We have applied to list our common stock on The Nasdaq Stock Market's National Market under the symbol "WFII."

The underwriters have an option to purchase a maximum of additional shares to cover over-allotments of shares.

Investing in our common stock involves risks. See "Risk Factors" on page 7.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Wireless Facilities, Inc.
Per Share	$	$	$
Total	$	$	$

Delivery of the shares of common stock will be made on or about , 1999.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

Hambrecht & Quist

Thomas Weisel Partners LLC

The date of this prospectus is , 1999.

INSIDE COVER

Graphics depicting WFI's service offerings with the following text:

Leadership in telecom outsourcing.....

Business Consulting Group

WFI's business consulting group provides strategic and business planning for both wireless carriers and equipment vendors. We perform comprehensive market analysis, competitive research, financial modeling and technology assessment. We bring our integrated methodology, technical expertise, geographic information services, engineering and deployment resources to each project. These projects are strategically important to us because they represent opportunities for us to build relationships and credibility with our customers during the initial phases of network planning.

Network Deployment Services

WFI's staff of consultants, technologists, engineers, program managers and site development experts provide services for the design, implementation and optimization of telecom systems. Our network deployment services range from radio frequency engineering and market evaluation, including geographic information services, to complete program management including site acquisition and development, microwave relocation, fixed network design and installation and optimization services.

Network Management

WFI's network management team of highly trained and experienced managers, engineers and technicians offers post-deployment radio frequency optimization and day-to-day operation and maintenance of wireless networks. Our post-deployment radio frequency optimization services include periodically testing network elements, tuning the network for optimal performance and identifying elements that need to be upgraded or replaced. Our maintenance and operation services cover not only base station equipment, but also mobile switching centers, network operating centers and other critical network elements.

Advanced Technology Group

WFI's Advanced Technology Group offers advanced research and design for a wide range of engineering challenges, including equipment design, vendor selection and technology assessment. Our ATG is comprised of experts dedicated to the research and development of a variety of wireless products and technologies. The ATG provides a resource and focal point for keeping abreast of new telecom technologies, including broadband point-to-multipoint services, such as LMDS and MMDS, and new standards, such as 3G.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Dealer Prospectus Delivery Obligation

Until , 1999 (25 days after commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before buying shares in this offering. You should read the entire prospectus carefully.

Wireless Facilities, Inc.

Wireless Facilities, Inc. is one of the leading independent providers of outsourced services related to the planning, design and deployment of wireless networks. We have also expanded our services to include network management, which includes day-to-day optimization and maintenance of wireless networks. We provide end-to-end design, deployment and network management solutions for both telecom carriers and equipment vendors. As part of our strategy, we are technology and vendor independent, aligning our goals with those of our customers and enabling us to objectively evaluate and recommend optimal vendor or technology solutions. Since 1995, we have completed projects for more than 95 customers, ranging in scope from the installation of a single cell site to multi-year, large-scale deployment contracts. We have provided services to wireless carriers, such as AT&T affiliates Telecorp and Triton; equipment vendors, such as Siemens, Ericsson and Lucent; and wireless broadband data carriers, such as CommcoTec and Nextlink.

The wireless telecom industry is rapidly growing due to the dramatic increase in wireless telephone usage, as well as strong demand for wireless Internet and other data services. Carriers are increasingly making large capital investments to expand their wireless infrastructure. As carriers deploy their networks, they are faced with a proliferation in both the number and type of competitors. Due to this increasingly competitive environment, carriers need to focus on satisfying customer demand for enhanced services, seamless and comprehensive coverage, better call quality, faster data transmission, more bandwidth and lower prices. Carriers are also experiencing challenges managing increasingly complex networks and technologies. The new challenges and resource constraints are increasingly leading carriers and equipment vendors to outsource network planning, deployment and management to focus on their core competencies and refine their competitive advantage.

Our services are designed to rapidly improve our customers' competitive position through planning, deployment and management of their networks. We have developed a methodology that provides an integrated framework for each stage of a client engagement. Our unique methodology allows us to deliver reliable, robust and scalable network solutions primarily on a fixed-price, time-certain basis, enabling our customers to more reliably forecast the costs and timing of network deployment and management. This allows our customers to focus on their core competencies and rely on us for the planning, deployment and management of their networks. Our services include:

Pre-Deployment Planning Services. We provide pre-deployment planning services for all steps involved in developing or refining a network deployment strategy. Our business consulting group utilizes its expertise and experience to develop and analyze the financial, engineering, competitive market and technology issues applicable to a proposed network deployment project. In addition, we assist customers in determining the best equipment for a particular project, analyzing the feasibility of a particular technology for a network plan and managing the bidding process from multiple equipment vendors.

Design and Deployment Services. We provide a range of services for the full design and deployment of wireless networks. We believe our success is largely based on our ability to provide a package of integrated services that have traditionally been offered by multiple subcontractors who require coordination by a carrier's deployment staff. These services include geographic information systems analysis, radio frequency engineering, Internet and other data network engineering, network architecture, microwave relocation, fixed network engineering, site development and network installation and optimization.

Network Management Services. We recently expanded our services to include post-deployment radio frequency optimization and day-to-day operation and maintenance of customers' wireless networks. We manage the operation of base station equipment, mobile switching centers, network operating centers and other critical network elements to the extent required by our customers. We also provide training services for the internal network staff of our customers.

Our objective is to be the leading independent provider of outsourced network services to the telecom industry, including network planning, design, deployment and management services. The key elements of our strategy include:

- Focusing on customer satisfaction;
- Expanding the suite of services we offer and leveraging cross-selling opportunities;
- Remaining at the forefront of new technologies;
- Pursuing opportunities for international growth;
- Continuing to attract and retain highly skilled, motivated personnel;
- Capitalizing on previous project experience; and
- Pursuing strategic acquisitions.

In the past two years, we have expanded our operations internationally and have completed projects in 26 countries. In addition to our U.S. operations, as of June 30, 1999, we had ongoing projects in Argentina, Brazil, Congo, India, Kuwait, Mexico, Morocco, Oman, Puerto Rico, Spain, South Korea, Turkey and the United Kingdom. In 1998, we were involved in the development of over 3,000 of the approximately 16,000 cell sites built in the United States. Since the founding of WFI in 1994, we have been involved in the design or deployment of over 12,000 cell sites worldwide.

Our principal executive offices are located at 9805 Scranton Road, Suite 100, San Diego, California 92121. Our telephone number is (858) 824-2929. Our Website is www.wfinet.com. The information found on our Website is not a part of this prospectus.

The Offering

Common stock offered.....	shares
Common stock to be outstanding after the offering.....	shares
Use of proceeds.....	For the repayment of short-term debt, working capital, general corporate purposes and potential acquisitions of businesses. See "Use of Proceeds."
Proposed Nasdaq National Market symbol...	WFII

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of June 30, 1999, and does not include the following:

- 5,165,441 shares subject to options outstanding as of June 30, 1999, at a weighted average exercise price of $4.12 per share;
- 6,700,000 shares that we could issue under existing stock plans;
- 1,144,381 shares subject to warrants outstanding as of June 30, 1999, at a weighted average exercise price of $2.08 per share; and
- shares that may be purchased by the underwriters to cover over-allotments, if any.

Except as otherwise indicated, all information in this prospectus assumes:

- no exercise of the underwriters' over-allotment option;
- a three-for-one stock split that occurred on February 25, 1999; and
- the automatic conversion of the outstanding shares of preferred stock into shares of common stock.

Summary Consolidated Financial Data
(in thousands, except per share data)

The following financial information should be read together with the "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Operating Results" included elsewhere in this prospectus.

	Year Ended December 31,			Six Months Ended June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
Consolidated Statement of Operations Data:					
Revenues	$15,421	$22,658	$51,909	$21,611	$33,106
Gross profit	8,589	10,942	23,839	11,033	12,081
Operating income	6,756	6,967	10,974	6,421	5,637
Net income	6,732	6,769	4,964	6,214	2,828
Pro forma adjustment for income taxes (1)	(2,653)	(2,527)	1,050	(2,617)	--
Pro forma net income (2)	$ 4,079	$ 4,242	$ 6,014	$ 3,597	$ 2,828
Pro forma net income per share (2)					
Basic	$ 0.14	$ 0.15	$ 0.20	$ 0.12	$ 0.08
Diluted	$ 0.14	$ 0.14	$ 0.18	$ 0.12	$ 0.07
Pro forma weighted average shares					
Basic	28,500	28,661	30,380	29,408	34,197
Diluted	29,427	29,326	32,747	30,345	39,436

	As of June 30, 1999	
	Actual	As Adjusted (3)
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 4,027	$
Working capital	22,934	
Total assets	51,587	
Total debt	9,407	
Total stockholders' equity	32,844	

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(1) Through August 7, 1998, we elected to be taxed as an S corporation under the Internal Revenue Code of 1986 and comparable state laws. Accordingly, we did not recognize any provision for federal income tax expense during periods prior to that time. The pro forma adjustment for income taxes reflects the adjustment for federal income taxes which we would have recorded if we had been a C corporation during these periods.

(2) The data for all periods except the six months ended June 30, 1999 represents pro forma net income and pro forma net income per share giving effect to the adjustment for federal income taxes that we would have recorded if we had been a C corporation during these periods. For a description of the computation of the pro forma net income per share and the number of shares used in the per share calculations, see Note 1 of Notes to Consolidated Financial Statements.

(3) The As Adjusted column reflects our receipt of the net proceeds from the offering (assuming an initial public offering price of $ per share), after deducting estimated underwriting discounts and commissions and estimated offering expenses and application of a portion of such proceeds to repay approximately $3.0 million of short-term debt. See "Capitalization" and "Use of Proceeds."

RISK FACTORS

You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our common stock. Investing in our common stock involves a high degree of risk. Risks and uncertainties, in addition to those we describe below, that are not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risks occur, our business could be harmed, the price of our common stock could decline and you may lose all or part of your investment. See "Special Note Regarding Forward-Looking Statements."

Our business will not operate efficiently and our results of operations will be negatively affected if we are unable to manage our growth effectively.

We are experiencing a period of significant expansion and anticipate that further expansion will be required to address potential growth in the demand for our new and existing services. From January 1, 1998 to June 30, 1999, we increased our number of employees from 83 to 508. In order to increase our revenues significantly, we need to add a substantial number of key personnel in the near future, including project management, engineering and direct sales and marketing personnel. We expect this expansion to continue to place a significant strain on our managerial, operational and financial resources.

To manage the expected growth of our operations and personnel, we will be required to:

- improve existing and implement new operational, financial and management controls, reporting systems and procedures;
- complete the implementation of a new financial management and accounting software program and install other new management information systems; and
- integrate, train, motivate and manage employees.

If we fail to address the issues above or if our expected growth does not materialize, our business may be harmed.

We may not be able to hire or retain a sufficient number of qualified engineers and other employees to sustain our growth, meet our contract commitments or maintain the quality of our services.

Our future success will depend on our ability to attract and retain additional highly skilled engineering, managerial, marketing and sales personnel. Competition for such personnel is intense, especially for engineers, and we may be unable to attract sufficiently qualified personnel in adequate numbers to meet the demand for our services. In addition, as of June 30, 1999, 22% of our employees in the United States were working under H-1 visas. Any significant changes in U.S. immigration policies that restrict our ability to employ such persons or to continue to hire people on H-1 visas could harm our business.

We expect our quarterly results to fluctuate. If we fail to meet earnings estimates, our stock price could decline.

Our quarterly and annual operating results have fluctuated in the past and will vary in the future due to a variety of factors, many of which are outside of our control. These factors include:

- the timing and size of network deployment by our carrier customers and the timing and size of orders for network equipment built by our vendor customers;
- changes in the actual and estimated costs and timing to complete fixed-price, time-certain projects;
- fluctuations in demand for our services;
- the length of sales cycles;
- reductions in the prices of services offered by our competitors;

- costs relating to possible acquisitions and integration of technologies or businesses; and

- telecom market conditions and economic conditions generally.

Due to these and other factors, quarterly revenues, expenses and results of operations could vary significantly in the future, and you should not rely upon results of past periods as an indication of our future performance. In addition, our annual or quarterly operating results may not meet the expectations of securities analysts and investors and this could cause the price of our common stock to decline significantly.

An increasing percentage of our revenue is accounted for on a percentage-of-completion basis which could cause our quarterly results to fluctuate.

We use the percentage-of-completion method to recognize the majority of our revenues. With the percentage-of-completion method, in each period we recognize expenses as they are incurred and we recognize revenue based on a comparison of the current costs incurred for the project to the then estimated total costs of the project. Accordingly, the revenue we recognize in a given quarter depends on the costs we have incurred for individual projects and our then current estimate of the total remaining costs to complete individual projects. If in any period we significantly increase our estimate of the total costs to complete a project, we may recognize very little or no additional revenue with respect to that project. As a result, our gross margin in such period and in future periods may be significantly reduced and in some cases we may recognize a loss on individual projects prior to their completion. For example, in 1999 we revised the estimated costs to complete two large contracts which resulted in a reduction of gross margins during the first six months of 1999. The portion of our revenue from fixed price contracts has grown significantly as a percentage of revenues. Thus, we are relatively inexperienced at estimating total project costs, particularly on a quarterly basis. To the extent that our estimates fluctuate over time or differ from actual requirements, gross margins in subsequent quarters may vary significantly from our estimates and could harm our business.

Our business may be harmed if we increase our staffing levels in anticipation of a project and underutilize our personnel because such project is delayed, reduced or terminated.

Since our business is driven by large, and sometimes multi-year, contracts, we forecast our personnel needs for future projected business. If we increase our staffing levels in anticipation of a project and such project is delayed, reduced or terminated, we may underutilize these additional personnel, which would increase our general and administrative expenses and could harm our business.

Due to our limited operating history, we may have difficulty accurately predicting revenues for future periods and appropriately budgeting for expenses, and, because most of our expenses are fixed in the short-term, we may not be able to decrease our expenses in a timely manner to offset any unexpected shortfall in revenues.

We have generated revenues for less than five years and, thus, we have only a short history from which to predict future revenues. This limited operating experience, combined with our recent growth and expanded services, reduces our ability to accurately forecast our quarterly and annual revenues. Further, we plan our operating expenses based primarily on these revenue projections. Because most of our expenses are fixed in the short-term or incurred in advance of anticipated revenues, we may not be able to decrease our expenses in a timely manner to offset any unexpected shortfall in revenues. As a network outsourcing service provider in an early stage of development, we face significant risks, uncertainties, expenses and difficulties. Accordingly, you must consider our prospects in light of the risks and challenges we face because we are at an early stage of development in a rapidly evolving market. For further financial information relating to our business, see "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Operating Results."

Our success is dependent on the continued growth in the deployment of wireless networks.

The wireless telecom industry has experienced a dramatic rate of growth both in the United States and internationally. If the rate of growth slows and carriers reduce their capital investments in wireless infrastructure or fail to expand into new geographies, our business may be harmed.

Our success is dependent on the continued trend toward outsourcing wireless telecom services.

Our success is dependent on the continued trend by wireless carriers and network equipment vendors to outsource for their network design, deployment and management needs. If wireless carriers and network equipment vendors elect to perform more network deployment services themselves, our revenues may decline and our business would be harmed.

Our revenues will be negatively impacted if there are delays in the deployment of new wireless networks.

A significant portion of our revenue is generated from new licensees seeking to deploy their networks. To date, the pace of network deployment has sometimes been slower than expected, due in part to difficulty experienced by holders of licenses in raising the necessary financing, and there can be no assurance that future bidders for licenses will not experience similar difficulties. There has also been substantial regulatory uncertainty regarding payments owed to the U.S. Government by past successful wireless bidders, and such uncertainty has delayed network deployments. In addition, factors adversely affecting the demand for wireless services, such as allegations of health risks associated with the use of cellular phones, could slow or delay the deployment of wireless networks. These factors, as well as future legislation, legal decisions and regulation may slow or delay the deployment of wireless networks, which, in turn, could harm our business.

If our customers do not receive sufficient financing, our business may be seriously harmed.

Many of our customers and potential customers are new companies with limited or no operating histories and limited financial resources. These customers typically must obtain significant amounts of financing to pay for their spectrum licenses, fund operations and deploy their networks. We frequently work with such companies prior to their receipt of financing. If these companies fail to receive adequate financing, particularly after we have begun working with them, our results of operations may be harmed.

The consolidation of equipment vendors or carriers could impact our business.

Recently, the wireless telecom industry has been characterized by significant consolidation activity. This consolidation may lead to a greater ability among equipment vendors and carriers to provide a full suite of network services, and could simplify interoperability and installation, which may lead to a reduction in demand for our services. Moreover, the consolidation of equipment vendors or carriers could have the effect of reducing the number of our current or potential customers or create conflicts of interest between our customers. To avoid conflicts of interest, we may not be able to represent some customers who wish to retain our services.

A loss of one or more of our key customers or delays in project timing for such customers could cause a significant decrease in our net revenues.

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of customers. For the six months ended June 30, 1999, we derived 18% of our revenues from Telecorp and 10% of our revenues from Siemens. For the year ended December 31, 1998, we derived 31% of our revenues from Telecorp, 19% of our revenues from Qualcomm and 17% of our revenues from Triton PCS. The services required by any one customer can be limited by a number of factors, including industry consolidation, technological developments, economic slowdown and internal budget constraints. Most of our contracts are terminable without significant penalty by the customer following limited notice. The volume of work performed for specific customers is likely to vary from period to period, and a major customer in one period may not use our services in a subsequent period. None of our customers is obligated to purchase

additional services. Accordingly, we cannot be certain that present or future customers will not terminate their network service arrangements with us or significantly reduce or delay their contracts. Any termination, change, reduction or delay in our projects could seriously harm our business.

Our operating results may suffer because of competition in the wireless services industry.

The network services market is highly competitive and fragmented and is served by numerous companies. Many of these competitors have significantly greater financial, technical and marketing resources, generate greater revenues and have greater name recognition and international experience than us. For a further description of our competition, see "Business--Competition."

We believe that the principal competitive factors in our market include the ability to deliver results within budget and on time, reputation, accountability, project management expertise, industry experience and pricing. In addition, expertise in new and evolving technologies, such as wireless Internet services and broadband wireless, has become increasingly important. We also believe our ability to compete depends on a number of factors outside of our control, including:

- the prices at which others offer competitive services;

- the ability and willingness of our competitors to finance customers' projects on favorable terms;

- the ability of our customers to perform the services themselves; and

- the extent of our competitors' responsiveness to customer needs.

We may not be able to compete effectively on these or other bases, and, as a result, our revenues or income may decline and harm our business.

Our business may be harmed if our new service offerings do not gain customer acceptance.

We have expanded our suite of services to include ongoing network optimization and management. As of June 30, 1999, we had generated a cumulative total of only $994,000 in revenue for such services. These services, as well as other new services we may develop, may not be favorably received by customers, may not generate significant revenues or may not be offered in a cost-effective or timely manner. In addition, expansion of our services also requires significant additional expenses and development and may strain our managerial, financial and operational resources. If we are unable to successfully expand our service offerings, our business may be harmed.

We must keep pace with rapid technological change, market conditions and industry developments to maintain or grow our revenues.

The market for wireless and other network system design, deployment and management services is characterized by rapid change and technological improvements. Our future success will depend in part on our ability to enhance our current service offerings to keep pace with technological developments and to address increasingly sophisticated customer needs. We may not be successful in developing and marketing in a timely manner service offerings that respond to the technological advances by others and our services may not adequately or competitively address the needs of the changing marketplace. If we are not successful in responding in a timely manner to technological change, market conditions and industry developments, our revenues may decline and our business may be harmed.

Our business operations could be significantly disrupted if we lose members of our management team.

Our success depends to a significant degree upon the continued contributions of our management team, both individually and as a group. Our future performance will be substantially dependent on our ability to retain and motivate them. In addition, we do not carry key-person life insurance to cover the loss of members

of our management team. The loss of the services of any of our executive officers, particularly Massih Tayebi, our Chief Executive Officer, or Masood Tayebi, our President, could prevent us from executing our business strategy.

We may not be successful in our efforts to identify, acquire or integrate acquisitions.

Our failure to manage risks associated with acquisitions could harm our business. A component of our business strategy is to expand our presence in new or existing markets by acquiring additional businesses. From January 1, 1998 through June 30, 1999, we acquired four businesses. We may not be able to identify, acquire or profitably manage additional businesses or integrate successfully any acquired businesses without substantial expense, delay or other operational or financial problems. Acquisitions involve a number of risks, including:

- diversion of management's attention;
- difficulty in integrating and absorbing the acquired business, its employees, corporate culture, managerial systems and processes and services;
- failure to retain key personnel and employee turnover;
- customer dissatisfaction or performance problems with an acquired firm;
- assumption of unknown liabilities; and
- other unanticipated events or circumstances.

We have recently expanded our operations internationally. Our failure to effectively manage our international operations could harm our business.

For the six months ended June 30, 1999, international operations accounted for approximately 33% of our total revenues. We believe that the percentage of total revenues attributable to international operations will continue to be significant. We intend to expand our existing international operations and may enter additional international markets, which will require significant management attention and financial resources and could adversely affect our operating margins and earnings. In order to expand our international operations, we will need to hire additional personnel and develop relationships with potential international customers. To the extent that we are unable to do so on a timely basis, our growth in international markets would be limited, and our business would be harmed.

Our international business operations are subject to a number of risks, including, but not limited to:

- difficulties in building and managing foreign operations;
- difficulties in enforcing agreements and collecting receivables through foreign legal systems and addressing other legal issues;
- longer payment cycles;
- taxation issues;
- fluctuations in the value of foreign currencies; and
- unexpected domestic and international regulatory, economic or political changes.

If we are unable to expand and manage our international operations effectively, our business may be harmed.

Fluctuations in the value of foreign currencies could harm our profitability.

Substantially all of our international sales are currently denominated in U.S. dollars. In the course of our international operations, we incur expenses in a number of currencies. Fluctuations in the value of the U.S. dollar and foreign currencies may make our services more expensive than local service offerings. This could

make our service offerings less competitive than local service offerings, which could harm our business. We do not currently engage in currency hedging activities to limit the risks of exchange rate fluctuations. Therefore, fluctuations in the value of foreign currencies could have a negative impact on the profitability of our global operations, which would harm our business.

We may encounter potential costs or claims resulting from project performance.

Many of our engagements involve projects that are significant to the operations of our customers' businesses. Our failure to meet a customer's expectations in the planning or implementation of a project or the failure of unrelated third party contractors to meet project completion deadlines could damage our reputation and adversely affect our ability to attract new business. We frequently undertake projects in which we guarantee performance based upon defined operating specifications or guaranteed delivery dates. Unsatisfactory performance or unanticipated difficulties or delays in completing such projects may result in a direct reduction in payments to us, or payment of damages by us, which could harm our business.

Our executive officers, directors and major stockholders will control a significant percentage of our common stock after this offering and, as a result, will be able to exercise significant control over all matters requiring stockholder approval.

On completion of this offering, our executive officers and directors and their affiliates will beneficially own, in the aggregate, approximately % of our outstanding common stock. In particular, our Chief Executive Officer, Massih Tayebi, and our President, Masood K. Tayebi, along with members of their families, will beneficially own, in the aggregate, approximately % of our outstanding common stock. As a result, these stockholders will be able to exercise significant control over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, which may have the effect of delaying or preventing a third party from acquiring control over us. For additional information regarding our stock ownership see "Principal Stockholders."

Year 2000 problems could lead to malfunctions of our computer and communications systems, and prevent us from running our business.

Many existing computer programs cannot distinguish between a year beginning with "20" and a year beginning with "19" because they use only the last two digits to refer to a year. For example, these programs cannot tell the difference between the year 2000 and the year 1900. As a result, these programs may malfunction or fail completely. We have not independently verified that our customers' systems and the third party systems we use are year 2000 compliant. If we, our customers or any other third parties with whom we have a material relationship fail to achieve year 2000 readiness, our business may be seriously harmed. In particular, if year 2000 problems significantly impact carriers or equipment vendors, the demand for our services could be significantly reduced. For additional information regarding our year 2000 readiness, see "Management's Discussion and Analysis of Financial Condition and Operating Results--Year 2000 Readiness Disclosure."

Our stock price may be particularly volatile because of the industry we are in.

The stock market in general has recently experienced extreme price and volume fluctuations. In addition, the market prices of securities of technology and telecom companies have been extremely volatile, and have experienced fluctuations that have often been unrelated to or disproportionate to the operating performance of such companies. These broad market fluctuations could adversely affect the price of our common stock.

We have broad discretion to use the offering proceeds and our investment of those proceeds may not yield a favorable return.

Most of the net proceeds of this offering are not allocated for specific uses. Our management has broad discretion to spend the proceeds from this offering in ways with which stockholders may not agree. The failure

of our management to apply these funds effectively could result in unfavorable returns. This could harm our business and could cause the price of our common stock to decline.

Provisions in our charter documents and Delaware law may make it difficult for a third party to acquire our company and could depress the price of our common stock.

Delaware corporate law and our certificate of incorporation and bylaws contain provisions that could delay, defer or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions include:

- authorizing the board of directors to issue additional preferred stock;
- prohibiting cumulative voting in the election of directors;
- limiting the persons who may call special meetings of stockholders;
- prohibiting stockholder action by written consent; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

We are also subject to certain provisions of Delaware law which could delay, deter or prevent us from entering into an acquisition, including Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in a business combination with an interested stockholder unless specific conditions are met. See "Description of Capital Stock--Preferred Stock and Anti-Takeover Provisions."

Our securities have no prior market and we cannot assure you that our stock price will not decline after the offering.

Before this offering, there has not been a public market for our common stock and the trading market price of our common stock may decline below the initial public offering price. The initial public offering price has been determined by negotiations between us and the representatives of the underwriters. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. In addition, an active public market for our common stock may not develop or be sustained after this offering.

You will experience immediate and substantial dilution by investing in our common stock.

The initial public offering price is substantially higher than the net tangible book value of each outstanding share of common stock immediately after the offering. Purchasers of common stock in this offering will suffer immediate and substantial dilution. This dilution will reduce the net tangible book value of their shares, since these investments will be at a substantially higher per share price than they were for our existing stockholders. The dilution will be $ per share in the net tangible book value of the common stock from the initial public offering price. If additional shares are sold by the underwriters following exercise of their over-allotment option, or if outstanding options or warrants to purchase shares of common stock are exercised, you will incur further dilution.

Future sales of our common stock may depress our stock price.

Sales of a substantial number of shares of common stock in the public market following this offering could cause the market price of our common stock to decline. After this offering, we will have outstanding shares of common stock. All the shares sold in this offering will be freely tradable. Of the remaining 35,010,879 shares of common stock outstanding after this offering, all of such shares will be eligible for sale in the public market beginning 180 days after the date of this prospectus. After this offering we also

intend to register up to approximately 13,100,000 additional shares of our common stock for sale upon the exercise of outstanding stock options and warrants issued pursuant to compensatory benefit plans or reserved for future issuance pursuant to our 1999 Equity Incentive Plan and 1999 Employee Stock Purchase Plan.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "except," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks described above and in other parts of this prospectus. These factors may cause our actual results to differ materially from any forward-looking statement.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform such statements to actual results or to changes in our expectations.

USE OF PROCEEDS

Our net proceeds from the sale of the shares of common stock offered by us are estimated to be million, or million if the underwriters over-allotment option is exercised in full, at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discounts and commissions and offering expenses payable by us.

Our principal purposes for engaging in this offering are to:

- increase our equity capital and create a public market for our common stock;
- provide increased visibility for us in a marketplace where our principal business relationships are with publicly traded companies; and
- facilitate future access by us to public equity markets.

We plan to use approximately $3.0 million to repay short-term debt incurred under our revolving line of credit. Such indebtedness was originally incurred in connection with the repayment of notes issued in our acquisition of Entel Technologies. Indebtedness under our revolving line of credit bears interest at LIBOR plus 2.25%. We expect to use the remaining net proceeds from this offering for working capital and general corporate purposes. In addition, we may use a portion of the net proceeds to acquire businesses; however, we currently have no commitments or agreements and are not involved in any negotiations to do so. Pending the uses described above, we intend to invest the net proceeds in interest-bearing, investment grade securities.

DIVIDEND POLICY

Covenants in our financing arrangements prohibit or limit our ability to declare or pay cash dividends. We currently intend to retain any future earnings to finance the growth and development of our business and therefore do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of the board of directors and will be dependent upon our financial condition, results of operations, capital requirements, general business conditions and other factors that the board of directors may deem relevant.

While we were an S corporation, we paid dividends to our stockholders of approximately $4.6 million in 1997 and approximately $8.6 million in 1998. Of the 1998 dividends, $3.1 million was paid in cash. The remaining $5.5 million was paid to three of our stockholders, Drs. Massih Tayebi, Masood Tayebi and Sean Tayebi, in the form of short-term promissory notes. See "Related Party Transactions."

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 1999:

- On an actual basis;
- On a pro forma basis after giving effect to the conversion of all outstanding preferred stock into 7,775,349 shares of common stock; and
- On a pro forma as adjusted basis, giving effect to our sale of the common stock in this offering at an assumed offering price of $ per share, including the sale of our treasury stock, and the application of the net proceeds as described under "Use of Proceeds."

This information should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this prospectus.

	June 30, 1999		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands)		
Long-term debt, less current portion (1)	$ 867	$ 867	$ 867
Stockholders' equity:			
Convertible preferred stock; 4,482,692 shares, $0.01 par value, authorized and 4,409,965 shares issued and outstanding, actual; no shares issued and outstanding, pro forma; 5,000,000 shares, $0.001 par value, authorized and no shares outstanding, pro forma as adjusted (2)	44	--	--
Common stock; 50,000,000 shares, $0.01 par value, authorized and 27,235,530 shares issued and outstanding, actual; 35,010,879 shares issued and outstanding pro forma; 195,000,000 shares, $0.001 par value, authorized and shares issued and outstanding, pro forma as adjusted (2)(3)	305	383	
Additional paid-in capital	41,466	41,432	
Retained earnings	4,672	4,672	4,672
Treasury stock at cost; 3,270,322 shares	(13,657)	(13,657)	--
Accumulated other comprehensive income	14	14	14
Total stockholders' equity	32,844	32,844	
Total capitalization	$33,711	$33,711	$

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(1) See Note 4 of Notes to Consolidated Financial Statements.

(2) Immediately following the closing of this offering and the filing of our restated certificate of incorporation, our authorized preferred stock will be increased to 5,000,000 shares, $0.001 par value, and our authorized common stock will be increased to 195,000,000 shares, $0.001 par value.

(3) Does not include the following shares:

- 5,165,441 shares subject to options outstanding at a weighted average exercise price of $4.12 per share; and
- 1,144,381 shares of common stock issuable upon exercise of outstanding warrants at a weighted average exercise price of $2.08 per share. See Note 7 of Notes to Consolidated Financial Statements. See "Description of Capital Stock."

DILUTION

As of June 30, 1999, our pro forma net tangible book value was approximately $24.1 million, or $0.69 per share of common stock. Pro forma net tangible book value represents the amount of total tangible assets less total liabilities, divided by the number of shares of common stock outstanding, and gives effect to the conversion of all outstanding preferred stock into shares of common stock.

After giving effect to our sale of common stock in this offering at an assumed initial public offering price of $ per share, and our receipt of the estimated net proceeds from the sale, our pro forma net tangible book value as of June 30, 1999 would have been approximately $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share before the offering	$0.69	
Increase per share attributable to new investors		
Pro forma net tangible book value per share after this offering		
Dilution per share to new investors		$

The following table summarizes, on a pro forma basis as of June 30, 1999, the differences between existing stockholders and the new investors with respect to the number of shares of common stock purchased from us, the total consideration paid and the average price per share paid before deducting the underwriting discounts and commissions and our estimated offering expenses.

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders	35,010,879	%	$37,790,198	%	$1.08
New investors		%	$	%	
Total		100.0%	$	100.0%	

The discussion and tables above assume no exercise of stock options or warrants outstanding as of June 30, 1999. As of June 30, 1999, there were options outstanding to purchase a total of 5,165,441 shares of common stock, with a weighted average exercise price of $4.12 per share, and warrants outstanding to purchase a total of 1,144,381 shares of common stock, with a weighted average exercise price of $2.08 per share. To the extent that any of these options or warrants are exercised, there will be further dilution to new investors. See "Description of Capital Stock" and Note 7 of Notes to Consolidated Financial Statements.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected data presented below under the captions "Consolidated Statement of Operations Data" and "Consolidated Balance Sheet Data" for, and as of the end of, each of the years in the four-year period ended December 31, 1998, are derived from the consolidated financial statements of Wireless Facilities, Inc., which financial statements have been audited by KPMG LLP, our independent certified public accountants. The audited consolidated financial statements as of December 31, 1997 and 1998 and for each of the years in the three-year period ended December 31, 1998, and report thereon, are included elsewhere in this prospectus. The selected data presented below as of June 30, 1999 and for the six-month periods ended June 30, 1998 and 1999 are derived from the unaudited consolidated financial statements of Wireless Facilities, Inc. included elsewhere in this prospectus. We have prepared this unaudited information on substantially the same basis as the audited consolidated financial statements and included all adjustments that we consider necessary for the fair presentation of the financial position and results of operations for the period. When you read this selected historical financial data, it is important that you read along with it the historical financial statements and related notes as well as the section titled "Management's Discussion and Analysis of Financial Condition and Operating Results" included elsewhere in this prospectus. Historical results are not necessarily indicative of future results.

	Years Ended December 31,				Six Months Ended June 30,	
	1995	1996	1997	1998	1998	1999
					(unaudited)	
	(in thousands, except per share data)					
Consolidated Statement of Operations Data:						
Revenues	$ 1,085	$15,421	$22,658	$51,909	$21,611	$33,106
Cost of revenues	744	6,832	11,716	28,070	10,578	21,025
Gross profit	341	8,589	10,942	23,839	11,033	12,081
Selling, general and administrative expenses	102	1,833	3,975	12,865	4,612	6,444
Operating income	239	6,756	6,967	10,974	6,421	5,637
Total other (expense) income	(2)	(2)	25	(484)	(146)	(627)
Income before income taxes	237	6,754	6,992	10,490	6,275	5,009
Provision for income taxes	--	22	223	5,526	61	2,181
Net income	237	6,732	6,769	4,964	6,214	2,828
Pro forma adjustment for income taxes (1)	(95)	(2,653)	(2,527)	1,050	(2,617)	--
Pro forma net income (2)	$ 142	$ 4,079	$ 4,242	$ 6,014	$ 3,597	$ 2,828
Pro forma net income per share (2)						
Basic	$ --	$ 0.14	$ 0.15	$ 0.20	$ 0.12	$ 0.08
Diluted	$ --	$ 0.14	$ 0.14	$ 0.18	$ 0.12	$ 0.07
Pro forma weighted average shares						
Basic	28,500	28,500	28,661	30,380	29,408	34,197
Diluted	29,427	29,427	29,326	32,747	30,345	39,436

	December 31,				June 30,
	1995	1996	1997	1998	1999
	(in thousands)				(unaudited)
Consolidated Balance Sheet Data:					
Cash	$ 7	$ 333	$ 836	$ 2,866	$ 4,027
Working capital	216	6,633	9,240	7,739	22,934
Total assets	535	7,210	11,054	60,531	51,587
Total debt	--	--	--	16,018	9,407
Total stockholders' equity	237	6,995	9,835	14,595	32,844

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(1) Through August 7, 1998, we elected to be taxed as an S corporation under the Internal Revenue Code of 1986 and comparable state laws. Accordingly, we did not recognize any provision for federal income tax expense during periods prior to that time. The pro forma adjustment for income taxes reflects the adjustment for federal income taxes which we would have recorded if we had been a C corporation during these periods.

(2) The data for all periods except the six months ended June 30, 1999 represents pro forma net income and pro forma net income per share giving effect to the adjustment for federal income taxes which we would have recorded if we had been a C corporation during these periods. For a description of the computation of the pro forma net income per share and the number of shares used in the per share calculations, see Note 1 of Notes to Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

The following discussion should be read in conjunction with our financial statements and the related notes and the other financial information appearing elsewhere in this prospectus. In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to factors discussed under "Risk Factors," "Business" and elsewhere in this prospectus.

Overview

We were incorporated in December 1994 and began operations in March 1995. Since our inception, we have operated as a provider of outsourced services related to the planning, design and deployment of wireless networks. Additionally, we have expanded our services to offer ongoing optimization and network management services for our customers. We contract with wireless telecom carriers and wireless equipment vendors to provide turnkey design, deployment and management services as well as individual services as part of broader network deployment projects. A majority of our contracts are structured on a fixed-price, time-certain basis. Since our business is driven by large, and sometimes multi-year, contracts, we forecast our staffing needs for future projected business. As a result, we may increase our staffing levels in anticipation of beginning a project. Our business may be harmed if such a project is delayed, reduced or terminated.

We generally offer our network planning, design and deployment services on a fixed-price, time-certain basis. We recognize revenues for such contracts using the percentage-of-completion method. Under the percentage-of-completion method, in each period we recognize expenses as they are incurred and we recognize revenue based on a comparison of the current costs incurred for the project to the then estimated total costs of the project. Accordingly, the revenue we recognize in a given quarter depends on the costs we have incurred for individual projects and our then current estimate of the total remaining costs to complete individual projects. If in any period we significantly increase our estimate of the total costs to complete a project, we may recognize very little or no additional revenue with respect to that project. As a result, our gross margin in such period and in future periods may be significantly reduced and in some cases we may recognize a loss on individual projects prior to their completion. Our contracts are typically structured with milestone events that dictate the timing of payments to us from our customers. Accordingly, there may be a significant delay between the date we record revenue and the date we receive payment from our customers. For network planning, design and deployment contracts offered on a time and expense basis, we recognize revenues as services are performed. We typically charge a fixed monthly fee for our ongoing radio frequency optimization and network operations and maintenance services. With respect to these services, we recognize revenue as services are performed. As of June 30, 1999, we had generated a cumulative total of $994,000 in revenue from our network management services. We expect to generate increased revenue from our network management services as we cross-sell to our existing customers and make this service available to new customers.

In order to meet the global needs of our clients, we have completed projects in 26 countries to date. Since 1998, we have established corporate resource centers in Mexico, Brazil, India and the United Kingdom. We have generated significant revenues from our international operations and expect that those revenues will expand as we continue to grow our business. Contracts with our customers are typically denominated in U.S. dollars, but this may not always be the case in the future. Additionally, we pay our international employees in either U.S. dollars or local currency. Currently we do not enter into hedging contracts or similar arrangements to protect against foreign currency fluctuations. Therefore, we increasingly may be subject to currency fluctuations, which could harm our operating results in future periods.

Our customers are large, well-established telecom carriers and wireless telecom equipment vendors, as well as smaller, early stage telecom carriers. We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of customers. For the six months ended June 30,

1999, we derived 18% of revenues from Telecorp and 10% of our revenues from Siemens. For the year ended December 31, 1998, we derived 31% of our revenues from Telecorp, 19% of our revenues from Qualcomm and 17% of our revenues from Triton PCS. The volume of work performed for specific customers is likely to vary from period to period, and a major customer in one period may not use our services in a subsequent period.

Our cost of revenues includes direct compensation and benefits, living and travel expenses, payments to third-party sub-contractors, allocation of overhead, costs of expendable computer software and equipment and other direct project-related expenses. As of June 30, 1999, we had 450 employees working on contracted projects.

Selling, general and administrative expenses include compensation and benefits, computer software and equipment, facilities expenses and other expenses not related directly to projects. Our sales personnel have, as part of their compensation package, incentives based on their productivity. We are currently installing a new financial management and accounting software program to better accommodate our growth. We expect to incur expenses related to the licensing of the software package and related personnel costs associated with its installation, testing and implementation. We may incur expenses related to a given project in advance of the project beginning as we increase our personnel to work on the project. New hires typically undergo training on our systems and project management process prior to being deployed on a project.

Depreciation and amortization expenses include depreciation on our furniture, fixtures and equipment and amortization related to our recent acquisitions, primarily Entel in February 1998. Goodwill is being amortized over a ten-year period.

Interest expense is primarily related to interest on notes payable to related parties. Specifically, in connection with a dividend declared and paid to all stockholders in July 1998, we issued promissory notes in the amount of $5.5 million. These notes were amended in August 1999 and become due in August 2000. In addition, as part of our acquisition of Entel, we issued notes as part of the purchase consideration in the amount of $5.2 million. Prior to completion of this offering we expect to repay the approximately $3.0 million outstanding under the Entel notes using our line of credit. We currently intend to repay our line of credit with the proceeds of this offering. We may enter into future borrowings or notes related to future acquisitions, and we may incur additional interest expenses as a result.

In August 1998, we converted from an S corporation to a C corporation. Prior to becoming a C corporation, our stockholders were taxed individually for their share of our profits. In 1998, we incurred a one-time charge of $2.1 million to establish a deferred income tax liability upon our change from an S corporation to a C corporation. The remaining tax provision for the year ended December 31, 1998 is attributable to federal and state income taxes at the standard statutory C corporation rates for operations from August 7, 1998 to December 31, 1998.

Results of Operations

The following table sets forth, for the periods indicated, certain statement of operations data as a percentage of revenues. Our results of operations are reported as a single business segment.

	Years Ended December 31,				Six Months Ended June 30,	
	1995	1996	1997	1998	1998	1999
Consolidated Statement of Operations Data:						
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	68.6	44.3	51.7	54.1	48.9	63.5
Gross profit	31.4	55.7	48.3	45.9	51.1	36.5
Selling, general and administrative expenses	9.4	11.9	17.5	24.8	21.4	19.5
Operating income	22.0	43.8	30.8	21.1	29.7	17.0
Total other (expense) income	(0.2)	--	0.1	(0.9)	(0.7)	(1.9)
Income before income taxes	21.8%	43.8%	30.9%	20.2%	29.0%	15.1%

Comparison of Results for the Six Months Ended June 30, 1998 to the Six Months Ended June 30, 1999

Revenues. Our revenues increased 53% from $21.6 million for the six months ended June 30, 1998 to $33.1 million for the six months ended June 30, 1999. The increase was attributable to revenue from contracts assumed in our acquisition of Entel at the end of February 1998, award of new fixed-price, time-certain contracts and continued growth in time and expense projects, partially offset by the effects of revised expense forecasts to complete two fixed-price contracts. The addition of new service offerings, including site development and fixed network engineering contributed significantly to the new contract revenues.

Cost of Revenues. Our cost of revenues increased 98% from $10.6 million for the six months ended June 30, 1998 to $21.0 million for the six months ended June 30, 1999 primarily due to increased staffing in support of new contracts. Gross margin was 51.1% of revenues for the six months ended June 30, 1998 compared to 36.5% for the six months ended June 30, 1999. Gross margins for the six months ended June 30, 1999 were reduced by our updated estimates of higher than anticipated costs to complete two fixed-price contracts. We expect that these contracts will have a decreasing impact on our gross margin over the next three quarters.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased 39% from $4.6 million for the six months ended June 30, 1998 to $6.4 million for the six months ended June 30, 1999. The increase was attributable to an increase in executive, administrative, sales and marketing personnel, as well as increases in purchases of expendable tools and systems in support of our growth. As a percentage of revenues, selling, general and administrative expenses decreased from 21.4% for the six months ended June 30, 1998 to 19.5% for the six months ended June 30, 1999, reflecting consolidation efficiencies following the Entel acquisition.

Other Income (Expense). For the six months ended June 30, 1998, our other expense was $146,000 as compared to $627,000 of other expense for the six months ended June 30, 1999. This change was primarily attributable to interest expense from the Entel acquisition, stockholder notes, higher utilization of our bank line of credit to support working capital needs and a foreign currency translation loss.

Comparison of Results for the Year Ended December 31, 1997 to the Year Ended December 31, 1998

Revenues. Our revenues increased 129% from $22.7 million for the year ended December 31, 1997 to $51.9 million for the year ended December 31, 1998. The increase was attributable to revenue from contracts assumed in our acquisition of Entel at the end of February 1998, significant new contract revenues on fixed price contracts, and continued growth in time and expense projects. The addition of new service offerings, including site development and fixed network engineering, contributed significantly to the new contract revenues.

Cost of Revenues. Our cost of revenues increased 140% from $11.7 million for the year ended December 31, 1997 to $28.1 million for the year ended December 31, 1998, primarily due to increased staffing in support of new contracts. Gross margin was 48.3% for the year ended December 31, 1997 compared to 45.9% for the year ended December 31, 1998. The decrease in gross margin was primarily due to lower margin contracts acquired in the Entel acquisition.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased 223% from $4.0 million for the year ended December 31, 1997 to $12.9 million for the year ended December 31, 1998. As a percentage of revenues, selling, general and administrative expenses increased from 17.5% of revenues for the year ended December 31, 1997 to 24.8% of revenues for the year ended December 31, 1998. The increase in selling, general and administrative expenses in both absolute dollars and as a percentage of revenues was primarily attributable to our acquisition of Entel at the end of February 1998, as well as the increase in purchases of expendable tools and systems to support our growth.

Other Income (Expense). For the year ended December 31, 1997 other income was $25,000 as compared to $484,000 of other expense for the year ended December 31, 1998. This change was primarily attributable to interest expense from the Entel acquisition, stockholder notes, higher utilization of our bank line of credit to support working capital needs and an equity loss on an investment. The equity investment was sold in June 1999.

Comparison of Results for the Year Ended December 31, 1996 to the Year Ended December 31, 1997

Revenues. Our revenues increased 47% from $15.4 million for the year ended December 31, 1996 to $22.7 million for the year ended December 31, 1997. The increase was primarily attributable to the addition of new contracts.

Cost of Revenues. Our cost of revenues increased 72% from $6.8 million for the year ended December 31, 1996 to $11.7 million for the year ended December 31, 1997. The increase was attributable to increased staffing levels and associated travel and living expenses in support of new contracts. Gross margin was 55.7% for the year ended December 31, 1996 compared to 48.3% for the year ended December 31, 1997. The decreasing gross margin was primarily attributable to the completion of an exceptionally profitable contract in 1996 and expenses related to our first international contract in 1997.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased 122% from $1.8 million for the year ended December 31, 1996 to $4.0 million for the year ended December 31, 1997. This represented 11.9% of revenues for the year ended December 31, 1996 and 17.5% of revenues for the year ended December 31, 1997. The increase in selling, general and administrative expenses in both absolute dollars and percentage of revenues was primarily attributable to increased staffing levels, the first payment of salaries to our founders in 1996, the increase in purchases of expendable tools and systems to support our growth, as well as a product development effort.

Other Income (Expense). For the year ended December 31, 1996 other expense was $2,000 as compared to other income of $25,000 for the year ended December 31, 1997. This change was primarily attributable to increased earnings on cash balances.

Quarterly Operating Results

The following tables present unaudited quarterly results, in dollars and as a percentage of net revenue, for the ten quarters ended June 30, 1999. We believe this information reflects all adjustments necessary for a fair presentation of such information in accordance with generally accepted accounting principles. Prior to this offering, we did not prepare financial statements on a quarterly basis. The information below is based on actual costs and reflects adjustments to consistently reflect the application of the percentage-of-completion method of accounting on a historical quarterly basis as well as normal recurring adjustments. Quarterly revenues for fixed price contracts were recognized on a percentage-of-completion basis using estimates of total costs to complete ongoing projects prepared at year end, and actual costs incurred for completed projects. For the quarter ended June 30, 1999, and in future quarters, revenues from fixed-price contracts will be reported based upon estimates of the total costs to complete the contract made during and at the end of the quarter. As a result, future operating results may fluctuate more from quarter to quarter than those shown below. In addition, it may not be meaningful to compare results of operations for future quarters to those for quarters prior to June 30, 1999 and the results for any quarter are not necessarily indicative of results for any future period.

	Quarter Ended									
	Mar. 31, 1997	June 30, 1997	Sept. 30, 1997	Dec. 31, 1997	Mar. 31, 1998	June 30, 1998	Sept. 30, 1998	Dec. 31, 1998	Mar. 31, 1999	June 30, 1999
	(in thousands, except as a percentage of revenues)									
Statements of Operations Data:										
Revenues	$2,226	$5,991	$6,194	$8,247	$8,904	$12,707	$14,008	$16,290	$15,028	$18,078
Cost of revenues	2,536	2,632	3,480	3,068	3,744	6,834	8,021	9,471	9,204	11,821
Gross profit (loss)	(310)	3,359	2,714	5,179	5,160	5,873	5,987	6,819	5,824	6,257
Selling, general and administrative expenses	701	858	727	1,689	1,570	3,042	3,815	4,438	3,171	3,274
Operating income (loss)	(1,011)	2,501	1,987	3,490	3,590	2,831	2,172	2,381	2,653	2,983
Total other (expense) income	12	--	--	13	(21)	(125)	(153)	(185)	(399)	(228)
Income (loss) before income taxes	$ (999)	$2,501	$1,987	$3,503	$3,569	$ 2,706	$ 2,019	$ 2,196	$ 2,254	$ 2,755
As a Percentage of Revenues:										
Revenues	100.0 %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0 %
Cost of revenues	113.9	43.9	56.2	37.2	42.0	53.8	57.3	58.1	61.2	65.4
Gross profit (loss)	(13.9)	56.1	43.8	62.8	58.0	46.2	42.7	41.9	38.8	34.6
Selling, general and administrative expenses	31.5	14.3	11.7	20.5	17.6	23.9	27.2	27.2	21.1	18.1
Operating income (loss)	(45.4)	41.8	32.1	42.3	40.4	22.3	15.5	14.7	17.7	16.5
Total other (expense) income	0.5	--	--	0.2	(0.2)	(1.0)	(1.1)	(1.2)	(2.7)	(1.3)
Income (loss) before income taxes	(44.9)%	41.8%	32.1%	42.5%	40.2%	21.3%	14.4%	13.5%	15.0%	15.2 %

Ten Quarters Ended June 30, 1999

Revenues. Over the ten quarters ended June 30, 1999, our quarterly revenue increased from $2.2 million to $18.1 million. Our quarterly revenues have grown in each of the ten quarters ended June 30, 1999, with the exception of the quarter ended March 31, 1999. During the quarters ended March 31, 1999 and June 30, 1999, revenues were negatively impacted primarily due to the effects of revised expense forecasts for the completion of two fixed-price contracts.

Cost of Revenues. Gross margins have fluctuated widely over this period ranging from (13.9%) to 62.8%. Beginning in the quarter ended March 31, 1998, gross margins were negatively affected by contracts assumed in connection with the Entel acquisition. In the quarter ended March 31, 1999 gross margin was 38.8% and in the quarter ended June 30, 1999 gross margin was 34.6%. The lower gross margins were primarily due to revised expense forecasts for the completion of two fixed-price contracts. The impact of these contracts is

expected to continue through the quarter ending March 31, 2000, although such contracts are expected to account for an increasingly smaller portion of our cost of revenues. Our gross margins are expected to continue to fluctuate in future periods.

Selling, General and Administrative Expenses. Selling, general and administrative expenses as a percentage of revenues have fluctuated significantly over the ten quarters ended June 30, 1999. During the quarters ended March 31, 1998 and June 30, 1998, expenses increased as a percentage of revenues as a result of the acquisition-specific costs from the Entel acquisition as well as the short-term duplication of some administrative expenses.

Other Income (Expense). Interest expense has increased over the ten-quarter period as a result of the indebtedness related to the Entel acquisition in February 1998, stockholder notes incurred as a part of the Series A Preferred Stock financing in July 1998, and increased utilization of our bank line of credit for working capital needs.

Our quarterly and annual operating results have fluctuated in the past and are likely to fluctuate significantly in the future due to a variety of factors, many of which are outside of our control. See "Risk Factors--We expect our quarterly results to fluctuate. If we fail to meet earnings estimates our stock price could decline" and "--An increasing percentage of our revenue is accounted for on a percentage-of-completion basis which could cause our quarterly results to fluctuate."

Liquidity and Capital Resources

Since our inception, we have primarily financed our operations through cash flow from operations and from the sale of preferred and common stock. We have raised $36.0 million through the sale of preferred stock which was used to finance our growth and to repurchase $13.7 million of our common stock from certain stockholders. Additionally, we have periodically drawn upon a $3.0 million bank line of credit to fund our growth and working capital requirements.

As of June 30, 1999, we had cash and cash equivalents totaling $4.0 million.

Cash provided by and used in operations is primarily derived from our contracts in process and changes in working capital. Cash used in operations was $3.2 million for the six months ended June 30, 1999 and $3.9 million for the year ended December 31, 1998. While cash from contracts increased due to increased collection efforts, cash paid out for taxes increased as we changed from an S corporation to a C corporation in August of 1998. Cash provided by operations was $4.9 million and $0.9 million for the years ended December 31, 1997 and 1996, respectively.

Cash used in investing activities was $3.0 million for the six months ended June 30, 1999 and $4.6 million, $0.3 million and $0.4 million for the years ended December 31, 1998, 1997 and 1996, respectively. Investing activities consist primarily of acquisitions, including the acquisition of Entel in February, 1998 for $3.3 million in cash and $5.5 million paid pursuant to promissory notes, as well as capital expenditures to support the Company's growth.

Cash provided by financing activities for the six months ended June 30, 1999 was $7.4 million which was primarily derived from the proceeds from sales of preferred stock totaling $15.0 million, partially offset by repayments on borrowings totaling $7.8 million. Cash provided by financing activities for the year ended December 31, 1998 was $10.5 million which primarily consisted of proceeds from a sales of preferred stock totaling $21.0 million. Proceeds from the sale of preferred stock were used to repurchase stock from major stockholders for approximately $13.5 million. Net borrowings totaled $5.3 million, and S corporation stockholder distributions totaled $3.1 million for the year. Cash used in financing activities for the years ended December 31, 1997 and 1996 were $4.1 million and $0.2 million, respectively, and primarily consist of S corporation stockholder distributions.

We have no material commitments other than obligations under our credit facilities, operating and capital leases and certain short-term notes. See Notes 4 and 5 of Notes to Consolidated Financial Statements. Our future capital requirements will depend upon many factors, including the timing of payments under contracts and our increase in personnel in advance of new contracts.

We believe that our cash and cash equivalent balances, funds available under our existing line of credit, and net proceeds from this proposed offering will be sufficient to satisfy our cash requirements for at least the next twelve months. The estimate for the period for which we expect the net proceeds from this offering together with our available cash balances and credit facilities to be sufficient to meet our capital requirements is a forward-looking statement that involves risks and uncertainties as set forth under the caption "Risk Factors" in this prospectus. Our capital requirements will depend on numerous factors, including commercial acceptance of new service offerings, possible acquisitions of complementary businesses or technologies, the resources we dedicate to new technologies and new markets and demand for our suite of services.

We may need to raise additional capital if we expand more rapidly than initially planned, to develop new technologies and/or services, to respond to competitive pressures or to acquire complementary businesses or technologies. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced, our stockholders may experience additional dilution and such securities may have rights, preferences or privileges senior to those of our stockholders. There can be no assurance that additional financing will be available or on terms favorable to us. If adequate funds are not available or are not available on acceptable terms, our ability to fund our expansion, take advantage of unanticipated opportunities, expand our suite of services or otherwise respond to competitive pressures could be significantly limited. Our business may be harmed by such limitations.

Quantitative and Qualitative Disclosures About Market Risk

The following discusses our exposure to market risk related to changes in interest rates, equity prices and foreign currency exchange rates. This discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results could vary materially as a result of a number of factors including those set forth in the "Risk Factors" section.

As of June 30, 1999, we had cash or cash equivalents of $4.0 million. Pending application of the proceeds of this offering, as described in "Use of Proceeds," we intend to invest the net proceeds in interest-bearing investment grade securities, primarily short-term, highly liquid investments with maturities at the date of purchase of less than 90 days. These investments are subject to interest rate risk and will decrease in value if market interest rates increase. A hypothetical increase or decrease in the market interest rates by 10 percent from the rates in effect on the date of this prospectus would cause the fair value of these short-term investments to decline by an insignificant amount. We have the ability to hold these investments until maturity, and therefore we do not expect the value of these investments to be affected to any significant degree by the effect of a sudden change in market interest rates. Declines in interest rates over time will, however, reduce our interest income.

We do not own any investments in publicly traded equity securities. Therefore, we do not currently have any equity price risk tied directly to public equity markets.

Substantially all of our revenues are realized currently in U.S. dollars. In addition, we do not maintain significant asset or cash account balances in currencies other than the U.S. dollar. Therefore, we do not believe that we currently have any significant direct foreign currency exchange rate risk.

Year 2000 Readiness Disclosure

Many computers, software, and other equipment include computer code in which calendar year data is abbreviated to only two digits. As a result of these design decisions, some of these systems could fail to operate or fail to produce correct results if "00" is interpreted to mean 1900, rather than 2000. These problems are widely expected to increase in frequency and severity as the year 2000 approaches, and are commonly referred to as the "Year 2000 Problem."

Assessment of Internal Infrastructure. The Year 2000 Problem affects the computers, software and other equipment that we use, operate or maintain for our operations. We have established a team, led by Integrated Ventures, LLC, our information services provider, responsible for monitoring the assessment and remediation status of our Year 2000 projects and reporting the status of these projects to the Audit Committee of our Board of Directors. We have contacted the vendors of the products that we use for our internal systems in order to gauge their year 2000 compliance. The vendors have indicated that they believe that the third-party hardware and software we use are year 2000 compliant, but we have not independently verified these representations. For this and other reasons, we may experience unanticipated negative consequences, including material costs, caused by undetected errors or defects in the technology used in our internal systems.

Costs of Remediation. We do not know if the total cost of completing any required modifications, upgrades or replacements of our internal systems would be material. Based on the activities described above, we do not know if the Year 2000 Problem will harm our business or operating results. In addition, we have not deferred any material information technology projects, nor equipment purchases, as a result of our Year 2000 Problem activities.

Customers. Our customers' deployment plans could be affected by year 2000 issues if they need to expend significant resources to fix their existing systems. This situation could divert funds and resources otherwise available for outsourced network services. In addition, some customers may wait to deploy networks until after the year 2000, which may reduce our revenues in the near future.

Contingency Plan. We have no specific contingency plan to address the effect of year 2000 noncompliance. If, in the future, it comes to our attention that certain of our third-party hardware and software are not year 2000 compliant, then we will seek to make modifications. In such cases, we do not know if such modifications can be made on a timely basis and we do not know if the cost of such modifications will have a material effect on our operating results. There can be no assurance that we will be able to modify our systems to comply with year 2000 requirements, and failure to make such modifications in a timely and successful manner could harm our business.

Disclaimer. The discussion of our efforts and expectations relating to Year 2000 compliance are forward-looking statements. Our ability to achieve Year 2000 compliance, and the level of incremental costs associated therewith, could be adversely affected by, among other things, the availability and cost of contract personnel and external resources, third-party vendors' ability to modify proprietary software, and unanticipated problems not identified in the ongoing compliance review.

Recent Accounting Pronouncements

In June 1998, FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires the recognition of all derivative instruments as either assets or liabilities in the statement of financial position and measurement of those derivative instruments at fair value. SFAS No. 133, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Currently, we do not hold derivative instruments or engage in hedging activities. The adoption of this standard is not expected to have a material effect on our combined financial statements taken as a whole.

In March 1998, the Accounting Standards Executive Committee of the American Institute of Public Accountants issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." In April 1998, the same committee issued Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." These standards are effective for the first quarter of the year ending December 31, 1999. The adoption of these standards are not expected to have a material effect on our combined financial statements taken as a whole.

Overview

Wireless Facilities, Inc. is one of the leading independent providers of outsourced services related to the planning, design and deployment of wireless networks. We have also expanded our services to include network management, which includes day-to-day optimization and maintenance of wireless networks. We provide end-to-end design, deployment and network management solutions for both telecom carriers and equipment vendors. As part of our strategy, we are technology and vendor independent, aligning our goals with those of our customers and enabling us to objectively evaluate and recommend optimal vendor or technology solutions. We have provided services to wireless carriers, such as AT&T affiliates Telecorp and Triton; equipment vendors, such as Siemens, Ericsson and Lucent; and wireless broadband data carriers, such as CommcoTec and Nextlink.

Our services are designed to rapidly improve our customers' competitive position through planning, deployment and management of their networks. We have developed a methodology that provides an integrated framework for each stage of a client engagement. Our unique methodology allows us to deliver reliable, robust and scalable network solutions primarily on a fixed-price, time-certain basis, enabling our customers to more reliably forecast the costs and timing of network deployment and management. This allows our customers to focus on their core competencies and rely on us for the planning, deployment and management of their networks.

Since 1995, we have completed projects for more than 95 customers, ranging in scope from the installation of a single cell site to multi-year, large scale deployment contracts. In the past two years, we have expanded our operations internationally and have completed projects in 26 countries. In addition to our U.S. operations, we have ongoing projects in Argentina, Brazil, Congo, India, Kuwait, Mexico, Morocco, Oman, Puerto Rico, Spain, South Korea, Turkey and the United Kingdom. In 1998, we were involved in the development of over 3,000 of the approximately 16,000 cell sites built in the United States. Since the founding of WFI in 1994, we have designed and/or deployed over 12,000 cell sites worldwide.

Industry Background

Growth of the Wireless Telecom Industry

The wireless telecom industry is one of the most rapidly growing business sectors in the world today, driven by the dramatic increase in wireless telephone usage, as well as strong demand for wireless Internet and other data services. Since 1992, wireless has been the fastest-growing telecom market sector, according to Forrester Research. International Data Corporation expects that by 2003, the U.S. wireless subscriber base will grow to over 185 million, generating revenues in excess of $68 billion. In April 1999, Dataquest estimated that the number of users of wireless handsets worldwide will grow to over 500 million by 2002. The demand for wireless Internet access and other data services is accelerating the adoption of new technologies such as those embodied in the emerging third-generation (3G) standard. High speed fiber networks are being coupled with broadband wireless technologies to deliver enhanced telecom capabilities and features to new customers and markets. According to Dataquest in February 1999, the market for broadband wireless access services in North America alone is expected to generate $7.8 billion in revenue by 2003.

Wireless carriers must continuously upgrade their networks with new technologies and expand into new geographic regions in order to remain competitive and satisfy the demand for pervasive wireless service. Additionally, new carriers are entering the market as a result of deregulation, the issuance of new licenses and the demand for new services, fueling the development of new networks. As a result, carriers are deploying new network equipment both in the U.S. and internationally. Worldwide sales of wireless telecom equipment are estimated to reach $31.8 billion in 1999, according to Dataquest in April 1999. New technologies, such as broadband wireless, are helping to fuel demand for more advanced wireless equipment. In February 1999, Dataquest estimated that the market for broadband wireless equipment in North America would grow from $90.7 million in 1998 to $901.3 million in 2002, a compound annual growth rate of 77.5%.

Changes in the Wireless Telecom Industry

As carriers deploy their networks, they face significant competition. Through privatization in the 1980s and deregulation in the 1990s, both domestically and internationally, the competitive landscape has changed for wireless carriers. For carriers to differentiate themselves and remain competitive in this new environment, they are deploying networks to:

- provide seamless nationwide coverage and avoid expensive roaming costs on competitors' networks in markets where carriers do not currently own infrastructure;
- offer PCS service in new geographic markets;
- offer enhanced services, such as one rate plans, calling party pays, caller ID, text messaging and emergency 911 locator services;
- implement the new third-generation (3G) network standard to deliver wireless broadband data services, including Internet access and two-way e-mail;
- introduce other emerging data networking and broadband technologies, such as LMDS, MMDS and other point-to-multipoint architectures, for the provision of high speed data wireless Internet access and other broadband services; and
- offer wireless local loop systems domestically to bypass incumbent wireline competitors and in developing countries lacking modern wireline telephone infrastructure.

The convergence of traditional wireless, wireline and cable services is also adding complexity to the telecom environment as carriers deploy networks spanning traditional wireless/wireline boundaries to offer these enhanced services and new technologies.

New Challenges for Wireless Carriers and Equipment Vendors

Due to this increasingly competitive environment, carriers need to focus on satisfying customer demand for enhanced services, seamless and comprehensive coverage, better quality, more bandwidth and lower prices. The proliferation of carriers and new technologies has created an environment where speed to market is an essential element of a wireless carrier's success. Carriers are also experiencing challenges managing increasingly complex networks and technologies. For example, the introduction of wireless Internet technologies and the growth in broadband wireless services requiring the transmission of large amounts of data creates additional new technological hurdles for carriers establishing or upgrading their networks. In this dynamic environment, customer acquisition and retention are the most important determinants of success. This has led carriers to increasingly prioritize their resources, focusing on mission critical revenue generating activities such as marketing, billing and customer care and outsourcing whenever they can do so effectively.

The changing environment is also placing significant operational challenges on carriers. Carriers must make critical decisions about which geographic markets to serve and which services and technologies to offer. They are striving to avoid the cost uncertainties and considerable operational challenges associated with the staffing and process implementation software for the deployment and management of their networks. Furthermore, the rapidly changing and increasingly complex nature of wireless technologies has made it difficult for carriers to optimize employee training and utilization for what are often one-time upgrades for each generation of new technology. Additionally, networks are being implemented with equipment from unrelated vendors, posing system integration challenges. This situation is exacerbated by consolidation in the industry, which often entails the integration of disparate networks.

Equipment vendors are facing numerous challenges in the current environment, as carriers are requiring them to develop new generations of equipment that are capable of handling increased features and functionality. In addition, vendors must provide equipment that can be deployed within a carrier's existing network and integrate with equipment offered by other vendors. Carriers are more likely to select a vendor who provides a full suite of products and deployment services. Given the rapid pace of technological change, equipment

vendors are finding it increasingly difficult to justify using resources for the deployment, integration and optimization of their current generation of products. This has increasingly led equipment vendors to focus on their core competencies to offer competitive solutions in this rapidly changing technological environment and to outsource network design, deployment and management services.

The Need for Outsourcing

The new challenges and resource constraints are increasingly leading carriers and equipment vendors to outsource network planning, deployment and management to focus on their core competencies and refine their competitive advantage. The changing technological environment of the wireless communications industry has compelled wireless carriers and equipment vendors to seek out service providers who:

- offer turnkey solutions;
- are technology and vendor independent;
- offer fixed-price, time-certain services; and
- have sufficient numbers of highly skilled, experienced employees capable of handling large-scale domestic and international projects.

The WFI Solution

We provide outsourced services to telecom carriers and equipment vendors for the planning, design, deployment and ongoing optimization and management of wireless networks. We offer turnkey solutions on a fixed-price, time-certain basis. We have expertise with all major wireless technologies, and we have deployed equipment supplied by a majority of the world's leading equipment vendors. We are able to manage large scale deployments for our customers, both domestically and internationally. Our project management process enables us to deliver high quality services on time and within budget.

Turnkey Solutions. We can provide turnkey solutions for our customers, from network feasibility and planning through design, deployment and ongoing network management. In contrast to traditional methods of hiring multiple service providers to plan and deploy a wireless network, we capitalize on the synergies that result from providing management services during each phase of the engagement enabling us to efficiently schedule processes and resources, reducing the time and cost of network deployment and management. We provide our customers with a primary point of accountability and reduce the inefficiencies associated with coordinating multiple subcontractors. In addition, we eliminate the need for a carrier or equipment vendor to assemble, train and retain network deployment and management staff, resulting in cost savings. This allows carriers and vendors to focus their resources on revenue generating activities.

Technology and Vendor Independence. We have experience in all major wireless technologies, including analog, digital, PCS, GSM, TDMA, CDMA and iDEN, as well as wireless Internet and emerging broadband wireless technologies such as LMDS and MMDS. Two critical components of our ability to meet and exceed customer expectations are our broad scope of services and our technology expertise and independence. We are continually investing in research of next generation technologies to maintain our technology leadership position. While our leadership position as well as our industry reputation attracts vendors as customers, we have not aligned ourselves with the products of any particular vendor. We provide services to many of the largest wireless carriers and are qualified and approved by nearly every major wireless equipment vendor. Our technology and vendor independence aligns more closely our goals with those of our customers and enables us to make objective recommendations to best fit their needs.

Fixed-Price and Time-Certain Delivery. Our services are sold primarily on a fixed-price, time-certain basis, where our customers pay by the cell site or project, rather than by the hour. By selling our services primarily on a fixed-price, time-certain basis, we enable our customers to better forecast their capital expenditures and more accurately forecast the timing and costs of network deployment and management. This

allows them to focus on their core competencies and rely on us for the cost-effective planning, deployment and management of their networks.

Proven Methodology. Our project management process enables us to deliver high quality solutions on a fixed-price, time-certain basis. We leverage our experience, obtained from implementing hundreds of projects, to reduce time to market for new projects. For example, our project managers utilize our project management process to chart project progress and coordinate the integration of numerous specialized activities during the design and deployment of a network. We facilitate efficient feedback of information among the various specialized activities so that our project teams work quickly and effectively. Through this coordinated effort and the use of Tracker, our project tracking software tool, we are able to optimize resource deployment and deliver solutions on time and within budget.

Depth and Scale. Our principal asset is our highly skilled and motivated staff of over 500 people, over 88% of whom work directly on customer projects. We currently have more than 200 engineers, the majority of whom hold advanced degrees, and we have experience in all significant wireless technologies. Our technological expertise and industry knowledge has enabled us to form strong customer relationships with early stage telecom ventures, as well as established carriers and equipment vendors. In the past two years, we have been engaged on projects in 26 countries. In addition, we have established corporate resource centers in Mexico, Brazil, India and the United Kingdom. We believe our presence in these countries facilitates our ability to provide high quality service to our international customers.

Strategy

Our objective is to be the leading independent provider of complete outsourced telecom network services, including network planning, design, deployment and management. The key elements of our strategy include:

Focus on customer satisfaction. Our long-term success depends upon our ability to consistently deliver value to our customers in the form of completed projects, rendered to the highest professional standards, delivered on time and within budget. By offering turnkey solutions on a fixed-price, time-certain basis, we hold ourselves to the expectations we set with our customers. We strive to exceed customer expectations on every project. We believe we have been successful in developing customer loyalty and trust because of our high standards and vendor and technology independence. As a result, a majority of our customers have used us for more than one project.

Expand the suite of services we offer and leverage cross-selling opportunities. Since our inception, we have continually looked for new ways to serve our customers. An example is the recent expansion of our service offerings to include network management services, an outgrowth of our network optimization services. Expanding our services provides new channels for revenues and the ability to cross-sell our suite of services to existing customers. For instance, we often utilize our pre-deployment consulting services to establish relationships with customers as soon as a project is conceived. Based on this relationship, we pursue opportunities for network design and deployment. Once a network is deployed, we offer ongoing network operations, maintenance and optimization services. Our experience with emerging technologies also offers cross-selling opportunities for network upgrades and deployment of a carrier's next generation network. As technologies continue to evolve and networks become more complex, we will continue to expand our services to meet the changing needs of our customers.

Remain at the forefront of new technologies. Emerging technologies present numerous opportunities and challenges for existing carriers and vendors as well as for new carriers. Our customers depend on us to draw upon our extensive design and deployment experience to recommend optimal solutions to them. To achieve this, we have extensive in-house training programs for all technical personnel. We will continue to actively market our technology expertise to wireless carriers and equipment vendors that are deploying leading edge technologies. This permits us to gain valuable experience deploying new technologies, while also adding value to these customers' products and services offerings. Additionally, our Advanced Technology Group participates with industry standards setting bodies to develop domestic and international standards for next generation telecom products.

Pursue opportunities for international growth. International markets represent a significant opportunity for future growth. We established corporate resource centers in Mexico and Brazil in 1998 and have continued this expansion in 1999 by adding corporate resource centers in India and the United Kingdom. Initially, our international revenues have resulted from deployment contracts with multinational equipment vendors. However, as we continue to penetrate foreign markets, we expect to continue to capitalize on opportunities created by privatization, new licensees and the expansion of wireless local loop networks.

Continue to attract and retain highly skilled, motivated personnel. Technology drives our industry. As a result, our engineers and site development teams are critical to our success. We have implemented an institutional process for career development, training and advancement. We intend to continue to attract and retain the most qualified staff by offering our employees challenging projects and opportunities to work with emerging technologies within a corporate culture that fosters innovation and encourages learning and professional development. We intend to continue to build our recruiting organization and to invest heavily in training and professional development.

Capitalization on prior project experience. We have participated in the deployment of over 12,000 cell sites. The experience we have gained through these projects is reflected in our unique project management process and proprietary project management tools. This experience allows us to optimize the allocation of our resources and consistently deliver high-quality solutions on a fixed-price, time-certain basis. We will continue to refine our processes, methodologies and project management tools, matching them to new customer and technology requirements.

Pursue strategic acquisitions. We intend to continue to pursue acquisitions that will expand our presence in key markets, supplement our technical expertise or allow us to acquire additional human resources or strategic customer relationships. From January 1, 1998 through June 30, 1999, we acquired four companies to strengthen our ability to provide ongoing network optimization and management services, extend our geographic reach, broaden our technical expertise and add professional resources.

Network Services

We provide a comprehensive suite of network solutions to wireless carriers and equipment vendors, from feasibility and planning, to design, deployment and ongoing network management.

[Graphic depicting the Company's service offerings: Pre-deployment Planning Services, Design and Deployment Services and Network Management Services.]

Pre-Deployment Planning Services

We provide pre-deployment planning services for all steps involved in developing or refining a deployment strategy.

Strategic and Business Consulting. Our business consulting group utilizes its expertise and experience to analyze the financial, engineering, competitive market and technology issues applicable to a proposed network deployment project. We assist a customer's management team in analyzing various strategic options before an execution decision has been made. Drawing on the demographic analysis and preliminary network dimensioning performed by our geographic information systems (GIS) team and benchmarks for deployment-related expenditures from our various functional groups, our consultants can create new business strategies or evaluate the deployment strategies the customer has already developed. Services include:

- business and financial modeling;
- defining subscriber profiles and target markets;
- usage forecasting; and
- market planning, competition, regulatory, GIS and network configuration analysis.

These services are especially important to start-up carriers that have limited resources and access to information.

Technology Evaluation and Vendor Selection. Our Advanced Technology Group, a group of experts in wireless telecom technologies and applications, assists customers in determining the best equipment for a particular project, analyzing the feasibility of a particular technology for a network plan and managing the bidding process from multiple equipment vendors. Our experience in all major wireless technologies allows us to offer the broadest scope of services possible to meet the varied and specific needs of our customers. In addition, because we have not aligned ourselves with the products of any particular vendor, we believe our customers value our independent advice regarding equipment selection.

We have worked on a number of high profile business and technology planning projects in the wireless industry, including not only mobility services but also broadband, point-to-multipoint and satellite technologies. Although the size of these projects is typically smaller in scope than our design and deployment projects, they are strategically important to us because they represent opportunities for us to build relationships and credibility with customers during the planning phase and enhance our experiences with leading edge technologies. We typically offer these services on a time and materials basis.

Design and Deployment Services

We provide a range of services for the full design and deployment of wireless networks. We believe our success is largely based on our ability to provide a package of vertically integrated services that have traditionally been offered separately by multiple subcontractors coordinated by a carrier's internal deployment staff. Such services include:

GIS Analysis. Our GIS team studies and analyzes the traffic patterns, population density, topography and propagation environment in each market under consideration.

Radio Frequency Engineering. Our highly-qualified and experienced radio frequency engineers design each integrated wireless system to meet the customer's requirements for transmission over the wireless network. These requirements are based upon a projected level of subscriber density and traffic demand and the coverage area specified by the operator's license or cost-benefit decisions. We perform the calculations, measurements and tests necessary to determine the optimal placement of the wireless network infrastructure. In addition to meeting basic transmission requirements, the radio frequency network design must make optimal use of radio frequency and result in the highest possible signal quality for the greatest portion of subscriber

usage within existing constraints. The constraints may be imposed by cost parameters, terrain, license limitations, interference with other operators, site availability, applicable zoning requirements and other factors.

Microwave Relocation. To enable our customers to use the radio frequency spectrum they have licensed, it is often necessary for them to analyze the licensed spectrum for microwave interference and move incumbent users of this portion of the spectrum to new frequencies. We assist our customers in accomplishing this microwave relocation by providing complete point-to-point and point-to-multipoint line-of-sight microwave engineering and support services. We have engineered and constructed more than 2,000 analog and digital microwave systems. Our engineering and support services include identifying existing microwave paths, negotiating relocation with incumbent users, managing and tracking relocation progress and documenting the final decommissioning of incumbent users.

Fixed Network Engineering. Most wireless calls are ultimately routed through a wireline network. As a result, the traffic from wireless networks must be connected with switching centers within wireline networks. We establish the most efficient method to connect cell sites to the wireline backbone, whether by microwave radio or by landline connections. Our engineers are involved in specifying, provisioning and implementing fixed network facilities. Additionally, the convergence of voice and data networks, specifically through broadband technologies, such as LMDS, MMDS and Fast Ethernet, has created a new demand for specialized fixed network engineering skills. These skills include planning, design, capacity and traffic analysis for packet-switched and Internet protocol router-based network elements. Our engineering teams are trained in specialized data networking and Internet protocol engineering issues.

Site Development. We study the feasibility of placing base stations in the area under consideration from a zoning perspective, negotiate leases and secure building permits, supervise and coordinate the civil engineering required to prepare the rooftop or tower site, manage multiple construction subcontractors and secure the proper electrical and telecom connections. We have substantial experience in managing the teams and activities necessary to develop sites for the rollout of wireless systems.

Installation and Optimization Services. We install radio frequency equipment, including base station electronics and antennas, and recommend and implement location, software and capacity changes required to meet the customer's performance specifications. We provide installation and optimization services for all significant PCS, cellular and broadband wireless air interface standards and equipment manufacturers. We also perform initial optimization testing of installed networks to maximize the efficiency of these networks.

In 1998, we were involved in the deployment of over 3,000 of the approximately 16,000 cell sites built in the United States. Since the founding of WFI in 1994, we have been involved in the design and/or deployment of over 12,000 cell sites worldwide. These services are typically provided on a fixed-price, time-certain basis.

Network Management Services

Network management services are comprised of post-deployment radio frequency optimization services and network operations and maintenance services.

Post-Deployment Radio Frequency Optimization. Upon initial deployment, a network is optimized to provide wireless service based upon a set of parameters existing at that time, such as cell density, spectrum usage, base station site locations and estimated calling volumes and traffic patterns. Over time, call volumes or other parameters may change, requiring, for example, the relocation of base stations, addition of new equipment or the implementation of system enhancements. We offer ongoing post-deployment radio frequency optimization services to periodically test network elements, tune the network for optimal performance and identify elements that need to be upgraded or replaced.

Network Operations and Maintenance. For customers with ongoing outsourcing needs, we can assume responsibility for day-to-day operation and maintenance of their wireless networks. The relationship we develop with our customers for this type of outsourcing contract begins with a team of engineers and other professional and support staff matched to the customer's specific needs. We take into account such variables as grade of service and reliability requirements, equipment manufacturer certification and geographic layout of the system in question for determining the allocation of site maintenance and other responsibilities between our service team and the customer's own personnel. We provide staffing to perform the necessary services for ongoing optimization, operations, maintenance and repair of not only base station equipment, but also mobile switching centers, network operating centers and other critical network elements to the extent required by our customers. We also provide training services for the internal network staff of our customers.

We typically charge a fixed monthly fee for our ongoing radio frequency optimization and our network operations and maintenance services. Typically, these services are provided pursuant to multi-year contracts. We anticipate that once these services are outsourced to us, customers will not develop them internally. As the trend toward outsourcing continues, we expect that the opportunities for providing network management services will expand.

Customers

We provide network design, deployment and management services to wireless carriers and equipment vendors. We are also actively targeting carriers deploying new wireless broadband networks. Additionally, we have provided services to satellite service providers and wireless tower companies. Since 1995, we have completed projects for more than 95 customers in 26 countries. Set forth below is a representative list of our customers:

Wireless Carriers	Broadband Wireless Carriers	Equipment Vendors
AT&T	Advanced Radio Telecom	Ericsson
Century	CommcoTec	Lucent Technologies
CFW	Metricom	Motorola
Clearnet	Nextlink	Nortel Networks
Cricket Communications		Qualcomm
Leap Wireless		Siemens
Nextel Partners		Triton Network Systems
Omnipoint		
PageNet	Satellite Services	Tower Companies
Pegaso	CD Radio	American Tower
San Diego PCS	Globalstar	Crown Castle
Telecorp		
Tri-Tel		
Triton PCS		
US West		
Western Wireless		

Representative Projects

The following are examples of recent projects which are representative of the scope of services we provide:

Siemens, AG. Siemens is a leader in PCS network equipment manufacturing, primarily focused on GSM technologies. We began working with Siemens in 1998. Based on our project performance, we were awarded a Worldwide Master Services agreement to provide network design and radio frequency engineering to Siemens and its customers. To date, we have done work with Siemens and its customers in Spain, Morocco, Turkey, Venezuela, South Africa and Oman.

Triton PCS, Inc. Triton PCS is a member of the AT&T Wireless Services Inc. network of affiliates. Triton PCS is building and operating an advanced digital wireless network in a contiguous territory in Virginia, North and South Carolina, northern Georgia and northeastern Tennessee. We began providing Triton PCS with microwave relocation services in 1998. Since then, we have grown that relationship to include fixed network engineering, radio frequency design, optimization and maintenance services. We recently signed a multi-year contract with Triton PCS to provide radio frequency design, optimization and performance engineering services for all of the cell sites in the Triton PCS network through 2001.

Methodology and Technology

Project Management Process. We believe that our unique project management process is a critical factor in the successful execution of our business model. Our project managers use our unique methodology and proprietary tools to coordinate the various specialized activities involved in bidding, planning, designing, deploying and optimizing networks on an ongoing basis. At the same time, our functional experts are involved in each of these specialized activities. Through the coordination of our project managers and functional experts, we are able to integrate and account for the various pieces of a turnkey engagement.

We have built upon our past experiences in developing a unique, analytical framework that enables us to provide scalable solutions to clients. We have found that while there are features unique to each project, there are often similarities among projects. Our project management process is designed to bring the expertise developed during our prior engagements to bear on each new project.

We continue to dedicate substantial resources to maintaining and improving our project management process. At the conclusion of each engagement, we incorporate incremental knowledge gained during the course of the project into our knowledge database. We believe that the implementation and improvement of our project management process ultimately benefits our clients. Our well-defined methodology enables us to leverage our technological and industry expertise to deliver high-quality, reliable networks in a rapid fashion. We are committed to continually refining our project management process, customizing it for each new customer and for each new technology opportunity.

Project Tracking Tool. We have acquired and implemented Tracker, a proprietary software tool providing critical support and coordination to the project management process. Tracker allows a project manager to view the entire deployment process in graphical format and to keep detailed project notes. In cooperation with Integrated Ventures, LLC, which developed Tracker, we are currently upgrading Tracker so it will be Web-based and allow project data to be viewed simultaneously by multiple personnel providing access to current information. Tracker assists us in refining and building upon past experiences. In addition, Tracker permits easy auditing of the data of a particular project by management and customers.

Advanced Technology Group. Our Advanced Technology Group is comprised of experts dedicated to the research and development of a wide range of wireless products and technologies. ATG members are highly qualified researchers and engineers with extensive research and practical experience. The ATG provides a resource and focal point for keeping abreast of new telecom technologies, including broadband point-to-multipoint services, such as LMDS and MMDS, and new standards, such as 3G. In addition, ATG members

participate in setting new standards for wireless technologies. For example, a member of our ATG, jointly with Qualcomm and Hughes, made two contributions to the cdma2000 standard. The ATG also develops our in-house training materials, and as a result, its expertise is disseminated effectively throughout the company.

Sales and Marketing

We market and sell our services through a direct sales force to wireless carriers and equipment vendors. As of June 30, 1999, we employed eight full-time sales and marketing staff. Our sales personnel work collaboratively with our senior management and consulting and deployment personnel to develop new sales leads and secure new contracts. Each salesperson is expected to generate new sales leads and take responsibility as an account manager for specified accounts with existing customers. As account manager, the salesperson works with planning and deployment personnel assigned to that customer to identify opportunities for performing additional services for that customer. Sales personnel receive a base salary, incentives based upon new business and repeat business from existing customers and a quarterly bonus based upon revenue goals established by senior management.

Human Resources

We have allocated significant time and resources to recruiting, training and retaining employees, which has enabled us to meet our staffing needs while also achieving a low level of employee turnover. As of June 30, 1999, we had 508 employees, including 450 in network and deployment services, eight in sales and marketing and 50 in general administration. We believe that our future success will depend on our continued ability to attract, retain, integrate, and motivate highly qualified personnel, and upon the continued service of our senior management and key technical personnel.

Recruiting. We employ a Vice President of Human Resources and three full-time internal recruiters. Our primary hiring sources include employee referrals, print advertising, Internet job postings and direct recruiting. We attract and retain employees by offering significant technical training opportunities, a stock option award program, bonus opportunities, and competitive salaries and benefits.

Training and Career Development. We believe that our continuous focus on training and career development helps us to retain our employees. Upon joining WFI, each new employee participates in an in-depth orientation program focusing on our culture, organization and values. Employees participate in ongoing educational programs, many of which are internally developed. Our education reimbursement policy subsidizes employee efforts in their pursuit of advanced degrees and professional certifications. Each employee is assigned to a functional manager, who is responsible for that employee's career development, training and advancement.

Career Advancement. We provide opportunities for promotion and mobility within the company that we believe are key components of employee retention. Upon joining WFI, an employee is designated a job classification level with specific performance and growth targets associated with such classification. Upon successful completion of the targets, employees are eligible for a number of rewards, including project and year-end bonuses for superior performance, promotions to higher levels of responsibility within a clearly defined career path and stock option awards. Promotion candidates sit for a formal promotion panel made up of senior managers and technical experts in the employee's area of specialty. Panel results, along with manager recommendations and customer feedback, are used to evaluate each candidate's suitability for promotion.

We believe our employee training, development and advancement structure better aligns the interests of our employees with our interests and creates a cooperative, entrepreneurial atmosphere and shared culture. We are dedicated to maintaining an innovative, creative and empowering environment where we work as a team to exceed the expectations of our customers and provide our employees with personal and professional growth opportunities.

Competition

Our market is highly competitive and fragmented and is served by numerous service providers. However, our primary competitors are often the internal engineering departments of our carrier and equipment vendor customers. With respect to radio frequency engineering services we compete with service providers that include CelPlan Technologies, Comsearch (a subsidiary of Allen Telecom Inc.), LCC International, Manpower Inc. and Metapath Software International. We compete with site acquisition service providers that include Cellular Realty Advisors, Inc. and Whalen & Company, Inc. (a subsidiary of Tetra Tech, Inc.). These companies have also engaged in some site management activities. Competitors that perform civil engineering work during a buildout are normally regional construction companies. We compete with engineering and project management companies like Bechtel Group, Inc., Black & Veatch and Fluor Daniel Inc. for the deployment of wireless networks. They are significant competitors given their project finance capabilities, reputations and international experience. Many of these competitors have significantly greater financial, technical and marketing resources, generate greater revenues and have greater name recognition than us.

We believe the principal competitive factors in our market include the ability to deliver results within budget and on time, reputation, accountability, project management expertise, industry experience and competitive pricing. In addition, expertise in new and evolving technologies, such as broadband wireless, has become increasingly important. We believe that the ability to integrate these technologies, as well as equipment from multiple vendors, gives us a competitive advantage as we can offer the best technology and equipment to meet a customer's needs. We believe our ability to compete also depends on a number of additional factors which are outside of our control, including:

- the prices at which others offer competitive services;
- the willingness of our competitors to finance customers' projects on favorable terms;
- the ability of our customers to perform the services themselves; and
- the extent of our competitors' responsiveness to customer needs.

Facilities

Our principal executive offices are located in approximately 25,300 square feet of office space in San Diego, California. The lease for such space expires September 30, 2003. We also lease office space in: Reston, Virginia; Blackwood, New Jersey; Sacramento, California; Santa Fe, New Mexico; Mexico City; London and Sao Paulo. We are in the process of negotiating a lease for a larger headquarters facility to accommodate our growth. We believe we will be able to finalize these negotiations or locate alternative space on commercially reasonable terms.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. For example, in April 1999, a former employee filed a complaint against us. Our management believes this claim is without merit and that resolution of this claim will not have a material adverse effect on our financial position or statements of operations. However, litigation is subject to inherent uncertainties, and an adverse result in this or other matters may arise from time to time that may harm our business.

Advisory Board

We have established a select group of experienced individuals to advise us on technology and strategy matters. We have granted these advisors options to purchase shares of our common stock and have entered into consulting agreements with certain of these advisors. Our advisors include:

Anthony Acampora, Ph.D., Professor of Electrical and Computer Engineering, University of California, San Diego (UCSD). Dr. Acampora is the Director of the Center for Wireless Communications at UCSD. He received his Ph.D. in Electrical Engineering from the Polytechnic Institute of Brooklyn and is a fellow of the Institute of Electrical and Electronics Engineers (IEEE) and a former member of the IEEE Communication Society Board of Governors.

Hamid Aghvami, Ph.D., Director of the Centre for Telecommunications Research, King's College, London. Dr. Aghvami, founder of the International Conference on Personal Indoor and Mobile Radio Communications, has been internationally recognized for his contributions to modern digital communications systems. He obtained his M.S. from King's College, London and his Ph.D. from the University of London. Dr. Aghvami is a fellow and senior member of the Institute of Electrical and Electronics Engineers.

Paul Boeker, President of the Institute of the Americas, University of California, San Diego. Before joining the Institute, Ambassador Boeker's diplomatic career spanned 27 years. Most notably, he was appointed to serve as Ambassador to Bolivia in 1977 and the Kingdom of Jordan in 1984. Ambassador Boeker received the Presidential Distinguished Service Award in 1985 and the prestigious Arthur S. Fleming Award in 1975. He is a member of the Council on Foreign Relations and the American Academy of Diplomacy. Ambassador Boeker received his undergraduate degree from Dartmouth College and holds a M.A. in Economics from the University of Michigan, Ann Arbor.

William A. Hoglund, Vice President and Chief Financial Officer, Eagle River, Inc. Mr. Hoglund is a Director of Nextel Communications, Inc. and Nextlink Communications, Inc. Mr. Hoglund holds a B.A. from Duke University and an M.B.A. from the Graduate School of Business of The University of Chicago.

John Major, President and Chief Executive Officer, Wireless Knowledge. Mr. Major serves as a Director of Littlefuse and Lennox Corporations. He is a member of the Board of Directors' Executive Committee of the Telecommunications Industry Association and serves as Chairman for the Electronics Industry Association. Mr. Major holds a B.S. in Mechanical and Aerospace Engineering from the University of Rochester, an M.S. in Mechanical Engineering from the University of Illinois, an M.B.A. from Northwestern University and a J.D. degree from Loyola University.

Directors, Executive Officers and Key Employees

The following table sets forth certain information about our directors, executive officers and key employees as of July 31, 1999:

Name	Age	Position
Massih Tayebi, Ph.D.	39	Chief Executive Officer and Director
Masood K. Tayebi, Ph.D.	37	President and Director
Thomas A. Munro	42	Chief Financial Officer
Scott Fox	42	President of Network Management
Charles W. Sackley	40	Senior Vice President of Sales and Business Development
Michael D. Brink	48	Senior Vice President of Project Management
Scott Anderson (1)(2)	41	Director
Bandel Carano (2)	38	Director
Scot Jarvis (1)(2)	38	Director

(1) Member of Audit Committee

(2) Member of Compensation Committee

Massih Tayebi, Ph.D. co-founded Wireless Facilities, Inc. in 1994 and has served as Chief Executive Officer and a director of the Company since its inception. Since 1995, Dr. Tayebi has served as a technical manager for Computer Integrated Management Systems, an Internet-based business exchange company. From 1989 to 1994, he was a senior faculty member of the Engineering Department of the University of Paisley, Great Britain, and served as the Director of Computer Integrated Product Life Cycle Research for the University. Dr. Tayebi received an M.S. in computer integrated manufacturing and a Ph.D. in the integration of design and process planning from the University of Strathclyde, United Kingdom. He performed post-doctorate work on the integration of design and inspection at the University of Brunel, London.

Masood K. Tayebi, Ph.D. co-founded Wireless Facilities, Inc. in 1994 and has served as President and a director of the Company since its inception. From 1993 to 1994, he was Senior Manager of Engineering and the head of the Technology and Special Projects Department for LCC/TSI, a provider of network design services and products. From 1992 to 1993, Dr. Tayebi served as a consultant to LCC/TSI. Dr. Tayebi received an M.S. in electronics engineering from the University of Southampton and a Ph.D. in mobile radio propagation from the University of Liverpool, United Kingdom.

Thomas A. Munro has served as Chief Financial Officer since July 1997. Mr. Munro founded @Market, Inc., a start-up e-commerce company, and served as Chief Executive Officer from 1996 to 1997. From 1994 to 1996, he was Chief Financial Officer for Precision Digital Images, a manufacturer of image processing devices. Prior to 1994, Mr. Munro served as Chief Financial Officer of MetLife Capital Corporation, a capital finance subsidiary of Metropolitan Life Insurance. Mr. Munro received his B.A. and M.B.A. from the University of Washington.

Scott Fox has been with WFI since May 1999 and currently is our President of Network Management. From 1995 to 1999, Mr. Fox served as Chief Technology Officer and Vice President for Technology and Strategic Planning for BellSouth Cellular Corp., a carrier company. From 1994 to 1995, he was Director of Engineering and Operations for MobileMedia Corporation, a provider of paging services. Mr. Fox holds a B.S. in electrical engineering from the University of Florida.

Charles W. Sackley has been with WFI since February 1998 and is currently our Senior Vice President of Sales and Business Development. From 1997 to January 1998, he was the Executive Director of Marketing for North America at Broadband Networks, Inc., a broadband wireless company. From 1993 to 1997, he worked at Motorola, most recently as Senior Director of Intelligent Network Operations. Mr. Sackley received a B.A. in business administration from the University of Iowa and an M.B.A. from Drake University.

Michael D. Brink has been with WFI since February 1998 and currently is our Senior Vice President of Project Management. From 1997 to 1998, he served as Vice President, Engineering for Central Oregon Cellular, Inc., a cellular telephone company. From 1982 to 1997, he served in various technical management positions for McCaw Cellular/AT&T Wireless, a cellular and PCS company. He holds a B.S. in computer science from National University.

Scott Anderson has served as a director of the Company since February 1997. Since 1997, Mr. Anderson has been a principal of Cedar Grove Partners, LLC, an investment and advisory partnership. Since 1998, Mr. Anderson has been a principal in Cedar Grove Investments, LLC, an angel capital firm. From 1986 to 1997, Mr. Anderson was with McCaw Cellular/AT&T Wireless, most recently as Senior Vice President of Acquisitions and Development. Mr. Anderson serves a director of Triton PCS, Telecorp, TriTel, Xypoint, Telephia and PriCellular. He holds a B.A. in history from the University of Washington and a J.D. from the University of Washington Law School.

Bandel Carano has served as a director of the Company since August 1998. Since 1987, he has been a general partner of Oak Investment Partners, Inc., a venture capital firm. From 1983 to 1985, Mr. Carano was with Morgan Stanley's Venture Capital Group, where he was an advisor for new high tech business development and the sponsorship of venture investments. Mr. Carano is also a director of Pulsepoint Communications. Mr. Carano serves on the Investment Advisory Board of the Stanford Engineering Venture Fund. He holds a B.S. and an M.S. in electrical engineering from Stanford University. Mr. Carano has been nominated and elected as a director under the terms of a voting agreement among WFI and its stockholders in connection with the sale of WFI's Series A Preferred Stock.

Scot Jarvis has served as a director of the Company since February 1997. Mr. Jarvis co-founded Cedar Grove Partners, LLC in 1997, an investment and consulting/advisory partnership, and has served as a general partner since its founding. From 1994 to 1996, he served as Vice President of Operations for Eagle River LLC, a private investment company, where he co-founded Nextlink and served as a director of Nextel Communications. From 1985 to 1994, Mr. Jarvis served in a number of positions with McCaw Development Corp., most recently as Vice President. Mr. Jarvis is on the board of directors of Leap Wireless, Inc., Pulsepoint Communications and Metawave Communications Corp. He holds a B.A. in business administration from the University of Washington.

Massih Tayebi, our Chief Executive Officer, and Masood Tayebi, our President, are brothers.

Board Committees

The board of directors has recently established an audit committee. The audit committee consists of Messrs. Anderson and Jarvis. The audit committee will make recommendations to the board of directors regarding the selection of independent auditors, review the results and scope of the audit and other services provided by our independent auditors and review and evaluate our audit and control functions.

The board of directors has established a compensation committee. The compensation committee consists of Messrs. Anderson, Jarvis and Carano. The compensation committee makes recommendations regarding our equity compensation plans and makes decisions concerning salaries and incentive compensation for our employees and consultants.

Compensation Committee Interlocks and Insider Participation

During 1998, we did not have a compensation committee. The Board of Directors made all decisions concerning executive compensation during 1998.

Director Compensation

Our directors do not currently receive any cash compensation for services on the board of directors or any committee thereof, but directors may be reimbursed for expenses in connection with attendance at board and committee meetings. All directors are entitled to participate in our 1999 Equity Incentive Plan.

During 1997, 1998 and the first eight months of 1999, we paid $5,000 per month to Cedar Grove Partners in consideration of the services rendered to the Company by Scott Anderson and Scot Jarvis as our directors. Messrs. Anderson and Jarvis are the general partners of Cedar Grove Partners. Our obligation to make these payments terminated in August 1999.

In February 1997, we granted warrants to purchase 150,000 shares of common stock to each of Messrs. Anderson and Jarvis in exchange for their agreements to serve on the board. The exercise price of these warrants is $0.93 per share. In February 1998, we granted warrants to purchase 600,000 shares of common stock to each of Messrs. Anderson and Jarvis in exchange for their agreements to continue to serve as members of the board. The exercise price of these warrants is $1.58 per share. See "Description of Capital Stock--Warrants."

In January 1999, we granted options to purchase 20,000 shares of common stock to each of Messrs. Anderson, Carano and Jarvis for their service on the Board of Directors. The exercise price of these options is $4.16 per share.

Executive Compensation

The following table sets forth summary information concerning compensation awarded to, earned by, or accrued for services rendered to us in all capacities during the fiscal year ended December 31, 1998 by our chief executive officer and the four other most highly compensated executive officers who earned more than $100,000 in salary and bonus during the fiscal year ended December 31, 1998. These individuals are referred to as the named executive officers. The compensation described in this table does not include medical, group life insurance or other benefits that are available generally to all of our salaried employees and certain perquisites and other personal benefits received that do not exceed the lesser of $50,000 or 10% of any such officer's salary as disclosed in this table.

Summary Compensation Table

	Annual Compensation			Long-Term Compensation	
Name and Principal Position	Salary($)	Bonus($)	All Other Annual Compensation ($)(1)	Securities Underlying Options (#)	All Other Compensation ($)(2)
Massih Tayebi, Ph.D..... Chief Executive Officer	215,977	--	--	--	--
Masood K. Tayebi, Ph.D..... President	216,749	--	--	--	--
Thomas A. Munro..... Chief Financial Officer	132,502	--	--	159,000	--
Charles W. Sackley..... Senior Vice President of Sales and Business Development	109,375	36,000	18,000	120,000	--
Michael D. Brink..... Senior Vice President of Project Management	113,116	--	--	120,000	68,000

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(1)Includes commissions.
(2)Represents relocation expenses.

Option Grants In Last Fiscal Year

The following table sets forth, for the fiscal year ended December 31, 1998, certain information regarding options granted to each of the named executive officers:

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock price Appreciation for Option Term ($)	
Name	Number of Securities Underlying Options Granted (#)	Percentage of Total Options Granted to Employees in Fiscal Year (%)	Exercise Price Per Share ($)	Expiration Date	5%	10%
Massih Tayebi, Ph.D.....	--	--	--	--	--	--
Masood K. Tayebi, Ph.D.....	--	--	--	--	--	--
Thomas A. Munro.....	159,000	4.6	2.00	3/2/08		
Charles W. Sackley.....	120,000	3.5	2.00	3/2/08		
Michael D. Brink.....	60,000	1.7	2.00	3/2/08		
	60,000	1.7	4.16	7/31/08		

In the table above, the percentage of total options granted to employees in the fiscal year is based on options to purchase 3,464,139 shares of common stock granted to employees in fiscal 1998, including the named executive officers. The options granted to the named executive officers were granted under our 1997 Stock Option Plan. Options granted under the plan generally vest in equal yearly installments over a period of three to four years. One half of the options issued to Mr. Sackley will vest five years from the date of grant, although such vesting may be accelerated in the event certain performance criteria are met. All of the options issued to Mr. Brink and one-half of the options issued to Mr. Sackley provide for acceleration of vesting on a sale or change in control of the Company. Options were granted at an exercise price equal to the fair market value of our common stock, as determined by our board of directors on the date of grant.

The potential realizable values set forth in the table above are calculated based on the term of the option at its time of grant (ten years) and the initial public offering price of $. It is calculated assuming that the stock price on the date of grant appreciates at the indicated annual rate, compounded annually for the entire term of the option and that the option is exercised and sold on the last day of its term for the appreciated stock price. These amounts represent certain assumed rates of appreciation only, in accordance with the rules of the Commission, and do not reflect our estimates or projections of future stock price performance. Actual gains, if any, are dependent on the actual future performance of our common stock.

Aggregated Option Exercises In Last Fiscal Year And Fiscal Year-End Values

The following table sets forth, with respect to each of the named executive officers, information regarding the number and value of securities underlying unexercised options held by the named executive officers as of December 31, 1998. None of our named executive officers exercised options in 1998.

	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-The Money Options at Fiscal Year-End ($)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Massih Tayebi, Ph.D.....	--	--	--	--
Masood K. Tayebi, Ph.D.....	--	--	--	--
Thomas A. Munro.....	75,000	384,000		
Charles W. Sackley.....	--	120,000		
Michael D. Brink.....	--	120,000		

In the table above, the value of unexercised in the-money options is based on the difference between the assumed initial public offering price per share of $ and the exercise price.

Employee Benefit Plans

1999 Equity Incentive Plan

In August 1999, we adopted our 1999 Equity Incentive Plan. A total of 6,000,000 shares of common stock has initially been authorized for issuance under the 1999 Equity Incentive Plan. In addition, the number of shares of common stock authorized under the plan shall be increased on January 1 of each year by the lesser of either 6,000,000 shares or 4% of our outstanding shares on that date. Under the terms of the 1999 Equity Incentive Plan, shares subject to stock awards that have expired or otherwise terminated without having been exercised in full again become available for grant, but exercised shares repurchased by us through a right of repurchase will not again become available for grant.

The 1999 Equity Incentive Plan permits the grant of options to our directors, officers, key employees and consultants. Options may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code to employees or nonstatutory stock options. In addition, the 1999 Equity Incentive Plan permits the grant of stock bonuses and rights to purchase restricted stock. No person may be granted options covering more than 5,000,000 shares of common stock in any calendar year.

The 1999 Equity Incentive Plan is administered by the board or a committee appointed by the board. The board has delegated the authority to administer the 1999 Equity Incentive Plan to the compensation committee. Subject to the limitations set forth in the 1999 Equity Incentive Plan, the administrator has the authority to select the eligible persons to whom award grants are to be made, to designate the number of shares to be covered by each award, to determine whether an option is to be an incentive stock option or a nonstatutory stock option, to establish vesting schedules, to specify the exercise price of options and the type of consideration to be paid upon exercise and, subject to restrictions, to specify other terms of awards.

The maximum term of options granted under the 1999 Equity Incentive Plan is ten years. Incentive stock options granted under the 1999 Equity Incentive Plan generally are non-transferable. Nonstatutory stock options generally are non-transferable, although the applicable option agreement may permit transfers. Options generally expire 30 days after the termination of an optionholder's service. However, if an optionholder is permanently disabled or dies during his or her service, such person's options generally may be exercised up to 12 months following disability or 18 months following death.

The exercise price of options granted under the 1999 Equity Incentive Plan is determined by the administrator in accordance with the guidelines set forth in the 1999 Equity Incentive Plan. The exercise price of an incentive stock option cannot be less than 100% of the fair market value of the common stock on the date of the grant. The exercise price of a nonstatutory stock option cannot be less than 85% of the fair market value of the common stock on the date of grant.

Options granted under the 1999 Equity Incentive Plan vest at the rate determined by the administrator and specified in the option agreement. The terms of any stock bonuses or restricted stock purchase awards granted under the 1999 Equity Incentive Plan will be determined by the administrator. The purchase price of restricted stock under any restricted stock purchase agreement will not be less than 85% of the fair market value of our common stock on the date of grant. Stock bonuses and restricted stock purchase agreements awarded under the 1999 Equity Incentive Plan are generally nontransferable, although the applicable award agreement may permit transfers.

Upon changes in control in our ownership through a merger in which we are not the surviving entity or a reverse merger, all outstanding stock awards under the 1999 Equity Incentive Plan must either be assumed or substituted by the surviving entity. In the event the surviving entity does not assume or substitute such stock awards, then the vesting and exercisability of outstanding awards will accelerate prior to the change in control and such awards will terminate to the extent not exercised prior to the change in control. Upon a change in

control in our ownership through the sale of all or substantially all of our assets, then all stock awards under the 1999 Equity Incentive Plan shall continue in full force and effect. In the event of a dissolution or liquidation, all unexercised options will terminate.

The board may amend or terminate the 1999 Equity Incentive Plan at any time. Amendments will generally be submitted for stockholder approval only to the extent required by applicable law.

As of July 31, 1999, we had no issued and outstanding options to purchase shares of common stock under the 1999 Equity Incentive Plan.

1997 Stock Option Plan

Our 1997 Stock Option Plan was adopted by the board of directors in July 1997, and was amended in September 1997 and January 1999. A total of 7,500,000 shares of common stock has been authorized for issuance under the 1997 Stock Option Plan. Pursuant to the 1997 Stock Option Plan, shares subject to stock awards that have expired or otherwise terminated without having been exercised in full again become available for grant, but exercised shares repurchased by us pursuant to a right of repurchase will not again become available for grant.

The 1997 Stock Option Plan permits the grant of options to our directors, officers, key employees and consultants. Options may be either incentive stock options within the meaning of Section 422 of the Internal Revenue Code to employees or nonstatutory stock options.

The 1997 Stock Option Plan is administered by the board or an administrator appointed by the board. Subject to the limitations set forth in the 1997 Stock Option Plan, the administrator has the authority to select the eligible persons to whom award grants are to be made, to designate the number of shares to be covered by each award, to determine whether an option is to be an incentive stock option or a nonstatutory stock option, to establish vesting schedules, to specify the exercise price of options and the type of consideration to be paid upon exercise and, subject to restrictions, to specify other terms of awards.

The maximum term of options granted under the 1997 Stock Option Plan is ten years. Options granted under the 1997 Stock Option Plan generally are non-transferable. The expiration terms of options granted under the 1997 Stock Option Plan are determined by the board or administrator in accordance with the guidelines set forth in the 1997 Stock Option Plan. Options generally expire 30 days after the termination of an optionholder's service. However, if an optionholder is permanently disabled or dies during his or her service, such person's options generally may be exercised up to 6 months following disability or death provided that the options were exercisable on the employee's last day of work.

The exercise price of options granted under the 1997 Stock Option Plan is determined by the board or administrator in accordance with the guidelines set forth in the 1997 Stock Option Plan. The exercise price of an incentive stock option cannot be less than 100% of the fair market value of the common stock on the date of the grant. The exercise price of a nonstatutory stock option cannot be less than 85% of the fair market value of the common stock on the date of grant. The exercise price of an option granted to a person who holds more than 10% of the voting power of the Company cannot be less than 110% of the fair market value of our common stock on the date of the grant.

Options granted under the 1997 Stock Option Plan vest at the rate determined by the board or administrator and specified in the option agreement.

Upon changes in control in our ownership, all outstanding stock options under the 1997 Stock Option Plan may either be substituted by the surviving entity or terminated to the extent not exercised upon sixty days written notice.

The board may amend or terminate the 1997 Stock Option Plan at any time. Amendments to the 1997 Stock Option Plan will generally be submitted for stockholder approval within 12 months before or after adoption of the amendment.

As of June 30, 1999, we had issued and outstanding under the 1997 Stock Option Plan options to purchase 5,165,441 shares of common stock. The per share exercise prices of these options ranged from $1.00 to $13.00. Upon completion of this offering, no further grants will be made under the 1997 Stock Option Plan. As of the effective date of this offering, all future option grants will be made under the 1999 Equity Incentive Plan.

Employee Stock Purchase Plan

In August 1999, the board adopted and the stockholders approved the 1999 Employee Stock Purchase Plan. A total of 700,000 shares of common stock has been authorized for issuance under the Purchase Plan. The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Code. Under the Purchase Plan, eligible employees will be able to purchase common stock at a discount in periodic offerings. The Purchase Plan will commence on the effective date of this offering.

Unless otherwise determined by the board, all employees are eligible to participate in the Purchase Plan so long as they are employed by us (or a subsidiary designated by the board) for at least 20 hours per week and are customarily employed by us (or a subsidiary designated by the board) for at least 5 months per calendar year.

Employees who participate in an offering may have up to 15% of their earnings for the period of that offering withheld pursuant to the Purchase Plan. The amount withheld is used at various purchase dates within the offering period to purchase shares of common stock. The price paid for common stock at each such purchase date will equal the lower of 85% of the fair market value of the common stock at the commencement date of that offering period or 85% of the fair market value of the common stock on the relevant purchase date. Employees may end their participation in the offering at any time during the offering period, and participation ends automatically on termination of employment.

Upon changes in control in our ownership, the board has discretion to provide that each right to purchase common stock will be assumed or an equivalent right substituted by the successor corporation or the board may provide for all sums collected by payroll deductions to be applied to purchase stock immediately prior to such change in control transaction.

401(k) Plan

We sponsor the WFI 401(k) Plan, a defined contribution plan intended to qualify under Section 401 of the Internal Revenue Code of 1986, as amended. All employees are eligible to participate and may enter the 401(k) Plan as of the first day of any month. Participants may make pre-tax contributions to the 401(k) Plan of up to 20% of their eligible earnings, subject to a statutorily prescribed annual limit. We may make matching contributions at the discretion of the board of directors. To date, we have not made matching contributions. Each participant's contributions, and the corresponding investment earnings, are generally not taxable to the participants until withdrawn. Participant contributions are held in trust as required by law. Individual participants may direct the trustee to invest their accounts in authorized investment alternatives.

Indemnification of Directors and Executive Officers and Limitation on Liability

Our bylaws provide that we shall indemnify our directors, officers, employees and agents to the fullest extent permitted by Delaware law, except with respect to certain proceedings initiated by such persons. We are also empowered under our bylaws to enter into to purchase insurance on behalf of any director, officer, employee or agent whether or not we would be required to indemnify this person. Pursuant to this provision, we have entered into indemnification agreements with each of our directors and executive officers.

In addition, our restated certificate of incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law; or
- for any transaction from which the director derives an improper personal benefit.

Our restated certificate of incorporation will also provide that if the Delaware General Corporation Law is amended after the approval by our stockholders of the restated certificate of incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law. The provision does not affect a director's responsibilities under any other law, such as the federal securities laws or state or federal environmental laws.

RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 1996 to which we have been a party, in which the amount involved exceeds $60,000 and in which any director, executive officer or holder of more than 5% of our capital stock had or will have a direct or indirect material interest, other than our compensation arrangements with our directors and named executive officers that are described under "Management."

In February 1997, we issued to each of Scott Anderson and Scot Jarvis, two members of our board of directors, warrants to purchase each a total of 150,000 shares of common stock. The warrants have an exercise price of $0.93 per share and were subject to vesting over a two-year period. Also in February 1997, we issued an aggregate of 600,000 shares of common stock to Messrs. Anderson and Jarvis for an aggregate consideration of $560,000. In February 1998, we issued additional warrants to Messrs. Anderson and Jarvis to purchase a total of 1,200,000 shares. The warrants have an exercise price of $1.58 per share and are subject to vesting over a two-year period. In April 1998, Messrs. Anderson and Jarvis each exercised warrants to purchase 100,002 shares of common stock at an exercise price of $0.93 per share, and warrants to purchase 199,998 shares of common stock at an exercise price of $1.58 per share. For a further description of the warrants issued to Messrs. Anderson and Jarvis, see "Description of Capital Stock--Warrants."

In August 1998, we paid a dividend of $0.19 per share to our stockholders. In connection with the payment of the dividend, we issued notes for a total of $5,500,000 to three of our stockholders. We issued a promissory note to Massih Tayebi in the amount of $2,315,790, a promissory note to Masood Tayebi in the amount of $2,605,263 and a promissory note to Sean Tayebi in the amount of $578,947. Masood Tayebi is our President, a member of the board of directors and a holder of more than 5% of our capital stock. Massih Tayebi is our Chief Executive Officer, a member of our board of directors and a holder of more than 5% of our capital stock. Sean Tayebi, a brother of Masood Tayebi and Massih Tayebi, is a holder of more than 5% of our capital stock. These notes bear interest at 5.5% per annum and were initially due on August 2, 1999. We have amended the notes such that they are now due on August 2, 2000, and the interest that accrued through August 2, 1999 is now part of the principal amount of the amended notes.

In August 1998, we repurchased a total of 3,245,190 shares of common stock from Masood Tayebi and Massih Tayebi. In connection with the repurchase, we issued notes for a total of $13,499,990 to Masood Tayebi and Massih Tayebi. We paid off these notes on August 9, 1998.

Also in August 1998, we sold 1,682,692 shares of Series A preferred stock to various investors at a purchase price of $12.48 per share, of which 1,382,211 were sold to entities affiliated with Oak Investment Partners, which entities combined hold more than 5% of our outstanding stock. Bandel Carano, one of our directors, is a managing member of the general partner of these entities. Upon the closing of this offering, each share of Series A preferred stock will automatically convert into three shares of common stock.

In February 1999, we sold 2,727,273 shares of Series B preferred stock to various investors at a purchase price of $5.50 per share, of which 2,323,231 were sold to entities affiliated with Oak Investment Partners. In addition, 404,042 shares were sold to entities affiliated with Worldview Partners, which entities combined held greater than 5% of our capital stock at that time. Upon the closing of this offering, each share of Series B preferred stock will automatically convert into one share of common stock.

All of the securities sold or purchased in these transactions were sold or purchased at prices equal to the fair market value of the securities, as determined by our board of directors, on the date of issuance.

Holders of shares of our common stock issued in connection with the conversion of the Series A preferred stock and Series B preferred stock and in connection with the exercise of warrants issued to Messrs. Anderson and Jarvis described above may require us to register such shares at our expense. For a description of such registration rights, see "Description of Capital Stock--Registration Rights."

Jalil Tayebi, a brother of Masood Tayebi and Massih Tayebi, is the General Manager of WFI de Mexico. He currently receives an annual base salary of $100,000. In connection with his employment, we have granted

Mr. Tayebi options to purchase an aggregate of 122,640 shares of our common stock. These options vest over a period of four years and have exercise prices that range from $1.33 to $4.16 per share. We have also granted him shares of restricted stock in WFI de Mexico, which as of June 30, 1999, were equivalent to 6% of the equity of WFI de Mexico. The stock is subject to vesting over a four-year period. Pursuant to the terms of the stock grant, Mr. Tayebi has a one-time election to exchange any vested restricted stock in WFI de Mexico for shares of our common stock at a fair market valuation, as determined by our Chief Executive Officer and Chief Financial Officer. As of June 30, 1999, Mr. Tayebi had not exercised this election.

Between September 1998 and December 1998, we borrowed funds from Masood Tayebi and Massih Tayebi to fund our working capital requirements. In connection with this, we issued short term notes to Masood Tayebi for a total of $2,500,000 and to Massih Tayebi for a total of $1,000,000. Each note carried an interest rate of 5.4% per year. We repaid these notes in the first quarter of 1999.

From December 31, 1998 through June 30, 1999, we advanced an aggregate of $221,518 to Massih Tayebi which he has agreed to repay prior to the closing of this offering.

In June 1999, we sold to Masood Tayebi and Massih Tayebi our 25% ownership interest in Sierra Towers Investment Group, LLC, an early-stage tower company operating in Mexico. Our officers and a disinterested member of our board of directors determined that our membership units in Sierra and Sierra's promissory note owed to us had a cumulative fair value of $262,348 as of the date of the transaction. Masood Tayebi and Massih Tayebi each purchased one half of our ownership interest in Sierra, paying the fair value for such interest with promissory notes which bear interest at a rate of 10% per annum and are due and payable on November 30, 1999.

In connection with his employment, on April 9, 1999, we entered into a letter agreement with Scott Fox, our President of Network Management. Under the letter agreement, Mr. Fox's annual salary is $225,000 and he is eligible for a minimum annual bonus of 35% of his base salary. The letter agreement also provides for a $250,000 signing bonus, which is payable in two parts, and guaranteed appreciation of at least $600,000 on 25% of his stock options. In the event that we terminate Mr. Fox within the first two years of his employment, certain of Mr. Fox's unvested options will become fully vested and exercisable and, at his option, we will owe him either $112,500 or 20,455 shares of common stock, in connection with his signing bonus. In the event of a change in control of WFI within the first two years of Mr. Fox's employment, all of his unvested stock options will become fully vested and exercisable and a signing bonus of $112,500 will be due and payable. In the event of a change in control of WFI after the first two years of Mr. Fox's employment, 50% of his unvested stock options will vest immediately and become exercisable. In July 1999, we loaned Mr. Fox $169,000 at an interest rate of 6% per year in connection with a mortgage on his house.

Prior to June 30, 1999 we contracted with Total Outsourcing, Inc., a company owned by members of the Tayebi family, for the leasing of computer equipment, apartments and vehicles. During 1997 and 1998, the total value of our contracts with Total Outsourcing was $781,000 and $488,000, respectively. We have terminated our contract and have concluded a final reconciliation with Total Outsourcing effective as of June 30, 1999.

Since April 1999, we have subleased approximately 4,900 square feet of office space in our headquarters facility to Quantum Think Group, Inc., a high technology outsourcing company which is majority-owned by the Tayebi family. Quantum Think Group's tenancy is month-to-month. Quantum Think Group pays monthly rent of $9,000, which is in excess of our equivalent rent expense for such space. We believe that the rent paid by Quantum Think Group is comparable to equivalent rents that we could obtain from unaffiliated third parties for such space.

A member of our board of directors, Scott Anderson, is a member of the boards of directors of Triton PCS, Telecorp and TriTel, all of which are customers of ours. Another member of our board of directors, Scot Jarvis, is a member of the board of directors of Leap Wireless International, which is also a customer of ours.

Prior to this offering, we paid $5,000 per month to Cedar Grove Partners in consideration of the services rendered to the Company by Scott Anderson and Scot Jarvis as our directors. Messrs. Anderson and Jarvis are the general partners of Cedar Grove Partners. The Company made payments to Cedar Grove Partners equal to $60,000 in each of 1997 and 1998. Our obligation to make these payments terminated in August 1999.

We have entered into indemnification agreements with each of our officers and directors as described in "Management--Indemnification of Directors and Executive Officers and Limitation on Liability."

PRINCIPAL STOCKHOLDERS

The following table contains information about the beneficial ownership of our common stock before and after our initial public offering for:

- each person who beneficially owns more than five percent of the common stock;
- each of our directors;
- the named executive officers; and
- all directors and executive officers as a group.

Unless otherwise indicated, the address for each person or entity named below is c/o Wireless Facilities, Inc., 9805 Scranton Road, Suite 100, San Diego, CA 92121.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The percentage of beneficial ownership is based on 35,010,879 shares of common stock outstanding as of June 30, 1999, as adjusted to reflect the conversion of all outstanding shares of preferred stock upon the closing of this offering.

The table assumes no exercise of the underwriters' over-allotment option. If the underwriters' over-allotment option is exercised in full, we will sell up to an aggregate of additional shares of our common stock, and up to shares of common stock will be outstanding after the completion of this offering.

	Number of Shares Beneficially Owned	Percentage of Shares Outstanding	
	Number	Before Offering	After Offering
Masood K. Tayebi	11,877,405	33.9%	
Massih Tayebi	10,377,405	29.6%	
Oak Investment Partners VIII, L.P. (1) 525 University Avenue, Suite 1300 Palo Alto, California 94301	6,469,864	18.5%	
Bandel Carano (2) Oak Investment Partners VIII, L.P. 525 University Avenue, Suite 1300 Palo Alto, California 94301	6,469,864	18.5%	
Sean Tayebi	3,000,000	8.6%	
Scott Anderson (3)	849,996	2.4%	
Scot Jarvis (4)	849,996	2.4%	
Thomas A. Munro (5)	353,000	1.0%	*
Scott Fox (6)	137,000	*	*
Charles W. Sackley (7)	80,000	*	*
Michael D. Brink (8)	120,000	*	*
All directors and executive officers as a group (9 persons) (9)	31,234,666	86.0%	

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* Represents beneficial ownership of less than 1%.

(1) Includes 122,927 shares held by Oak VIII Affiliates Fund, L.P.

(2) Includes 6,346,937 shares held by Oak Investment Partners VIII, L.P. and 122,927 shares held by Oak VIII Affiliates Fund, L.P. Bandel Carano, one of our directors, is a managing member of the general partners of venture capital funds affiliated with Oak Investment Partners. Mr. Carano disclaims beneficial ownership of the shares held by Oak Investment Partners VIII, L.P and Oak VIII Affiliates Fund, L.P.

(3) Includes 249,996 shares subject to options exercisable within 60 days of June 30, 1999.

(4) Includes 249,996 shares subject to options exercisable within 60 days of June 30, 1999.

(5) Includes 353,000 shares subject to options exercisable within 60 days of June 30, 1999, 150,000 of which will become immediately exercisable upon completion of this offering.

(6) Includes 137,000 shares subject to options exercisable within 60 days of June 30, 1999, all of which will become immediately exercisable upon completion of this offering.

(7) Includes 80,000 shares subject to options exercisable within 60 days of June 30, 1999, 40,000 of which will become immediately exercisable upon completion of this offering.

(8) Includes 120,000 shares subject to options exercisable within 60 days of June 30, 1999, 80,000 of which will become immediately exercisable upon completion of this offering.

(9) Includes 1,309,992 shares subject to options exercisable within 60 days of June 30, 1999, 487,000 of which will become immediately exercisable upon completion of this offering.

DESCRIPTION OF CAPITAL STOCK

Immediately following the closing of this offering and the filing of our restated certificate of incorporation, our authorized capital stock will consist of 195,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of preferred stock, $0.001 par value per share. As of June 30, 1999, after giving effect to the conversion of all outstanding preferred stock into common stock upon the closing of this offering, there were outstanding 35,010,879 shares of common stock held of record by 46 stockholders.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted on by the stockholders. Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by the board of directors out of funds legally available therefor. In the event of our liquidation, dissolution or winding down, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive, conversion, subscription or other rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, all outstanding shares of preferred stock will be converted into 7,775,349 shares of common stock. See Note 7 of Notes to Consolidated Financial Statements for a description of the currently outstanding preferred stock. Following the conversion, our certificate of incorporation will be amended and restated to delete all references to these shares of preferred stock. Under the restated certificate of incorporation, the board has the authority, without further action by stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges, qualifications and restrictions granted to or imposed upon such preferred stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preference and sinking fund terms, any or all of which may be greater than the rights of the common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and reduce the likelihood that such holders will receive dividend payments and payments upon liquidation. The issuance could have the effect of decreasing the market price of the common stock. The issuance of preferred stock could have the effect of delaying, deterring or preventing a change in control of WFI. We have no present plans to issue any shares of preferred stock.

Warrants

As of June 30, 1999, there were warrants outstanding to purchase an aggregate of 1,144,381 shares of our common stock at a weighted average exercise price of $2.08 per share. In February 1997, we issued warrants to purchase 150,000 shares of common stock at an exercise price of $0.93 per share to each of Messrs. Anderson and Jarvis in exchange for their agreement to serve as members of the board of directors. The warrants vested over a period of two years, subject to the warrantholder remaining a director of WFI, as follows: 50,001 warrants vested on the date of grant and expire February 28, 2007; 50,001 warrants vested on February 28, 1998 and expire February 28, 2008; and 49,998 warrants vested on February 28, 1999 and expire February 28, 2009. In February 1998, we issued warrants to purchase 600,000 shares of common stock at an exercise price of $1.58 per share to each of Messrs. Anderson and Jarvis in exchange for their agreement to continue to serve as members of the board of directors. The warrants vest over a period of two years, subject to the warrantholder remaining a director of WFI, as follows: 199,998 warrants vested on the date of grant; 199,998 warrants vest on February 1, 1999 and expire February 1, 2009; and 200,004 warrants vest on February 1, 2000 and expire February 1, 2010.

In connection with our acquisition of B. Communication International, Inc. in January 1999, we issued warrants to purchase 138,219 shares to Farzad Ghassemi and warrants to purchase 102,162 shares to Parviz Ghassemi. The exercise price of such warrants is $4.16 per share. These warrants vest 25% on each of June 1, 1999, December 1, 1999, June 1, 2000 and December 1, 2000 and expire one year after their respective vesting date. This vesting is contingent upon the full-time employment of the warrantholder and full compliance with the Asset Purchase Agreement executed in connection with our acquisition of B. Communication International, Inc.

In connection with our acquisition of C.R.D., Inc. in June 1999, we issued warrants to purchase 2,040 shares to Daria Chaisson and warrants to purchase 1,960 shares to Errol Chaisson. The exercise price of such warrants is $5.50 per share. These warrants vest 25% on each of June 1, 1999, June 1, 2000, June 1, 2001 and June 1, 2002 and expire one year after their respective vesting date. This vesting is conditioned upon compliance with the Asset Purchase Agreement executed in connection with our acquisition of C.R.D., Inc.

Registration Rights

After this offering, the holders of 7,775,349 shares of common stock will be entitled to certain rights with respect to the registration of such shares under the Securities Act, pursuant to an Amended and Restated Investor Rights Agreement dated February 26, 1999. Under the terms of this agreement, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders exercising registration rights, the holders are entitled to notice of the registration and are entitled, subject to certain limitations, to include shares in the registration. Beginning on June 12, 2000, the holders may also require us to file a registration statement under the Securities Act with respect to their shares on two occasions, and we are required to use our best efforts to effect the requested registration. Furthermore, the holders may require us to register their shares on Form S-3 when such form becomes available to us. Generally, we are required to bear all registration expenses incurred in connection with any such registrations, but not including any underwriting discounts and selling commissions. These rights are subject to certain conditions and limitations, among them the right of the underwriters of an offering to limit the number of shares included in such a registration.

Scott Anderson and Scot Jarvis are entitled to certain rights with respect to the registration under the Securities Act for their unregistered shares of common stock held by them, pursuant to Subscription and Representation Agreements, dated February 28, 1997 and warrants. Under the Subscription and Representation Agreements, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of any other security holders exercising registration rights, such holders are entitled to notice of the registration and are entitled, subject to certain limitations, to include shares in the registration. These rights are subject to certain conditions and limitations including the right of the underwriters to limit the number of shares included in a registration.

Anti-Takeover Provisions

Delaware Law

We are governed by the provisions of Section 203 of the Delaware Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales or other transactions resulting in a financial benefit to the stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of the corporation's voting stock. The statute could have the effect of delaying, deferring or preventing a change in our control.

Charter and Bylaw Provisions

Our restated certificate of incorporation provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and may not be

effected by any consent in writing. In addition, our bylaws restrict the ability of our stockholders to call a special meeting of stockholders. Our restated certificate of incorporation also specifies that the authorized number of directors may be changed only by resolution of the board of directors and does not include a provision for cumulative voting for directors. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors. These and other provisions contained in our restated certificate of incorporation and bylaws could delay or discourage certain types of transactions involving an actual or potential change in control of us or our management (including transactions in which stockholders might otherwise receive a premium for their shares over then current prices) and may limit the ability of stockholders to remove current management or approve transactions that stockholders may deem to be in their best interests and, therefore, could adversely affect the price of our common stock.

The Nasdaq Stock Market's National Market

We have applied to list our common stock on the Nasdaq Stock Market's National Market under the trading symbol "WFII."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Norwest Bank Minnesota, N.A.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no market for our common stock, and we cannot assure you that a significant public market for our common stock will develop or be sustained after this offering. As described below, no shares currently outstanding will be available for sale immediately after this offering due to certain contractual restrictions on resale. Sales of substantial amounts of our common stock in the public market after the restrictions lapse could adversely affect the prevailing market price and our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding shares of common stock, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options or warrants. Of these shares, all of the shares sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by our affiliates.

The remaining 35,010,879 of common stock held by existing stockholders are restricted securities. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration described below under Rules 144, 144(k) or 701 promulgated under the Securities Act.

As a result of the lock-up agreements and the provisions of Rules 144, 144(k) and 701 described below, these restricted shares will be available for sale in the public market as follows:

- no shares may be sold prior to 180 days from the date of this prospectus;
- 35,010,879 shares will have been held long enough to be sold under Rule 144 or Rule 701 beginning 181 days after the effective date of this offering which we expect to be September 30, 1999; and
- the remaining shares may be sold under Rule 144 or 144(k) once they have been held for the required time.

Lock-Up Agreements. All of our stockholders and option holders have agreed not to transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock, for a period of 180 days after the date the registration statement of which this prospectus is a part is declared effective. Transfers or dispositions can be made sooner with the prior written consent of Credit Suisse First Boston Corporation.

Rule 144. In general, under Rule 144, a person who has beneficially owned restricted securities for at least one year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to manner-of-sale provisions and notice requirements and to the availability of current public information about us.

Rule 144(k). Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144 discussed above.

Rule 701. In general, under Rule 701, any of our employees, consultants or advisors who purchases or receives shares from us in connection with a compensatory stock purchase plan or option plan or other written agreement will be eligible to resell their shares beginning 90 days after the date of this prospectus. Non-affiliates will be able to sell their shares subject only to the manner-of-sale provisions of Rule 144. Affiliates will be able to sell their shares without compliance with the holding period requirements of Rule 144.

Registration Rights. Upon completion of this offering, the holders of 8,375,349 shares of our common stock and warrants to purchase our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. See "Description of Capital Stock--Registration Rights." Except for shares purchased by affiliates, registration of their shares under the Securities Act would result in such shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration.

Stock Options. Immediately after this offering, we intend to file a registration statement under the Securities Act covering approximately 13,100,000 shares for sale upon the exercise of outstanding stock options and warrants issued pursuant to compensatory benefit plans or reserved for future issuance pursuant to our 1999 Equity Incentive Plan and 1999 Employee Stock Purchase Plan. The registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares registered under the registration statement will, subject to Rule 144 volume limitations applicable to affiliates, be available for sale in the open market beginning 180 days after the effective date of the registrant statement of which this prospectus is a part.

Under the terms and subject to the conditions contained in the underwriting agreement dated , 1999, we have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston Corporation, Hambrecht & Quist LLC and Thomas Weisel Partners LLC are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse First Boston Corporation	
Hambrecht & Quist LLC	
Thomas Weisel Partners LLC	
Total	

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering, if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that, if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering of common stock may be terminated.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares from us at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a concession of $ per share. The underwriters and the selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the public offering price and concession and discount to dealers may be changed by the representatives.

The following table summarizes the compensation and expenses we will pay.

	Per Share		Total	
	Without Over-Allotment	With Over-Allotment	Without Over-Allotment	With Over-Allotment
Underwriting discounts and commissions paid by us	$	$	$	$
Expenses payable by us	$	$	$	$

The underwriters have informed us that they do not expect discretionary sales to exceed 5.0% of the shares of common stock being offered.

We and our officers and directors and certain other stockholders have agreed not to offer, sell, contract to sell, announce our intention to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to any additional shares of our common stock or securities convertible into to exchangeable or exercisable for any shares of our common stock without the prior written consent of Credit Suisse First Boston Corporation for a period of 180

days after the date of this prospectus, except in the case of issuances pursuant to the exercise of employee stock options outstanding on the date hereof.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or to contribute to payments which the underwriters may be required to make in that respect.

We have applied to list our common stock on The Nasdaq Stock Market's National Market under the symbol "WFII."

Before this offering, there has been no public market for the common stock. The initial public offering price will be determined by negotiation between the underwriters and us. The principal factors to be considered in determining the public offering price include the following: the information set forth in this prospectus and otherwise available to the underwriters; the history and the prospects for the industry in which we will compete; the ability of our management; the prospects for our future earnings; the present state of our development and our current financial condition; the general condition of the securities markets at the time of this offering; and the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies.

The representatives may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934.

- Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

- Syndicate covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover syndicate short positions.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the securities originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the common stock to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on The Nasdaq Stock Market's National Market or otherwise and, if commenced, may be discontinued at any time.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the common stock in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are effected. Accordingly, any resale of the common stock in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the common stock.

Representations of Purchasers

Each purchaser of common stock in Canada who receives a purchase confirmation will be deemed to represent to us and the dealer from whom such purchase confirmation is received that: (i) the purchaser is entitled under applicable provincial securities laws to purchase such common stock without the benefit of a prospectus qualified under such securities laws, (ii) where required by law, the purchaser is purchasing as principal and not as agent, and (iii) the purchaser has reviewed the text above under "Resale Restrictions."

Rights of Action (Ontario Purchasers)

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by Ontario securities law. As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of the U.S. federal securities laws.

Enforcement of Legal Rights

All of the issuer's directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or these persons. All or a substantial portion of the assets of the issuer and these persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or these persons in Canada or to enforce a judgment obtained in Canadian courts against the issuer or these persons outside of Canada.

Notice to British Columbia Residents

A purchaser of common stock to whom the Securities Act (British Columbia) applies is advised that such purchaser is required to file with the British Columbia Securities Commission report within ten days of the sale of any common stock acquired by such purchaser pursuant to this offering. The report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from us. Only one report must be filed in respect of common stock acquired on the same date and under the same prospectus exemption.

Taxation and Eligibility for Investment

Canadian purchasers of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and with respect to the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

Cooley Godward llp, San Diego, California will pass upon the validity of the shares of common stock offered by this prospectus and certain other legal matters. Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California will pass upon certain legal matters for the underwriters.

EXPERTS

The consolidated financial statements of Wireless Facilities, Inc. and subsidiaries as of December 31, 1997 and 1998 and for each of the years in the three-year period ended December 31, 1998, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Entel Technologies, Inc. for the year ended December 31, 1997 have been audited by M.R. Weiser & Co. LLP, independent certified public accountants, as indicated in their report with respect thereto and are included herein in reliance upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION ABOUT US

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act, with respect to the common stock offered by this prospectus. As permitted by the rules and regulations of the Commission, this prospectus, which is a part of the registration statement, omits certain information, exhibits, schedules and undertakings set forth in the registration statement. For further information pertaining to WFI and the common stock offered hereby, reference is made to such registration statement and the exhibits and schedules thereto. Statements contained in this prospectus as to the contents or provisions of any contract or other document referred to herein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by such reference. A copy of the registration statement may be inspected without charge at the office of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's regional offices located at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Seven World Trade Center, 13th Floor, New York, New York 10048. Copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. In addition, registration statements and certain other filings made with the commission through its Electronic Data Gathering, Analysis and Retrieval ("EDGAR") system, including our registration statement and all exhibits and amendments to our registration statements, are publicly available through the Commission's Website at http://www.sec.gov.

As a result of this offering we will become subject to the information and reporting requirements of the Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the Securities and Exchange Commission. Upon approval of the common stock for listing on Nasdaq such reports, proxy and information statements and other information may also be inspected at the offices of Nasdaq Operations, 1735 K Street, N.W., Washington, D.C. 20006.

WIRELESS FACILITIES, INC.

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ENTEL TECHNOLOGIES, INC.

Index to Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Wireless Facilities, Inc.:

We have audited the accompanying consolidated balance sheets of Wireless Facilities, Inc. and subsidiaries as of December 31, 1997 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Wireless Facilities, Inc. and subsidiaries as of December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

KPMG LLP

San Diego, California
May 27, 1999

WIRELESS FACILITIES, INC.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1997	DECEMBER 31, 1998	JUNE 30, 1999
			(UNAUDITED)
ASSETS			
Cash	$ 836,086	$ 2,866,163	$ 4,026,774
Accounts receivable, net	9,142,119	24,169,212	29,300,366
Contract management receivables	--	24,156,326	5,863,184
Other current assets	481,348	364,666	1,619,228
Total current assets	10,459,553	51,556,367	40,809,552
Property and equipment, net	463,422	981,133	1,755,494
Goodwill, net	--	7,178,048	8,269,908
Other assets, net	130,868	815,650	751,859
Total assets	$11,053,843	$60,531,198	$51,586,813
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	$ 1,072,696	$15,147,158	$ 2,751,360
Contract management payables	--	9,338,844	4,940,527
Deferred revenue	--	81,908	194,526
Line of credit	--	3,000,000	--
Officer notes payable	--	3,825,000	--
Subordinated stockholder notes payable	--	5,500,000	5,500,000
Notes payable, current portion	--	1,573,568	3,039,866
Income taxes payable	146,540	4,017,453	755,143
Deferred income tax liability	--	1,333,000	694,065
Total current liabilities	1,219,236	43,816,931	17,875,487
Long-term liabilities-notes payable, net of current portion	--	2,119,385	867,257
Total liabilities	$ 1,219,236	$45,936,316	$18,742,744

(Continued)

WIRELESS FACILITIES, INC.

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1997	DECEMBER 31, 1998	JUNE 30, 1999	PRO FORMA STOCKHOLDERS' EQUITY JUNE 30, 1999
			(UNAUDITED)	(UNAUDITED)
STOCKHOLDERS' EQUITY:				
Convertible preferred stock-Series A, $.01 par value, 1,682,692 shares authorized; 0, 1,682,692, 1,682,692 shares issued and outstanding at 1997, 1998 and 1999 (unaudited) and none pro forma (unaudited).....	$ --	$ 16,827	$ 16,827	$ --
Convertible preferred stock-Series B, $.01 par value, 2,800,000 shares authorized; 0, 0 and 2,727,273 shares issued and outstanding at 1997, 1998 and 1999 (unaudited) and none pro forma (unaudited).....	--	--	27,273	$ --
Common stock, $.01 par value, 50,000,000 shares authorized; 29,100,000, 27,045,810 and 27,235,530 shares issued and outstanding at 1997, 1998 and 1999 (unaudited), and 35,010,879 pro forma (unaudited).....	291,000	302,982	305,059	382,812
Total stockholders' equity.....	9,834,607	14,594,882	32,844,069	$ 32,844,069
Additional paid-in capital.....	533,133	25,959,350	41,466,461	41,432,808
Total liabilities and stockholders' equity.....	$11,053,843	$ 60,531,198	$ 51,586,813	
Retained earnings.....	9,010,474	1,843,272	4,671,748	4,671,748
Treasury stock at cost; 0, 3,252,390 and 3,270,322 shares at 1997, 1998 and 1999, respectively...	--	(13,529,942)	(13,656,960)	(13,656,960)
Accumulated other comprehensive income.....	--	2,393	13,661	13,661

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Consolidated Statements of Operations

	Year ended December 31, 1996	Year ended December 31, 1997	Year ended December 31, 1998	Six months ended June 30, 1998 (unaudited)	Six months ended June 30, 1999 (unaudited)
Revenues	$15,420,544	$22,658,493	$51,909,210	$21,610,850	$33,105,729
Cost of revenues	6,831,923	11,716,370	28,070,323	10,578,131	21,024,405
Gross profit	8,588,621	10,942,123	23,838,887	11,032,719	12,081,324
Selling, general and administrative expenses	1,832,252	3,974,478	12,865,065	4,612,003	6,444,797
Operating income	6,756,369	6,967,645	10,973,822	6,420,716	5,636,527
Other income (expense):					
Interest income	12,604	25,004	212,542	43,419	101,002
Interest expense	(14,345)	(314)	(630,732)	(189,669)	(548,411)
Foreign currency loss	--	--	--	--	(170,780)
Equity loss in investment	--	--	(65,880)	--	(9,107)
Total other income (expense)	(1,741)	24,690	(484,070)	(146,250)	(627,296)
Income before taxes	6,754,628	6,992,335	10,489,752	6,274,466	5,009,231
Provision for income taxes	22,343	222,911	5,526,000	60,167	2,180,755
Net income	6,732,285	6,769,424	4,963,752	6,214,299	2,828,476
Pro forma information (unaudited):					
Pro forma adjustment for income taxes	(2,653,000)	(2,527,000)	1,050,000	(2,617,000)	--
Pro forma net income	$ 4,079,285	$ 4,242,424	$ 6,013,752	$ 3,597,299	$ 2,828,476
Pro forma net income per common share:					
Basic	$ 0.14	$ 0.15	$ 0.20	$ 0.12	$ 0.08
Diluted	$ 0.14	$ 0.14	$ 0.18	$ 0.12	$ 0.07
Pro forma weighted-average common shares outstanding:					
Basic	28,500,000	28,661,096	30,379,879	29,407,778	34,196,754
Diluted	29,427,474	29,326,445	32,746,837	30,344,902	39,435,858

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 1996, 1997 and 1998 and six months ended June 30, 1999

	Convertible Preferred stock-- Series A		Convertible Preferred stock-- Series B		Common stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance, December 31, 1995	--	$ --	--	$ --	28,500,000	$285,000
Stock-based compensation	--	--	--	--	--	--
Net income and comprehensive income	--	--	--	--	--	--
Balance, December 31, 1996	--	--	--	--	28,500,000	285,000
Issuance of common stock	--	--	--	--	600,000	6,000
Stock-based compensation	--	--	--	--	--	--
Stockholder distribution	--	--	--	--	--	--
Net income and comprehensive income	--	--	--	--	--	--
Balance, December 31, 1997	--	--	--	--	29,100,000	291,000
Issuance of common stock	--	--	--	--	1,198,200	11,982
Issuance of Series A preferred stock	1,682,692	16,827	--	--	--	--
Stock-based compensation	--	--	--	--	--	--
S corporation distributions	--	--	--	--	--	--
Net income from January 1, 1998 through August 6, 1998	--	--	--	--	--	--
Transfer of undistributed retained earnings to additional paid-in capital upon termination of S corporation	--	--	--	--	--	--
Purchase of treasury stock	--	--	--	--	(3,252,390)	--
Net income from August 7, 1998 through December 31, 1998	--	--	--	--	--	--
Foreign currency translation gain	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
Balance, December 31, 1998	1,682,692	16,827	--	--	27,045,810	302,982
Issuance of common stock (unaudited)	--	--	--	--	207,652	2,077
Issuance of Series B preferred stock (unaudited)	--	--	2,727,273	27,273	--	--
Stock compensation (unaudited)	--	--	--	--	--	--
Issuance of warrants in acquisition transactions (unaudited)	--	--	--	--	--	--
Purchase of treasury stock (unaudited)	--	--	--	--	(17,932)	--
Net income (unaudited)	--	--	--	--	--	--
Foreign currency translation gain (unaudited)	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
Balance, June 30, 1999 (unaudited)	1,682,692	$16,827	2,727,273	$27,273	27,235,530	$305,059

(Continued)

WIRELESS FACILITIES, INC.

Consolidated Statements of Stockholders' Equity

Years ended December 31, 1996, 1997 and 1998 and six months ended June 30, 1999

	Additional paid-in capital	Retained earnings	Treasury stock		Accumulated other comprehensive income	Comprehensive income	Total
			Shares	Amount			
Balance, December 31, 1995	$ (190,000)	$ 142,005	--	$ --	$ --	--	$ 237,005
Stock-based compensation	25,758	--	--	--	--	--	25,758
Net income and comprehensive income	--	6,732,285	--	--	--	$6,732,285	6,732,285
Balance, December 31, 1996	(164,242)	6,874,290	--	--	--	--	6,995,048
Issuance of common stock	554,000	--	--	--	--	--	560,000
Stock-based compensation	143,375	--	--	--	--	--	143,375
Stockholder distribution	--	(4,633,240)	--	--	--	--	(4,633,240)
Net income and comprehensive income	--	6,769,424	--	--	--	$6,769,424	6,769,424
Balance, December 31, 1997	533,133	9,010,474	--	--	--	--	9,834,607
Issuance of common stock	819,585	--	--	--	--	--	831,567
Issuance of Series A preferred stock	20,983,169	--	--	--	--	--	20,999,996
Stock-based compensation	88,760	--	--	--	--	--	88,760
S corporation distributions	--	(8,596,251)	--	--	--	--	(8,596,251)
Net income from January 1, 1998 through August 6, 1998	--	3,120,480	--	--	--	3,120,480	3,120,480
Transfer of undistributed retained earnings to additional paid-in capital upon termination of S corporation	3,534,703	(3,534,703)	--	--	--	--	--
Purchase of treasury stock	--	--	3,252,390	(13,529,942)	--	--	(13,529,942)
Net income from August 7, 1998 through December 31, 1998	--	1,843,272	--	--	--	1,843,272	1,843,272
Foreign currency translation gain	--	--	--	--	2,393	2,393	2,393
Comprehensive income	--	--	--	--	--	$4,966,145	--
Balance, December 31, 1998	25,959,350	1,843,272	3,252,390	(13,529,942)	2,393	--	14,594,882
Issuance of common stock (unaudited)	350,445	--	--	--	--	--	352,522
Issuance of Series B preferred stock (unaudited)	14,972,727	--	--	--	--	--	15,000,000
Stock compensation (unaudited)	61,775	--	--	--	--	--	61,775
Issuance of warrants in acquisition transactions (unaudited)	122,164	--	--	--	--	--	122,164
Purchase of treasury stock (unaudited)	--	--	17,932	(127,018)	--	--	(127,018)
Net income (unaudited)	--	2,828,476	--	--	--	2,828,476	2,828,476
Foreign currency translation gain (unaudited)	--	--	--	--	11,268	11,268	11,268
Comprehensive income	--	--	--	--	--	$2,839,744	--
Balance, June 30, 1999							

(unaudited).....	$41,466,461	$4,671,748	3,270,322	$ (13,656,960)	$13,661	$32,844,069

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Consolidated Statements of Cash Flows

	Year ended December 31, 1996	Year ended December 31, 1997	Year ended December 31, 1998	Six months ended June 30, 1998	Six months ended June 30, 1999
				(unaudited)	(unaudited)
Operating activities:					
Net income	$6,732,285	$6,769,424	$ 4,963,752	$ 6,214,299	$ 2,828,476
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation and amortization	99,568	222,223	1,098,450	732,222	1,131,568
Stock-based compensation	25,758	143,375	88,760	--	61,775
Loss on disposal of property and equipment	--	--	1,790	--	--
Gain on sale of investment	--	--	--	--	(78,228)
Provision for deferred income taxes	--	--	1,333,000	--	(638,935)
Changes in assets and liabilities, net of the effect of acquisitions:					
Accounts receivable, net	(5,828,507)	(2,813,062)	(12,059,022)	(3,122,136)	(3,878,460)
Contract management receivables	--	--	(24,156,326)	(10,901,000)	18,293,142
Other current assets	(180,318)	(295,111)	384,581	378,811	(936,730)
Other assets	--	(130,868)	23,882	(29,839)	(7,912)
Accounts payable and accrued expenses	65,055	879,906	11,163,122	(707,636)	(12,469,066)
Contract management payables	--	--	9,338,844	11,329,132	(4,398,317)
Deferred revenues	--	--	81,908	--	112,618
Income taxes payable	22,343	124,197	3,870,913	(58,763)	(3,262,310)
Net cash provided by (used in) operating activities	936,184	4,900,084	(3,866,346)	3,835,090	(3,242,379)
Investing activities:					
Capital expenditures	(440,487)	(344,787)	(755,765)	(385,185)	(1,265,687)
Cash paid for acquisitions, net of cash acquired	--	--	(3,293,593)	(3,218,368)	(1,742,422)
Cash paid for investments	--	--	(604,070)	(451,413)	(62,500)
Distributions from investments	--	--	--	--	55,953
Proceeds from disposition of property and equipment	--	21,185	31,052	--	--
Net cash used in investing activities	(440,487)	(323,602)	(4,622,376)	(4,054,966)	(3,014,656)
Financing activities:					
Proceeds from issuance of preferred stock	--	--	20,999,996	--	15,000,000
Proceeds from issuance of common stock	--	560,000	831,567	819,997	352,522
Stockholder distributions	--	(4,633,240)	(3,096,251)	(2,838,330)	--
Purchase of treasury stock	--	--	(13,529,942)	--	(127,018)
Net borrowings (repayment) under line of credit	--	--	3,000,000	2,171,654	(3,000,000)
Borrowings (repayment) from officers	--	--	3,825,000	--	(3,825,000)
Repayment of acquisition notes payable	--	--	(1,513,964)	(504,655)	(994,126)
Repayment of notes					

payable to stockholders.....	(169,855)	--	--	--	--
Net cash provided by (used in) financing activities.....	(169,855)	(4,073,240)	10,516,406	(351,334)	7,406,378
Effect of exchange rates on cash.....	--	--	2,393	--	11,268
Net increase (decrease) in cash.....	325,842	503,242	2,030,077	(571,210)	1,160,611
Cash at beginning of period.....	7,002	332,844	836,086	836,086	2,866,163
Cash at end of period...	$ 332,844	$ 836,086	$ 2,866,163	$ 264,876	$ 4,026,774
Noncash transactions:					
Issuance of notes payable for stockholder distributions.....	--	--	5,500,000	--	--
Issuance of notes for acquisition.....	--	--	5,206,917	--	827,000
Receipt of note for sale of investment....	--	--	--	--	199,848
Supplemental disclosure of cash flow information:					
Cash paid during the period for interest...	$ 16,436	$ 314	$ 104,181	$ 149,808	$ 692,142
Cash paid during the period for income taxes.....	$ --	$ 98,714	$ 448,127	$ 339,901	$ 6,630,700

See accompanying notes to consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Business

Wireless Facilities, Inc. (WFI) was formed in the state of New York on December 19, 1994, began operations in March 1995 and was reincorporated on August 30, 1998, in Delaware. WFI provides a full suite of outsourcing services to wireless carriers and equipment vendors, including the design, deployment and management of client networks. The Company's customers include both early-stage and mature providers of cellular, PCS, and broadband data services and equipment. WFI's engagements, range from smaller contracts for the deployment of a single cell site, to large multi-year turnkey contracts. These services are billed either on a time and materials basis or on a fixed-price, time-certain basis.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of WFI and its majority-owned subsidiaries. During 1998, WFI acquired a wholly owned subsidiary (Entel Technologies, Inc.), formed a subsidiary under WFI's control in Mexico (WFI de Mexico), and formed a wholly owned subsidiary in Brazil (Wireless Facilities Latin America Ltda). During 1999, WFI acquired wholly-owned subsidiaries, B. Communication International, Inc. and C.R.D. Inc. (unaudited). WFI and its subsidiaries are collectively referred to as the "Company." All intercompany transactions have been eliminated in consolidation. Affiliated companies (20% to 50% owned with no controlling interest) are accounted for on the equity method. Investments accounted for on the cost basis include companies in which the Company owns less than 20% and for which the Company has no significant influence.

(c) Unaudited Interim Financial Information

The interim financial statements of the Company for the six months ended June 30, 1998 and 1999, included herein, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principals have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements. In the opinion of management, the accompanying unaudited statements reflect all adjustments, necessary to present fairly the financial position of the Company at June 30, 1999, and the results of their operations and their cash flows for the six months ended June 30, 1998 and 1999.

(d) Property and Equipment, Net

Property and equipment consists primarily of computer equipment. Property and equipment is stated at cost and is depreciated using the straight-line method over the estimated useful life of each asset, typically three years.

(e) Goodwill, Net

Goodwill represents the excess of acquisition cost over the fair value of assets of acquired companies. Goodwill is amortized on a straight-line basis over ten years.

(f) Other Assets, Net

Other assets consist primarily of equity investments. These investments are accounted for using either the equity or cost method, as appropriate. One investment, Sierra Towers Investment Group (25%), was accounted for using the equity method. The Company's share of the loss for this investment is included in equity loss in investment. The Company sold this investment effective June, 1999 to two of the Company's principal stockholders (unaudited). The Company uses the cost method to account for investments where it holds less than 20% of equity and is unable to exert significant influence. All investments are in companies whose stock is not publicly traded. As such, it is not practicable to determine the fair value of these investments.

Also included in other assets, net are patent costs. Amortization of patent costs is recorded using the straight-line method over a useful life of three years, which approximates the useful life of the underlying technology.

(g) Revenue Recognition

Revenue on time and materials contracts is recognized as services are rendered at contract labor rates plus material and other direct costs incurred.

Revenue on fixed price contracts is recognized on the percentage-of-completion method based on the ratio of total costs incurred to date compared to estimated total costs to complete the contract. Estimates to complete include material, direct labor, overhead, and allowable general and administrative expenses. These estimates are reviewed on a contract-by-contract basis, and are revised periodically throughout the life of the contract such that adjustments to profit resulting from revisions are made cumulative to the date of the revision. The full amount of an estimated loss is charged to operations in the period it is determined that a loss will be realized from the performance of a contract.

(h) Contract Management Activities

During 1998, the Company managed a contract whereby the Company paid for services rendered by third parties on behalf of one customer. The Company passed these expenses through to the customer, who reimbursed the Company for the expenses plus a management fee. The management fee is included in service revenues in the Consolidated Statement of Operations. Amounts receivable from the customer or owed to third parties for these contract management activities are shown separately on the balance sheet to distinguish them from receivables and liabilities generated by the Company's own operations.

(i) Income Taxes

Through August 5, 1998, Wireless Facilities, Inc. was an S corporation whereby income taxes were the individual responsibility of the stockholders. On August 7, 1998, in conjunction with the private placement and sale of Series A preferred stock, the Company elected to be taxed as a C corporation under the internal revenue tax code. As a result, the Company recorded a net deferred tax liability of $2,082,000 on August 7, 1998.

The Company records deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured 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 effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(j) Common Stock Split

On February 22, 1999, the Company effected a 3-for-1 stock split of the Company's common stock. All per share and shares outstanding data in the Consolidated Financial Statements and Notes to the Consolidated Financial Statements have been retroactively restated to reflect this stock split.

On February 25, 1999, the Company filed a Restated Certificate of Incorporation. Among other things, the restated certificate increased the shares of authorized common stock from 45,000,000 to 50,000,000 shares (post-split), and decreased authorized preferred stock from 5,000,000 to 4,482,692 shares.

(k) Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 permits entities to recognize the fair value of all stock-based awards on the date of grant as expense over the vesting period or allows entities to apply the provisions of Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. Under APB No. 25, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price, with pro forma net income disclosures as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of SFAS No. 123.

(l) Pro Forma Net Income per Common Share (unaudited)

The Company calculates net income per share in accordance with SFAS No. 128, Earnings Per Share. Under SFAS No. 128, basic net income per common share is calculated by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted net income per common share reflects the effects of potentially dilutive securities.

In connection with the anticipated closing of the Company's initial public offering of common stock all convertible preferred stock then outstanding will automatically convert into shares of common stock. Each share of Series A preferred stock converts into 3 shares of common stock and each share of Series B preferred stock converts into one share of common stock. The pro forma basic and diluted weighted average share calculations reflect the conversion of preferred stock at the later of the beginning of the period presented or the date of issuance. The calculation of pro forma basic and diluted income per share is as follows:

	Years ended December 31,			Six months ended June 30,	
	1996	1997	1998	1998	1999
Pro forma basic income per share:					
Pro forma net income....	$4,079,285	$4,242,424	$6,013,752	$3,597,299	$2,828,476
Weighted average shares.....	28,500,000	28,661,096	28,374,478	29,407,778	27,125,701
Pro forma adjustment for assumed conversion of preferred stock.....	--	--	2,005,401	--	7,071,053
	28,500,000	28,661,096	30,379,879	29,407,778	34,196,754
Pro forma basic net income per share.....	$ 0.14	$ 0.15	$ 0.20	$ 0.12	$ 0.08

	Years ended December 31,			Six months ended June 30,	
	1996	1997	1998	1998	1999
Pro forma diluted income per share:					
Adjustments to basic weighted average shares:					
Effect of outstanding options	927,474	626,172	1,912,407	289,427	4,368,574
Effect of outstanding warrants	--	39,177	454,551	647,697	870,530
Total diluted weighted average shares	29,427,474	29,326,445	32,746,837	30,344,902	39,435,858
Pro forma diluted net income per share	$ 0.14	$ 0.14	$ 0.18	$ 0.12	$ 0.07

Options to purchase 0, 296,800 and 250,371 shares of common stock which were outstanding during 1996, 1997 and 1998, respectively, and notes payable convertible into 1,109,661 shares in 1998, were not included in the calculation of pro forma diluted net income per common share because the effect of these instruments was anti-dilutive.

(m) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(n) Fair Value of Financial Instruments

SFAS No. 107, Disclosures About Fair Value of Financial Instruments, requires that fair values be disclosed for the Company's financial instruments. The carrying amounts of cash, accounts receivable, contract management receivables, accounts payable and accrued expenses and contract management payables, approximate fair value due to the short-term nature of these instruments. The carrying amounts reported for the Company's line of credit and notes payable approximate their fair value because the underlying instruments earn interest at rates comparable to current terms offered to the Company for instruments of similar risk. The fair values of officer notes payable and subordinated stockholder notes payable are not estimable due to their related party nature.

(o) Other Comprehensive Income

The Company adopted the provisions of SFAS No. 130 Reporting Comprehensive Income during the year ended December 31, 1998. This statement establishes rules for the reporting of comprehensive income and its components. Comprehensive income for the year ended December 31, 1998 consists of foreign currency translation adjustments. There were no components of other comprehensive income in the years ended December 31, 1996 and 1997.

The financial statements of the Company's foreign subsidiaries where the functional currency has been determined to be the local currency are translated into United States dollars using current rates of exchange, with gains or losses included in the other comprehensive income account in the stockholders' equity section of the consolidated balance sheets. The financial statements of the Company's foreign subsidiaries where the functional currency has been determined to be the United States dollar are translated at either current or historical exchange rates, as appropriate, with gains and losses included in the consolidated statements of operations.

(p) Segment Reporting

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, establishes annual and interim reporting standards for an enterprise's operating segments and related disclosures about its products, services, geographic areas and major customers. An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, and about which separate financial information is regularly evaluated by the chief operating decision maker in deciding how to allocate resources. All of the Company's business activities are aggregated into one reportable segment given the similarities of economic characteristics between the activities and the common nature of the Company's services and customers.

(q) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(r) Reclassifications

Certain amounts in the 1996 and 1997 financial statements have been reclassified to conform to the current presentation.

(2) Acquisitions and Subsidiaries

(a) Entel Technologies, Inc. (Entel)

On February 27, 1998, the Company acquired all of the outstanding shares of stock of Entel, a Maryland wireless outsourcing company. The acquisition was accounted for as a purchase. Consideration for the acquisition consisted of approximately $3,500,000 in cash and $5,200,000 in notes payable to Entel stockholders. The excess of the cost over the fair market value of net assets acquired was approximately $7,800,000, which has been recorded as goodwill and is being amortized over ten years. The consolidated financial statements include the operating results for Entel from February 28, 1998, the closing date, through December 31, 1998.

The following summary presents pro forma consolidated results of operations as if this acquisition had occurred at the beginning of fiscal years 1997 and 1998, and includes adjustments that are directly attributable to the transaction or are expected to have a continuing impact on the Company.

The pro forma results are for illustrative purposes only and do not purport to be indicative of the actual results which would have occurred had the transaction been completed at the beginning of the periods, nor are they indicative of results of operations which may occur in the future.

	1997	1998
Net sales	$32,898,316	$55,828,375
Net income	6,611,763	5,224,097

(b) B. Communication International, Inc. (BCI) (unaudited)

On January 4, 1999, the Company acquired BCI for approximately $2,900,000 in cash, warrants and notes. BCI provided radio frequency engineering and cell site and switch technician services in the U.S. and Latin America.

(c) C.R.D., Inc. (unaudited)

On June 25, 1999, the Company acquired CRD for approximately $540,000 in cash, warrants, and assumption of debt. CRD installs and maintains cell site and microwave electronics.

(d) WFI de Mexico (WFIM)

On September 18, 1998, the Company formed and acquired an 88% ownership interest in a Mexican subsidiary (WFIM). WFIM acquired all the assets of Cable and Wireless Services, S.C., a Mexican wireless communications company. Consideration for the acquisition consisted of $75,000 in cash. The remaining 12% of WFIM's stock is held by directors of WFIM pursuant to agreements which permit WFIM to repurchase such shares upon certain events.

The Company granted the brother of the Company's two principal executive officers shares of restricted stock equivalent to approximately 6% of the equity of WFI de Mexico. The stock is subject to vesting over a four-year period. Pursuant to the terms of the stock grant, the Company granted a one-time election to exchange any vested restricted stock in WFI de Mexico for shares of the Company's common stock at fair valuation. As of June 30, 1999, this election had not been exercised (unaudited).

(e) Wireless Facilities Latin America Ltda. (WFLA)

In August 1998, the Company formed WFLA as a wholly owned subsidiary in Sao Paulo, Brazil for the purpose of expanding operations to the Brazilian market.

(3) Consolidated Balance Sheet Details

The Consolidated Balance Sheet consists of the following at December 31, 1997 and 1998:

	1997	1998
Accounts receivable, net:		
Billed contracts receivable	$4,826,470	$ 6,079,947
Unbilled contracts receivable	4,385,961	18,650,899
	9,212,431	24,730,846
Allowance for doubtful accounts	(70,312)	(561,634)
Total accounts receivable, net	$9,142,119	$24,169,212
Contract management receivables		
Billed	$ --	$14,212,893
Unbilled	--	9,943,433
Total contract management receivables	$ --	$24,156,326
Property and equipment, net		
Computer equipment	$ 776,132	$ 1,494,770
Furniture and office equipment	10,681	239,123
	786,813	1,733,893
Accumulated depreciation	(323,391)	(752,760)
Total property and equipment, net	$ 463,422	$ 981,133
Goodwill, net		
Goodwill	$ --	$ 7,825,738
Accumulated amortization	--	(647,690)
Total goodwill, net	$ --	$ 7,178,048
Other assets, net:		
Investments	$ 100,000	$ 610,533
Patents and other assets, net	30,868	205,117
Total other assets, net	$ 130,868	$ 815,650

(4) Notes Payable and Other Financing Arrangements

(a) Line of Credit

In April 1998, the Company executed a $3,000,000 revolving line of credit agreement with a financial institution. The credit facility is due June 30, 1999, and bears interest at the London Interbank Offering Rate (LIBOR) plus 2.5%. The line of credit is secured by substantially all business assets of the Company, and is senior to the subordinated stockholders' notes payable of $5,500,000. At December 31, 1998, LIBOR was 5.1%, and $3,000,000 was outstanding under the credit facility.

The agreement contains restrictive covenants, which, among other things, requires maintenance of certain financial ratios.

(b) Entel Note Payable

In consideration for the acquisition of Entel (see Note 2), the Company issued three-year convertible notes payable for approximately $5,200,000. These notes are convertible into common stock upon completion of an initial public offering at a conversion price of 80% of the public offering price. These notes bear interest at 10% annually, require the Company to make quarterly principal and interest payments, and are due on March 1, 2001. At December 31, 1998, the outstanding balance on these notes was $3,692,953, of which $1,573,568 was current. These notes may be repaid at any time by the Company without penalty.

(c) Subordinated Stockholder Notes Payable

In August 1998, the Company issued unsecured notes payable totaling $5,500,000 to two executives and one related stockholder. Such notes are subordinated to the Company's line of credit, bear an interest rate of 5.5%, and are due August 2000.

(d) Officer Notes Payable

At December 31, 1998, the Company had unsecured notes payable to two officers of the Company totaling $3,825,000. Interest was imputed on these loans at 5.5%. These loans were repaid during the first quarter of 1999.

(e) Maturities

Maturities of notes payable and other financing arrangements are as follows:

1999	$13,898,568
2000	1,730,066
2001	389,319
Total	$16,017,953

(5) Lease Commitments

The Company leases certain facilities and equipment under leases accounted for as operating leases that expire over five years. Future minimum lease payments under noncancelable operating leases as of December 31, 1998 are as follows:

1999	$ 533,742
2000	612,337
2001	628,019
2002	602,424
2003	476,633
Total	$2,853,155

The Company leased certain property and equipment on a month-to-month basis from a related party during the years ended December 31, 1997 and 1998. The Company recorded lease expense related to these leases of $781,000 and $488,000 for the years ended December 31, 1997 and 1998, respectively. Amounts totaling $176,000 and $151,000 remained payable at December 31, 1997 and 1998, respectively, and are recorded in accounts payable and accrued expenses in the accompanying balance sheet.

Rent expense under operating leases for the years ended December 31, 1996, 1997 and 1998 was $62,912, $858,063 and $664,199, respectively.

(6) Income Taxes

Prior to August 8, 1998, the Company elected, with the consent of its stockholders, to be taxed as an S corporation, whereby federal and most state income taxes were the individual responsibility of the stockholders. The Company incurred $22,343 and $222,911 in various state taxes for the years ended December 31, 1996 and 1997, respectively.

The provision for income taxes for the year ended December 31, 1998 is comprised of the following:

Current:	
Federal	$ 3,424,000
State	728,000
	4,152,000
Deferred:	
Federal	1,145,000
State	229,000
	1,374,000
	$ 5,526,000

A reconciliation of total income tax expense to the amount computed by applying the statutory federal income tax rate of 35% to income before income tax expense for the fiscal year ended December 31, 1998 is as follows:

	1998
Income taxes at federal statutory rate	$3,671,000
State taxes, net of federal tax benefit	622,000
Establishment of deferred income tax upon change from S corporation to C corporation	2,082,000
S corporation earnings not subject to corporate income tax	(1,211,000)
Other, net	362,000
	$5,526,000

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 1998 are as follows:

	1998
Deferred tax assets:	
Allowance for doubtful accounts	$ 244,000
Vacation accruals	191,000
Property and equipment, principally due to differences in depreciation	70,000
Total deferred tax assets	505,000
Deferred tax liabilities-change from cash to accrual method of accounting for income taxes	(1,838,000)
Net deferred tax liability	$(1,333,000)

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. Based upon the level of historical taxable income and projections for future taxable income, management believes it is more likely than not the Company will realize the deferred tax assets. As such, no valuation allowance was established during the year ended December 31, 1998.

(7) Stockholders' Equity

(a) Preferred Stock

At December 31, 1998, the Company was authorized to issue a total of 4,482,682 shares of preferred stock, each having a par value of $0.01. On August 8, 1998, the Company issued 1,682,692 shares of Series A convertible preferred stock in a private placement for approximately $21,000,000. Series A preferred shares are convertible at the option of the holder into shares of common stock at an initial conversion rate of 1-to-1 (3-to-1 after the 3-for-1 Common Stock split). The conversion rate is subject to adjustment to prevent dilution in the event of any further common stock splits. Conversion will be automatic upon the closing of a public offering above a specified price or upon approval by 2/3 of the Series A stockholders. Series A stockholders also have a liquidating preference equal to their original purchase price plus all declared and unpaid dividends. No Series A convertible preferred stock dividends were declared or paid during 1998.

In February 1999, the Board of Directors authorized the issuance of 2,800,000 shares of par value $0.01 Series B preferred stock. Shortly thereafter, the Company sold 2,727,273 Series B preferred shares for $15,000,000, or $5.50 per share. Series B preferred shares are convertible at the option of the holder into shares of common stock at the initial conversion rate of 1-to-1 conversion will be automatic upon the closing of a public offering above a specified price or upon approval of 2/3 of the Series B stockholders.

(b) Dividends

On April 15, 1998, the Company paid cash dividends to all common stockholders of record totaling $1,773,000, or $0.06 per share. On June 15, 1998, the Company paid cash dividends to all common stockholders of record totaling $1,065,000, or $0.04 per share. On July 31, 1998, the Company paid dividends to all common stockholders of record totaling $5,758,000, or $0.19 per share. Of this, $258,000 was paid in cash. The Company issued promissory notes for the remaining $5,500,000 to two executives and one related stockholder (see Note 5).

(c) Treasury Stock

On August 5, 1998, the Company purchased 3,252,390 shares of common stock for $13,529,942. Treasury stock is recorded at cost.

(d) Undistributed Earnings

On August 7, 1998, in connection with sales of its preferred stock, the Company elected to be taxed as a C corporation. This change assumed a constructive distribution to the owners of the former S corporation followed by a contribution to the capital of the C corporation. Accordingly, undistributed earnings on August 7, 1998 are included in the consolidated financial statements as additional paid-in capital.

(e) Common Stock Warrants

In February 1997, the Company issued warrants to purchase 300,000 shares of common stock to two Company directors. One-third of these warrants vest at the date of issuance, and then annually for the

following two years. These warrants are exercisable at $0.93 per share of common stock, which was the fair value of the stock at the date of issuance.

In February 1998, the Company issued warrants to purchase 1,200,000 shares of common stock to two Company directors. One-third of these warrants vest at the date of issuance, and then annually for the following two years. These warrants are exercisable at $1.58 per share of common stock, which was the fair value of the stock at the date of issuance.

Total warrants outstanding were 300,000 and 900,000 at December 31, 1997 and 1998, respectively.

(f) Stock Option Plans

During the years ended 1996 and 1997, the Board of Directors approved the 1996 Stock Option Plan (the 1996 Plan) and the 1997 Stock Option Plan (the 1997 Plan). All stock options under the 1996 Plan were fully vested at June 1, 1998, and have been exercised or canceled upon employee termination as of December 1, 1998. Stock options granted under the 1997 Plan may be incentive stock options or nonstatutory stock options and are exercisable for up to ten years following the date of grant. Stock option exercise prices for the 1997 Plan must be equal to or greater than the fair market value of the common stock on the grant date.

The Company applies Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its 1996 Plan and 1997 Plan. Accordingly, the Company recorded compensation expense totaling $25,758, $143,375 and $88,760 for the periods ended December 31, 1996, 1997 and 1998, respectively, related to options granted under the plans.

Stock option transactions are summarized below:

	1996 Plan	Weighted-average exercise price	1997 Plan	Weighted-average exercise price
Outstanding at January 1, 1996	--	$ --	--	$ --
Granted	955,500	0.01	--	--
Exercised	--	--	--	--
Canceled	(21,000)	0.01	--	--
Outstanding at January 1, 1997	934,500	0.01	--	--
Granted	57,000	0.01	929,700	1.39
Exercised	--	--	--	--
Canceled	(333,000)	0.01	(39,300)	1.33
Outstanding at December 31, 1997	658,500	0.01	890,400	1.39
Granted	--	--	3,464,139	2.51
Exercised	(591,000)	0.01	(7,200)	1.33
Canceled	(67,500)	0.01	(773,691)	2.30
Outstanding at December 31, 1998	--	$ --	3,573,648	$ 2.26

Under SFAS No. 123, the weighted-average fair value of the options granted during 1996, 1997 and 1998 was $1.12, $0.48 and $0.72, respectively, on the date of grant. Fair value under SFAS No. 123 is determined using the Black-Scholes option-pricing model with the following assumptions: no dividend yields, expected volatility of 0% as Company is privately held, risk-free interest rates of 7.0%, 7.0% and 5.5%, and an expected

life of 7, 7 and 6 years for options granted in 1996, 1997, and 1998, respectively. Had compensation expense been recognized for stock-based compensation plans in accordance with SFAS No. 123, the Company would have recorded net income of $6,732,285 in 1996, $6,621,254 in 1997 and $4,270,488 in 1998.

The following table summarizes information as of December 31, 1998 concerning options outstanding and exercisable:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted-average remaining life	Weighted-average exercise price	Weighted number exercisable	Weighted-average exercise price
$1.00--$1.58	935,625	2	$1.26	266,901	$1.21
$2.00	1,883,910	3	2.00	--	--
$4.16	754,113	3	4.16	--	--
	3,573,648		$2.26	266,901	$1.21

(8) Employee Benefit Plan

In 1996, the Company implemented a savings plan pursuant to Section 401(k) of the Internal Revenue Code (the Code), covering substantially all employees. Participants in the plan may contribute a percentage of compensation, but not in excess of the maximum allowed under the Code. The Company may make contributions at the discretion of its Board of Directors. The Company made no contributions in 1996, 1997 or 1998.

(9) Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash, accounts receivable and contract management receivable. At times, cash balances held in financial institutions are in excess of federally insured limits. The Company performs periodic evaluations of the relative credit standing of financial institutions and limits the amount of risk by selecting financial institutions with a strong relative credit standing.

The Company had sales to three separate customers, which comprised 31%, 19%, and 17% of the Company's total sales for the year ended December 31, 1998. At December 31, 1998, accounts receivable from these customers totaled $2,099,585, $1,957,990 and $2,076,975, respectively.

(10) Segment Information

Revenues derived by geographic segment are as follows:

	For the year ended December 31,			Six Months June 30,
	1996	1997	1998	1999
U.S.	$15,420,544	$20,489,996	$39,729,678	$22,180,929
Foreign	--	2,168,497	12,179,532	10,924,800
	$15,420,544	$22,658,493	$51,909,210	$33,105,729

(11) Pro Forma Adjustments to Financial Statements (Unaudited)

The unaudited consolidated balance sheet at June 30, 1999 gives effect to the assumed conversion of 4,409,965 shares of preferred stock that will automatically convert into 7,775,349 shares of common stock upon the closing of the Company's initial public offering.

Through August 6, 1998, Wireless Facilities, Inc. was an S corporation whereby federal income taxes were the individual responsibility of the stockholders. On August 7, 1998, in conjunction with the private placement and sale of Series A preferred stock, the Company elected to be taxed as a C corporation under the Internal Revenue Code. As a result, the Company recorded a net deferred tax liability of $2,082,000 on August 7, 1998.

The consolidated statement of operations for the years ended December 31, 1996, 1997 and 1998 and the six months ended June 30, 1998 have been presented to give pro forma effect assuming the Company was taxed as a C corporation.

The pro forma provision for income taxes consists of:

	Years ended December 31,			Six months ended June 30,
	1996	1997	1998	1998
Current expense:				
Federal	$2,135,029	$2,262,706	$ 3,918,171	$2,343,620
State	532,714	497,988	942,424	563,673
	2,667,743	2,760,694	4,860,595	2,907,293
Deferred expense (benefit):				
Federal	9,755	(20,483)	(362,000)	(216,571)
State	(2,155)	9,700	(22,595)	(13,555)
	7,600	(10,783)	(384,595)	(230,126)
Total pro forma income tax expense	2,675,343	2,749,911	4,476,000	2,677,167
Less: Historical provison for income taxes	22,343	222,911	5,526,000	60,167
Pro forma adjustment for income taxes	$2,653,000	$2,527,000	$(1,050,000)	$2,617,000

Total pro forma provision for income taxes differs from the "expected" pro forma tax expense (computed by applying the Federal corporate income tax rate to the pro forma income before taxes) as follows:

	Years ended December 31,			Six months ended June 30,
	1996	1997	1998	1998
Computed "expected" pro forma income tax expense	34%	34%	35%	35%
State income taxes, net of federal benefit	6%	5%	8%	8%
	40%	39%	43%	43%

(12) Legal Matters

From time to time the Company is involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Management believes, based in part through discussion with legal counsel, that the resolution of such matters will not have a material impact on the Company's financial position, results of operations or liquidity.

INDEPENDENT AUDITORS' REPORT

To Entel Technologies, Inc.

We have audited the accompanying statements of operations and retained earnings, and cash flows of Entel Technologies, Inc. for the year ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the results of operations and cash flows of Entel Technologies, Inc. for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

M.R. Weiser & Co. LLP

New York, N.Y.
February 13, 1998, except for Note 8
as to which the date is April 15, 1998

ENTEL TECHNOLOGIES, INC.

Statement Of Operations And Retained Earnings

For The Year Ended December 31, 1997

Project revenues	$10,239,823
Direct project costs	6,454,747
Gross profit	3,785,076
Selling, general and administrative expenses	2,755,045
Income from operations	1,030,031
Other income:	
Interest income, net of interest expense of $2,047	42,782
Net income before provision for income taxes	1,072,813
Provision for income taxes	424,559
Net income	648,254
Retained earnings, beginning of year	514,950
Retained earnings, end of year	$ 1,163,204

(See accompanying notes to financial statements)

ENTEL TECHNOLOGIES, INC.

Statement Of Cash Flows

For The Year Ended December 31, 1997

Cash flows from operating activities:	
Net income	$ 648,254
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for doubtful accounts	122,650
Depreciation and amortization	111,103
Deferred income taxes	(10,000)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	1,930,057
Increase in due from affiliated company	(1,185,860)
Increase in costs of uncompleted contracts	(311,802)
Decrease in prepaid expenses and sundry receivables	10,595
Increase in deposits	(1,033)
(Decrease) in accounts payable	(1,425,222)
Increase in accrued salaries and payroll taxes	890,682
(Decrease) in accrued expenses and other liabilities	(89,098)
Increase in accrued corporate income taxes	15,428
Net cash provided by operating activities	705,754
Cash flows from investing activities:	
Purchases of property and equipment	(81,477)
Net cash used in investing activities	(81,477)
Cash flows from financing activities:	
Payments under capital lease	(8,000)
Net cash used in financing activities	(8,000)
Net increase in cash and cash equivalents	616,277
Cash and cash equivalents, beginning of year	420,208
Cash and cash equivalents, end of year	$1,036,485
Supplemental disclosure of cash flow information:	
Interest paid	$ 2,047
Income taxes paid	$ 419,131
Supplemental schedule of noncash investing and financing activities:	
Shares of Class A common stock redeemed and retired	$ (871)
Shares of Class B common stock issued	871
Net change in total common stock issued and outstanding	$ 0

(See accompanying notes to financial statements)

ENTEL TECHNOLOGIES, INC.

Notes To Financial Statements

1. Significant Accounting Policies:

(a) The Company

Entel Technologies, Inc. (the "Company") was organized in the State of Delaware on April 26, 1995 under the name of Vento Communications, Inc. The Company changed its name to Entel Technologies, Inc. on October 29, 1996. The Company renders project management services to telecommunications providers in connection with site acquisition, construction, and microwave relocation projects throughout the United States.

(b) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 differ from those estimates.

(c) Revenue Recognition

The Company recognizes revenues from site acquisition and microwave relocation projects as contractually prescribed milestones are completed. Related costs are recognized when incurred.

The Company recognizes revenues from construction projects on the completed contract method. This method recognizes income and related costs only as the construction project is complete. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined. Costs incurred on incomplete projects in excess of related billings are classified as a current asset in as much as all projects will be completed within one year.

(d) Statement of Cash Flows

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(e) Property and Equipment

Depreciation is computed on the straight-line method over the estimated lives of these assets.

(f) Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured 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. Deferred income tax assets and liabilities are primarily a result of the timing of deductions for income tax and financial reporting purposes for accrued employee compensation.

2. Related Party Transactions

The Company provides operating support services for entities affiliated through common management. In addition, the majority stockholder of the Company is a stockholder in such entities. The Company charges

these affiliates a fee for such services. During the year ended December 31, 1997, the Company incurred expenses on behalf of affiliates aggregating $1,701,000. Such amounts were rebilled to the affiliates; fees related to such services approximated $240,000 for the year ended December 31, 1997.

In addition, project revenues from these affiliates, net of rebilled operating expenses, approximated $1,219,000 for the year ended December 31, 1997.

3. Income Taxes

The components of income tax expense for the year ended December 31, 1997 were as follows:

Current:	
Federal	$374,998
State and local	59,561
	434,559
Deferred:	
Federal	(8,000)
State and local	(2,000)
	(10,000)
	$424,559

4. Common Stock

During the year ended December 31, 1997, the Company redeemed and retired 871 shares of Class A common stock in exchange for issuance of an equal number of shares of Class B common stock.

5. Leases

Rent expense for the year ended December 31, 1997 amounted to $309,645.

6. Profit Sharing Plan

In 1996, the Company adopted a 401(k) defined contribution retirement plan effective January 1, 1996 which covers substantially all employees. Under the plan, the Company is required to contribute 50% of the first 4% of eligible employee contributions. For the years ended December 31, 1997, the Company made contributions of $39,030.

7. Significant Customers

In addition to revenues from affiliates referred to in Note 2, revenues from three customers accounted for $5,928,391 or 57.9% of total revenues for the year ended December 31, 1997.

8. Subsequent Events

Merger and Sale

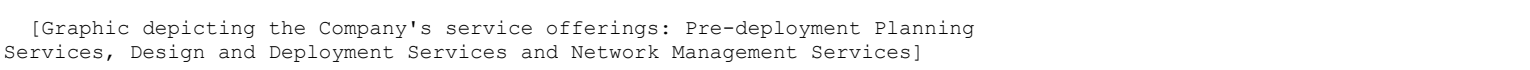
The Company entered an agreement of merger and sale which was consummated February 27, 1998. Under the terms of the agreement, a wholly owned subsidiary of the purchaser was merged into the Company. The purchaser then acquired the Company for $3,500,000 plus a promissory note of $5,000,000, subject to adjustments based on the Company's working capital on the closing date.

The agreement imposes restrictions on the Company in regards to certain business practices which may not be undertaken without permission of the purchaser.

Other

In January 1998, a fatality occurred at a Company job site. The victim was an employee of a Company subcontractor. The Company may face claims brought by the decedent's estate or under applicable workers' compensation laws. As of April 15, 1998, to the Company's knowledge, there were no such pending claims.

INSIDE BACK COVER


[Graphic depicting the Company's service offerings: Pre-deployment Planning Services, Design and Deployment Services and Network Management Services]

BACK COVER

[LOGO]

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth all expenses payable by the Registrant in connection with the sale of the common stock being registered. All of the amounts shown are estimates except for the SEC registration fee, the NASD filing fee and the Nasdaq National Market listing fee.

	Amount to be Paid
SEC Registration fee	$19,460
NASD filing fee	7,500
Nasdaq National Market listing fee	*
Blue sky qualification fees and expenses	*
Director and officer liability insurance	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	$ *

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* To be provided by amendment.

Item 14. Indemnification Of Officers And Directors

Under Section 145 of the Delaware General Corporation Law, the Registrant has broad powers to indemnify its directors and officers against liabilities they may incur in such capacities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act").

The Registrant's certificate of incorporation and bylaws include provisions to (i) eliminate the personal liability of its directors for monetary damages resulting from breaches of their fiduciary duty to the extent permitted by Section 102(b)(7) of the General Corporation Law of Delaware (the "Delaware Law") and (ii) require the Registrant to indemnify its directors and officers to the fullest extent permitted by Section 145 of the Delaware Law, including circumstances in which indemnification is otherwise discretionary. Pursuant to Section 145 of the Delaware Law, a corporation generally has the power to indemnify its present and former directors, officers, employees and agents against expenses incurred by them in connection with any suit to which they are or are threatened to be made, a party by reason of their serving in such positions so long as they acted in good faith and in a manner they reasonably believed to be in or not opposed to, the best interests of the corporation and with respect to any criminal action, they had no reasonable cause to believe their conduct was unlawful. The Registrant believes that these provisions are necessary to attract and retain qualified persons as directors and officers. These provisions do not eliminate the directors' duty of care, and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Delaware Law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the Registrant, for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for acts or omissions that the director believes to be contrary to the best interests of the Registrant or its stockholders, for any transaction from which the director derived an improper personal benefit, for acts or omissions involving a reckless disregard for the director's duty to the Registrant or its stockholders when the director was aware or should have been aware of a risk of serious injury

to the Registrant or its stockholders, for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duty to the Registrant or its stockholders, for improper transactions between the director and the Registrant and for improper distributions to stockholders and loans to directors and officers. The provision also does not affect a director's responsibilities under any other law, such as the federal securities law or state or federal environmental laws.

The Registrant has entered into indemnity agreements with each of its directors and executive officers that require the Registrant to indemnify such persons against all expenses, judgments, fines, settlements and other amounts incurred (including expenses of a derivative action) in connection with any proceeding, whether actual or threatened, to which any such person may be made a party by reason of the fact that such person is or was a director or an executive officer of the Registrant or any of its affiliated enterprises, provided that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. The indemnification agreements also set forth certain procedures that will apply in the event of a claim for indemnification thereunder.

At present, there is no pending litigation or proceeding involving a director or officer of the Registrant as to which indemnification is being sought nor is the Registrant aware of any threatened litigation that may result in claims for indemnification by any officer or director.

The Registrant has an insurance policy covering the officers and directors of the Registrant with respect to certain liabilities, including liabilities arising under the Securities Act or otherwise.

Item 15. Recent Sales of Unregistered Securities

Since December 14, 1994 (inception), the Company has sold and issued the following unregistered securities:

1. During the period, the Company granted incentive stock options to employees, officers and directors of the Company under its 1996 Stock Plan (the "1996 Plan") covering an aggregate of 1,012,500 shares of the Company's Common Stock. All of the options granted under the 1996 Plan were either exercised prior to December 31, 1998 or expired on that date. No options remain outstanding under the 1996 Plan.

2. During the period, the Company issued 29,100,000 shares of its Common Stock to employees, board members and a related investor for $655,000, 3,245,190 of which the Company repurchased in August of 1998. An additional 780,720 shares were issued pursuant to the exercise of incentive stock options granted under the 1996 and 1997 Plans and non-statutory stock options granted outside the plans, 25,132 of which the Company repurchased at market value on the date of repurchase, and 600,000 shares were issued pursuant to the exercise of the 1997 and 1998 Warrants.

3. In August 1998, pursuant to the terms of an equity financing of the Company, the Company issued 1,682,692 shares of Series A Preferred Stock to six investors for $20,999,996.16.

4. In February 1999, pursuant to the terms of an equity financing of the Company, the Company issued 2,727,273 shares of Series B Preferred Stock to five investors for $15,000,001.50.

5. In January 1999, under the terms of an agreement for the purchase of B. Communication International, Inc. by Wireless Facilities, Inc., pursuant to which the Company acquired all of the assets of B. Communications, Inc., the Company issued warrants to purchase 240,381 shares of its Common Stock for an exercise price of $4.16 per share.

6. In June 1999, under the terms of an agreement for the purchase of the assets of C.R.D., Inc. by Wireless Facilities, Inc., pursuant to which the Company acquired all of the assets of C.R.D., Inc., the Company issued warrants to purchase 4,000 shares of Common Stock for an exercise price of $5.50 per share.

The sales and issuances of securities in the transactions described in paragraphs (1) and (2) above were deemed to be exempt from registration under the Securities Act by virtue of Rule 701 promulgated thereunder (in that they were offered and sold either pursuant to written compensatory benefit plans or pursuant to a written contract relating to compensation, as provided by Rule 701) or were deemed to be exempt from registration under the Securities Act by virtue of Section 4(2) and/or Regulation D promulgated thereunder.

The sales and issuances of securities in the transactions described in paragraphs (3) through (6) above were deemed to be exempt from registration under the Securities Act by virtue of Section 4(2) and/or Regulation D promulgated thereunder.

The recipients represented their intention to acquire the securities for investment purposes only and not with a view to the distribution thereof. Appropriate legends are affixed to the stock certificates issued in such transactions. Similar legends were imposed in connection with any subsequent sales of any such securities. All recipients either received adequate information about the Company or had access, through employment or other relationships, to such information.

Item 16. Exhibits And Financial Statement Schedules

(a) Exhibits.

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement. (1)
3.1	Amended and Restated Certificate of Incorporation, as currently in effect.
3.2	Form of Restated Certificate of Incorporation, to be filed and become effective prior to the closing of this offering.
3.3	Form of Restated Certificate of Incorporation, to be filed and become effective upon the closing of this offering.
3.4	Bylaws, as currently in effect.
3.5	Form of Bylaws, as amended to become effective upon the closing of this offering.
4.1	Reference is made to Exhibits 3.1, 3.2, 3.3, 3.4 and 3.5.
4.2	Specimen Stock Certificate.
5.1	Opinion of Cooley Godward LLP. (1)
10.1	1997 Stock Option Plan.
10.2	Form of Stock Option Agreement pursuant to the 1997 Stock Option Plan and related terms and conditions. (1)
10.3	1999 Equity Incentive Plan.
10.4	Form of Stock Option Agreement pursuant to the 1999 Equity Incentive Plan. (1)
10.5	1999 Employee Stock Purchase Plan and related offering documents.
10.6	R&D Building Lease by and between the Company and Sorrento Tech Associates as amended.
10.7	Credit Agreement by and among the Company, various banks and Imperial Bank dated as of August 18, 1999.
10.8	Amended and Restated Investor Rights Agreement by and among the Company and certain stockholders of the Company dated as of February 26, 1999.
10.9	Employment Offer Letter by and between the Company and Scott Fox dated as of April 9, 1999.

Exhibit Number	Description of Document
10.10	Form of Indemnity Agreement by and between the Company and certain officers and directors of the Company.
10.11	Amended Promissory Note from Masood K. Tayebi to the Company dated as of August 2, 1999.
10.12	Amended Promissory Note from Massih Tayebi to the Company dated as of August 2, 1999.
10.13	Amended Promissory Note from Sean Tayebi to the Company dated as of August 2, 1999.
10.14	Form of Warrant Agreement by and between the Company and each of Scott Anderson and Scot Jarvis dated as of February 28, 1997.
10.15	Form of Subscription and Representation Agreement by and between the Company and each of Scott Anderson and Scot Jarvis dated as of February 28, 1997.
10.16	Form of Warrant Agreement by and between the Company and each of Scott Anderson and Scot Jarvis dated as of February 1, 1998.
10.17	Form of Bill of Sale and Assignment Agreement by and between the Company and each of Massih Tayebi and Masood K. Tayebi dated as of June 30, 1999.
10.18	Assignment of Note by and among the Company, Masood K. Tayebi and Massih Tayebi dated as of June 30, 1999.
10.19	Form of Promissory Note from each of Masood K. Tayebi and Massih Tayebi to the Company dated as of June 30, 1999.
10.20	Form of Promissory Note from each of Masood K. Tayebi and Massih Tayebi to the Company dated as of June 30, 1999.
10.21	Services Agreement by and between WFI de Mexico S. de R.L. de C.V. and Ericsson Telecom, S.A. de C.V. dated as of August 4, 1999.+(1)
10.22	Master Services Agreement by and between Entel Technologies, Inc. and TeleCorp Holding Corp., Inc. dated as of February 27, 1998.+(1)
10.23	Master Services Agreement by and between the Company and Nextel Partners Operating Corp. dated as of January 18, 1999.+
10.24	Agreement by and between the Company and Siemens Aktiengesellschaft, Berlin and Munchen, Federal Republic of Germany, represented by the Business Unit Mobile Networks.+(1)
10.25	Master Services Agreement by and between the Company and Triton PCS, Operating Company, L.L.C. dated as of January 19, 1998, as amended.+ (1)
10.26	Microwave Relocation Services Agreement by and between Entel Technologies, Inc. and Triton PCS Operating Company, L.L.C. dated as of February 11, 1998.+ (1)
10.27	Site Development Services Agreement by and between Entel Technologies, Inc. and Triton PCS, Inc. dated as of December 10, 1997.+ (1)
10.28	Sales Agreement for Products and Services by and between the Company and Integrated Ventures, LLC dated as of April 19, 1999.+ (1)
21.1	List of subsidiaries.
23.1	Consent of KPMG LLP, Independent Public Accountants.
23.2	Consent of Cooley Godward LLP. Reference is made to Exhibit 5.1. (1)
23.3	Consent of M.R. Weiser LLP, Independent Public Accountants.

Exhibit Number	Description of Document
24.1	Power of Attorney. Reference is made to page. [II-6.]
27	Financial Data Schedule.

- --------
[+ Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.]

(1) To be filed by amendment.

(b) Financial Statement Schedules.

Schedule II--Valuation and Qualifying Accounts.

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

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to provisions described in Item 14 of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(a) For purposes of determining any liability under the Act, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of Prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, County of San Diego, State of California, on August 18, 1999.

By: /s/ Massih Tayebi

Massih Tayebi
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Massih Tayebi, Masood K. Tayebi and Thomas A. Munro, and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments, exhibits thereto and other documents in connection therewith) to this Registration Statement and any subsequent registration statement filed by the registrant pursuant to Rule 462(b) of the Securities Act of 1933, as amended, which relates to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Massih Tayebi Massih Tayebi	Chief Executive Officer and Director (Principal Executive Officer)	August 18, 1999
/s/ Masood K. Tayebi Masood K. Tayebi	President and Director	August 18, 1999
/s/ Thomas A. Munro Thomas A. Munro	Chief Financial Officer (Principal Financial and Accounting Officer)	August 18, 1999
/s/ Scott Anderson Scott Anderson	Director	August 18, 1999
/s/ Bandel Carano Bandel Carano	Director	August 18, 1999
/s/ Scot Jarvis Scot Jarvis	Director	August 18, 1999

Schedule II

WIRELESS FACILITIES INC.

Valuation and Qualifying Accounts

Allowance for Doubtful Accounts	Balance at Beginning of Year	Additions: Provisions	Additions: Write-offs	Additions: Other Additions	Balance at End of Year
Year ended December 31, 1996	--	92,035	--	--	92,035
Year ended December 31, 1997	92,035	15,894	(37,617)	--	70,312
Year ended December 31, 1998	70,312	491,426	(104)	--	561,634

EXHIBIT INDEX

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[+ Confidential treatment has been requested with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.]

(1) To be filed by amendment.

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
WIRELESS FACILITIES, INC.

Masood K. Tayebi, Ph.D. and Massih Tayebi, Ph.D. hereby certify that:

ONE: The original name of this corporation is Wireless Facilities, Inc. and the date of filing the original Certificate of Incorporation of this corporation with the Secretary of State of the State of Delaware is July 7, 1997.

TWO: They are the duly elected and acting President and Secretary, respectively, of Wireless Facilities, Inc., a Delaware corporation.

THREE: The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

I.

The name of the corporation is WIRELESS FACILITIES, INC. (the "Corporation" or the "Company").

II.

The address of the registered office of the Corporation in the State of Delaware is 9 East Loockerman Street, City of Dover, County of Kent.

The name of the Corporation's registered agent at said address is National Registered Agents, Inc.

III.

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

A. This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is 54,482,692 shares, 50,000,000 shares of which shall be Common Stock (the "Common Stock") and 4,482,692 shares of which shall be Preferred Stock (the "Preferred Stock"). The Preferred Stock shall have a par value of $.01 per share and the Common Stock shall have a par value of $.01 per share.

B. Effective at the time of filing with the Secretary of State of the State of Delaware of this Restated Certificate of Incorporation (the "Effective Time"), each share of the Corporation's Common Stock issued and outstanding shall, automatically and without any action

on the part of the respective holders thereof, be converted into three (3) shares of Common Stock of the Corporation.

C. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation (voting together on an as-if-converted basis).

D. The Preferred Stock shall be divided into series. The first series shall consist of One Million Six Hundred Eighty-Two Thousand Six Hundred Ninety-Two (1,682,692) shares and is designated "Series A Preferred Stock" (the "Series A Preferred") and the second series shall consist of Two Million Eight Hundred Thousand (2,800,000) shares and is designated "Series B Preferred Stock" (the "Series B Preferred").

E. The rights, preferences, privileges, restrictions and other matters relating to the Series A Preferred and the Series B Preferred are as follows:

1. DIVIDEND RIGHTS.

a. The holders of the Series A and Series B Preferred shall be entitled to receive, when, if and as declared by the Board of Directors, such dividends of cash, stock or property as the Board of Directors shall from time to time declare from funds legally available therefor.

b. So long as any shares of Series A or Series B Preferred shall be outstanding, no dividend, whether in cash or property, shall be paid or declared, nor shall any other distribution be made, on any other stock of the Company ("Junior Stock"), nor shall any shares of any Junior Stock of the Company be purchased, redeemed, or otherwise acquired for value by the Company (except for acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares upon termination of services to the Company or in exercise of the Company's right of first refusal upon a proposed transfer) until all dividends (set forth in Section 1a above) on the Series A and Series B Preferred shall have been paid or declared and set apart. In the event dividends are declared on any share of Common Stock, an additional dividend shall be paid with respect to all outstanding shares of Series A and Series B Preferred in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount declared or set aside for each share of Common Stock. The provisions of this Section 1b shall not, however, apply to (i) a dividend payable in Common Stock, (ii) the acquisition of shares of any Junior Stock in exchange for shares of any other Junior Stock, or (iii) any repurchase of any outstanding securities of the Company that is unanimously approved by the Company's Board of Directors.

2. VOTING RIGHTS.

a. GENERAL RIGHTS. Except as otherwise provided herein or as required by law, the Series A and Series B Preferred shall be voted equally with the shares of the Common Stock of the Company and not as a separate class, at any annual or special meeting of

stockholders of the Company, and may act by written consent in the same manner as the Common Stock, in either case upon the following basis: each holder of shares of Series A or Series B Preferred shall be entitled to such number of votes as shall be equal to the whole number of shares of Common Stock into which such holder's aggregate number of shares of Series A Preferred or Series B Preferred, as the case may be, are convertible (pursuant to Section 4 hereof) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent.

b. SEPARATE VOTE OF SERIES A AND SERIES B PREFERRED. For so long as any shares of Series A or Series B Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series A Preferred and Series B Preferred, voting together, shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company that alters or changes the voting powers, preferences, or other special rights or privileges, or restrictions of the Series A or Series B Preferred; or

(ii) Any authorization or any designation, whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking senior to, or being on a parity with, the Series A or Series B Preferred in right of redemption, liquidation preference or dividends.

c. ELECTION OF BOARD OF DIRECTORS. For so long as any shares of Series A or Series B Preferred remain outstanding, the holders of Series A Preferred and the holders of Series B Preferred, voting together as a single class, shall be entitled to elect one (1) member of the Company's Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director; and (ii) the holders of Common Stock, voting as a separate class, shall be entitled to elect six (6) members of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

3. LIQUIDATION RIGHTS.

a. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Junior Stock, the holders of Series A Preferred and the holders of Series B Preferred shall be entitled to be paid out of the assets of the Company an amount per share of Series A Preferred or Series B Preferred, as the case may be, equal to the applicable "Original Issue Price" plus all declared and unpaid dividends, if any, on the Series A or Series B Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) for each share of Series A or Series B Preferred held by them. The Original Issue Price of the Series A Preferred shall be Twelve Dollars and Forty-Eight Cents

($12.48) (the "Series A Original Issue Price"). The Original Issue Price of the Series B Preferred shall be Five Dollars and Fifty Cents ($5.50) (the "Series B Original Issue Price"). The Series A and Series B Preferred shall rank on a parity as to the receipt of the respective liquidation preferences for each such series upon the occurrence of such an event. If, upon any liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series A and Series B Preferred of the liquidation preference set forth in this Section 3a, then such assets shall be distributed among the holders of Series A and Series B Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

b. After the payment of the full liquidation preferences of the Series A and Series B Preferred as set forth in Section 3a above, the assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock, Series A Preferred and Series B Preferred on an as-if-converted to Common Stock basis until such time as the holders of Series A and Series B Preferred have received pursuant to Section 3(a) above and this Section 3(b) an aggregate amount per share of Series A Preferred or Series B Preferred, as the case may be, equal to three (3) times the applicable Original Issue Price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares). Thereafter, the remaining assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock based on the number of shares of Common Stock held by each.

c. The following events shall be considered a liquidation under this Section:

(i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred (an "Acquisition"); or

(ii) a sale, lease or other disposition of all or substantially all of the assets of the Company, in which the stockholders of the Company immediately prior to such sale, lease or other disposition of all or substantially all of the assets of the Company, own less than 50% of the Company's voting power immediately after such sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer").

d. In any of the events set forth in Section 3c, if the consideration received by this corporation is other than cash, its value will be deemed its fair market value as determined in good faith by the Board of Directors. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by (ii) below:

(A) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) day period ending three (3) days prior to the closing;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(C) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (i) (A), (B) or (C) to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors.

(iii) In the event the requirements of subsections 3(c) and (d) are not complied with, this corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 3 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A and Series B Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 3 (d)(iv) hereof.

(iv) This corporation shall give each holder of record of Series A or Series B Preferred Stock written notice of any impending Acquisition or Asset Transfer not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 3, and this corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least a majority of the voting power of all then outstanding shares of such Preferred Stock.

4. CONVERSION RIGHTS.

The holders of the Series A and Series B Preferred shall have the following rights with respect to the conversion of the Series A or the Series B Preferred into shares of Common Stock (the "Conversion Rights"):

a. OPTIONAL CONVERSION. Subject to and in compliance with the provisions of this Section 4, any shares of Series A or Series B Preferred may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A or Series B Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" or the "Series B Preferred Conversion Rate" then in effect (determined as provided in Section 4b) by the respective number of shares of Series A Preferred or Series B Preferred being converted.

b. SERIES A AND SERIES B PREFERRED CONVERSION RATE. The conversion rate in effect at any time for conversion of the Series A Preferred (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing the Series A Original Issue Price by the "Series A Preferred Conversion Price," calculated as provided in Section 4c. The conversion rate in effect at any time for conversion of the Series B Preferred (the "Series B Preferred Conversion Rate") shall be the quotient obtained by dividing the Series B Original Issue Price by the "Series B Preferred Conversion Price," calculated as provided in Section 4c.

c. SERIES A AND SERIES B PREFERRED CONVERSION PRICE. The conversion price for the Series A Preferred shall initially be Four Dollars and Sixteen Cents ($4.16) (the "Series A Preferred Conversion Price"). The conversion price for the Series B Preferred shall initially be the Series B Original Issue Price (the "Series B Preferred Conversion Price"). Such initial Series A and Series B Preferred Conversion Prices shall be adjusted from time to time in accordance with this Section 4. All references to the Series A Preferred Conversion Price or the Series B Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted and the Series B Preferred Conversion Price as so adjusted, respectively.

d. MECHANICS OF CONVERSION. Each holder of Series A or Series B Preferred who desires to convert the same into shares of Common Stock pursuant to this Section 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series A or Series B Preferred, and shall give written notice to the Company at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series A or Series B Preferred being converted. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined in good faith by the Board of Directors as of the date of such conversion), any declared and unpaid dividends on the shares of Series A or Series B Preferred being converted. Such conversion shall be deemed to have

been made at the close of business on the date of such surrender of the certificates representing the shares of Series A or Series B Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering shares of Series A or Series B Preferred for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of shares of Series A or Series B Preferred shall not be deemed to have converted such shares of Series A or Series B Preferred until immediately prior to the closing of such sale of securities.

e. ADJUSTMENT FOR STOCK SPLITS AND COMBINATIONS.

(i) If the Company shall at any time or from time to time after the Effective Time effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Effective Time combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4e(i) shall become effective at the close of business on the date the subdivision or combination becomes effective, provided, however, that such adjustment shall not apply to the stock split set forth in Section IV(B).

(ii) If the Company shall at any time or from time to time after the date that the first share of Series B Preferred is issued (the "Series B Preferred Original Issue Date") effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Preferred Stock, the Series B Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Series B Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series B Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4e(ii) shall become effective at the close of business on the date the subdivision or combination becomes effective.

f. ADJUSTMENT FOR COMMON STOCK DIVIDENDS AND DISTRIBUTIONS. If the Company at any time or from time to time after the date that the first share of Series A Preferred is issued (the "Series A Original Issue Date") or after the Series B Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series A or Series B Preferred Conversion Price, as the case may be, that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is

fixed, as of the close of business on such record date, by multiplying the Series A or Series B Preferred Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A or Series B Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A or Series B Preferred Conversion Price, as the case may be, shall be adjusted pursuant to this Section 4f to reflect the actual payment of such dividend or distribution.

g. ADJUSTMENT FOR RECLASSIFICATION, EXCHANGE AND SUBSTITUTION. If at any time or from time to time after the Series A or Series B Original Issue Date, the Common Stock issuable upon the conversion of the Series A or Series B Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer as defined in Section 3c or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 4), in any such event each holder of Series A or Series B Preferred shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A or Series B Preferred could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

h. REORGANIZATIONS, MERGERS, CONSOLIDATIONS OR SALES OF ASSETS. If at any time or from time to time after the Series A or Series B Original Issue Date, there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer as defined in Section 3c or a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section 4), as a part of such capital reorganization, provision shall be made so that the holders of the Series A or Series B Preferred shall thereafter be entitled to receive upon conversion of the Series A or Series B Preferred, as the case may be, the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series A and Series B Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the Series A and Series B Preferred Conversion Prices then in effect and the number of shares issuable upon conversion of the Series A and Series B Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

i. SALE OF SHARES BELOW SERIES A OR SERIES B PREFERRED CONVERSION PRICE.

(i) If at any time or from time to time after the Series A or Series B Original Issue Date, the Company issues or sells, or is deemed by the express provisions of this Section 4i to have issued or sold, Additional Shares of Common Stock (as defined in Section 4i(iv) below), other than as a dividend or other distribution on any class of stock as provided in Section 4f above, and other than a subdivision or combination of shares of Common Stock as provided in Section 4e above, for an Effective Price (as defined in Section 4i(iv) below) less than the then effective Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, then and in each such case the then existing Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the then effective Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, by a fraction (A) the numerator of which shall be (1) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (2) the number of shares of Common Stock which the aggregate consideration received (as defined in Section 4i(ii)) by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such Series A or Series B Preferred Conversion Price, and (B) the denominator of which shall be the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (X) the number of shares of Common Stock actually outstanding, (Y) the number of shares of Common Stock into which the then outstanding shares of Series A or Series B Preferred could be converted if fully converted on the day immediately preceding the given date, and (Z) the number of shares of Common Stock which could be obtained through the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

(ii) For the purpose of making any adjustment required under this Section 4i, the consideration received by the Company for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined in Section 4i(iii)) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iii) For the purpose of the adjustment required under this Section 4i, if the Company issues or sells (A) stock or other securities convertible into Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities"), or (B) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Series A or Series B Preferred Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Series A or Series B Preferred Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Series A or Series B Preferred Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Series A Preferred Conversion Price or the Series B Preferred Conversion Price, as the case may be, which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible

Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series A or Series B Preferred.

(iv) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4i, whether or not subsequently reacquired or retired by the Company other than (A) shares of Common Stock issued upon conversion of the Series A or Series B Preferred; (B) up to 7,500,000 shares of Common Stock and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued pursuant to such options, warrants or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) after the Series B Original Issue Date to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary for the primary purpose of soliciting or retaining their services pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors of the Company; (C) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Series B Original Issue Date, (D) shares of Common Stock issued for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition or similar business combination and (E) shares of Common Stock issued pursuant to any equipment leasing arrangement, or debt financing from a bank or similar financial institution (provided such issuances are for other than primarily equity financing purposes). In addition to the foregoing, for purposes of calculating any adjustment to the Series A Preferred Conversion Price pursuant to this Section 4i, "Additional Shares of Common Stock" shall not include (A) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Series A Original Issue Date or (B) options, warrants or other common stock purchase rights approved by the Board of Directors of the Company and issued after the Series A Original Issue Date but on or prior to the Series B Original Issue Date. The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4i, into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 4i, for such Additional Shares of Common Stock.

j. CERTIFICATE OF ADJUSTMENT. In each case of an adjustment or readjustment of the Series A or Series B Preferred Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A or Series B Preferred, if the Series A or Series B Preferred is then convertible pursuant to this Section 4, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A or Series B Preferred at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (ii) the Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, at the time in effect, (iii) the number of

Additional Shares of Common Stock and (iv) the type and amount, if any, of other property which at the time would be received upon conversion of the Series A or Series B Preferred.

k. NOTICES OF RECORD DATE. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 3c) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 3c), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series A and Series B Preferred at least twenty (20) days prior to the record date specified therein a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

l. AUTOMATIC CONVERSION.

(i) Each share of Series A and Series B Preferred shall automatically be converted into shares of Common Stock, based on the then-effective Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, (A) at any time upon the affirmative election of the holders of at least sixty six and two-thirds percent (66 2/3%) of the outstanding shares of the Series A Preferred and Series B Preferred voting as a single class, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in which (i) the per share price is at least $8.35 (as adjusted for stock splits, dividends, recapitalizations and the like), and (ii) the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least $25,000,000. Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 4d.

(ii) Upon the occurrence of the event specified in paragraph (A) above, the outstanding shares of Series A and Series B Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series A or Series B Preferred are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company

from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series A or Series B Preferred, the holders of Series A or Series B Preferred shall surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series A or Series B Preferred. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series A or Series B Preferred surrendered were convertible on the date on which such automatic conversion occurred, and any declared and unpaid dividends shall be paid in accordance with the provisions of Section 4d.

m. FRACTIONAL SHARES. No fractional shares of Common Stock shall be issued upon conversion of Series A or Series B Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A or Series B Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined in good faith by the Board of Directors) on the date of conversion.

n. RESERVATION OF STOCK ISSUABLE UPON CONVERSION. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A and Series B Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A and Series B Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A and Series B Preferred, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

o. NOTICES. Any notice required by the provisions of this Section 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

p. PAYMENT OF TAXES. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A or Series B Preferred, excluding any tax or other charge imposed in connection with any transfer involved

in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A or Series B Preferred so converted were registered.

q. NO DILUTION OR IMPAIRMENT. Without the consent of the holders of then outstanding Series A and Series B Preferred as required under Section 2b, the Company shall not amend its Restated Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A and Series B Preferred against dilution or other impairment.

5. NO REISSUANCE OF SERIES A PREFERRED.

No share or shares of Series A or Series B Preferred acquired by the Corporation by reason of purchase, conversion or otherwise shall be reissued.

V.

A. To the extent permitted by applicable law a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. To the extent permitted by applicable law if the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

B. Any repeal or modification of this Article V shall only be prospective and shall not effect the rights under this Article V in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

VI.

For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the

whole Board of Directors shall be fixed by the Board of Directors in the manner provided in the Bylaws.

B. The Board of Directors may from time to time make, amend, supplement or repeal the Bylaws; provided, however, that the stockholders may change or repeal any Bylaw adopted by the Board of Directors by the affirmative vote of the percentage of holders of capital stock as provided therein; and, provided further, that no amendment or supplement to the Bylaws adopted by the Board of Directors shall vary or conflict with any amendment or supplement thus adopted by the stockholders.

C. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

* * * *

FOUR: This Restated Certificate of Incorporation has been duly approved by the Board of Directors of this Corporation.

FIVE: This Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 228 and 245 of the General Corporation Law of the State of Delaware by the Board of Directors and the stockholders of the Corporation. The total number of outstanding shares entitled to vote or act by written consent was 9,007,670 shares of Common Stock and 1,682,692 shares of Preferred Stock. A majority of the outstanding shares of Common Stock and a majority of the outstanding shares of Preferred Stock approved this Restated Certificate of Incorporation by written consent in accordance with Section 228 of the General Corporation Law of the State of Delaware and written notice of such was given by the Corporation in accordance with said Section 228.

IN WITNESS WHEREOF, Wireless Facilities, Inc. has caused this Restated Certificate of Incorporation to be signed by the President and the Secretary in San Diego, California this 25th day of February 1999.

WIRELESS FACILITIES, INC.

By: /s/ MASOOD K. TAYEBI

Masood K. Tayebi, Ph.D.
President

ATTEST:

By: /s/ MASSIH TAYEBI

Massih Tayebi, Ph.D.
Secretary

EXHIBIT 3.2

RESTATED
CERTIFICATE OF INCORPORATION
OF
WIRELESS FACILITIES, INC.

Masood K. Tayebi, Ph.D. and Massih Tayebi, Ph.D. hereby certify that:

ONE: The original name of this corporation is Wireless Facilities, Inc. and the date of filing the original Certificate of Incorporation of this corporation with the Secretary of State of the State of Delaware is July 7, 1997.

TWO: They are the duly elected and acting President and Secretary, respectively, of Wireless Facilities, Inc., a Delaware corporation.

THREE: The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

I.

The name of the corporation is Wireless Facilities, Inc. (the "Corporation" or the "Company").

II.

The address of the registered office of the Corporation in the State of Delaware is 9 East Loockerman Street, City of Dover, County of Kent.

The name of the Corporation's registered agent at said address is National Registered Agents, Inc.

III.

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

A. This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is 54,482,692 shares, 50,000,000 shares of which shall be Common Stock (the "Common Stock") and 4,482,692 shares of which shall be Preferred Stock (the "Preferred Stock"). The Preferred Stock shall have a par value of $.01 per share and the Common Stock shall have a par value of $.01 per share.

B. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by the

affirmative vote of the holders of a majority of the stock of the Corporation (voting together on an as-if-converted basis).

C. The Preferred Stock may be issued from time to time in one or more series. Except as provided below with respect to the Series A Preferred and Series B Preferred, as such terms are defined below, the Board of Directors is hereby authorized, by filing a certificate (a "Preferred Stock Designation") pursuant to the Delaware General Corporation Law, to fix or alter from time to time the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of any wholly unissued series of Preferred Stock, and to establish from time to time the number of shares constituting any such series or any of them; and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

D. The Preferred Stock shall be divided into series. The first series shall consist of One Million Six Hundred Eighty-Two Thousand Six Hundred Ninety-Two (1,682,692) shares and is designated "Series A Preferred Stock" (the "Series A Preferred") and the second series shall consist of Two Million Eight Hundred Thousand (2,800,000) shares and is designated "Series B Preferred Stock" (the "Series B Preferred").

E. The rights, preferences, privileges, restrictions and other matters relating to the Series A Preferred and the Series B Preferred are as follows:

1. Dividend Rights.

a. The holders of the Series A and Series B Preferred shall be entitled to receive, when, if and as declared by the Board of Directors, such dividends of cash, stock or property as the Board of Directors shall from time to time declare from funds legally available therefor.

b. So long as any shares of Series A or Series B Preferred shall be outstanding, no dividend, whether in cash or property, shall be paid or declared, nor shall any other distribution be made, on any other stock of the Company ("Junior Stock"), nor shall any shares of any Junior Stock of the Company be purchased, redeemed, or otherwise acquired for value by the Company (except for acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares upon termination of services to the Company or in exercise of the Company's right of first refusal upon a proposed transfer) until all dividends (set forth in Section 1a above) on the Series A and Series B Preferred shall have been paid or declared and set apart. In the event dividends are declared on any share of Common Stock, an additional dividend shall be paid with respect to all outstanding shares of Series A and Series B Preferred in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount declared or set aside for each share of Common Stock. The provisions of this Section 1b shall not, however, apply to (i) a dividend payable in Common Stock, (ii) the acquisition of shares of any Junior Stock in exchange for shares of any other Junior Stock, or (iii)

any repurchase of any outstanding securities of the Company that is unanimously approved by the Company's Board of Directors.

2. Voting Rights.

a. General Rights. Except as otherwise provided herein or as required by law, the Series A and Series B Preferred shall be voted equally with the shares of the Common Stock of the Company and not as a separate class, at any annual or special meeting of stockholders of the Company, and may act by written consent in the same manner as the Common Stock, in either case upon the following basis: each holder of shares of Series A or Series B Preferred shall be entitled to such number of votes as shall be equal to the whole number of shares of Common Stock into which such holder's aggregate number of shares of Series A Preferred or Series B Preferred, as the case may be, are convertible (pursuant to Section 4 hereof) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent.

b. Separate Vote of Series A and Series B Preferred. For so long as any shares of Series A or Series B Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series A Preferred and Series B Preferred, voting together, shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company that alters or changes the voting powers, preferences, or other special rights or privileges, or restrictions of the Series A or Series B Preferred; or

(ii) Any authorization or any designation, whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking senior to, or being on a parity with, the Series A or Series B Preferred in right of redemption, liquidation preference or dividends.

c. Election of Board of Directors. For so long as any shares of Series A or Series B Preferred remain outstanding, the holders of Series A Preferred and the holders of Series B Preferred, voting together as a single class, shall be entitled to elect one (1) member of the Company's Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to fill any vacancy caused by the resignation, death or removal of such director; and (ii) the holders of Common Stock, voting as a separate class, shall be entitled to elect six (6) members of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors and to fill any vacancy caused by the resignation, death or removal of such directors.

3. Liquidation Rights.

a. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Junior Stock, the holders of Series A Preferred and the holders of Series B Preferred shall be entitled to be paid out of the assets of the Company an amount per share of Series A Preferred or Series B Preferred, as the case may be, equal to the applicable "Original Issue Price" plus all declared and unpaid dividends, if any, on the Series A or Series B Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) for each share of Series A or Series B Preferred held by them. The Original Issue Price of the Series A Preferred shall be Twelve Dollars and Forty-Eight Cents ($12.48) (the "Series A Original Issue Price"). The Original Issue Price of the Series B Preferred shall be Five Dollars and Fifty Cents ($5.50) (the "Series B Original Issue Price"). The Series A and Series B Preferred shall rank on a parity as to the receipt of the respective liquidation preferences for each such series upon the occurrence of such an event. If, upon any liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series A and Series B Preferred of the liquidation preference set forth in this Section 3a, then such assets shall be distributed among the holders of Series A and Series B Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

b. After the payment of the full liquidation preferences of the Series A and Series B Preferred as set forth in Section 3a above, the assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock, Series A Preferred and Series B Preferred on an as-if-converted to Common Stock basis until such time as the holders of Series A and Series B Preferred have received pursuant to Section 3(a) above and this Section 3(b) an aggregate amount per share of Series A Preferred or Series B Preferred, as the case may be, equal to three (3) times the applicable Original Issue Price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares). Thereafter, the remaining assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock based on the number of shares of Common Stock held by each.

c. The following events shall be considered a liquidation under this Section:

(i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred (an "Acquisition"); or

(ii) a sale, lease or other disposition of all or substantially all of the assets of the Company, in which the stockholders of the Company immediately prior to such sale, lease or other disposition of all or substantially all of the assets of the Company, own less than 50% of the Company's voting power immediately after such sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer").

d. In any of the events set forth in Section 3c, if the consideration received by this corporation is other than cash, its value will be deemed its fair market value as determined in good faith by the Board of Directors. Any securities shall be valued as follows:

(i) Securities not subject to investment letter or other similar restrictions on free marketability covered by (ii) below:

(A) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) day period ending three (3) days prior to the closing;

(B) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(C) If there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors.

(ii) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (i) (A), (B) or (C) to reflect the approximate fair market value thereof, as determined in good faith by the Board of Directors.

(iii) In the event the requirements of subsections 3(c) and (d) are not complied with, this corporation shall forthwith either:

(A) cause such closing to be postponed until such time as the requirements of this Section 3 have been complied with; or

(B) cancel such transaction, in which event the rights, preferences and privileges of the holders of the Series A and Series B Preferred Stock shall revert to and be the same as such rights, preferences and privileges existing immediately prior to the date of the first notice referred to in subsection 3 (d)(iv) hereof.

(iv) This corporation shall give each holder of record of Series A or Series B Preferred Stock written notice of any impending Acquisition or Asset Transfer not later than twenty (20) days prior to the stockholders' meeting called to approve such transaction, or twenty (20) days prior to the closing of such transaction, whichever is earlier, and shall also

notify such holders in writing of the final approval of such transaction. The first of such notices shall describe the material terms and conditions of the impending transaction and the provisions of this Section 3, and this corporation shall thereafter give such holders prompt notice of any material changes. The transaction shall in no event take place sooner than twenty (20) days after this corporation has given the first notice provided for herein or sooner than ten (10) days after this corporation has given notice of any material changes provided for herein; provided, however, that such periods may be shortened upon the written consent of the holders of Preferred Stock that are entitled to such notice rights or similar notice rights and that represent at least a majority of the voting power of all then outstanding shares of such Preferred Stock.

4. Conversion Rights.

The holders of the Series A and Series B Preferred shall have the following rights with respect to the conversion of the Series A or the Series B Preferred into shares of Common Stock (the "Conversion Rights"):

a. Optional Conversion. Subject to and in compliance with the provisions of this Section 4, any shares of Series A or Series B Preferred may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A or Series B Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" or the "Series B Preferred Conversion Rate" then in effect (determined as provided in Section 4b) by the respective number of shares of Series A Preferred or Series B Preferred being converted.

b. Series A and Series B Preferred Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing the Series A Original Issue Price by the "Series A Preferred Conversion Price," calculated as provided in Section 4c. The conversion rate in effect at any time for conversion of the Series B Preferred (the "Series B Preferred Conversion Rate") shall be the quotient obtained by dividing the Series B Original Issue Price by the "Series B Preferred Conversion Price," calculated as provided in Section 4c.

c. Series A and Series B Preferred Conversion Price. The conversion price for the Series A Preferred shall initially be Four Dollars and Sixteen Cents ($4.16) (the "Series A Preferred Conversion Price"). The conversion price for the Series B Preferred shall initially be the Series B Original Issue Price (the "Series B Preferred Conversion Price"). Such initial Series A and Series B Preferred Conversion Prices shall be adjusted from time to time in accordance with this Section 4. All references to the Series A Preferred Conversion Price or the Series B Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted and the Series B Preferred Conversion Price as so adjusted, respectively.

d. Mechanics of Conversion. Each holder of Series A or Series B Preferred who desires to convert the same into shares of Common Stock pursuant to this Section 4 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series A or Series B Preferred, and shall give written notice to the Company at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series A or Series B Preferred being converted. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined in good faith by the Board of Directors as of the date of such conversion), any declared and unpaid dividends on the shares of Series A or Series B Preferred being converted. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series A or Series B Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion may, at the option of any holder tendering shares of Series A or Series B Preferred for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the persons entitled to receive the Common Stock upon conversion of shares of Series A or Series B Preferred shall not be deemed to have converted such shares of Series A or Series B Preferred until immediately prior to the closing of such sale of securities.

e. Adjustment for Stock Splits and Combinations.

(i) If the Company shall at any time or from time to time after the Effective Time effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Effective Time combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4e(i) shall become effective at the close of business on the date the subdivision or combination becomes effective, provided, however, that such adjustment shall not apply to the stock split set forth in Section IV(B).

(ii) If the Company shall at any time or from time to time after the date that the first share of Series B Preferred is issued (the "Series B Preferred Original Issue Date") effect a subdivision of the outstanding Common Stock without a corresponding subdivision of the Preferred Stock, the Series B Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Series B Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination

of the Preferred Stock, the Series B Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4e(ii) shall become effective at the close of business on the date the subdivision or combination becomes effective.

f. Adjustment for Common Stock Dividends and Distributions. If the Company at any time or from time to time after the date that the first share of Series A Preferred is issued (the "Series A Original Issue Date") or after the Series B Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series A or Series B Preferred Conversion Price, as the case may be, that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Series A or Series B Preferred Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A or Series B Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A or Series B Preferred Conversion Price, as the case may be, shall be adjusted pursuant to this Section 4f to reflect the actual payment of such dividend or distribution.

g. Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Series A or Series B Original Issue Date, the Common Stock issuable upon the conversion of the Series A or Series B Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer as defined in Section 3c or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 4), in any such event each holder of Series A or Series B Preferred shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A or Series B Preferred could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

h. Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time after the Series A or Series B Original Issue Date, there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer as defined in Section 3c or a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section 4), as a part of such capital

reorganization, provision shall be made so that the holders of the Series A or Series B Preferred shall thereafter be entitled to receive upon conversion of the Series A or Series B Preferred, as the case may be, the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series A and Series B Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the Series A and Series B Preferred Conversion Prices then in effect and the number of shares issuable upon conversion of the Series A and Series B Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

i. Sale of Shares Below Series A or Series B Preferred Conversion Price.

(i) If at any time or from time to time after the Series A or Series B Original Issue Date, the Company issues or sells, or is deemed by the express provisions of this Section 4i to have issued or sold, Additional Shares of Common Stock (as defined in Section 4i(iv) below), other than as a dividend or other distribution on any class of stock as provided in Section 4f above, and other than a subdivision or combination of shares of Common Stock as provided in Section 4e above, for an Effective Price (as defined in Section 4i(iv) below) less than the then effective Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, then and in each such case the then existing Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the then effective Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, by a fraction (A) the numerator of which shall be (1) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (2) the number of shares of Common Stock which the aggregate consideration received (as defined in Section 4i(ii)) by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such Series A or Series B Preferred Conversion Price, and (B) the denominator of which shall be the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (X) the number of shares of Common Stock actually outstanding, (Y) the number of shares of Common Stock into which the then outstanding shares of Series A or Series B Preferred could be converted if fully converted on the day immediately preceding the given date, and (Z) the number of shares of Common Stock which could be obtained through the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

(ii) For the purpose of making any adjustment required under this Section 4i, the consideration received by the Company for any issue or sale of securities shall (A) to the extent it consists of cash, be computed at the net amount of cash received by the

Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined in Section 4i(iii)) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iii) For the purpose of the adjustment required under this Section 4i, if the Company issues or sells (A) stock or other securities convertible into Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities"), or (B) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Series A or Series B Preferred Conversion Price, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities, plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Series A or Series B Preferred Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Series A or Series B Preferred Conversion Price as adjusted upon the

issuance of such rights, options or Convertible Securities shall be readjusted to the Series A Preferred Conversion Price or the Series B Preferred Conversion Price, as the case may be, which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series A or Series B Preferred.

(iv) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4i, whether or not subsequently reacquired or retired by the Company other than (A) shares of Common Stock issued upon conversion of the Series A or Series B Preferred; (B) up to 7,500,000 shares of Common Stock and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued pursuant to such options, warrants or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) after the Series B Original Issue Date to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary for the primary purpose of soliciting or retaining their services pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors of the Company; (C) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Series B Original Issue Date, (D) shares of Common Stock issued for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition or similar business combination and (E) shares of Common Stock issued pursuant to any equipment leasing arrangement, or debt financing from a bank or similar financial institution (provided such issuances are for other than primarily equity financing purposes). In addition to the foregoing, for purposes of calculating any adjustment to the Series A Preferred Conversion Price pursuant to this Section 4i, "Additional Shares of Common Stock" shall not include (A) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Series A Original Issue Date or (B) options, warrants or other common stock purchase rights approved by the Board of Directors of the Company and issued after the Series A Original Issue Date but on or prior to the Series B Original Issue Date. The "Effective Price" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4i, into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 4i, for such Additional Shares of Common Stock.

j. Certificate of Adjustment. In each case of an adjustment or readjustment of the Series A or Series B Preferred Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A or Series B

Preferred, if the Series A or Series B Preferred is then convertible pursuant to this Section 4, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series A or Series B Preferred at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (ii) the Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, at the time in effect, (iii) the number of Additional Shares of Common Stock and (iv) the type and amount, if any, of other property which at the time would be received upon conversion of the Series A or Series B Preferred.

k. Notices of Record Date. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 3c) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 3c), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series A and Series B Preferred at least twenty (20) days prior to the record date specified therein a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

l. Automatic Conversion.

(i) Each share of Series A and Series B Preferred shall automatically be converted into shares of Common Stock, based on the then-effective Series A Preferred Conversion Price or Series B Preferred Conversion Price, as the case may be, (A) at any time upon the affirmative election of the holders of at least sixty six and two-thirds percent (66 2/3%) of the outstanding shares of the Series A Preferred and Series B Preferred voting as a single class, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in which (i) the per share price is at least $8.35 (as adjusted for stock splits, dividends, recapitalizations and the like), and (ii) the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least $25,000,000. Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 4d.

(ii) Upon the occurrence of the event specified in paragraph (A) above, the outstanding shares of Series A and Series B Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series A or Series B Preferred are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series A or Series B Preferred, the holders of Series A or Series B Preferred shall surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series A or Series B Preferred. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series A or Series B Preferred surrendered were convertible on the date on which such automatic conversion occurred, and any declared and unpaid dividends shall be paid in accordance with the provisions of Section 4d.

m. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A or Series B Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A or Series B Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined in good faith by the Board of Directors) on the date of conversion.

n. Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A and Series B Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A and Series B Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A and Series B Preferred, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

o. Notices. Any notice required by the provisions of this Section 4 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after

deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

p. Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A or Series B Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A or Series B Preferred so converted were registered.

q. No Dilution or Impairment. Without the consent of the holders of then outstanding Series A and Series B Preferred as required under Section 2b, the Company shall not amend its Restated Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A and Series B Preferred against dilution or other impairment.

5. No Reissuance of Series A Preferred.

No share or shares of Series A or Series B Preferred acquired by the Corporation by reason of purchase, conversion or otherwise shall be reissued.

V.

For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. 1. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted by the Board of Directors.

2. Board of Directors

a. Directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Each director shall hold office either until the expiration of the term for which elected or appointed and until a successor has been elected and qualified, or until such director's death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

b. No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation (i) is subject to Section 2115(b) of the California General Corporation Law (" CGCL") and (ii) is not a "listed" corporation or ceases to be a "listed" corporation under Section 301.5 of the CGCL. During this time, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

3. Removal of Directors

a. During such time or times that the Corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

b. At any time or times that the corporation is not subject to Section 2115(b) of the CGCL and subject to any limitations imposed by law, Section A(3)(a) above shall not apply and the Board of Directors or any director may be removed from office at any time with or without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors.

4. Vacancies

a. Subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, except as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in

office, even though less than a quorum of the Board of Directors, and not by the stockholders (except as stockholders may have such rights as described below). Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

b. If at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in offices as aforesaid, which election shall be governed by Section 211 of the DGCL.

c. At any time or times that the Corporation is subject to Section 2115(b) of the CGCL, if, after the filling of any vacancy by the directors then in office, where the number of such directors voting to fill, such vacancy who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(i) Any holder or holders of an aggregate of five percent (5%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) The Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL. The term of office of any director shall terminate upon that election of a successor.

B. 1. Subject to paragraph (h) of Section 43 of the Bylaws, the Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock of the Corporation entitled to vote. The Board of Directors shall also have the power to adopt, amend, or repeal Bylaws.

2. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

3. No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws or by written consent of stockholders in accordance with the Bylaws prior to the closing of the Corporation's first underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Initial Public Offering"), provided following the closing of the Initial Public Offering no action shall be taken by the stockholders by written consent.

4. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

VI.

A. The liability of the directors for monetary damages shall be eliminated to the fullest extent under applicable law.

B. This Corporation is authorized to provide indemnification of agents (as defined in Section 317 of the CGCL) for breach of duty to the Corporation and its shareholders through bylaw provisions or through agreements with the agents, or through shareholder resolutions, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the CGCL, subject, at any time or times the Corporation is subject to Section 2115(b) to the limits on such excess indemnification set forth in Section 204 of the CGCL.

C. Any repeal or modification of this Article VI shall be prospective and shall not affect the rights under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the voting stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, and VII.

* * * *

FOUR: This Restated Certificate of Incorporation has been duly approved by the Board of Directors of this Corporation.

FIVE: This Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 228 and 245 of the General Corporation Law of the State of Delaware by the Board of Directors and the stockholders of the Corporation. The total number of outstanding shares entitled to vote or act by written consent was _____ shares of Common Stock and _____ shares of Preferred Stock. A majority of the outstanding shares of Common Stock and a majority of the outstanding shares of Preferred Stock approved this

Restated Certificate of Incorporation by written consent in accordance with Section 228 of the General Corporation Law of the State of Delaware and written notice of such was given by the Corporation in accordance with said Section 228.

In Witness Whereof, Wireless Facilities, Inc. has caused this Restated Certificate of Incorporation to be signed by the President and the Secretary in San Diego, California this _____ day of _____ 1999.

Wireless Facilities, Inc.

By: _____
Masood K. Tayebi, Ph.D.
President

ATTEST:

By: _____
Massih Tayebi, Ph.D.
Secretary

EXHIBIT 3.3

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

Wireless Facilities, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Wireless Facilities, Inc.

2. The original name of this Corporation is Wireless Facilities, Inc. and the date of filing the original Certificate of Incorporation of this Corporation with the Secretary of State of the State of Delaware was July 7, 1997.

3. The Amended and Restated Certificate of Incorporation of this Corporation, in the form attached hereto as Exhibit A, has been duly adopted by the Board of Directors and by the stockholders of the corporation in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

4. The Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and hereby incorporated by reference.

In Witness Whereof, Wireless Facilities, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by its President and attested to by its Secretary this ____ day of _____, 1999.

_____
Masood K. Tayebi, Ph.D.
President

Attest:

_____
Massih Tayebi, Ph.D.
Secretary

Exhibit A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF WIRELESS FACILITIES, INC.

I.

The name of this corporation is Wireless Facilities, Inc.

II.

The address of the registered office of the corporation in the State of Delaware is 9 East Loockerman Street, City of Dover, County of Kent, and the name of the registered agent of the corporation in the State of Delaware at such address is National Registered Agents, Inc.

III.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

A. This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is two hundred million (200,000,000) shares. One hundred ninety five million (195,000,000) shares shall be Common Stock, each having a par value of one tenth of one cent ($0.001). Five million (5,000,000) shares shall be Preferred Stock, each having a par value of one tenth of one cent ($0.001).

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, by filing a certificate (a "Preferred Stock Designation") pursuant to the Delaware General Corporation Law, to fix or alter from time to time the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of any wholly unissued series of Preferred Stock, and to establish from time to time the number of shares constituting any such series or any of them; and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

V.

For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation and regulation of the powers of the corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. 1. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted by the Board of Directors.

2. Board of Directors

a. Directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Each director shall hold office either until the expiration of the term for which elected or appointed and until a successor has been elected and qualified, or until such director's death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

b. No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation (i) is subject to Section 2115(b) of the California General Corporation Law ("CGCL") and (ii) is not a "listed" corporation or ceases to be a "listed" corporation under Section 301.5 of the CGCL. During this time, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

3. Removal of Directors

a. During such time or times that the corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire

number of directors authorized at the time of such director's most recent election were then being elected.

b. At any time or times that the corporation is not subject to Section 2115(b) of the CGCL and subject to any limitations imposed by law, Section A(3)(a) above shall not apply and the Board of Directors or any director may be removed from office at any time with or without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors.

4. Vacancies

c. Subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, except as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders (except as stockholders may have such rights as described below). Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

d. If at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in offices as aforesaid, which election shall be governed by Section 211 of the DGCL.

e. At any time or times that the Corporation is subject to Section 2115(b) of the CGCL, if, after the filling of any vacancy by the directors then in office, where the number of such directors voting to fill, such vacancy who have been elected by stockholders shall constitute less than a majority of the directors then in office, the n

(i) Any holder or holders of an aggregate of five percent (5%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) The Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL. The term of office of any director shall terminate upon that election of a successor.

B. 1. Subject to paragraph (h) of Section 43 of the Bylaws, the Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock of the Corporation entitled to vote. The Board of Directors shall also have the power to adopt, amend, or repeal Bylaws.

2. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

3. No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws. No action shall be taken by the stockholders by written consent.

4. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

VI.

A. The liability of the directors for monetary damages shall be eliminated to the fullest extent under applicable law.

B. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the CGCL) for breach of duty to the corporation and its shareholders through bylaw provisions or through agreements with the agents, or through shareholder resolutions, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the CGCL, subject, at any time or times the corporation is subject to Section 2115(b) to the limits on such excess indemnification set forth in Section 204 of the CGCL.

C. Any repeal or modification of this Article VI shall be prospective and shall not affect the rights under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the voting stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, and VII.

EXHIBIT 3.4

BYLAWS

OF

WIRELESS FACILITIES, INC.,
A Delaware Corporation

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BYLAWS

OF

WIRELESS FACILITIES, INC.
A Delaware Corporation

ARTICLE I.

OFFICES

Section 1. - Registered Office. The registered office of the corporation within the State of Delaware shall be in the City of Dover, County of Kent, State of Delaware.

Section 2. - Principal Offices. The Board of Directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of Delaware.

Section 3. - Other Offices. The Board of Directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE II.

MEETINGS OF STOCKHOLDERS

Section 1. - Place of Meetings. Meetings of stockholders shall be held at any place within or outside the State of Delaware designated by the Board of Directors. In the absence of any such designation, stockholders' meetings shall be held at the principal executive office of the corporation.

Section 2. - Annual Meeting. The annual meeting of the stockholders shall be held each year within six (6) months of the end of the corporation's fiscal year on a date and at a time designated by the Board of Directors. If this day shall be a legal holiday, then the meeting shall be held on the next succeeding business day, at the same hour. At the annual meeting, the stockholders shall elect a Board of Directors, consider reports of the affairs of the corporation and transact such other business as may be properly brought before the meeting.

Section 3. - Special Meeting. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or the Certificate of Incorporation, may be called at any time by the President, and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors or one or more stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. The written request shall state the purpose or purposes of the special meeting. Business transacted at any special meeting shall be limited to the purposes stated in the notice.

Section 4. - Notice of Stockholders' Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which notice shall state the place, date and hour of the meeting, and, in the case of a special meeting,

the purpose or purposes for which the meeting is called. The written notice of any meeting shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting. If mailed, notice is given when deposited in the United States mail postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation. An affidavit of the mailing or other means of giving any notice of any stockholders' meeting shall be executed by the Secretary, Assistant Secretary or any transfer agent of the corporation giving the notice, and shall be filed and maintained in the minute book of the corporation and shall, in the absence of fraud, be prima facie evidence of facts stated herein.

Section 5. - Quorum. The presence in person or by proxy of the holders of a majority of the stock issued and outstanding and entitled to vote at any meeting of stockholders shall constitute a quorum for the transaction of business.

Section 6. - Adjourned Meeting; Notice. Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting. When any meeting of stockholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless the adjournment is for more than 30 days from the date set for the original meeting, or if after adjournment a new record date is fixed for the adjourned meeting. Notice of any such adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting in accordance with Section 4 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

Section 7. - Voting; Proxies. The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 11 of this Article II, subject to the provisions of Section 217 of the Delaware General Corporation Law (relating to voting shares held by a fiduciary or in joint ownership). Except as otherwise provided by the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. All proxies must be filed with the Secretary of the corporation at the beginning of each meeting in order to be counted. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the corporation. Unless otherwise required under these bylaws or the Delaware General Corporation Law, voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors of election unless so determined by the holders of shares of stock owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote which are present in person or by proxy at such meeting. At any stockholder meeting at which a quorum is present, the affirmative vote

of a majority of the stock issued and outstanding and entitled to vote at any meeting of stockholders shall be the act of the stockholders, unless the vote of a greater number or voting by classes is required by the Delaware General Corporation Law or by the Certificate of Incorporation. There shall be no cumulative voting.

Section 8. - Record Date for Stockholder Notice, Voting and Giving Consents. For purposes of determining the stockholders entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 60 days nor less than 10 days before the date of any such meeting nor more than 10 days before any such action without a meeting.

If the Board of Directors does not so fix a record date:

(a) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(b) The record date for determining stockholders entitled to give consent to corporate action in writing without a meeting (i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the Board has been taken, shall be at the close of business on the day on which the Board adopts the resolution relating to that action.

Section 9. - List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified in the notice of the meeting or if no notice is given, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 10. - Telephonic Meetings. At any meeting held pursuant to these Bylaws, shareholders may participate by means of a telephone conference or similar method of communication by which all persons participating in the meeting can hear each other. Participation in such a meeting constitutes presence in person at the meeting.

Section 11. - Stockholder Action by Written Consent Without a Meeting. Any action which may be taken at any annual or special meeting of stockholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares having not less than the minimum number of votes

that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 12. - Inspectors of Election. Before any meeting of stockholders, the corporation shall appoint one or more inspectors of election to act at the meeting if so required under Section 7 of this Article II and make a written report thereon. If no inspectors of election are able to act at a meeting of the stockholders, the Chairman of the meeting shall appoint one or more inspectors of election to act at the meeting. If inspectors are appointed at a meeting, the holders of a majority of shares or their proxies present at the meeting shall determine how many inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the Chairman of the meeting shall appoint a person to fill that vacancy.

These inspectors shall:

(a) Determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies;

(b) Hear, determine and retain for a reasonable period a record of the disposition of all challenges and questions in any way arising in connection with the right to vote;

(c) Count and tabulate all votes or consents;

(d) Determine when the polls shall close;

(e) Determine the result.

ARTICLE III.

DIRECTORS

Section 1. - Powers. Subject to the provisions of the Delaware General Corporation law and any limitations in the Certificate of Incorporation and these Bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

Section 2. - Number of Directors. The number of directors of the corporation shall not be less than three (3) nor more than seven (7). The exact number of directors shall be four (4) until changed, within the limits specified above, by a bylaw amending this Section 2, duly adopted by the board of directors or by the shareholders. The indefinite number of directors may be changed, or a definite number fixed without provision for an indefinite number, by a duly adopted amendment to the articles of incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote.

Section 3. - Vacancies. Vacancies in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director. Each director so elected shall hold office until the next annual meeting of the stockholders and until a successor has been elected and qualified. A vacancy or vacancies in the Board of Directors shall be deemed to exist in the event of the death, resignation, disqualification or removal of any director, or otherwise. Any director may resign effective on giving written notice to the corporation. If no directors are in office, then an election of directors may be held in the manner provided in statute. If, at the time of filling any vacancy or newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery of the State of Delaware may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares of stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Any director may resign effective on giving written notice to the Chairman of the Board, the President, the Secretary or the Board of Directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 4. - Regular and Special Meetings; Place of Meetings; Notice; Meetings by Telephone. Regular meetings of the Board of Directors may be held without call and at any place within or outside the State of Delaware that has been designated from time to time by resolution of the Board. Such meetings may be held without notice. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the Board may be called by the President, any Vice President, the Secretary or any member of the Board of Directors and shall be held at any place within or outside the State of Delaware that has been designated in the notice of the meeting or, if not stated in the notice or if no notice is given, at the principal executive office of the corporation. Notice of a special meeting shall be given by the person or persons calling the meeting at least 24 hours before the special meeting. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at the meeting. The Board of Directors may keep the books of the corporation outside the State of Delaware.

Section 5. - Quorum; Vote Required for Action. A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 7 of this Article III. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these Bylaws.

Section 6. - Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Section 7. - Adjournment; Notice. If a quorum shall not be present at any meeting of the Board of Directors the directors present thereat may adjourn the meeting from time to time. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case notice of the time and place shall be given at least 24 hours before the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 8. - Fees and Compensation of Directors. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 9. - Indemnification.

(a) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no such indemnification shall be made in respect of

any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of the corporation shall be successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (a) and (b), or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under paragraphs (a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the manner provided in paragraph (d) upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this Section 9.

(f) The indemnification provided by this Section 9 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Board of Directors may authorize the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Section 9.

(h) For the purposes of this Section 9, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate

existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 9 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this section, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Section 9.

ARTICLE IV.

COMMITTEES

Section 1. - Committees of Directors. The Board of Directors may designate one or more committees, each consisting of one or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

(a) the amendment of these Bylaws;

(b) a distribution to the stockholders of the corporation;

(c) the amendment of the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in Section 151(a) of the Delaware General Corporation Law, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series);

(d) adopting an agreement of merger or consolidation under Sections 251 or 252 of the Delaware General Corporation Law;

(e) recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets; or

(f) recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution.

Section 2. - Meetings and Action of Committees. Committees shall conduct their business and meetings in the same manner as the Board of Directors conducts its business pursuant to these Bylaws.

ARTICLE V.

OFFICERS

Section 1. - Officers. The officers of the corporation shall be a President, a Secretary and a Chief Financial Officer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, a Chief Executive Officer, one or more Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any number of offices may be held by the same person.

Section 2. - Election of Officers. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article V, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment.

Section 3. - Subordinate Officers. The Board of Directors may appoint, and may empower the President to appoint, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

Section 4. - Removal and Resignation of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors. Any officer may resign at any time by giving written notice to the corporation.

Section 5. - Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

Section 6. - Chairman of the Board. The Chairman of the Board, if such an officer be elected, shall, if present, preside at meetings of the stockholders and the Board of Directors, and

exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the Bylaws. If there is no President, the Chairman of the Board shall in addition be the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article V.

Section 7. - President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and the officers of the corporation. In the absence of the Chairman of the Board, or if there be none, the president shall preside at all meetings of the stockholders and the Board of Directors. He shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

Section 8. - CEO, Vice Presidents. In the absence or disability of the President, the CEO and the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors or, if not ranked, the CEO, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President. The CEO, and the Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for each of them, respectively, by the Board of Directors or the Bylaws, and the President or the Chairman of the Board.

Section 9. - Secretary. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of directors, committees of directors and stockholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board of Directors, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors required by the Bylaws or by law to be given, and shall keep the seal of the corporation, if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

Section 10. - Chief Financial Officer (Treasurer). The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any directors.

The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the corporation, and shall have the powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

Section 11. - Excessive Compensation. If the Internal Revenue Service disallows as a business deduction to the corporation any part of the salary or other compensation paid by it to any officer, director or employee, as being excessive compensation, that part disallowed shall be repaid to the corporation by the officer, director or employee.

ARTICLE VI.

RECORDS AND REPORTS

Section 1. - Inspection of Books and Records.

(a) Any stockholder, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in the State of Delaware or at its principal place of business.

(b) If the corporation, or an officer or agent thereof, refuses to permit an inspection sought by a stockholder or attorney or other agent acting for the stockholder pursuant to (a) above or does not reply to the demand within five business days after the demand has been made, the stockholder may apply to the Court of Chancery in the State of Delaware for an order to compel such inspection in accordance with Section 220(c) of the Delaware General Corporation Law.

(c) Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his position as a director.

ARTICLE VII.

GENERAL CORPORATE MATTERS

Section 1. - Record Date for Purposes Other Than Notice and Voting. For purposes of determining the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than action by stockholders by written consent without a meeting), the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted and which record date shall not be more than 60 days before any such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 2. - Checks, Drafts, Evidences of Indebtedness. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as from time to time determined by resolution of the Board of Directors.

Section 3. - Certificate for Shares.

(a) A certificate or certificates for shares of the capital stock of the corporation shall be issued to each stockholder when any of these shares are fully paid, and the Board of Directors may authorize the issuance of certificates or shares as partly paid provided that these certificates shall state the amount of consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the corporation by the Chairman of the Board or the President or the CEO or a Vice President and by the Chief Financial Officer or an Assistant Treasurer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the stockholder. Any or all of the signatures on the certificate may be facsimile. In the event that any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that officer, transfer agent or registrar before that certificate is issued, it may be issued by the corporation with the same effect as if that person were an officer, transfer agent or registrar at the date of issue.

(b) If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 4. - Lost Certificates. Except as provided in this Section 4, no new certificates for shares shall be issued to replace an old certificate unless the latter is surrendered to the corporation and cancelled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the Board may require, including provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate.

Section 5. - Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the Delaware General Corporation law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular and the term "person" includes both a corporation and a natural person.

Section 6. - Transfers of Stock. Upon the surrender to the corporation, or the transfer agent of the corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue new certificates to the persons entitled thereto, cancel the old certificates and record the transaction upon its books.

Section 7. - Registered Stockholders. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

Section 8. - Dividends.

(a) Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, in any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of capital stock, subject to the provisions of the Certificate of Incorporation.

(b) Before payment of any dividend the directors may set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation, and the directors may abolish such reserve.

Section 9. - Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 10. - Notices.

(a) Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telephone or telegram.

(b) Whenever any notice is required to be given under the provisions of the statutes or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed to be equivalent. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 11. - Annual Statement. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

Section 12. - S Election. If at any time the corporation elects to be treated for federal or state tax purposes as an S Corporation, unless such S election has been revoked by the affirmative action of the majority of the shares entitled to vote on such action, the corporation will not, nor be compelled to recognize, for so long as the Corporation's status as an S Corporation continues, any transfer to whom or to which in the opinion of counsel to the corporation could disqualify the corporation as an S Corporation.

ARTICLE VIII.

RIGHT OF FIRST REFUSAL

Section 1. - Right of First Refusal. No stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw:

(a) If the stockholder desires to sell or otherwise transfer any of his shares of stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; provided, however, that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other transfer in which the proposed transferee is not paying the full price

for the shares, and that is not otherwise exempted from the provisions of this Section 1, the price shall be determined in accordance with the Delaware General Corporation Law. In the event the corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of the transferring stockholder as specified in said transferring stockholder notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignee(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty-day period following the expiration of the option rights granted to the corporation and/or its assignee(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignee(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw if counsel for the corporation determines that any S-corporation election of the corporation will not be disturbed:

i0 A stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family or to any custodian or trustee for the account of such stockholder or such stockholder's immediate family. "Immediate family" as used herein shall mean spouse, lineal descendant, father, mother, brother, or sister of the stockholder making such transfer.

ii0 A stockholder's bona fide pledge or mortgage of any shares with a commercial lending institution, provided that any subsequent transfer of said shares by said institution shall be conducted in the manner set forth in this bylaw.

iii0 A stockholder's transfer of any or all of such stockholder's shares to the corporation or to any other stockholder of the corporation.

iv0 A stockholder's transfer of any or all of such stockholder's shares to a person who, at the time of such transfer, is an officer or director of the corporation.

v0 A corporate stockholder's transfer of any or all of its shares pursuant to and in accordance with the terms of any merger, consolidation, reclassification of

shares or capital reorganization of the corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder.

vi0 A corporate stockholder's transfer of any or all of its shares to any or all of its stockholders.

vii0 A transfer by a stockholder that is a limited or general partnership to any or all of its partners or former partners.

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this bylaw, and there shall be no further transfer of such stock except in accord with this bylaw.

(g) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(h) Any sale or transfer, or purported sale or transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate on either of the following dates, whichever shall first occur:

i0 On December 4, 2004; or

ii0 One hundred eighty days after the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

The shares represented by this Certificate are subject to a right of first refusal option in favor of the Corporation and/or its Assignee(s), as provided in the Bylaws of the Corporation.

ARTICLE IX.

AMENDMENTS

Section 1. - Amendment of Bylaws. New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of stockholders or the Board of Directors, when such power is conferred upon the Board by the Certificate of Incorporation, at any regular meeting of the stockholders or Board, or any special meeting of the stockholders or Board if notice of such alteration, amendment, repeal or adoption of new Bylaws was contained in the notice of such meeting.

CERTIFICATE OF ADOPTION OF BYLAWS OF
WIRELESS FACILITIES, INC.
A Delaware Corporation

I hereby certify as follows:

I am the duly elected, qualified and acting Secretary of Wireless Facilities, Inc., a Delaware corporation; and

The foregoing Bylaws were adopted as the Bylaws of said corporation effective as of July 7, 1997, by the Board of Directors of said corporation.

I have executed this certificate effective as of July 7, 1997.

By: _____
Massih Tayebi, Ph.D., Secretary

EXHIBIT 3.5

AMENDED AND RESTATED

BYLAWS

OF

Wireless Facilities, Inc.

(A DELAWARE CORPORATION)

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(CONTINUED)

AMENDED AND RESTATED BYLAWS

OF

Wireless Facilities, Inc.

(A DELAWARE CORPORATION)

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

Corporate Seal

Section 3. Corporate Seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise .

ARTICLE III

Stockholders' Meetings

Section 4. Place Of Meetings. Meetings of the stockholders of the corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the office of the corporation required to be maintained pursuant to Section 2 hereof.

Section 5. Annual Meetings.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders; (ii) by or at the

direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice provided for in the following paragraph, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, (i) the stockholder must have given timely notice thereof in writing to the Secretary of the corporation, (ii) such other business must be a proper matter for stockholder action under the Delaware General Corporation Law ("DGCL"), (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the corporation with a Solicitation Notice (as defined in this Section 5(b)), such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice, and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 5. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90/th/) day nor earlier than the close of business on the one hundred twentieth (120/th/) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120/th/) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90/th/) day prior to such annual meeting or the tenth (10/th/) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposed to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act") and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder

giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of the proposal, at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(c) Notwithstanding anything in the second sentence of Section 5(b) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10/th/) day following the day on which such public announcement is first made by the corporation.

(d) Only such persons who are nominated in accordance with the procedures set forth in this Section 5 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 5. Except as otherwise provided by law, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(e) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation proxy statement pursuant to Rule 14a-8 under the 1934 Act.

(f) For purposes of this Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

At any time or times that the corporation is subject to Section 2115(b) of the California General Corporation Law ("CGCL"), stockholders holding ten percent (10%) or more of the outstanding shares shall have the right to call a special meeting of stockholders only as set forth in Section 18(c) herein.

(b) If a special meeting is properly called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. If the notice is not given within one hundred (100) days after the receipt of the request, the person or persons properly requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who is a stockholder of record at the time of giving notice provided for in these Bylaws who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 6(c). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by Section 5(b) of these Bylaws shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the close of business on the one hundred twentieth (120/th/) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90/th/) day prior to such meeting or the tenth (10/th/) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no

event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

Section 7. Notice Of Meetings. Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date and hour and purpose or purposes of the meeting. Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of the votes cast by the holders of shares of such class or classes or series shall be the act of such class or classes or series.

Section 9. Adjournment And Notice Of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares casting votes. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the

adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners Of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List Of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 13. Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action

so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner herein required, written consents signed by a sufficient number of stockholders to take action are delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. If the action which is consented to is such as would have required the filing of a certificate under any section of the DGCL if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

(d) Notwithstanding the foregoing, no such action by written consent may be taken following the closing of the initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "1933 Act"), covering the offer and sale of Common Stock of the corporation (the "Initial Public Offering").

Section 14. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or, if the President is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to

questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

Directors

Section 15. Number And Term Of Office. The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Board Of Directors.

(a) Directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Each director shall hold office either until the expiration of the term for which elected or appointed and until a successor has been elected and qualified, or until such director's death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation (i) is subject to (S)2115(b) of the CGCL and (ii) is not a "listed" corporation or ceases to be a "listed" corporation under Section 301.5 of the CGCL. During this time, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

Section 18. Vacancies.

(a) Unless otherwise provided in the Certificate of Incorporation, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Section 18 in the case of the death, removal or resignation of any director.

(b) If at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in offices as aforesaid, which election shall be governed by Section 211 of the DGCL.

(c) At any time or times that the corporation is subject to Section 2115(b) of the CGCL, if, after the filling of any vacancy, the directors then in office where the number of directors voting to fill such vacancy who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(1) Any holder or holders of an aggregate of ten percent (10%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(2) The Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL. The term of office of any director shall terminate upon that election of a successor.

Section 19. Resignation. Any director may resign at any time by delivering his written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the

unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal.

(a) During such time or times that the corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

(b) At any time or times that the corporation is not subject to Section 2115(b) of the CGCL and subject to any limitations imposed by law, Section 20(a) above shall no longer apply and the Board of Directors or any director may be removed from office at any time (i) with cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors or (ii) without cause by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3 %) of the voting power of all then-outstanding shares of voting stock of the corporation entitled to vote at an election of directors.

Section 21. Meetings.

(a) Annual Meetings. The annual meeting of the Board of Directors shall be held immediately before or after the annual meeting of stockholders and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors. No formal notice shall be required for regular meetings of the Board of Directors.

(c) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the President or any two of the directors.

(d) Telephone Meetings. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or similar

communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(e) Notice Of Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting, or sent in writing to each director by first class mail, charges prepaid, at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(f) Waiver Of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum And Voting.

(a) Unless the Certificate of Incorporation requires a greater number and except with respect to indemnification questions arising under Section 43 hereof, for which a quorum shall be one-third of the exact number of directors fixed from time to time in accordance with the Certificate of Incorporation, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

Section 24. Fees And Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to any requirements of any outstanding series of preferred Stock and the provisions of subsections (a) or (b) of this Bylaw, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V

Officers

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Treasurer and the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 28. Tenure And Duties Of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner

removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. If there is no President, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 28.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. Unless some other officer has been elected Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(e) Duties Of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties commonly incident to his office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) Duties Of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his

office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

Section 29. Delegation Of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

Execution Of Corporate Instruments and Voting Of Securities Owned By The Corporation

Section 32. Execution Of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation

by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 33. Voting Of Securities Owned By The Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

Shares Of Stock

Section 34. Form And Execution Of Certificates . Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. Each certificate shall state upon the face or back thereof, in full or in summary, all of the powers, designations, preferences, and rights, and the limitations or restrictions of the shares authorized to be issued or shall, except as otherwise required by law, set forth on the face or back a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section or otherwise required by law or with respect to this section a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or

destroyed certificate or certificates, or his legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 36. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 37. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) Prior to the Initial Public Offering, in order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its

principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

Other Securities Of The Corporation

Section 39. Execution Of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34), may be signed by the Chairman of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such

officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

Dividends

Section 40. Declaration Of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

Fiscal Year

Section 42. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

Indemnification

Section 43. Indemnification Of Directors, Officers, Employees And Other Agents.

(a) Directors And Officers. The corporation shall indemnify its directors and officers to the fullest extent not prohibited by the DGCL or any other applicable law; provided, however, that the corporation may modify the extent of such indemnification by individual contracts with its directors and officers; and, provided, further, that the corporation shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the

powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Employees and Other Agents. The corporation shall have power to indemnify its employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Section 43 or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this Section 43, no advance shall be made by the corporation to an officer of the corporation (except by reason of the fact that such officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or officer. Any right to indemnification or advances granted by this Section 43 to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an officer of the corporation

(except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or officer is not entitled to be indemnified, or to such advancement of expenses, under this Section 43 or otherwise shall be on the corporation.

(e) Non-exclusivity Of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the Delaware General Corporation Law, or by any other applicable law.

(f) Survival Of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Section 43.

(h) Amendments. Any repeal or modification of this Section 43 shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and officer to the full extent not prohibited by any applicable portion of this Section 43 that shall not have been invalidated, or by any other applicable law. If this

Section 43 shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and officer to the full extent under any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(1) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 43 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a "director," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Section 43.

ARTICLE XII

Notices

Section 44. Notices.

(a) Notice To Stockholders. Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the corporation or its transfer agent.

(b) Notice To Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or by overnight delivery service, facsimile, telex or telegram, except that such notice other than one which is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit Of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Time Notices Deemed Given. All notices given by mail or by overnight delivery service, as above provided, shall be deemed to have been given as at the time of mailing, and all notices given by facsimile, telex or telegram shall be deemed to have been given as of the sending time recorded at time of transmission.

(e) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(f) Failure To Receive Notice. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such director to receive such notice.

(g) Notice To Person With Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such

person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(h) Notice To Person With Undeliverable Address. Whenever notice is required to be given, under any provision of law or the Certificate of Incorporation or Bylaws of the corporation, to any stockholder to whom (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a twelve-month period, have been mailed addressed to such person at his address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting which shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth his then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to this paragraph.

ARTICLE XIII

Amendments

Section 45. Amendments. Subject to paragraph (h) of Section 43 of the Bylaws, the Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of all of the then-outstanding shares of the voting stock of the corporation entitled to vote. The Board of Directors shall also have the power to adopt, amend, or repeal Bylaws.

ARTICLE XIV

Loans To Officers

Section 46. Loans To Officers. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

EXHIBIT 4.2

[LOGO OF WIRELESS FACILITIES, INC.]

COMMON STOCK
CM_____
NUMBER

COMMON STOCK
SHARES

INCORPORATED UNDER THE LAWS OF THE STATE DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS
CUSIP

THIS CERTIFIES THAT

IS THE RECORD HOLDER OF

FULLY PAID AND NONASSESSABLE SHARES OF THE COMMON STOCK,
$0.001 PAR VALUE OF

WIRELESS FACILITIES, INC.

transferable on the books of the Corporation in person or by duly authorized attorney on surrender of this certificate properly endorsed. This certificate shall not be valid until countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the signatures of its duly authorized officers.

Dated:_____

[CORPORATE SEAL OF WIRELESS FACILITIES, INC.]

/s/_____
SECRETARY

/s/_____
PRESIDENT

COUNTERSIGNED AND REGISTERED:
NORWEST BANK MINNESOTA, N.A.
TRANSFER AGENT AND REGISTRAR
BY_____
AUTHORIZED SIGNATURE

==========

The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

KEEP THIS CERTIFICATE IN A SAFE PLACE. IF IT IS LOST, STOLEN, OR DESTROYED THE CORPORATION WILL REQUIRE A BOND OF INDEMNITY AS A CONDITION TO THE ISSUANCE OF A REPLACEMENT CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT-.....Custodian.....
TEN ENT - as tenants by the entireties	(Cust) (Minor) under Uniform Gifts to Minors Act.....
JP TEN - as joint tenants with right of survivorship and not as tenants in common	(State)
	UNIF TRF MIN ACT- .....Custodian (until age..) (Cust) ......under Uniform Transfer (Minor) to Minors Act.....
	(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY
OR OTHER IDENTIFYING NUMBER
OF ASSIGNEE

_____

_____

_____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ Shares
of the common stock represented by the within Certificate,
and do hereby irrevocably constitute and appoint

_____Attorney
to transfer the said stock on the books of the within named
Corporation with full power of substitution in the premises.

Dated _____

X _____

X _____

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed

By_____
THE SIGNATURE(S) MUST BE GUARANTEED
BY AN ELIGIBLE GUARANTOR INSTITUTION
(BANKS, STOCKBROKERS, SAVINGS AND
LOAN ASSOCIATIONS AND CREDIT UNIONS
WITH MEMBERSHIP IN AN APPROVED
SIGNATURE GUARANTEE MEDALLION PROGRAM),
PURSUANT TO S.E.C. RULE 17Ad-15.

EXHIBIT 10.1

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1997

STOCK OPTION PLAN

OF

WIRELESS FACILITIES, INC.

Adopted Effective as of July 24, 1997
As Amended by the Board of Directors Effective January 7, 1999

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TABLE OF CONTENTS

WIRELESS FACILITIES, INC.

1997 STOCK OPTION PLAN

Adopted effective as of July 24, 1997
As amended by the Board of Directors effective January 7, 1999

1. PURPOSES.

The purposes of the Plan are as follows:

(a) To provide additional incentive for selected Employees, Directors and Consultants to further the growth, development and financial success of the Company by providing a means by which such persons can personally benefit through the ownership of capital stock of the Company; and

(b) To enable the Company to secure and retain key Employees, Directors and Consultants considered important to the long-range success of the Company by offering such persons an opportunity to own capital stock of the Company.

2. DEFINITIONS.

(a) "Affiliate" means any parent corporation or subsidiary corporation, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means an Optionee?s personal dishonesty, misconduct, breach of fiduciary duty, incompetence, intentional failure to perform stated obligations, willful violation of any law, rule, regulation or final cease and desist order, or any material breach of any provision of the Plan, any Option Agreement or any employment or consulting agreement.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Committee" means a committee appointed by the Board in accordance with Section 3(c).

(f) "Common Stock" means the common stock, $.01 par value, of the Company; provided, however, that if the Company's certificate of incorporation authorizes the issuance of only one class of stock, "Common Stock" shall mean such class of stock.

(g) "Company" means Wireless Facilities, Inc., a Delaware corporation.

(h) "Consultant" means any person, including an advisor, engaged by the Company or an Affiliate to render services and who is compensated for such services, provided that the term "Consultant" shall not include Directors who are paid only a director's fee by the Company and/or who are not otherwise compensated by the Company for their services as Directors except pursuant to the Plan.

(i) "Director" means a member of the Board.

(j) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code and as interpreted by the Board in each case.

(k) "Disinterested Person" means a Director who (i) was not, during the one year prior to service as an administrator of the Plan, granted or awarded equity securities pursuant to the Plan or any other plan of the Company or any of its affiliates entitling the participants therein to acquire equity securities of the Company or any of its affiliates except as permitted by subsection (c)(2)(i) of Rule 16b-3, or (ii) is otherwise considered to be a "disinterested person, in accordance with subsection (c)(2)(i) of Rule 16b-3, or any other applicable rules, regulations or interpretations of the Securities and Exchange Commission.

(l) "Employee" means any person, including officers and Directors, employed by the Company or any Affiliate of the Company; provided, however, that neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(n) "Fair Market Value" means, as of any date, the value of the Common Stock of the Company determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the National Market System of the National Association of Securities Dealers, Inc. Automated Quotation ("NASDAQ") System, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such system or exchange (or the exchange with the greatest volume of trading in common stock) on the last market trading day prior to the date of determination, as reported in the Wall Street Journal or such other source as the Board deems reliable;

(ii) If the Common Stock is quoted on the NASDAQ System (but not on the National Market System thereof) or is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and high asked prices for the Common Stock on the last market trading day prior to the date of determination, as reported in the Wall Street Journal or such other source as the Board deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Board after giving due consideration to the factors set forth in Section 260.140.50 of Title 10 of the California Code of Regulations (exclusive of any reference to an initial public offering price).

(o) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(p) "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

(q) "Option" means a stock option granted pursuant to the Plan.

(r) "Option Agreement" means a written agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan and any rules and regulations adopted by the Board and incorporated therein.

(s) "Option Shares" means the shares of Common Stock of the Company issued or issuable pursuant to the exercise of an Option.

(t) "Optionee" means an Employee, Director or Consultant who holds an outstanding Option.

(u) "Plan" means this 1997 Stock Option Plan.

(v) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(w) "Securities Act" means the Securities Act of 1933, as amended.

(x) "Termination of Employment or Consulting Relationship" means:

(i) With respect to Options granted to an Optionee in his capacity as an Employee, the time when the employer-employee relationship between the Optionee and the Company (or an Affiliate) is terminated for any reason, including without limitation a termination by resignation, discharge, death or retirement. The Board, in its sole discretion, may determine whether a Termination of Employment or Consulting Relationship has occurred in the case of any leave of absence approved by the Board, including sick leave, personal leave and military leave; provided, however, that any such leave for purposes of an Incentive Stock Option shall not exceed ninety (90) days unless (A) the Board determines to extend such period upon the acknowledgment of the Optionee that such an Option would become a Nonstatutory Stock Option, or (B) re-employment upon the expiration of such leave is guaranteed by contract (including by Company policy) or statute;

(ii) With respect to Options granted to an Optionee in his capacity as a Director, the time when the Optionee ceases to be a Director for any reason, including without limitation a cessation by resignation, removal, failure to be reelected, death or retirement, but excluding cessations where there is a simultaneous or continuing employment of the former Director by the Company (or an Affiliate) and the Board expressly deems such cessation not to be a Termination of Employment or Consulting Relationship; and

(iii) With respect to Options granted to an Optionee in his capacity as a Consultant, the time when the contractual relationship between the Optionee and the Company (or an Affiliate) is terminated for any reason.

The Board, in its absolute discretion, shall determine the effect of all other matters and questions relating to a Termination of Employment or Consulting Relationship.

3. ADMINISTRATION.

(a) The Plan shall be administered by the Board unless and until the Board delegates administration to a Committee, as provided in Section 3(c) below.

(b) The Board shall have the power, except as otherwise provided in the Plan:

(i) To determine from time to time (A) which of the persons eligible under the Plan shall be granted Options, (B) when and how the Options shall be granted, (C) whether an Option will be an Incentive Stock Option or a Nonstatutory Stock Option, (D) the provisions of each Option granted (which need not be identical), including the time or times such Option may be exercised in whole or in part, and (E) the number of shares for which an Option shall be granted to each such person.

(ii) To construe and interpret the Plan and Options granted under it, and to establish, amend and revoke rules and regulations for the Plan's administration. The Board, in the exercise of its power, may correct any defect, omission or inconsistency in the Plan or in any Option Agreement in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan as provided in Section 11.

(iv) To place such restrictions on the sale or other disposition of Option Shares as may be deemed appropriate by the Board.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company.

(c) The Board may delegate administration of the Plan to a committee of the Board composed of not fewer than two (2) members (the "Committee"), all of the members of which Committee shall be Disinterested Persons. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board (and references in the Plan to the Board shall thereafter be deemed to be references to the Committee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(d) Notwithstanding the foregoing Section 3(c), the requirement that an administrator of the Plan be a Disinterested Person shall not apply if the Board or the Committee expressly declares that such requirement shall not apply. Any Disinterested Person shall otherwise comply with the requirements of Rule 16b-3.

4. SHARES SUBJECT TO THE PLAN.

Subject to the provisions of Section 9 relating to adjustments upon changes in stock, the stock that may be sold pursuant to the exercise of Options shall not exceed in the aggregate two million five hundred thousand (2,500,000) shares of the Company's Common Stock. If any Option shall for any reason expire or otherwise terminate without having been exercised in full, the stock not purchased pursuant to such Option shall again become available under the Plan.

5. ELIGIBILITY.

(a) Incentive Stock Options may be granted only to Employees. Nonstatutory Stock Options may be granted only to Employees, Directors or Consultants. In the event an Optionee is both an Employee and a Director, or an Optionee is both a Director and a Consultant, the Option Agreement shall specify the capacity in which the Optionee is granted the Option.

(b) Notwithstanding subsection (a) above, a Director shall in no event be eligible for the benefits of the Plan unless, at the time discretion is exercised in the selection of the Director as a person to whom Options may be granted or in the determination of the number of shares which may be covered by Options granted to the Director, (i) the Board has delegated its discretionary authority under the Plan to a Committee which consists solely of Disinterested Persons, or (ii) the Plan otherwise complies with the requirements of Rule 16b-3. The Board shall otherwise comply with the requirements of Rule 16b-3. However, this Section 5(b) shall not apply for so long as the Board or Committee expressly declares that it shall not apply.

6. OPTION AGREEMENT PROVISIONS.

Each Option shall be granted pursuant to a written Option Agreement which shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate Option Agreements need not be identical, but each Option Agreement shall include (through incorporation of the provisions hereof by reference in the Option Agreement or otherwise) the substance of each of the following provisions:

(a) Term. No Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) Price. The exercise price of each Option shall be set forth in the applicable Option Agreement; provided, however, that (i) the exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date such Option is granted, (ii) the exercise price of each Nonstatutory Stock Option shall be not less than eighty-five percent (85%) of the Fair Market Value of the Common Stock subject to the Option on the date such Option is granted, and (iii) if the Optionee owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company (or any of its Affiliates), the exercise price of the Option shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted.

(c) Consideration. The purchase price of Common Stock acquired pursuant to an Option shall be paid in cash at the time the Option, or portion thereof, is exercised; provided, however, at the discretion of the Board, the Option Agreement may allow (i) a delay in payment up to thirty (30) days from the date the Option, or portion thereof, is exercised, (ii) payment, in whole or in part, through the delivery of shares of Common Stock owned by the Optionee; (iii) payment, in whole or in part, through the surrender of Option Shares then issuable upon exercise of the Option; (iv) payment, in whole or in part, through the delivery of property of any kind which constitutes good and valuable consideration; or (v) any other method of "cashless exercise" permitted by the Board.

(d) Transferability. An Option shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the person to whom the Option is granted only by such person.

(e) Vesting. The total number of Option Shares subject to an Option may, but need not, be allotted in periodic installments (which may, but need not, be equal). The Option Agreement may provide that, from time to time during each of such installment periods, the Option may become exercisable ("vest") with respect to some or all of the Option Shares allotted to any period, and may be exercised with respect to some or all of the Option Shares allotted to such period and/or any prior period as to which the Option became vested but was not fully exercised. During the remainder of the term of the Option (if its term extends beyond the end of the installment periods), the Option may be exercised from time to time with respect to any Option Shares then remaining subject to the Option. Notwithstanding the foregoing, however, each Option granted to an Optionee who is not an officer, Director or Consultant shall vest at an annual rate which is not less than twenty percent (20%) of the total Option Shares subject to the Option over the five (5) year period commencing with the date of the grant of the Option.

(f) Securities Law Compliance. The Company may require any Optionee, or any person to whom an Option is transferred under Section 6(d), as a condition of exercising any such Option, (i) to give written assurances satisfactory to the Company as to the Optionee's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters, and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option, and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Option Shares subject to the Option for such person's own account and not with any present intention of selling or otherwise distributing the Option Shares. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if the issuance of the Option Shares upon the exercise of the Option has been registered under a then currently effective registration statement under the Securities Act or, as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws.

(g) Termination of Employment or Consulting Relationship. In the event of the Termination of Employment or Consulting Relationship of an Optionee for any reason (other than for Cause or upon the Optionee's death or Disability), the Optionee may exercise his or her Option, but only within such period of time as is set forth in the Option Agreement, and only to the extent that the Optionee was entitled to exercise the Option at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the case of an Incentive Stock Option, such period shall not exceed ninety (90) days from the date of termination. In the event of the Termination of Employment or Consulting Relationship of an Optionee for Cause, all Options granted hereunder to such Optionee shall expire as of the date of the occurrence giving rise to such termination or upon the date such Options expire by their terms, whichever is earlier, and such Optionee shall have no rights with respect to any unexercised Options.

If, at the date of a Termination of Employment or Consulting Relationship, the Optionee is not entitled to exercise his or her entire Option, the Option Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after a Termination of Employment or Consulting Relationship, the Optionee does not exercise his or her Option within the period specified in the Option Agreement, the Option shall terminate, and the Option Shares covered by such Option shall revert to the Plan.

(h) Disability of Optionee. In the event of a Termination of Employment or Consulting Relationship of an Optionee as a result of the Optionee's Disability, the Optionee may exercise his or her Option within the period specified in the Option Agreement (in no event be less than six (6) months from the date of such termination and, in the case of an Incentive Stock Option, in no event to exceed twelve (12) months from the date of such termination), and only to the extent that the Optionee was entitled to exercise the Option at the date of such termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). If, at the date of a Termination of Employment or Consulting Relationship, the Optionee is not entitled to exercise his or her entire Option, the Option Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after a Termination of Employment or Consulting Relationship, the Optionee does not exercise his or her Option within the period specified in the Option Agreement, the Option shall terminate, and the Option Shares covered by such Option shall revert to the Plan.

(i) Death of Optionee. In the event of the death of an Optionee, the Option may be exercised within the period specified in the Option Agreement (in no event to be less than six (6) months from the date of such termination) by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent the Optionee was entitled to exercise the Option at the date of death. If, at the time of death, the Optionee was not entitled to exercise his or her entire Option, the Option Shares covered by the unexercisable portion of the Option shall revert to the Plan. If, after death, the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified in the Option Agreement, the Option shall terminate, and the Option Shares covered by such Option shall revert to the Plan.

7. COVENANTS OF THE COMPANY.

(a) During the terms of the Options, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Options.

(b) The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell Option Shares upon exercise of the Options; provided, however, that this undertaking shall not require the Company to register under the Securities Act either the Plan, any Option or any Option Shares. If, after reasonable efforts or without unreasonable expense, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Option Shares under the Plan, the Company shall be

relieved from any liability for failure to issue and sell Option Shares upon exercise of such Options unless and until such authority is obtained.

8. USE OF PROCEEDS.

Proceeds from the sale of Option Shares shall be used for general operating capital of the Company.

9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK.

(a) If any change is made in the Common Stock subject to the Plan or subject to any Option (through reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or otherwise), the Plan and all outstanding Options will be appropriately adjusted in the class and maximum number of shares subject to the Plan and the class and number of shares and price per share of Common Stock subject to outstanding Options.

(b) In the event the Company is merged or consolidated with another corporation and the Company is the surviving corporation, each outstanding Option, whether or not then exercisable, shall pertain to and apply to the securities or other property to which a holder of the number the Option Shares subject to such Option would have been entitled upon such transaction.

(c) In the event the Company is merged or consolidated with another corporation and the Company is not the surviving corporation, or in the event substantially all of the property or stock of the Company is acquired by another corporation, or in case of a separation, reorganization, or liquidation of the Company, the Board shall, in its sole discretion as to each outstanding Option, either (i) make appropriate provision for protection of such Option by the substitution on an equitable basis of appropriate stock of the Company, or of the merged, consolidated or otherwise reorganized corporation which will be issuable in respect of the stock of the Company, or (ii) upon written notice to the holder of such Option, provide that such Option must be exercised within a specified period not exceeding sixty (60) days of the date of such notice to the extent such Option is exercisable on the last day of such specified period or it will be terminated. Any portion of such Option which is not exercisable on the last day of such specified period will be terminated and any portion of such Option which is not exercised on or before said last day shall terminate on said last day.

10. MISCELLANEOUS.

(a) Neither an Optionee nor any person to whom an Option is transferred under Section 6(d) shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Option Shares unless and until such person has satisfied all requirements for exercise of the Option pursuant to its terms and the Company has duly issued a stock certificate for such Option Shares.

(b) Nothing in the Plan or any instrument executed or Option granted pursuant thereto shall confer upon any Employee or Consultant or Optionee any right to continue in the employ of the Company or any Affiliate (or to continue acting as a Consultant) or shall restrict the right of the Company or any Affiliate to terminate the employment or consulting relationship of any Employee or Consultant or Optionee with or without cause.

(c) To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year under all plans of the Company and its Affiliates exceeds One Hundred Thousand Dollars ($100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

(d) The Company and the members of the Board shall be relieved from any liability for the non-issuance or non-transfer, or any delay of issuance or transfer, of any Option Shares which results from the inability of the Company to comply with, or to obtain, or from any delay in obtaining from any regulatory body having jurisdiction, all requisite authority to issue or transfer Option Shares if counsel for the Company deems such authority reasonably necessary for lawful issuance or transfer of any such shares. Appropriate legends may be placed on the stock certificates evidencing Option Shares to reflect such transfer restrictions.

11. AMENDMENT OF THE PLAN.

(a) The Board at any time, and from time to time, may amend the Plan. However, no amendment shall be effective unless approved by the shareholders of the Company within twelve (12) months before or after the adoption of the amendment where the amendment will:

(i) Increase the number of shares reserved for Options under the Plan, except as provided in Section 9 relating to adjustments upon changes in Common Stock;

(ii) Modify the requirements as to eligibility for participation in the Plan (to the extent such modification requires shareholder approval in order for the Plan to satisfy the requirements of Section 422 of the Code); or

(iii) Modify the Plan in any other way if such modification requires shareholder approval in order for the Plan to satisfy the requirements of Section 422 of the Code or to comply with the requirements of Rule 16b-3.

(b) It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide Optionees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under the Plan into compliance therewith.

(c) The rights and obligations under any Option granted before any amendment of the Plan shall not be altered or impaired by such amendment unless the Company requests the consent of the person to whom the Option was granted and such person consents in writing.

12. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on June 30, 2007 (which shall be within ten (10) years from the date the Plan is adopted by the Board or approved by the shareholders of the Company, whichever is earlier.) No Options may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any Option granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except with the consent of the person to whom the Option was granted.

13. EFFECTIVE DATE OF PLAN.

The Plan shall become effective on such date as the Plan is adopted by the Board, provided that the shareholders of the Company approve or have approved the Plan within twelve (12) months of such date. No Options granted under the Plan shall be exercised unless and until the Plan has been approved by the shareholders of the Company.

EXHIBIT 10.3

WIRELESS FACILITIES, INC.

1999 EQUITY INCENTIVE PLAN

Adopted by the Board of Directors on August 16, 1999
APPROVED BY STOCKHOLDERS ON September 9, 1999

1. PURPOSES.

(a) ELIGIBLE STOCK AWARD RECIPIENTS. The persons eligible to receive Stock Awards are the Employees, Directors and Consultants of the Company and its Affiliates.

(b) AVAILABLE STOCK AWARDS. The purpose of the Plan is to provide a means by which eligible recipients of Stock Awards may be given an opportunity to benefit from increases in value of the Common Stock through the granting of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) stock appreciation rights, (iv) stock bonuses and (v) rights to acquire restricted stock.

(c) GENERAL PURPOSE. The Company, by means of the Plan, seeks to retain the services of the group of persons eligible to receive Stock Awards, to secure and retain the services of new members of this group and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

2. DEFINITIONS.

(a) "AFFILIATE" means any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(b) "BOARD" means the Board of Directors of the Company.

(c) "CODE" means the Internal Revenue Code of 1986, as amended.

(d) "COMMITTEE" means a Committee appointed by the Board in accordance with subsection 3(c).

(e) "COMMON STOCK" means the common stock of the Company.

(f) "COMPANY" means Wireless Facilities, Inc., a Delaware corporation.

(g) "CONCURRENT STOCK APPRECIATION RIGHT" or "CONCURRENT RIGHT" means a right granted pursuant to subsection 7(c)(2) of the Plan.

(h) "CONSULTANT" means any person, including an advisor, (1) engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services or (2) who is a member of the Board of Directors of an Affiliate. However, the term "Consultant" shall not include either Directors of the Company who are not compensated by the Company for their services as Directors or Directors of the Company who are paid a director's fee or otherwise compensated by the Company solely for their services as Directors.

(i) "CONTINUOUS SERVICE" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director of the Company will not constitute an interruption of Continuous Service. The Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave.

(j) "COVERED EMPLOYEE" means the chief executive officer and the four (4) other highest compensated officers of the Company for whom total compensation is required to be reported to stockholders under the Exchange Act, as determined for purposes of Section 162(m) of the Code.

(k) "DIRECTOR" means a member of the Board of Directors of the Company.

(l) "DISABILITY" means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code.

(m) "EMPLOYEE" means any person employed by the Company or an Affiliate. Mere service as a Director or payment of a director's fee by the Company or an Affiliate shall not be sufficient to constitute "employment" by the Company or an Affiliate.

(n) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

(o) "FAIR MARKET VALUE" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on the Nasdaq National Market or the Nasdaq SmallCap Market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the last market trading day prior to the day of determination, as reported in THE WALL STREET JOURNAL or such other source as the Board deems reliable.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined in good faith by the Board.

(p) "INCENTIVE STOCK OPTION" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(q) "INDEPENDENT STOCK APPRECIATION RIGHT" or "INDEPENDENT RIGHT" means a right granted pursuant to subsection 7(c)(3) of the Plan.

(r) "LISTING DATE" means the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on any security exchange, or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system if such securities exchange or interdealer quotation system has been certified in accordance with the provisions of the Section 25100(o) of the California Corporate Securities Law of 1968.

(s) "NON-EMPLOYEE DIRECTOR" means a Director of the Company who either (i) is not a current Employee or Officer of the Company or its parent or a subsidiary, does not receive compensation (directly or indirectly) from the Company or its parent or a subsidiary for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act ("Regulation S-K")), does not possess an interest in any other transaction as to which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship as to which disclosure would be required under Item 404(b) of Regulation S-K; or (ii) is otherwise considered a "non-employee director" for purposes of Rule 16b-3.

(t) "NONSTATUTORY STOCK OPTION" means an Option not intended to qualify as an Incentive Stock Option.

(u) "OFFICER" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(v) "OPTION" means an Incentive Stock Option or a Nonstatutory Stock Option granted pursuant to the Plan.

(w) "OPTION AGREEMENT" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(x) "OPTIONHOLDER" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(y) "OUTSIDE DIRECTOR" means a Director of the Company who either (i) is not a current employee of the Company or an "affiliated corporation" (within the meaning of Treasury

Regulations promulgated under Section 162(m) of the Code), is not a former employee of the Company or an "affiliated corporation" receiving compensation for prior services (other than benefits under a tax qualified pension plan), was not an officer of the Company or an "affiliated corporation" at any time, and is not currently receiving direct or indirect remuneration from the Company or an "affiliated corporation" for services in any capacity other than as a Director or (ii) is otherwise considered an "outside director" for purposes of Section 162(m) of the Code.

(z) "PARTICIPANT" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(aa) "PLAN" means this Wireless Facilities, Inc. 1999 Equity Incentive Plan.

(bb) "RULE 16B-3" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(cc) "SECURITIES ACT" means the Securities Act of 1933, as amended.

(dd) "STOCK APPRECIATION RIGHT" means any of the various types of rights which may be granted under subsection 7(c) of the Plan.

(ee) "STOCK AWARD" means any right granted under the Plan, including an Option, a stock appreciation right, a stock bonus and a right to acquire restricted stock.

(ff) "STOCK AWARD AGREEMENT" means a written agreement, including an Option Agreement, between the Company and a holder of a Stock Award evidencing the terms and conditions of an individual Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(gg) "TANDEM STOCK APPRECIATION RIGHT" or "TANDEM RIGHT" means a right granted pursuant to subsection 7(c)(i)(1) of the Plan.

(hh) "TEN PERCENT STOCKHOLDER" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any of its Affiliates.

3. ADMINISTRATION.

(a) ADMINISTRATION BY BOARD. The Board will administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c).

(b) POWERS OF BOARD. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time: which of the persons eligible under the Plan shall be granted Stock Awards; when and how each Stock Award shall be granted; what type or combination of types of Stock Award shall be granted; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be

permitted to receive stock pursuant to a Stock Award; and the number of shares with respect to which a Stock Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To amend the Plan or a Stock Award as provided in Section 12.

(iv) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(v) Any interpretation of the Plan by the Board of any decision made by it under the Plan shall be final and binding on all persons.

(c) DELEGATION TO COMMITTEE.

(i) GENERAL. The Board may delegate administration of the Plan to a Committee or Committees of one or more members of the Board, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(ii) COMMITTEE COMPOSITION WHEN COMMON STOCK IS PUBLICLY TRADED. At such time as the Common Stock is publicly traded, in the discretion of the Board, a Committee may consist solely of two (2) or more Outside Directors, in accordance with Section 162(m) of the Code, and/or solely of two (2) or more Non-Employee Directors, in accordance with Rule 16b-3. Within the scope of such authority, the Board or the Committee may (i) delegate to a committee of one (1) or more members of the Board who are not Outside Directors, the authority to grant Stock Awards to eligible persons who are either (a) not then Covered Employees and are not expected to be Covered Employees at the time of recognition of income resulting from such Stock Award or (b) not persons with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (ii) delegate to a committee of one (1) or more members of the Board who are not Non-Employee Directors the authority to grant Stock Awards to eligible persons who are not then subject to Section 16 of the Exchange Act.

4. SHARES SUBJECT TO THE PLAN.

(a) SHARE RESERVE. Subject to the provisions of Section 11 relating to adjustments upon changes in stock, the stock that may be issued pursuant to Stock Awards shall not exceed in the aggregate six million (6,000,000) shares of Common Stock, plus an annual increase to be added January 1 each year beginning with January 1, 2000 equal to the least of the following amounts (i) 6,000,000 shares, (ii) 4 % of the Company's outstanding shares on such date (rounded to the nearest whole share and calculated on a fully diluted basis, that is assuming the exercise of all outstanding stock options and warrants to purchase common stock) or (iii) an amount determined by the Board.

(b) REVERSION OF SHARES TO THE SHARE RESERVE. If any Stock Award shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full (or vested in the case of Restricted Stock), the stock not acquired under such Stock Award shall revert to and again become available for issuance under the Plan. Shares subject to stock appreciation rights exercised in accordance with the Plan shall not be available for subsequent issuance under the Plan. If any Common Stock acquired pursuant to the exercise of an Option shall for any reason be repurchased by the Company under an unvested share repurchase option provided under the Plan, the stock repurchased by the Company under such repurchase option shall not revert to and again become available for issuance under the Plan.

(c) SOURCE OF SHARES. The stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

5. ELIGIBILITY.

(a) ELIGIBILITY FOR SPECIFIC STOCK AWARDS. Incentive Stock Options and Stock Appreciation Rights appurtenant thereto may be granted only to Employees. Stock Awards other than Incentive Stock Options and Stock Appreciation Rights appurtenant thereto may be granted to Employees, Directors and Consultants.

(b) TEN PERCENT STOCKHOLDERS. No Ten Percent Stockholder shall be eligible for the grant of an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock at the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) SECTION 162(M) LIMITATION. Subject to the provisions of Section 11 relating to adjustments upon changes in stock, no employee shall be eligible to be granted Options and/or stock appreciation rights covering more than five million (5,000,000) shares of the Common Stock during any calendar year.

6. OPTION PROVISIONS.

Each Option Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated

Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and a separate certificate or certificates will be issued for shares purchased on exercise of each type of Option. The provisions of separate Options and Option Agreements need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) TERM. Subject to the provisions of subsection 5(b) regarding Ten Percent Stockholders, no Incentive Stock Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) EXERCISE PRICE OF AN INCENTIVE STOCK OPTION. Subject to the provisions of subsection 5(b) regarding Ten Percent Stockholders, the exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(c) EXERCISE PRICE OF A NONSTATUTORY STOCK OPTION. The exercise price of each Nonstatutory Stock Option shall be not less than eighty-five percent (85%) of the Fair Market Value of the stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, a Nonstatutory Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(d) CONSIDERATION. The purchase price of stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Option is exercised or (ii) at the discretion of the Board at the time of the grant of the Option (or subsequently in the case of a Nonstatutory Stock Option) by delivery to the Company of other Common Stock, according to a deferred payment or other arrangement (which may include, without limiting the generality of the foregoing, the use of other Common Stock) with the Participant or in any other form of legal consideration that may be acceptable to the Board; provided, however, that at any time that the Company is incorporated in Delaware, payment of the Common Stock's "par value," as defined in the Delaware General Corporation Law, shall not be made by deferred payment, whether issuing a promissory note or otherwise.

In the case of any deferred payment arrangement, interest shall be compounded at least annually and shall be charged at no less than the minimum rate of interest necessary to avoid the treatment as interest, under any applicable provisions of the Code, of any amounts other than amounts stated to be interest under the deferred payment arrangement.

(e) TRANSFERABILITY OF AN INCENTIVE STOCK OPTION. An Incentive Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing provisions of this subsection 6(e), the Optionholder may, by delivering written

notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(f) TRANSFERABILITY OF A NONSTATUTORY STOCK OPTION. A Nonstatutory Stock Option shall be transferable to the extent provided in the Option Agreement. If the Nonstatutory Stock Option does not provide for transferability, then the Nonstatutory Stock Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder. Notwithstanding the foregoing provisions of this subsection 6(f), the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option.

(g) VESTING GENERALLY. The total number of shares of Common Stock subject to an Option may, but need not, vest and therefore become exercisable in periodic installments which may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this subsection 6(g) are subject to any Option Agreement provisions governing the minimum number of shares as to which an Option may be exercised.

(h) TERMINATION OF CONTINUOUS SERVICE. In the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise it as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period as may be specified in the Option Agreement), or (ii) the expiration of the term of the Option as set forth in the Option Agreement; provided, however, that the Board may in its sole discretion extend the exercise period of any Option for up to thirty (30) days after the date specified in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Option Agreement, the Option shall terminate.

(i) DISABILITY OF OPTIONHOLDER. In the event an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise it as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination (or such longer or shorter period as may be specified in the Option Agreement) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(j) DEATH OF OPTIONHOLDER. In the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise the Option as of the date of death) by the

Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the option upon the Optionholder's death pursuant to subsection 6(e) or 6(f), but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death (or such longer or shorter period as may be specified in the Option Agreement) or (2) the expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(k) EXTENSION OF TERMINATION DATE. An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service would be prohibited at any time solely because the issuance of shares would violate the registration requirements under the Securities Act, then the Option shall terminate no earlier than (i) the expiration of the term of the Option set forth in subsection 6(a) or (ii) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements.

(l) EARLY EXERCISE. The Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares subject to the Option prior to the full vesting of the Option. Any unvested shares so purchased may be subject to an unvested share repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate.

(m) RE-LOAD OPTIONS. Without in any way limiting the authority of the Board to make or not to make grants of Options hereunder, the Board shall have the authority (but not an obligation) to include as part of any Option Agreement a provision entitling the Optionholder to a further Option (a "Re-Load Option") in the event the Optionholder exercises the Option evidenced by the Option Agreement, in whole or in part, by surrendering other shares of Common Stock in accordance with this Plan and the terms and conditions of the Option Agreement. Any such Re-Load Option shall (i) provide for a number of shares equal to the number of shares surrendered as part or all of the exercise price of such Option; (ii) have an expiration date which is the same as the expiration date of the Option the exercise of which gave rise to such Re-Load Option; and (iii) have an exercise price which is equal to one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option. Notwithstanding the foregoing, a Re-Load Option shall be subject to the same exercise price and term provisions heretofore described for Options under the Plan.

Any such Re-Load Option may be an Incentive Stock Option or a Nonstatutory Stock Option, as the Board may designate at the time of the grant of the original Option; provided, however, that the designation of any Re-Load Option as an Incentive Stock Option shall be subject to the one hundred thousand dollars ($100,000) annual limitation on exercisability of Incentive Stock Options described in subsection 10(d) and in Section 422(d) of the Code. There shall be no Re-Load Options on a Re-Load Option. Any such Re-Load Option

shall be subject to the availability of sufficient shares under subsection 4(a) and the "Section 162(m) Limitation" on the grants of Options under subsection 5(c) and shall be subject to such other terms and conditions as the Board may determine which are not inconsistent with the express provisions of the Plan regarding the terms of Options.

7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) STOCK BONUS AWARDS. Each stock bonus agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of stock bonus agreements may change from time to time, and the terms and conditions of separate stock bonus agreements need not be identical, but each stock bonus agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) CONSIDERATION. A stock bonus shall be awarded in consideration for past services actually rendered to the Company for its benefit.

(ii) VESTING. Shares of Common Stock awarded under the stock bonus agreement may, but need not, be subject to a share reacquisition option in favor of the Company in accordance with a vesting schedule to be determined by the Board.

(iii) TERMINATION OF PARTICIPANT'S CONTINUOUS SERVICE. In the event a Participant's Continuous Service terminates, the Company may reacquire any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the stock bonus agreement.

(iv) TRANSFERABILITY. Rights to acquire shares under the stock bonus agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the stock bonus agreement, as the Board shall determine in its discretion, so long as stock awarded under the stock bonus agreement remains subject to the terms of the stock bonus agreement.

(b) RESTRICTED STOCK AWARDS. Each restricted stock purchase agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of the restricted stock purchase agreements may change from time to time, and the terms and conditions of separate restricted stock purchase agreements need not be identical, but each restricted stock purchase agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) PURCHASE PRICE. The purchase price under each restricted stock purchase agreement shall be such amount as the Board shall determine and designate in such restricted stock purchase agreement. The purchase price shall not be less than eighty-five percent (85%) of the stock's Fair Market Value on the date such award is made or at the time the purchase is consummated.

(ii) CONSIDERATION. The purchase price of stock acquired pursuant to the restricted stock purchase agreement shall be paid in one or a combination of the following forms: (i) in cash or by check at the time of purchase; (ii) at the discretion of the Board, according to a deferred payment arrangement using a promissory note or other similar arrangement with the Participant; or (iii) in any other form of legal consideration that may be acceptable to the Board in its discretion; provided, however, that at any time that the Company is incorporated in Delaware, payment of the Common Stock's "par value," as defined in the Delaware General Corporation Law, shall not be made by deferred payment.

(iii) VESTING. Shares of Common Stock acquired under the restricted stock purchase agreement may, but need not, be subject to a share repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Board.

(iv) TERMINATION OF PARTICIPANT'S CONTINUOUS SERVICE. In the event a Participant's Continuous Service terminates, the Company may repurchase or otherwise reacquire any or all of the shares of Common Stock held by the Participant which have not vested as of the date of termination under the terms of the restricted stock purchase agreement.

(v) TRANSFERABILITY. Rights to acquire shares under the restricted stock purchase agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the restricted stock purchase agreement, as the Board shall determine in its discretion, so long as stock awarded under the restricted stock purchase agreement remains subject to the terms of the restricted stock purchase agreement.

(c) STOCK APPRECIATION RIGHTS.

(i) AUTHORIZED RIGHTS. The following three types of stock appreciation rights shall be authorized for issuance under the Plan:

(1) TANDEM RIGHTS. A "Tandem Right" means a stock appreciation right granted appurtenant to an Option which is subject to the same terms and conditions applicable to the particular Option grant to which it pertains with the following exceptions: The Tandem Right shall require the holder to elect between the exercise of the underlying Option for shares of Common Stock and the surrender, in whole or in part, of such Option for an appreciation distribution. The appreciation distribution payable on the exercised Tandem Right shall be in cash (or, if so provided, in an equivalent number of shares of Common Stock based on Fair Market Value on the date of the Option surrender) in an amount up to the excess of (A) the Fair Market Value (on the date of the Option surrender) of the number of shares of Common Stock covered by that portion of the surrendered Option in which the Optionholder is vested over (B) the aggregate exercise price payable for such vested shares.

(2) CONCURRENT RIGHTS. A "Concurrent Right" means a stock appreciation right granted appurtenant to an Option which applies to all or a portion of the shares of Common Stock subject to the underlying Option and which is subject to the same terms and conditions applicable to the particular Option grant to which it pertains with the following exceptions: A Concurrent Right shall be exercised automatically at the same time the underlying

Option is exercised with respect to the particular shares of Common Stock to which the Concurrent Right pertains. The appreciation distribution payable on an exercised Concurrent Right shall be in cash (or, if so provided, in an equivalent number of shares of Common Stock based on Fair Market Value on the date of the exercise of the Concurrent Right) in an amount equal to such portion as determined by the Board at the time of the grant of the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Concurrent Right) of the vested shares of Common Stock purchased under the underlying Option which have Concurrent Rights appurtenant to them over (B) the aggregate exercise price paid for such shares.

(3) INDEPENDENT RIGHTS. An "Independent Right" means a stock appreciation right granted independently of any Option but which is subject to the same terms and conditions applicable to a Nonstatutory Stock Option with the following exceptions: An Independent Right shall be denominated in share equivalents. The appreciation distribution payable on the exercised Independent Right shall be not greater than an amount equal to the excess of (a) the aggregate Fair Market Value (on the date of the exercise of the Independent Right) of a number of shares of Company stock equal to the number of share equivalents in which the holder is vested under such Independent Right, and with respect to which the holder is exercising the Independent Right on such date, over (b) the aggregate Fair Market Value (on the date of the grant of the Independent Right) of such number of shares of Company stock. The appreciation distribution payable on the exercised Independent Right shall be in cash or, if so provided, in an equivalent number of shares of Common Stock based on Fair Market Value on the date of the exercise of the Independent Right.

(ii) RELATIONSHIP TO OPTIONS. Stock appreciation rights appurtenant to Incentive Stock Options may be granted only to Employees. The "Section 162(m) Limitation" provided in subsection 5(c) shall apply as well to the grant of stock appreciation rights.

(iii) EXERCISE. To exercise any outstanding stock appreciation right, the holder shall provide written notice of exercise to the Company in compliance with the provisions of the Stock Award Agreement evidencing such right. Except as provided in subsection 5(c) regarding the "Section 162(m) Limitation," no limitation shall exist on the aggregate amount of cash payments that the Company may make under the Plan in connection with the exercise of a stock appreciation right.

8. COVENANTS OF THE COMPANY.

(a) AVAILABILITY OF SHARES. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(B) SECURITIES LAW COMPLIANCE. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any stock issued or issuable pursuant to any such Stock Award or to take similar actions under applicable law. If, after

reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such Stock Awards unless and until such authority is obtained.

9. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of stock pursuant to Stock Awards shall constitute general funds of the Company.

10. MISCELLANEOUS.

(a) ACCELERATION OF EXERCISABILITY AND VESTING. The Board shall have the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(b) STOCKHOLDER RIGHTS. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such Stock Award unless and until such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms.

(c) NO EMPLOYMENT OR OTHER SERVICE RIGHTS. Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any Participant or other holder of Stock Awards any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, (iii) the service of a Consultant as a director of an Affiliate pursuant to the Bylaws of the Affiliate or (iv) the service of a Director pursuant to the Bylaws of the Company, and any applicable provisions of the corporate law of the state in which the Company is incorporated.

(d) INCENTIVE STOCK OPTION $100,000 LIMITATION. To the extent that the aggregate Fair Market Value (determined at the time of grant) of stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

(e) INVESTMENT ASSURANCES. The Company may require a Participant, as a condition of exercising or acquiring stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the

Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring the stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the shares upon the exercise or acquisition of stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act or (2) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

(f) WITHHOLDING OBLIGATIONS. To the extent provided by the terms of a Stock Award Agreement, the Participant may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of stock under a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares from the shares of the Common Stock otherwise issuable to the participant as a result of the exercise or acquisition of stock under the Stock Award; or (iii) delivering to the Company owned and unencumbered shares of the Common Stock.

11. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) CAPITALIZATION ADJUSTMENTS. If any change is made in the stock subject to the Plan, or subject to any Stock Award, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan will be appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to subsections 4(a) and 4(b) and the maximum number of securities subject to award to any person pursuant to subsection 5(c), and the outstanding Stock Awards will be appropriately adjusted in the class(es) and number of securities and price per share of stock subject to such outstanding Stock Awards. Such adjustments shall be made by the Board, the determination of which shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company.)

(b) CHANGE IN CONTROL--DISSOLUTION OR LIQUIDATION. In the event of a dissolution or liquidation of the Company, then such Stock Awards shall be terminated if not exercised (if applicable) prior to such event.

(c) CHANGE IN CONTROL--ASSET SALE. In the event of a sale of all or substantially all of the assets of the Company, then all Stock Awards outstanding under the Plan shall continue in full force and effect.

(d) CHANGE IN CONTROL--MERGER OR CONSOLIDATION IN WHICH THE COMPANY IS NOT THE SURVIVING CORPORATION. In the event of a merger or consolidation in which the Company is not the surviving corporation, then any surviving corporation or acquiring corporation shall assume any Stock Awards outstanding under the Plan or shall substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 11(d)) for those outstanding under the Plan. In the event any surviving corporation or acquiring corporation refuses to assume such Stock Awards or to substitute similar stock awards for those outstanding under the Plan, then with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the vesting of such Stock Awards (and, if applicable, the time during which such Stock Awards may be exercised) shall be accelerated in full, and the Stock Awards shall terminate if not exercised (if applicable) at or prior to such event. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised (if applicable) prior to such event.

(e) CHANGE IN CONTROL--REVERSE MERGER. In the event of a reverse merger in which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then any acquiring corporation (or a corporation which directly or indirectly controls such an acquiring corporation) shall assume any Stock Awards outstanding under the Plan or shall substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 11(e)) for those outstanding under the Plan. In the event any acquiring corporation or corporation controlling such an acquiring corporation refuses to assume such Stock Awards or to substitute similar stock awards for those outstanding under the Plan, then with respect to Stock Awards held by Participants whose Continuous Service has not terminated, the vesting of such Stock Awards (and, if applicable, the time during which such Stock Awards may be exercised) shall be accelerated in full, and the Stock Awards shall terminate if not exercised (if applicable) at or prior to such event. With respect to any other Stock Awards outstanding under the Plan, such Stock Awards shall terminate if not exercised (if applicable) prior to such event.

12. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) AMENDMENT OF PLAN. The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 11 relating to adjustments upon changes in stock, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy the requirements of Section 422 of the Code, Rule 16b-3 or any Nasdaq or securities exchange listing requirements.

(b) STOCKHOLDER APPROVAL. The Board may, in its sole discretion, submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations

thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation paid to certain executive officers.

(c) CONTEMPLATED AMENDMENTS. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

(d) NO IMPAIRMENT OF RIGHTS. Rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

(e) AMENDMENT OF STOCK AWARDS. The Board at any time, and from time to time, may amend the terms of any one or more Stock Awards; provided, however, that the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the Participant and (ii) the Participant consents in writing.

13. TERMINATION OR SUSPENSION OF THE PLAN.

(a) PLAN TERM. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on July 31, 2009, which shall be within ten (10) years from the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) NO IMPAIRMENT OF RIGHTS. Rights and obligations under any Stock Award granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except with the written consent of the Participant.

14. EFFECTIVE DATE OF PLAN.

This Plan shall become effective on the Listing Date, but no Stock Award shall be exercised (or, in the case of a stock bonus, shall be granted) unless and until this Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

EXHIBIT 10.5

WIRELESS FACILITIES, INC.

EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS ON AUGUST 16, 1999
APPROVED BY THE STOCKHOLDERS ON SEPTEMBER 9, 1999

1. PURPOSE.

(a) The purpose of this Employee Stock Purchase Plan (the "Plan") is to provide a means by which employees of Wireless Facilities, Inc., a Delaware corporation (the "Company"), and its Affiliates, as defined in subparagraph 1(b), which are designated as provided in subparagraph 2(b), may be given an opportunity to purchase stock of the Company.

(b) The word "Affiliate" as used in the Plan means any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Company, by means of the Plan, seeks to retain the services of its employees, to secure and retain the services of new employees, and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(d) The Company intends that the rights to purchase stock of the Company granted under the Plan be considered options issued under an "employee stock purchase plan" as that term is defined in Section 423(b) of the Code.

2. ADMINISTRATION.

(a) The Plan shall be administered by the Board of Directors (the "Board") of the Company unless and until the Board delegates administration to a Committee, as provided in subparagraph 2(c). Whether or not the Board has delegated administration, the Board shall have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(b) The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how rights to purchase stock of the Company shall be granted and the provisions of each offering of such rights (which need not be identical).

(ii) To designate from time to time which Affiliates of the Company shall be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the

exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To amend the Plan as provided in paragraph 13.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and its Affiliates and to carry out the intent that the Plan be treated as an "employee stock purchase plan" within the meaning of Section 423 of the Code.

(c) The Board may delegate administration of the Plan to a Committee composed of one (1) or more members of the Board (the "Committee"). If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

(d) Any interpretation of the Plan by the Board of any decision made by it under the Plan shall be final and binding on all persons.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of paragraph 12 relating to adjustments upon changes in stock, the stock that may be sold pursuant to rights granted under the Plan shall not exceed in the aggregate seven hundred thousand (700,000) shares of the Company's common stock (the "Common Stock"). If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for the Plan.

(b) The stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

4. GRANT OF RIGHTS; OFFERING.

(a) The Board or the Committee may from time to time grant or provide for the grant of rights to purchase Common Stock of the Company under the Plan to eligible employees (an "Offering") on a date or dates (the "Offering Date(s)") selected by the Board or the Committee. Each Offering shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate, which shall comply with the requirements of Section 423(b)(5) of the Code that all employees granted rights to purchase stock under the Plan shall have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering shall include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering shall be effective, which period shall not exceed twenty-

seven (27) months beginning with the Offering Date, and the substance of the provisions contained in paragraphs 5 through 8, inclusive.

(b) If an employee has more than one (1) right outstanding under the Plan, unless he or she otherwise indicates in agreements or notices delivered hereunder, a right with a lower exercise price (or an earlier-granted right if two (2) rights have identical exercise prices), will be exercised to the fullest possible extent before a right with a higher exercise price (or a later-granted right if two (2) rights have identical exercise prices) will be exercised.

5. ELIGIBILITY.

(a) Rights may be granted only to employees of the Company or, as the Board or the Committee may designate as provided in subparagraph 2(b), to employees of any Affiliate of the Company. Except as provided in subparagraph 5(b), an employee of the Company or any Affiliate shall not be eligible to be granted rights under the Plan unless, on the Offering Date, such employee has been in the employ of the Company or any Affiliate for such continuous period preceding such grant as the Board or the Committee may require, but in no event shall the required period of continuous employment be greater than two (2) years. In addition, unless otherwise determined by the Board or the Committee and set forth in the terms of the applicable Offering, no employee of the Company or any Affiliate shall be eligible to be granted rights under the Plan unless, on the Offering Date, such employee's customary employment with the Company or such Affiliate is for at least twenty (20) hours per week and at least five (5) months per calendar year.

(b) The Board or the Committee may provide that each person who, during the course of an Offering, first becomes an eligible employee of the Company or designated Affiliate will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an eligible employee or occurs thereafter, receive a right under that Offering, which right shall thereafter be deemed to be a part of that Offering. Such right shall have the same characteristics as any rights originally granted under that Offering, as described herein, except that:

(i) the date on which such right is granted shall be the "Offering Date" of such right for all purposes, including determination of the exercise price of such right;

(ii) the period of the Offering with respect to such right shall begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board or the Committee may provide that if such person first becomes an eligible employee within a specified period of time before the end of the Offering, he or she will not receive any right under that Offering.

(c) No employee shall be eligible for the grant of any rights under the Plan if, immediately after any such rights are granted, such employee owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Affiliate. For purposes of this subparagraph 5(c), the rules of Section 424(d) of the Code shall apply in determining the stock ownership of any employee, and stock which such

employee may purchase under all outstanding rights and options shall be treated as stock owned by such employee.

(d) An eligible employee may be granted rights under the Plan only if such rights, together with any other rights granted under "employee stock purchase plans" of the Company and any Affiliates, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Affiliate to accrue at a rate which exceeds twenty five thousand dollars ($25,000) of fair market value of such stock (determined at the time such rights are granted) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any designated Affiliate shall be eligible to participate in Offerings under the Plan; provided, however, that the Board may provide in an Offering that certain employees who are highly compensated employees within the meaning of Section 423(b)(4)(D) of the Code shall not be eligible to participate.

6. RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each eligible employee, pursuant to an Offering made under the Plan, shall be granted the right to purchase up to the number of shares of Common Stock of the Company purchasable with a percentage designated by the Board or the Committee not exceeding fifteen percent (15%) of such employee's Earnings (as defined in subparagraph 7(a)) during the period which begins on the Offering Date (or such later date as the Board or the Committee determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no later than the end of the Offering. The Board or the Committee shall establish one (1) or more dates during an Offering (the "Purchase Date(s)") on which rights granted under the Plan shall be exercised and purchases of Common Stock carried out in accordance with such Offering.

(b) In connection with each Offering made under the Plan, the Board or the Committee may specify a maximum number of shares that may be purchased by any employee as well as a maximum aggregate number of shares that may be purchased by all eligible employees pursuant to such Offering. In addition, in connection with each Offering that contains more than one (1) Purchase Date, the Board or the Committee may specify a maximum aggregate number of shares which may be purchased by all eligible employees on any given Purchase Date under the Offering. If the aggregate purchase of shares upon exercise of rights granted under the Offering would exceed any such maximum aggregate number, the Board or the Committee shall make a pro rata allocation of the shares available in as nearly a uniform manner as shall be practicable and as it shall deem to be equitable.

(c) The purchase price of stock acquired pursuant to rights granted under the Plan shall be not less than the lesser of:

(i) an amount equal to eighty-five percent (85%) of the fair market value of the stock on the Offering Date; or

(ii) an amount equal to eighty-five percent (85%) of the fair market value of the stock on the Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An eligible employee may become a participant in the Plan pursuant to an Offering by delivering an enrollment agreement to the Company within the time specified in the Offering, in such form as the Company provides. Each such agreement shall authorize payroll deductions of up to the maximum percentage specified by the Board or the Committee of such employee's Earnings during the Offering. "Earnings" is defined as an employee's regular salary or wages (including amounts thereof elected to be deferred by the employee, that would otherwise have been paid, under any arrangement established by the Company that is intended to comply with Section 125, Section 401(k), Section 402(e)(3), Section 402(h) or section 403(b) of the Code, and also including any deferrals under a non-qualified deferred compensation plan or arrangement established by the Company), and also, if determined by the Board or the Committee and set forth in the terms of the Offering, may include any or all of the following: (i) overtime pay, (ii) commissions, (iii) bonuses, incentive pay, profit sharing and other remuneration paid directly to the employee, and/or (iv) other items of remuneration not specifically excluded pursuant to the Plan. Earnings shall not include the cost of employee benefits paid for by the Company or an Affiliate, education or tuition reimbursements, imputed income arising under any group insurance or benefit program, traveling expenses, business and moving expense reimbursements, income received in connection with stock options, contributions made by the Company or an Affiliate under any employee benefit plan, and similar items of compensation, as determined by the Board or the Committee. Notwithstanding the foregoing, the Board or Committee may modify the definition of "Earnings" with respect to one or more Offerings as the Board or Committee determines appropriate. The payroll deductions made for each participant shall be credited to an account for such participant under the Plan and shall be deposited with the general funds of the Company. A participant may reduce (including to zero) or increase such payroll deductions, and an eligible employee may begin such payroll deductions, after the beginning of any Offering only as provided for in the Offering. A participant may make additional payments into his or her account only if specifically provided for in the Offering and only if the participant has not had the maximum amount withheld during the Offering.

(b) At any time during an Offering, a participant may terminate his or her payroll deductions under the Plan and withdraw from the Offering by delivering to the Company a notice of withdrawal in such form as the Company provides. Such withdrawal may be elected at any time prior to the end of the Offering except as provided by the Board or the Committee in the Offering. Upon such withdrawal from the Offering by a participant, the Company shall distribute to such participant all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire stock for the participant) under the Offering, without interest, and such participant's interest in that Offering shall be automatically terminated. A participant's withdrawal from an Offering will have no effect upon such participant's eligibility to participate in any other Offerings under the Plan but such participant will be required to deliver a new enrollment agreement in order to participate in subsequent Offerings under the Plan.

(c) Rights granted pursuant to any Offering under the Plan shall terminate immediately upon cessation of any participating employee's employment with the Company and

any designated Affiliate, for any reason, and the Company shall distribute to such terminated employee all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire stock for the terminated employee), under the Offering, without interest.

(d) Rights granted under the Plan shall not be transferable by a participant other than by will or the laws of descent and distribution, or by a beneficiary designation as provided in paragraph 14, and during a participant's lifetime, shall be exercisable only by such participant.

8. EXERCISE.

(a) On each Purchase Date specified therefor in the relevant Offering, each participant's accumulated payroll deductions and other additional payments specifically provided for in the Offering (without any increase for interest) will be applied to the purchase of whole shares of stock of the Company, up to the maximum number of shares permitted pursuant to the terms of the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares shall be issued upon the exercise of rights granted under the Plan. The amount, if any, of accumulated payroll deductions remaining in each participant's account after the purchase of shares which is less than the amount required to purchase one share of Common Stock on the final Purchase Date of an Offering shall be held in each such participant's account for the purchase of shares under the next Offering under the Plan, unless such participant withdraws from such next Offering, as provided in subparagraph 7(b), or is no longer eligible to be granted rights under the Plan, as provided in paragraph 5, in which case such amount shall be distributed to the participant after such final Purchase Date, without interest. The amount, if any, of accumulated payroll deductions remaining in any participant's account after the purchase of shares which is equal to the amount required to purchase one or more whole shares of Common Stock on the final Purchase Date of an Offering shall be distributed in full to the participant after such Purchase Date, without interest.

(b) No rights granted under the Plan may be exercised to any extent unless the shares to be issued upon such exercise under the Plan (including rights granted thereunder) are covered by an effective registration statement pursuant to the Securities Act of 1933, as amended (the "Securities Act") and the Plan is in material compliance with all applicable state, foreign and other securities and other laws applicable to the Plan. If on a Purchase Date in any Offering hereunder the Plan is not so registered or in such compliance, no rights granted under the Plan or any Offering shall be exercised on such Purchase Date, and the Purchase Date shall be delayed until the Plan is subject to such an effective registration statement and such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Offering Date. If on the Purchase Date of any Offering hereunder, as delayed to the maximum extent permissible, the Plan is not registered and in such compliance, no rights granted under the Plan or any Offering shall be exercised and all payroll deductions accumulated during the Offering (reduced to the extent, if any, such deductions have been used to acquire stock) shall be distributed to the participants, without interest.

9. COVENANTS OF THE COMPANY.

(a) During the terms of the rights granted under the Plan, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such rights.

(b) The Company shall seek to obtain from each federal, state, foreign or other regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell shares of stock upon exercise of the rights granted under the Plan. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such rights unless and until such authority is obtained.

10. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of stock pursuant to rights granted under the Plan shall constitute general funds of the Company.

11. RIGHTS AS A STOCKHOLDER.

A participant shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to rights granted under the Plan unless and until the participant's shareholdings acquired upon exercise of rights under the Plan are recorded in the books of the Company (or its transfer agent).

12. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) If any change is made in the stock subject to the Plan, or subject to any rights granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan and outstanding rights will be appropriately adjusted in the class(es) and maximum number of shares subject to the Plan and the class(es) and number of shares and price per share of stock subject to outstanding rights. Such adjustments shall be made by the Board or the Committee, the determination of which shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a "transaction not involving the receipt of consideration by the Company.")

(b) In the event of: (1) a dissolution or liquidation of the Company; (2) a sale of all or substantially all of the assets of the Company; (3) a merger or consolidation in which the Company is not the surviving corporation; (4) a reverse merger in which the Company is the surviving corporation but the shares of the Company's Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise; (5) the acquisition by any person, entity or group within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any comparable successor provisions (excluding any employee benefit plan, or related trust, sponsored or maintained by the Company or any Affiliate of the Company) of

the beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act, or comparable successor rule) of securities of the Company representing at least fifty percent (50%) of the combined voting power entitled to vote in the election of directors; or (6) the individuals who, as of the date of the adoption of this Plan, are members of the Board (the "Incumbent Board"; (if the election, or nomination for election by the Company's stockholders, of a new director was approved by a vote of at least fifty percent (50%) of the members of the Board then comprising the Incumbent Board, such new director shall upon his or her election be considered a member of the Incumbent Board) cease for any reason to constitute at least fifty percent (50%) of the Board; then the Board in its sole discretion may take any action or arrange for the taking of any action among the following: (i) any surviving or acquiring corporation may assume outstanding rights or substitute similar rights for those under the Plan, (ii) such rights may continue in full force and effect, or (iii) all participants' accumulated payroll deductions may be used to purchase Common Stock immediately prior to or within a reasonable period of time following the transaction described above and the participants' rights under the ongoing Offering terminated.

13. AMENDMENT OF THE PLAN OR OFFERINGS.

(a) The Board at any time, and from time to time, may amend the Plan or the terms of one or more Offerings. However, except as provided in paragraph 12 relating to adjustments upon changes in stock, no amendment shall be effective unless approved by the stockholders of the Company within twelve (12) months before or after the adoption of the amendment, where the amendment will:

(i) Increase the number of shares reserved for rights under the Plan;

(ii) Modify the provisions as to eligibility for participation in the Plan or an Offering (to the extent such modification requires stockholder approval in order for the Plan to obtain employee stock purchase plan treatment under Section 423 of the Code or to comply with the requirements of Rule 16b-3 promulgated under the Exchange Act, or any comparable successor rule ("Rule 16b-3"); or

(iii) Modify the Plan or an Offering in any other way if such modification requires stockholder approval in order for the Plan to obtain employee stock purchase plan treatment under Section 423 of the Code or to comply with the requirements of Rule 16b-3.

It is expressly contemplated that the Board may amend the Plan or an Offering in any respect the Board deems necessary or advisable to provide eligible employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to employee stock purchase plans and/or to bring the Plan and/or rights granted under an Offering into compliance therewith.

(b) The Board may, in its sole discretion, submit any amendment to the Plan or an Offering for stockholder approval.

(c) Rights and obligations under any rights granted before amendment of the Plan or Offering shall not be impaired by any amendment of the Plan, except with the consent of the

person to whom such rights were granted, or except as necessary to comply with any laws or governmental regulations, or except as necessary to ensure that the Plan and/or rights granted under an Offering comply with the requirements of Section 423 of the Code.

14. DESIGNATION OF BENEFICIARY.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if applicable, from the participant's account under the Plan in the event of such participant's death subsequent to the end of an Offering but prior to delivery to the participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death during an Offering.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice in the form prescribed by the Company. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living (or if an entity, is otherwise in existence) at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares and/or cash to the spouse or to any one (1) or more dependents or relatives of the participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may determine.

15. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board in its discretion, may suspend or terminate the Plan at any time. The Plan shall automatically terminate if all the shares subject to the Plan pursuant to subparagraph 3(a) are issued. No rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any rights granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except as expressly provided in the Plan or with the consent of the person to whom such rights were granted, or except as necessary to comply with any laws or governmental regulation, or except as necessary to ensure that the Plan and/or rights granted under an Offering comply with the requirements of Section 423 of the Code.

16. EFFECTIVE DATE OF PLAN.

The Plan shall become effective on the same day on which the Company's registration statement under the Securities Act with respect to the initial public offering of shares of the Company's Common Stock becomes effective (the "Effective Date"), but no rights granted under the Plan shall be exercised unless and until the Plan had been approved by the stockholders of the Company within twelve (12) months before or after the date the Plan is adopted by the Board or the Committee, which date may be prior to the Effective Date.

17. CHOICE OF LAW.

All questions concerning the construction, validity and interpretation of this Plan shall be governed by the law of the State of California, without regard to such state's conflict of laws rules.

EXHIBIT 10.6

SAN DIEGO TECH CENTER
R & D BUILDING LEASE BETWEEN
SORRENTO TECH ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP
AND
WIRELESS FACILITIES INC., A NEW YORK CORPORATION

BASIC LEASE TERMS OF R & D BUILDING LEASE
BETWEEN
SORRENTO TECH ASSOCIATES
AND
WIRELESS FACILITIES INC.

The following Basic Lease Terms constitute a general summary for the San Diego Tech Center R & D Building Lease to which they are attached. This summary is for convenience only; the terms and provisions of the Lease attached hereto are controlling.

1. Landlord: Sorrento Tech Associates, a California limited partnership.
2. Tenant: Wireless Facilities Inc., a New York Corporation.
3. Premises: Approximately 5,695 rentable square feet in the building located at 9725 Scranton Road, San Diego, California 92121, commonly known as Suite 140 of Building 3 of the San Diego Tech Center.
4. Lease Term: 33 Months.
5. Commencement Date: December 1, 1996.
6. Rent:
   (a) Initial Term Rent:
      (i) Months 1-9: $.80 NNN per rentable square foot per month.
      (ii) Months 10-21: $.85 NNN per rentable square foot per month.
      (iii) Months 22-33: $.90 NNN per rentable square foot per month.
   (b) Additional Charges:
      Tenant's Share of Building Expenses = 12.6%.
      Tenant's Share of Project Expenses = .9%.
7. Security Deposit: $6,150.00.
8. Permitted Use: General office, research and development uses.
9. Tenant Improvement Allowance: $2,000.00
10. Insurance: Tenant to obtain insurance as described in Section 16 of the Lease.
11. Address for Payments and Notices to Landlord:

    c/o Sentre Partners
    9605 Scranton Road, Suite 102
    San Diego, California 92121.

12. Address for Notices to Tenant:

    Wireless Facilities Inc.
    9745 Scranton Road, Suite 140
    San Diego, CA 92121

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SAN DIEGO TECH CENTER
OFFICE BUILDING LEASE BETWEEN
SORRENTO TECH ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP
AND WIRELESS FACILITIES INC., A NEW YORK CORPORATION

THIS LEASE, dated as of November 15, 1995, for purposes of reference only, is made and entered into by and between SORRENTO TECH ASSOCIATES, a California limited partnership ("Landlord"), and WIRELESS FACILITIES INC., a New York Corporation ("Tenant").

Landlord and Tenant hereby covenant and agree as follows:

1. Definitions.

1.1 Location of Definitions. For convenience of reference only, the following terms are defined in the Section indicated:

(a) AAA - 30.18(a)
(b) Additional Charges - 4.2
(c) Alterations - 10.1
(d) Asbestos Reports - 30.1
(e) Assignment - 18.1
(f) Building - 2.1
(g) Buildings - 2.3
(h) Building Common Area(s) - 2.2
(i) Building Expenses - 5.1(c)
(j) Building Real Property - 2.1
(k) Building Rentable Area - 2.6
(l) Commencement Date - 3.1
(m) Damaged Property - 15.1
(n) Expiration Date - 3.1
(o) Hazardous Material - 9.4
(p) Landlord's Expense Statement - 5.3
(q) Partial Year - 5.4
(r) Premises - 2.1
(s) Project - 2.3
(t) Project Common Area(s) - 2.4
(u) Project Expenses - 5.1(d)
(v) Project Real Property - 2.4
(w) Project Rentable Area - 2.7
(x) Real Estate Taxes - 5.1(a)
(y) Related Entities - 22.2
(z) Relocation Notice - 30.19
(aa) Rent - 4.1
(ab) Rentable Area - 2.5
(ac) Security Deposit - 6

(ad) Space Plan - 7.1
(ae) Sublease - 18.1
(af) Substitute Premises - 30.19
(ag) Commencement Date - 3.1
(ah) Tenant Improvements - 7.1
(ai) Tenant Owned Property - 10.2
(aj) Tenant's Agents - 22.2
(ak) Tenant's Building Share - 5.1 (e)
(al) Tenant's Delay - 3.1
(am) Term - 3.1
(a0) The worth at the time of award - 20.2(f)

2. Premises.

2.1 Premises/Building/Building Real Property Defined. Subject to the terms, covenants and conditions hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord those premises (the "Premises") consisting of the area shown on the floor plan(s) attached hereto as Exhibit "A" located in the building located at 9725 Scranton Road, San Diego, California 92121, commonly known as Building 3 of the San Diego Tech Center (the "Building"). The Building and the real property upon which the Building is located, together with the utilities, facilities, drives, walkways and other amenities directly appurtenant to and servicing the Building are herein sometimes collectively called the "Building Real Property". The exact boundary of the Premises shall be constructed, and shall extend to the unfinished surface of all floors and the underside of the structural concrete slab forming the ceiling of the Premises. Landlord shall have the right at Landlord's sole discretion to lease portions of the Building for retail and other uses from time to time, and Landlord makes no representations or warranties as to the character of nature of any of the tenancies in the Building. Landlord shall have the exclusive right to determine the nature, location, and mix of tenants of the Building and of the Project and all other matters relating to the operation thereof.

2.2 Building Common Area Defined. The terms "Building Common Area" and "Building Common Areas" shall mean spaces, facilities, and installations such as toilets, janitor, telephone, electrical, and mechanical rooms and closets, trash facilities, stairs, public lobbies, corridors and other circulation areas, wherever located in the Building, and all other areas of the Building not leased or intended by Landlord to be leased to tenants, as may be designated by Landlord from time to time.

2.3 Project Defined. The Building is part of a real estate project commonly known as the San Diego Tech Center (the "Project"). For

purposes of this Lease, the Project shall be deemed to consist of the Building, Buildings 1,2, 3D, 4, 5A, 5B and 5C, a free-standing restaurant, a free-standing athletic club, an aerobic center, a racquetball court, two tennis courts, two volleyball courts, walking/running paths, landscape, sidewalks and adjacent parking areas and all appurtenances to the foregoing, all as shown on the site plan attached hereto as Exhibit "B". The Building and Buildings 1,2, 3D, 4, 5, 5A, 5B and 5C (including common areas within said Buildings) are sometimes herein collectively called the "Buildings").

2.4 Project Common Area and Project Real Property Defined.

The term "Project Common Area" and "Project Common Areas" shall mean all portions of the Project other than (i) the Buildings (but including the aerobic center and racquetball court if they are located in any of the Buildings), and (ii) the Building Common Areas. The real property upon which the Project Common Areas are located, together with the utilities, facilities, drives, walkways and other amenities appurtenant to or servicing the Project Common Areas, are herein sometimes collectively called the "Project Real Property." Tenant acknowledges and agrees that Landlord, in its sole discretion, may relocate, eliminate, alter or otherwise make such decisions with respect to the various components or Project Common Areas as Landlord in good faith deems appropriate.

2.5 Rentable Area Defined. For purposes of this Lease, the "Rentable Area" of the Premises shall be 5,695 rentable square feet; provided, however, that Landlord makes no representations or warranties as to the exact square footage in the Premises. Tenant, at Tenant's expense, reserves the right to have the Premises. Tenant, as Tenant's expense, reseves the right to have the Premises measured by a qualified architect using BOMA standards. If the results of such measurement indicate that the Rentable Areas as stated in this Lease is inaccurate, then Rentable Area shall be adjusted accordingly by written amendment to this Lease.

2.6 Building Rentable Area Defined. For purposes of this Lease, the "Building Rentable Area" shall be 45,145 rentable square feet, consisting of rentable square feet in the Building; provided, however, that Landlord makes no representations or Warranties as to the exact square footage in the Building.

2.7 Project Rentable Area Defined. For purposes of this Lease, the "Project Rentable Area" shall be 632,809 square feet, consisting of rentable square feet contained in the Buildings; provided, however, that Landlord makes no representations or warranties as to the exact square footage in the Project.

3. Term.

3.1 Term. The parties intend that the initial term of this Lease (the "Term") shall be thirty-three months and shall commence on December 1, 1996 (the "Commencement Date"), and shall expire on August 31, 1999, unless sooner terminated pursuant to the terms of this Lease. The date on which this Lease expires shall be referred to herein as the "Expiration Date." If the Premises is ready for occupancy prior to the Commencement Date then Tenant shall be allowed early occupancy of the Premises.

4. Rent; Additional Charges.

4.1 Rent. Tenant shall pay to Landlord $.80 NNN per month per rentable square foot for months 1-9, and $.85 NNN per month per rentable square foot for months 10-21, and $.90 NNN per month per rentable square foot for months 22-33. Rent shall be payable by Tenant monthly beginning on the Commencement Date and thereafter on or before the first day of each month, in advance. If Rent is not received by the tenth day of the month, then Tenant will incur a late fee of $500.00 and be subject to interest charges as set forth in Section 22.5. The first time Rent is late, Landlord agrees to issue Tenant a warning and not assess the late fee. If the Commencement Date should occur on a day other than the first day of a calendar month, or the Expiration Date should occur on a day other than the last day of a calendar month, then the Rent for such fractional month shall be prorated upon a daily basis based upon a thirty (30) day calendar month, and based upon the rate for the immediately following or preceding month.

4.2 Additional Charges. Tenant shall pay to Landlord in equal monthly installments on or before the first day of each month, in advance and at the place where the Rent is payable, all charges, fees and expenses and other amounts whatsoever as provided in or due under this Lease ("Additional Charges"), including without limitation all amounts due pursuant to the provisions of Article 5 and the Exhibits hereto. Landlord shall have the same remedies for Tenant's failure to pay any item of Additional Charges when due as for failure to pay any installment of Rent when due. For purposes of determining Landlord's remedies in the event of Tenant's default and calculatimg amounts due thereunder, Additional Charges shall be deemed to be Rent. Except as otherwise provided in this Lease, Landlord shall maintain the Building and Project in good order, condition and repair, which costs shall be included in Additional Charges hereunder.

4.3 Manner of Payment. All payments of Rent and Additional Charges shall be made without prior demand and without offset, deduction

or counterclaim, in lawful money of the United States of America. Such payments shall be made at the address for Landlord specified herein or at such other place as Landlord shall designate from time to time.

5. Additional Charges for Expenses.

5.1 Definitions. For purposes of this Article 5, the following terms shall have the following meanings:

(a) "Real Estate Taxes" shall mean all general real property taxes and general and special assessments, transit charges or fees, fees or assessments, housing fund assessments, payments in lieu of taxes, and any tax, fee or excise levied or assessed (whether at the date of this Lease or thereafter) (i) on the Building Real Property or Project Real Property, any portion thereof or Landlord's interest therein, or Landlord's personal property used in the operation of the Building or the Project Common Areas, (ii) on the use or occupancy of the Building Real Property or the Project Real Property or any portion thereof, including any tax or levy made against Rent, Additional Charges, or gross receipts from the Building or the Project Common Areas, (iii) in connection with the business of renting space in the Building or the Project Common Areas, or (iv) as a result of the transfer of any interest in the Building Real Property or Project Real Property or any portion thereof or interest therein, that are now or hereafter levied or assessed by the United States of America, the State of California, or any political subdivision, public corporation, district or other political or public entity. Real Estate Taxes shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, in whole or in part, any other Real Estate Taxes. Real Estate Taxes shall not include income, franchise, inheritance or capital stock taxes, unless, resulting from a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, in whole or in part, any other tax, assessment or charge that would otherwise constitute a Real Estate Tax. Real Estate Taxes shall not include those amounts payable by Tenant pursuant to Section 28, or similar amounts attributable to other tenants of the Building.

(b) Notwithstanding anything to the contrary contained herein, Real Estate Taxes shall not include income tax, excess profits or revenue tax, excise tax, inheritance tax, gift tax, gains tax, franchise tax, transfer tax (as opposed to increases in Real Estate Taxes resulting from a transfer of any interest in the Building Real Property or Project Real Property), corporation tax, capital levy, estate, succession or other similar tax or charge that may be payable by or chargeable to Landlord under any present or future laws.

(c) "Building Expenses" shall mean the costs and expenses directly and reasonably paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Building, including, without limitation, (i) Real Estate Taxes related to the Building Real Property, (ii) the cost of heating, ventilation, air conditioning, steam, electricity, gas, domestic water, sewer services, mechanical, elevator and other systems and all other utilities, and the cost of supplies and equipment and maintenance and service contracts in connection therewith, (iii) the cost of repairs, replacements, general maintenance and cleaning, trash removal and other service agreements, (iv) the cost of such fire, extended coverage, boiler, sprinkler, apparatus, public liability, property damage, rent, earthquake and other insurance as Landlord is required to carry under this Lease or reasonably deems it appropriate to carry or is required to carry by any mortgagee under any mortgage against the Building Real Property or any portion thereof or interest therein with respect to the Building or any of Landlord's or a property manager's personal property used in the operation of the Building, (v) the cost of any capital improvements made to the Building after the date of this Lease as a labor-saving measure or to effect other economies in the operation or maintenance of the Building to the extent such improvements result in a reduction of Building Expenses (amortized over such reasonable period as Landlord shall determine), or made to the Building after the date of this Lease that are required under any governmental law or regulation that was not applicable to the Building at the date of this Lease (amortized over the useful life of the improvement), together with interest on the unamortized balance(s) at the rate of ten percent (10%) per annum or such higher market rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements, (vi) costs of maintenance, repair and replacement of the roof of the Building, (vii) all supplies, materials, equipment and tools used in the management, operation and maintenance of the Building, including any rental fees, (viii) all costs and fees for licenses, inspections or permits that Landlord may be required to obtain with respect to the Building, (ix) exterior and interior landscaping, and (x) any other reasonable expenses of any other kind whatsoever reasonably incurred in managing, operating, maintaining and repairing the Building. Building Expenses shall not include any of the
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following: (a) legal fees, brokerage commissions, advertising costs or other related expenses incurred in connection with the leasing of the Building; (b) repairs, alterations, additions, improvements or replacements made to rectify or correct any defect in the design, materials or workmanship of the Building or Building Common Areas; (c) costs incurred in connection with damage or repairs which are covered under any insurance policy carried by Landlord in connection with the Building or Building Common Areas; (d) costs associated with damage or repairs to the Building or Building Common Areas necessitated by the

willful negligence or willful misconduct of Landlord or Landlord's agents; (e) executive salaries or salaries of service personnel to the extent that such salaries are payable in connection with services other than in connection with the management, operation, repair or maintenance of the Building or Building Common Areas; (f) the cost of off-site service personnel to the extent that such personnel are not engaged in the management, operation, repair or maintenance of the Building or Building Common Areas; (g) Landlord's general overhead expenses not related to the Building Common Areas; (h) payments of principal or interest on any mortgage or other encumbrance (other than those related to capital improvements as provided herein); (i) legal fees, accountant fees, and other expenses incurred in connection with disputes with other tenants or occupants of the Building or associated with the enforcement of any other leases or defense of Landlord's title to or interest in the Building or any part thereof; (j) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving, decorating, painting or altering space for other tenants or other occupants of vacant space in the Building; (k) costs incurred due to a violation of Landlord or any other tenant in the Building of the terms and conditions of any lease; (l) services or installations furnished to any tenant in the Building which are not furnished to Tenant or quantities of such services furnished to any tenant in the Building which are also furnished to Tenant but are furnished to other tenants in an amount materially in excess of that which would represent a fair proportion of such services; and (m) the cost of any service provided to Tenant or other occupants of the Building for which Landlord is entitled to be reimbursed. Landlord shall not collect in excess of one hundred percent (100%) of all Building Expenses.

(d) "Project Expenses" shall mean the costs and expenses directly and reasonably paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Project Common Areas, including, without limitation (i) Real Estate Taxes related to Project Real Property, (ii) the cost of heating, ventilation, air conditioning, steam, electricity, gas, domestic water, sewer services, mechanical, elevator and other systems and all other utilities, and the costs of supplies and equipment and maintenance and service contracts in connection therewith, (iii) the cost of repairs, replacements, general maintenance and cleaning, including the cost of janitorial and other service agreements and trash removal, (iv) the cost of such fire, extended coverage, boiler, sprinkler, apparatus, public liability, property damage, rent, earthquake and other insurance as landlord reasonably deems it appropriate to carry or is required to carry by any mortgagee under any mortgage against the Project Common Areas or any portion thereof or interest therein with respect to the Project Common Areas or any of Landlord's or a property manager's personal property used

in the operation of the Project Common Areas, (v) wages, salaries and other labor costs of all on-site employees, and all off-site employees to the extent engaged in the operation, management, maintenance and security of the Project, including taxes, insurance, retirement, medical and other employee benefits, but excluding leasing commission, (vi) fees, charges and other costs, including property management fees, consulting fees, attorneys' fees and accounting fees of all independent contractors engaged by Landlord, and all such fees reasonably charged by Landlord if Landlord performs management services in connection with the Project, (vii) the cost of supplying, replacing and cleaning employee uniforms, (viii) the fair market rental value of Landlord's or the property manager's offices in the Project (which shall be of reasonable size), to the extent utilized for the management or operation of the Project, (ix) the costs of any capital improvements made to the Project Common Areas after the date of this Lease as a labor-saving measure or to effect other economies in the operation or maintenance of the Project Common Areas to the extent such improvements result in a reduction of Project Expenses (amortized over such reasonable period as Landlord shall determine), or made to the Project Common Areas after the date of this Lease that are required under any governmental law or regulation that was not applicable to the Project Common Areas at the date of this Lease (amortized over the useful life of the improvement), together with interest on the unamortized balance(s) at the rate of ten percent (10%) per annum or such higher market rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements, (x) costs of maintenance, repair and replacement of the roof of any portion of the Project Common Areas, (xi) all supplies, materials, equipment and tools used in the management, operation and maintenance of the Project Common Areas, including any rental fees, (xii) all costs and fees for licenses, inspections or permits that Landlord may be required to obtain in connection with the Project Common Areas, (xiii) expenses incurred for the maintenance of art work, streetscaping and similar enhancements of the Project which in Landlord's judgment will benefit the Project, and (xiv) any other reasonable expenses of any other kind whatsoever reasonably incurred in managing, operating, maintaining and repairing the Project Common Areas. Project Expenses shall not include any of the

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following: (a) legal fees, brokerage commissions, advertising costs or other related expenses in connection with the leasing of the Project; (b) repairs, alterations, additions, improvements or replacements made to rectify or correct any defect in the design, materials or workmanship of the Project or Project Common Areas; (c) costs incurred in connection with damage or repairs which are covered under any insurance policy carried by Landlord in connection with the Project or Project Common Areas; (d) costs associated with damage or repairs to the Project or the Project Common Areas necessitated by the willful negligence or willful misconduct of Landlord or Landlord's

agents; (3) executive salaries or salaries of service personnel to the extent that such salaries are payable in connection with services other than in connection with the management, operation, repair or maintenance of the Project or Project Common Areas; (f) the cost of off-site service personnel to the extent that such personnel are not engaged in the management, operation, repair or maintenance of the Project or Project Common Areas; (g) Landlord's general overhead expenses not related to the Project or Project Common Areas; (h) payments of principal or interest on any mortgage or other encumbrance (other than those related to capital improvements as provided herein); (i) legal fees, accountant fees and other expenses incurred in disputes with other tenants or occupants of the Project or associated with the enforcement of any other leases or defense of Landlord's title to or interest in the Project or any part thereof; (j) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving, decorating, painting or altering space for tenants or other occupants of vacant space in the Project; (k) costs incurred due to a violation by Landlord or any other tenant in the Project of the terms and conditions of any lease; (l) services or installations furnished to any tenant in the Project which are not furnished to Tenant or quantities of such services furnished to any tenant in the Project which are also furnished to Tenant but are furnished to other tenants in an amount materially in excess of that which would represent a fair proportion of such services; and (m) the cost of any service provided to Tenant or other occupants of the Project for which Landlord is entitled to be reimbursed. Landlord shall not collect in excess of 100% of all Project Expenses.

(e) "Tenant's Building Share" shall mean 12.6% (calculated by dividing the Rentable Area of the Premises (5,695) by the Building Rentable Area (45,145). Tenant's Building Share of Building Expenses shall normally be computed by multiplying such percentage by Building Expenses, but shall be subject to adjustment as a result of special allocations made pursuant to Section 5.2 and the provisions of Section 5.3. If the Rentable Area of the Premises is changed for any reason, Tenant's Building Share shall be modified by multiplying the percentage specified in this Paragraph (e) by a fraction, the numerator of which shall be the rentable area of the Premises after such change and the denominator of which shall be the rentable area of the Premises immediately before such change. If the rentable area of the Building is changed as a result of any cause not within Landlord's reasonable control (for instance, as a result of a reduction in area due to reconstruction following fire or the exercise or threatened exercise of the right of eminent domain), then Tenant's Building Share shall be recalculated by dividing the rentable area of the Premises after such occurrence by the rentable area of the entire Building after such occurrence.

(f) "Tenant's Project Share" shall mean .9% (calculated by dividing Rentable Area in the Premises (5,695) by the Project Rentable Area (632,809). Tenant's Project Share of Project Expenses shall normally be computed by multiplying such percentage by Project Expenses, but shall be subject to adjustment as a result of special allocations made pursuant to Section 5.2 and the provisions of Section 5.3. If the rentable area of the Premises is changed for any reason, Tenant's Project Share shall be modified by multiplying the percentage specified in this Paragraph (f) by a fraction, the numerator of which shall be the rentable area of the Premises after such change and the denominator of which shall be the rentable area of the Premises immediately before such change. If the rentable area of the Project is changed as a result of any cause not within Landlord's reasonable control (for instance, as a result of a reduction in area due to reconstruction following fire or the exercise or threatened exercise of the right of eminent domain), then Tenant's Project Share shall be recalculated by dividing the rentable area of the Premises after such occurrence by the rentable area of the entire Project after such occurrence.

5.2 Special Allocations. Building Expenses and Project Expenses which are, in Landlord's reasonable discretion, properly chargeable solely to a single tenant or a to a group of tenants shall be so allocated. Landlord shall endeavor to make all such allocations fairly. Any amount so allocated to Tenant shall be paid by Tenant as Additional Charges.

5.3 Payment of Tenant's Building Share and Tenant's Project Share of Building Expenses and Project Expenses. Except as otherwise provided herein, Landlord shall be responsible for the management, operation, maintenance and repair of the Building and Project. Tenant shall pay to Landlord as Additional Charges one twelfth (1/12th) of Tenant's Building Share of Building Expenses and one twelfth (1/12th) of Tenant's Project Share of Project Expenses, respectively, for each year on or before the first day of each month of such year, in advance, in an amount reasonably estimated by Landlord and billed by Landlord to Tenant; provided that Landlord shall have the right to revise such estimate during any year. Within one hundred twenty (120) days after the expiration of each year, Landlord shall furnish Tenant with a statement ("Landlord's Expense Statement"), certified as true and correct by an accounting or auditing officer of Landlord or a property manager, setting forth in reasonable detail the actual amount of Building Expenses and Project Expenses for such year, and Tenant's Building Share of Building Expenses and Tenant's Project Share of Project Expenses, respectively. If the actual amount of Tenant's Building Share or Tenant's Project Share of Building Expenses or Project Expenses, respectively, due for such year differs from the estimated amount of Tenant's Building Share or Tenant's

Project Share of Building Expenses or Project Expenses, respectively, paid by Tenant for such year, the difference shall be paid by Tenant within thirty (30) days after the receipt of Landlord's Expense Statement, or refunded in cash to Tenant within thirty (30) days after determination thereof, as the case may be. Notwithstanding any other provision of this Lease, the aggregate sum of Tenant's Building Share of Building Expenses and Tenant's Project Share of Project Expenses payable by Tenant shall not exceed $.315 per rsf per month during the first nine months of the Term, shall not exceed $.33 per rsf per month during the following twelve months of the Term, shall not exceed $.345 per rsf per month during the final twelve months of the Term.

5.4 Partial Year Adjustments. For the purpose of calculating Tenant's Building Share of Building Expenses and Tenant's Project Share of Project Expenses, respectively, for the period between the Expiration Date or date of early termination and the immediately preceding January 1 (each such period being a "Partial Year"), Building Expenses and Project Expenses for the calendar year in which the Partial Year occurs shall be reduced by multiplying such amounts by a fraction, the numerator of which is the number of days in the applicable Partial Year and the denominator of which is three hundred and sixty-five (365), and monthly payments of Tenant's Building Share of estimated Building Expenses and of Tenant's Project Share of Project Expenses shall be based on the number of months in the applicable Partial Year.

5.5 Tenant's Right to Audit Landlord's Records. Within thirty (30) days after Tenant's request, but not more than once per year., Landlord shall provide Tenant with copies of Landlord's records relating to Building Expenses and Project Expenses; provided, however, that Tenant shall reimburse Landlord for the reasonable cost thereof. In the event of any dispute or uncertainty as to said amounts, Tenant shall be entitled to review legible copies of all Landlord's tax bills, invoices, files and records with respect to the disputed items at the place where such materials are normally maintained, but not more often than once per year.

5.6 Objections to Statements. Tenant acknowledges that landlord's ability to budget and incur expenses depends on the finality of Landlord's Expense Statements and agrees that Tenant shall have sixty (60) days following receipt of such Statements within which to raise any objection to the calculations contained therein. Failure of Tenant to object within such sixty (60) day period shall be deemed a waiver of any such objection, absent fraud or manifest errors. Tenant shall continue to make all payments required hereunder pending resolution of any such objection. No delay by Landlord in providing any Statement

shall be deemed a default by Landlord or a waiver of Landlord's right to require payment of Tenant's obligations for actual or estimated Building Expenses or Project Expenses.

6. Security Deposit. This Lease shall be of no effect unless and until
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Tenant deposits with Landlord Six Thousand One Hundred Fifty Dollars ($6,150.00) in immediately available funds (the "Security Deposit") as security for the full performance of Tenant's obligations under this Lease. Upon default by Tenant with respect to the payment of any item of Rent or Additional Charges or any other obligation contained herein, Landlord may use or retain all or any portion of the Security Deposit for the payment of any Rent or Additional Charges or other such sum in default or for the payment of any amount Landlord may spend or may become obligated to spend by reason of Tenant's default. In the event any portion of the Security Deposit is applied or used, Tenant shall, within five (5) days after written notice thereof, deposit an additional amount with Landlord sufficient to restore the Security Deposit to its original amount as specified in their Section and Tenant's failure to do so shall constitute a material breach of this lease. If Tenant is not in default under this Lease at the termination hereof, Landlord shall return the Security Deposit to Tenant within thirty (30) days after such termination, minus any amounts required to restore the Premises to good condition and repair, including damage resulting from removal by Tenant of its trade fixtures or equipment.

6.1 Landlord's Obligations. Landlord's obligation with respect to any
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Security Deposit is that of a debtor and not as a trustee, consequently such sums may be commingled with rental receipts or dissipated and no interest shall accrue thereon. In the event of the sale of the real property of which the Premises constitute a part, Landlord or its agent shall transfer to Landlord's successor in interest the sums held as Security Deposit and notify Tenant in writing of such transfer and the name and address of Landlord's successor in interest. Upon such written notification, Tenant shall have no further claim against Landlord with respect to the Security Deposit.

7. Acceptance of Premises.

7.1 Acceptance of Premises. Tenant shall accept the Premises in "as
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is " condition, broom clean and free of other tenancies. LG InfoComm has agreed to provide Tenant with use of their existing alarm system and network cabling, which Landlord shall have no liability regarding the use or operation thereof. By so accepting the Premises and thereafter occupying the Premises, Tenant shall be deemed to have accepted the same and to have acknowledged that the Premises fully comply with Landlord's obligations under this Lease.

7.2 Tenant Improvement Allowance. Landlord shall provide Tenant with a Tenant Improvement Allowance of $2,000.00 to be used towards the cost of improvements within the Premises. Any improvements in excess of the allowance shall be paid for by Tenant and all improvements shall be subject to the terms as outlined in Section 11 of the Lease.

8. Common Areas.

8.1 Right to Use Common Areas. Tenant and Tenant's Agents shall have the right to use the Building Common Areas and Project Common Areas in common with other persons, subject to Landlord's reasonable rules and regulations and the provisions of this Lease. Landlord shall at all times keep the Building Common Areas and Project Common Areas in good, clean, and sanitary condition.

8.2 Alteration of Building or Project Common Areas. Landlord hereby reserves the right, at any time and from time to time, without liability to Tenant of any kind whatsoever (including without limitation liability for loss of business or profits), to make alterations or additions to the Building, the Building Common Areas or the Project Common Areas; to change, add to, eliminate or reduce the extent, size, shape, number or configuration of any aspect of the Building, the Building Common Areas or the Project Common Areas or their operations; to close the general public all or any portion of the Building, the Building Common Areas or the Project Common Areas, to the extent and for the period necessary to avoid any dedication to the public, to effect any repairs or further construction, or in case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's reasonable opinion; to change the arrangement, character, use or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, landscaping, toilets, mechanical, plumbing, electrical or other operating systems or any other portions of the Building, the Building Common Areas or the Project Common Areas; to change common area to rental space and rental space to common area; to utilize portions of the common area for entertainment, displays, product shows, the leasing of temporary or permanent kiosks or other such uses as, in Landlord's judgment, tend to attract the public; and to change the name, number or designation by which the Building is commonly known. Landlord shall have the exclusive rights to the airspace above and around, and the subsurface below, the Premises and other portions of the Building. Landlord shall have the exclusive right to use all exterior walls, roofs and other portions of the Building, including common areas, for signs, notices, and other promotional purposes. Landlord shall, to the extent reasonably possible under the circumstances, provide Tenant with advance notice of any such alterations which Landlord reasonably

anticipates will materially impair Tenant's use of the Premises, and shall perform any such alterations in a manner so as to cause as little interference with Tenant's use of the Premises as is reasonably possible; provided, however, that Landlord shall not be obligated to perform work during other than normal business hours. If such interruption persists more than five consecutive business days, Rent hereunder shall be equitably abated as determined by Landlord, in its sole reasonable discretion.

9. Use.

9.1 Office Use. The Premises shall be used for general office purposes only. Tenant shall be responsible for compliance with all zoning laws and ordinances and Tenant acknowledges that neither Landlord nor its agents has made any representations or warranties with respect thereto.

9.2 No Nuisance. Tenant shall not allow, suffer or permit the Premises or any use thereof to constitute a nuisance or unreasonably interfere with the safety, comfort or enjoyment of the Project by Landlord or any other occupants of the Project or their customers, invitees or any others lawfully in, upon or about the Project or its environs.

9.3 Compliance with Laws. Tenant, at Tenant's expense, shall comply with and cause all of Tenant's Agents to comply with all applicable laws, ordinances, rules and regulations of governmental authorities applicable to the Building and the Project Common Areas or the use or occupancy thereof.

9.4 Hazardous Materials. Tenant shall not cause or suffer or permit any Hazardous Materials to be brought upon, kept, used, discharged, deposited or leaked in or about the Premises or any other portion of the Project by Tenant or any of Tenant's Agents or by anyone in the Premises (other than Landlord or its agents, employees or contractors), except to the extent such Hazardous Materials are customarily kept or used by typical office tenants and are kept, used and disposed of in strict compliance with all laws, ordinances and regulations relating to Hazardous Materials. If Tenant breaches the obligations stated in the preceding sentence, or if the presence of any Hazardous Material on the Premises or any other portion of the Project caused or suffered or permitted by Tenant or any of Tenant's Agents or by anyone in the Premises (other than Landlord or its agents, employees or contractors) results in contamination of the Premises or any other portion of the Project, or if contamination of the Premises or any other portion of the Project by any Hazardous Material otherwise occurs for

which Tenant is legally liable, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, expenses and losses (including without limitation diminution in value of the Project, damages for the loss of restriction on use of leasable space or of any amenity of the Building or the Project, damages arising from any adverse impact on marketing of space and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such contamination. This indemnification shall include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of any Hazardous Material present in the soil or groundwater on or under the Premises or any other portion of the Project. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises or any other portion of the Project caused or suffered or permitted by Tenant or any of Tenant's Agents or by anyone in the Premises (other than Landlord or its agents, employees or contractors) results in any contamination of the Premises or any other portion of the Project, Tenant shall, at its sole cost and expense, promptly take all actions necessary to return the Premises and all other portions of the Project affected to the condition existing prior to the introduction of any such Hazardous Material to the Premises or other portions of the Project, provided that Landlord's approval of such actions shall first be obtained which approval shall not be unreasonably withheld if such actions would not potentially have any material adverse effect on the Premises or any other portion of the Project.

"Hazardous Material" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as "hazardous waste," "extremely hazardous waste" or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance" or "hazardous waste" under Section 25501 of the California Health and Safety Code (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code (Underground Storage of Hazardous Substances), (v) listed under Article 9, or defined as hazardous or extremely hazardous pursuant to Article 11, of Title 22 of the California

Code of Regulations, Division 4, Chapter 30, (vi) designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), (vii) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq. (42 U.S.C. Section 6903), (viii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq. (42 U.S.C. Section 9601), (ix) petroleum or (x) asbestos or asbestos-containing materials.

10. Alterations and Tenant's Property.

10.1 Alterations Defined. Tenant shall not make or suffer or allow to be made any alterations, additions or improvements in or to the Premises (herein collectively called "Alterations") without first obtaining Landlord's written consent based on detailed plans and specifications submitted by Tenant (where reasonably necessary). Landlord's consent may be withheld in Landlord's sole discretion if Alterations may affect any portions of the Project containing asbestos or may affect the structure or the mechanical, electrical, HVAC, plumbing or life safety systems of the Building; otherwise Landlord's consent shall not be unreasonably withheld.

10.2 Removal of Property. All Alterations shall become the property of Landlord, and shall be surrendered to Landlord, upon the expiration or earlier termination of this Lease; provided, however, that this provision shall not apply to movable equipment, trade fixtures, personal property or furniture owned by Tenant ("Tenant Owned Property"). If Landlord's consent was required for the installation of any Alteration(s), and Landlord conditioned its consent upon the requirement that Tenant remove such Alteration(s) upon expiration or earlier termination of this Lease, at Landlord's sole election, any or all Alterations made by or on behalf of Tenant shall be removed from the Premises at Tenant's sole cost and expense at the expiration or sooner termination of this Lease and the Premises shall be restored, at Tenant's sole cost and expense, to their condition before the making of such Alterations. Tenant shall repair at its sole cost and expenses all damage caused to the Premises or the Building by removal of any Alterations or Tenant Owned Property. Any Tenant Owned Property not removed from the Premises before the expiration or earlier termination of this Lease shall, at Landlord's option, become the property of Landlord, or Landlord may remove them and Tenant shall pay to Landlord the cost of removal. Tenant waives and releases its rights under Section 1019 of the California Civil Code, or any similar law now or hereafter in effect, to the extent inconsistent with the provisions of this Lease. Tenant shall have a one-time right to extend the term of the lease for an additional

fifteen days (during which period Tenant shall pay rent) at the end of the term to allow for the removal of any Tenant Owned Property.

11. Repairs and Other Work.

11.1 All repairs, replacements, and reconstruction (including without limitation all Alterations) made by or on behalf of Tenant or any of Tenant's Agents (as defined below) shall be made and performed (a) at Tenant's cost and expense and at such time and in such manner as Landlord may reasonably designate, (b) by contractors or mechanics reasonably approved by Landlord, (c) at least equal in quality of materials and workmanship to the original work or installation, (d) in accordance with such reasonable requirements as Landlord may impose with respect to insurance and bonds to be obtained by Tenant in connection with the proposed work, (e) in accordance with the Rules and Regulations for the Building adopted by Landlord from time to time and in accordance with all applicable laws and regulations of governmental authorities having jurisdiction over the Premises, (f) so as not to interfere with the use and enjoyment of the Building by Landlord, other tenants of the Building or any other persons, and (g) in compliance with such other requirements as Landlord may reasonably impose (including without limitation a requirement that Tenant furnish Landlord with as-built drawings upon completion of the work). If Landlord performs any work on Tenant's behalf pursuant to this Section, Tenant shall pay in advance Landlord's reasonable estimate of the cost of such work, subject to adjustment of final costs upon completion. Landlord shall not be liable for, and there shall be no abatement of Rent or Additional Charges with respect to, any injury to or interference with Tenant's business arising from any injury to or interference with Tenant's business arising from any repairs, maintenance, alteration or improvement in or to any portion of the Building, including the Premises, or in or to the fixtures, appurtenances and equipment therein. Tenant hereby waives and releases its rights under Sections 1941, 1941.1 and 1942 of the California Civil Code or under any similar law now or hereafter in effect, except to the extent expressly provided herein. Tenant specifically waives all rights to consequential damages (including without limitation damages for lost profits and lost opportunities) arising in connection with any repairs, maintenance, alteration or improvement in or to any portion of the Building.

12. Liens

12.1 Tenant shall keep the Premises and the Building Real Property free from any liens arising out of any (a) work performed or material furnished to or for the Premises between the time Tenant has been provided access to the Premises and the time Tenant surrenders possession of the Premises (at or after expiration or earlier termination

of the Lease), or (b) obligations incurred by or for Tenant or any of Tenants' Agents before or during the term of this Lease. In the event that Tenant shall not, within thirty (30) days following notice of the imposition of any such lien, cause same to be released of record by payment or posting of a bond fully satisfactory to Landlord in form and substance, Landlord shall have, in addition to all other remedies provided herein and by law, the right (but not the obligation) to cause the lien to be released by such means as Landlord shall reasonably deem proper, including payment of the claim giving rise to such lien. All such sums reasonably paid by Landlord and all expenses incurred by it in connection therewith shall be considered Additional Charges and shall be payable by Tenant within thirty (30) days after demand. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or that Landlord shall deem proper for the protection of Landlord, the Premises, the Building Real Property and any other party having an interest therein, from mechanics', materialmen's and other liens. In addition to all other requirements contained in this Lease, Tenant shall give to Landlord at least ten (10) business days prior written notice of commencement of any construction on the Premises.

13. Subordination.

13.1 Tenant agrees that this Lease shall be subject and subordinate at all times to (a) all ground leases or underlying leases that may now exist or hereafter be executed affecting the Building Real Property or any portion thereof, (b) the lien of any mortgage or other security instrument (and any advances thereunder) that may now exist or hereafter be executed in any amount for which the Building Real Property or any portion thereof, any ground leases or underlying leases, or Landlord's interest or estate therein is specified as security; and (c) all modifications, renewals, supplements, consolidations and replacements thereof. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated to this Lease any such ground leases, underlying leases or liens. If any ground lease or underlying lease terminates for any reason or any mortgage or other security instrument is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor in interest to Landlord at the option of such successor in interest. Tenant covenants and agrees to execute and deliver, within ten (10) calendar days after demand by Landlord and in the form reasonably requested by Landlord, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases, underlying leases, mortgages, or other security instruments. Tenant's obligation to subordinate shall be conditioned upon Tenant's receipt of a non-disturbance agreement.

14. Inability to Perform.

14.1 Except to the extent expressly provided herein, if, by reason of acts of God, governmental restrictions, strikes, labor disturbances, shortages of materials or supplies or any other cause or event beyond Landlord's reasonable control, Landlord is (i) unable to furnish or is delayed in furnishing any utility or service required to be furnished by Landlord under the provisions of Article 19, any other Article of this Lease, or any collateral instrument, (ii) unable to perform or make or is delayed in performing or making any installations, decorations, repairs, alterations, additions or improvements, required to be performed or made under this Lease or under any collateral instrument, or (iii) unable to fulfill or is delayed in fulfilling any of Landlord's other obligations under this Lease or any collateral instrument, no such inability or delay shall (a) constitute an actual or constructive eviction, in whole or in part, (b) entitle Tenant to any abatement or diminution of Rent or Additional Charges, (c) relieve Tenant from any of its obligations under this Lease, or (d) impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant or by reason of injury to or interruption of Tenant's business, or otherwise. Tenant hereby waives and releases its right to terminate this Lease under Section 1932(1) of the California Civil Code or under any similar law, statue or ordinance now or hereafter in effect, except to the extent expressly provided herein. If such interruption persists more than five consecutive business days, Rent hereunder shall be equitably abated as determined by Landlord, in its sole reasonable discretion.

15. Destruction.

15.1 Repair. If any portion of the Building is damaged by fire, earthquake, flood or other casualty (the "Damaged Property") to the extent that such portion is rendered unusable by Tenant or renders a portion of the Premises unusable by and the Damaged Property can, in Landlord's reasonable opinion, be repaired within one hundred twenty (120) days after the date of damage (under a normal construction schedule not requiring the payment of overtime or premium), Landlord shall proceed immediately to make such repairs in accordance with Section 15.4 below (unless this Lease is terminated pursuant to this Article 15). Landlord's opinion shall be delivered to Tenant within thirty (30) days after the date of the damage. Landlord shall consider and include as part of its evaluation, the period of time necessary to obtain the required approvals of the mortgagee and insurer and governmental entities, to order and obtain materials, and to engage contractors. Notwithstanding anything to the contrary herein, the total destruction of the Building shall automatically terminate this Lease as of the date of destruction.

15.2 Tenant's Right to Terminate. If such damage causes all or any material portion of the Premises to be unusable by Tenant and (i) in Landlord's reasonable opinion damage to the Damaged Property cannot be repaired within one hundred twenty (120) days from the date of the damage (under a normal construction schedule not requiring the payment of overtime or premium), Tenant may terminate this Lease by delivery of written notice to Landlord within thirty (30) days after the date of which Landlord's opinion is delivered to Tenant. Upon termination, Rent and Additional Charges pursuant to Article 4 shall be apportioned as of the date of the damage and all prepaid Rent and Additional Charges pursuant to Article 4 shall be repaid.

15.3 Landlord's Right to Terminate. In the event (i) the uninsured portion of any damage to or destruction of the Building equals or exceeds twenty-five percent (25%) of the replacement cost of the Building; or (ii) the Lease will expire within one (1) year from the date of any material damage to or destruction of the Premises and Tenant fails to extend the term in accordance with any right expressly granted in this Lease within thirty (30) days after the date of damage, Landlord may elect to terminate this Lease as hereinafter provided. Landlord may terminate this Lease for the reason stated in clause (i) of this Section, by delivery of written notice to Tenant within thirty (30) days after the date of damage or destruction; and for the reason stated in clause (ii) of this Section, by delivery of written notice to Tenant within forty-five (45) days after the date of the damage or destruction. For purposes of the foregoing, the uninsured portion shall not include a deficiency in insurance proceeds to the extent caused by (i) Landlord's failure to carry insurance required by this Lease: (ii) Landlord's election to carry require insurance in an amount less than 100% of the replacement costs; or (iii) Landlord's election to obtain insurance with a deductible amount or coinsurance obligations.

15.4 Extent of Repair Obligations. If this Lease is not terminated as a result of any damage to the Premises covered by Section 15.1 above, Landlord's repair obligation shall extend to the structure of the Building and all improvements (except those Alterations constructed or installed by Tenant) in the Premises at the completion of construction of the Tenant Improvements, and Tenant shall repair all other portions of the Premises (including without limitation the Alterations, and Tenant's trade fixtures, equipment, furnishings and other personal property). All such repairs shall be performed in a good and workmanlike manner, with due diligence, and shall restore the items repaired to substantially the same usefulness, design and construction as existed immediately before the damage. All work by Tenant shall be performed in accordance with the requirements of Section 11.2 above. Notwithstanding anything to the contrary in this Lease, Landlord shall

not be obligated to expend on such repairs more than the amount of insurance proceeds actually received by Landlord on account of the damage; provided, however, that Landlord shall complete all such repairs if Tenant pays to Landlord in advance the difference between the cost of such repairs and the amount of insurance proceeds received by Landlord on account of the damage. In the event of any termination of this Lease, the proceeds from any insurance paid by reason of damage to or destruction of the Building Real Property or any portion thereof, or any other element, component or property insured by Landlord shall belong to and be paid to Landlord, except for proceeds payable under Tenant's fire insurance policies. In the event of a casualty covered by insurance which Landlord is required to carry under this Lease, Rent and Additional charges under Article 4 above shall abate commencing on the date of the casualty and ending when the Damaged Property is repaired as aforesaid by Landlord and the Premises are delivered to Tenant. The extent of the abatement shall be based upon the portion of the Premises rendered untenantable, inaccessible or unfit for use in a reasonable business manner for the purposes stated in this Lease.

15.5 Arbitration. If the parties are unable to agree upon the appropriate abatement of Rent and Additional charges pursuant to this Article 15 within thirty (30) days after repairs are completed, either party may submit the dispute to arbitration in accordance with Section 30.18.

15.6 Non-Application of Certain Statutes. The provisions of this Lease, including this Article 15, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Building. Any statute or regulation of the State of California or any other governmental authority or body, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning any such damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation relating to damage or destruction of leased premises, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Building.

16. Insurance.

16.1 Insurance on Tenant's Property. Tenant shall provide insurance coverage for physical loss or damage insuring the full replacement value of Alterations, Tenant's trade fixtures, furnishings, equipment, plate glass, signs and all other items of personal property of Tenant.

16.2 Tenant's Liability Insurance. Tenant shall procure at its cost and expense and keep in effect during the term of this Lease broad form commercial general liability insurance, and automobile liability insurance, each with a minimum combined single limit of liability of at least One Million Dollars each occurrence, Two Million in the aggregate, and statutory worker's compensation insurance with a Two Million Dollar employer's liability limit covering all of Tenant's employees. Such broad form commercial general liability insurance shall include, without limitation, products and completed operations liability insurance, fire legal liability insurance, contractual liability insurance applicable to all of Tenant's indemnity obligations under this Lease, and such other coverage as Landlord may reasonably require from time to time. At Landlord's request, Tenant shall increase such insurance coverage to a level that is reasonable and customary. If the parties are unable to agree on the amount that is reasonable and customary, the matter shall be determined by arbitration pursuant to Section 30.18 below.

16.3 Form of Policies. All insurance policies required to be carried by Tenant under this Lease shall (i) be written by companies rated A 10 or better in "Best's Insurance Guide" and authorized to do business in California, (ii) name Landlord, Sentre Partners Inc., and any other parties designated by Landlord as additional insureds, (iii) as to liability coverages, be written on an "occurrences" basis, (iv) provide that Landlord shall receive at least thirty (30) days notice from the insurer before any cancellation or change in coverage, and (v) contain a provision that no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of any loss sustained. Each such policy shall contain a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance. Any deductible amounts under any insurance policies required hereunder shall be subject to Landlord's prior written approval (which shall not be unreasonably withheld) and in any event Tenant shall be liable for payment of same in the event of any casualty. Tenant shall deliver reasonably satisfactory evidence of such insurance to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of expiring policies; and, in the event Tenant shall fail to procure such insurance or to deliver reasonably satisfactory evidence thereof within five (5) business days after written notice from Landlord of such failure, landlord may, at is option and in addition to Landlord's other remedies in the event of a default by Tenant hereunder, procure such insurance for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Charges. Notwithstanding the foregoing, if any such insurance expires without having been renewed by

Tenant, Landlord shall have the option in addition to Landlord's other remedies to procure such insurance for the account of Tenant immediately and without notice to Tenant, and the cost thereof shall be paid to Landlord as Additional Charges. The limits of the insurance required under this Lease shall not limit the liability of Tenant.

16.4 Compliance with Insurance Requirements. Tenant shall not do anything, or suffer or permit anything to be done, in or about the Premises that shall invalidate or be in conflict with the provisions of any fire or other insurance policies covering the Building or any property located therein. Tenant, at Tenant's expense, shall comply with, and shall cause all occupants of the Premises to comply with, all applicable customary rules, orders, regulations or requirements of any board of fire underwriters or other similar body.

16.5 Landlord's Insurance. Landlord shall purchase and keep in full force and effect property insurance covering the Project in an amount equal to 100% of the full replacement value of the Project improvements at the time of the loss, and at least One Million Dollars of liability insurance for each occurrence, and Two Million Dollars in the aggregate, including coverage for Project Common Areas. Landlord and Tenant shall cause each insurance policy obtained by them or either of them to provide that the insurance company waives all right of recovery by way of subrogation against either Landlord or Tenant, as appropriate, in connection with any damage covered by any policy.

17. Eminent Domain.

17.1 Effect of Taking. If all of the Premises is condemned or taken in any manner for public or quasi-public use, or any transfer of the Premises is made in avoidance of an exercise of the power of eminent domain (each of which events shall be referred to as a "taking"), this Lease shall automatically terminate as of the date of the vesting of title as a result of such taking. If a part of the Premises is so taken, this Lease shall automatically terminate as to the portion of the Premises so taken as of the date of the vesting of title as a result of such taking. If such portion of the Real Property is taken as to render the Building incapable of economically feasible operation, this Lease may be terminated by Landlord, as of the date of the vesting of title as a result of such taking, by written notice to Tenant within sixty (60) days following notice to Landlord of the date on which said vesting will occur. If such portion of the Premises is taken as to render the Premises or the remaining portion thereof unusable by Tenant, this Lease may be terminated by Tenant as of the date of the vesting of title as a result of such taking, by written notice to Landlord within sixty (60) days following notice to Tenant of the date on which said vesting will

occur. If this Lease is not terminated as a result of any taking, Landlord shall restore the Building to an architecturally whole unit; provided, however, that Landlord shall not be obligated to expend on such restoration more than the amount of condemnation proceeds actually received by Landlord, unless Tenant pays to Landlord in advance the difference between the cost of such restoration and the amount of the condemnation proceeds received by Landlord.

17.2 Award. Landlord shall be entitled to the entire award for any taking, including, without limitation, any award made for the value of the leasehold estate created by this Lease. No award for any partial or entire taking shall be apportioned, and Tenant hereby assigns to Landlord any award that may be made in any taking, together with any and all rights of Tenant now or hereafter arising in or to such award or any part thereof; provided, however, that nothing contained herein shall be deemed to give Landlord any interest in or to require Tenant to assign to Landlord any separate award made to Tenant for its relocation expenses, the taking of personal property and fixtures belonging to Tenant, the unamortized value of improvements made or paid for by Tenant or the interruption of or damage to Tenant's business.

17.3 Abatement of Rent. In the event of a partial taking that does not result in a termination of this Lease as to the entire Premises, the Rent shall abate in proportion to the portion of the Premises taken or rendered untenantable by such taking. Tenant hereby waives and releases its rights under Section 1265.130 of the California Code of Civil Procedure or any similar statute now or hereafter in effect.

17.4 Temporary Taking. If all or any portion of the Premises is taken for a limited period of time, this Lease shall remain in full force and effect; provided, however, that the Rent and Additional Charges payable pursuant to Article 4 above shall abate during such limited period in proportion to the portion of the Premises taken by such taking. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking. Any temporary taking of all or a portion of the Premises which continues for twelve (12) months shall be deemed a permanent taking of the Premises or such portion.

18. Assignment.

18.1 Consent Required. Notwithstanding the provisions of Section 30.4 below, neither Tenant nor any sublessee or assignee of Tenant shall, directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of the Premises or Tenant's leasehold estate hereunder (each such act is herein referred to as an "Assignment"), or sublet the

Premises or any portion thereof or permit the Premises to be occupied by anyone other than Tenant (each such act is herein referred to as a "Sublease"), without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld or delayed. Any Assignment or Sublease that is not in compliance with this Article 18 shall be void and, at the option of Landlord, shall constitute a material default by Tenant under this Lease. The acceptance of Rent or Additional Charges by Landlord from a proposed assignee, sublessee or occupant of the Premises shall not constitute consent to such Assignment or Sublease by Landlord. Seventy-five percent (75%) of the total amount paid to Tenant which is attributable to this Lease in connection with any Assignment, and seventy-five percent (75%) of the excess of the total amount of rent and other consideration paid under or in consideration for any sublease over the Rent and Additional Charges payable hereunder, shall be payable to Landlord as Additional Charges. The right to such amounts is expressly reserved from the grant of Tenant's leasehold estate for the benefit of Landlord. Tenant shall use reasonable diligent efforts to collect all such amounts. Landlord shall have the right from time to time, upon reasonable advance notice, to review Tenant's records relating to any such amounts payable to or received by Tenant.

18.2 Notice. Any request by Tenant for Landlord's consent to a specific Assignment or Sublease shall include (a) the name of the proposed assignee, sublessee or occupant, (b) the nature of the proposed assignee's, sublessee's or occupant's business to be carried on in the Premises, (c) a copy of the proposed Assignment or Sublease, and (d) such financial information (in the event of an Assignment) and such other information as Landlord may reasonably request concerning the proposed assignee, sublessee or occupant or its business. Landlord shall respond in writing, stating the reasons for any disapproval, within fifteen (15) business days after receipt of all information reasonably necessary to evaluate the proposed Assignment or Sublease. If Landlord fails to respond in writing within such fifteen (15) business day period, and further fails to respond within five (5) business days after Landlord's actual receipt of written notice from Tenant of Landlord's failure to respond within such period, Tenant's request shall be deemed approved.

18.3 No Release. No consent by Landlord to any Assignment or Sublease by Tenant, and no specification in this Lease of a right of Tenant's to make any Assignment or Sublease, shall relive Tenant of any obligation to be performed by Tenant under this Lease, whether arising before or after (a) the Assignment or Sublease or (b) any extension of the Term (pursuant to exercise of an option granted in this Lease). The consent by Landlord to any Assignment or Sublease shall not relieve Tenant or any successor of Tenant from the obligation to obtain Landlord's express written consent to any other Assignment or Sublease.

18.4 Cost of Processing Request. Tenant shall pay to Landlord the reasonable amount of Landlord's cost of reviewing and processing every proposed Assignment or Sublease (including, without limitation, reasonable accountants' and attorneys' fees) and the reasonable amount of all direct and indirect expenses incurred by Landlord arising from any assignee, occupant or sublessee taking occupancy (including, without limitation, freight elevator operation for moving of furnishings and trade fixtures, security service, janitorial and cleaning service, and rubbish removal of service).

18.5 Corporation or Partnership Transfers. Any sale or other transfer, including without limitation by consolidation, merger or reorganization, of a majority of the voting stock of Tenant or any beneficial interest therein, if Tenant is a corporation, or any sale or other transfer of a majority of the general partnership interests in Tenant or any beneficial interest therein, if Tenant is a partnership, shall be an Assignment for purposes of this Lease.

18.6 Assumption of Obligations. Each assignee or other transferee of Tenant's interest hereunder, other than Landlord, shall assume, as provided in this Section, all obligations of Tenant under this Lease and shall be and remain liable jointly and severally with Tenant for the payment of Rent and Additional Charges, and for the performance of all the terms, covenants, conditions and agreements herein contained on Tenant's part to be performed for the Term. Each sublessee of all or any portion of the Premises shall agree in writing for the benefit of Landlord (a) to comply with and agree to those provisions of this Lease as are reasonably designated by Landlord, and (b) that such sublease (and all further subleases of any portion of the Premises) shall terminate upon any termination of this Lease, regardless of whether or not such termination is voluntary. No Assignment or Sublease shall be valid or effective unless the assignee or sublessee or Tenant shall deliver to Landlord a fully-executed counterpart of the Assignment or Sublease and an instrument that contains a covenant of assumption by the assignee or agreement to perform Tenant's obligations, reasonably satisfactory in substance and form to Landlord, consistent with the requirements of this Section. The failure or refusal of the assignee to execute such instrument of assumption shall not release or discharge the assignee from its liability as set forth above.

18.7 No Signs. Tenant shall not place or allow to be placed in, on or about the Building or any other portion of the Project any sign or other notice indicating Tenant's desire to assign this Lease or sublet the Premises.

18.8 Upon Termination. In the event of a termination of this Lease by reason of Tenant's default or in the event of a mutually agreed termination, at Landlord's option, each sublease of any portion of the Premises shall attorn to Landlord. Each such sublessee shall be deemed to have agreed to the provisions of this Section and any such Assignment or Sublease shall specifically provide as such.

19. Utilities and Services.

19.1 Landlord to Furnish. Tenant acknowledges that the Premises is not separately metered for electricity and therefore Tenant shall pay its estimated prorata share of electrical usage to Landlord. Tenant's share of electricity is estimated at approximately $.153 per rentable square foot per month and shall be included on the monthly rent statement. The estimated rate is subject to adjustment based on changes in use or rate increases imposed by SDG&E. Tenant shall be permitted to separately meter the Premises for electricity at its own expense. The cost of sewer and water will be included in the Building Expenses unless separately metered for Tenant. Tenant will be responsible to provide, at its cost, janitorial service, including the refilling of soap, towel and tissue containers in the restrooms in the Premises.

19.2 Excess Usage. Whenever heat generating machines or equipment or lighting are used in the Premises by Tenant which materially affect the temperature otherwise maintained by the air conditioning system, Landlord shall have the right to install supplementary air conditioning facilities in the Premises or otherwise modify the ventilating and air conditioning system serving the Premises, and the reasonable cost of such facilities and modifications shall be borne by Tenant. Tenant shall pay in advance Landlord's reasonable estimate of any and all costs for additional facilities and modifications which may be constructed by Landlord under this Section (including without limitation the costs of labor, materials, equipment, supervision and management fee), subject to adjustment of final costs upon completion.

19.3 Interruption of Service. Landlord reserves the right to stop the service of the heating, ventilating, air conditioning, elevator, plumbing, electrical or other mechanical systems or facilities in the Premises or Building when necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements that, in the reasonable judgment of Landlord, are desirable or necessary, until such accident or emergency shall have been corrected or such repairs, alterations, replacements or improvements shall have been completed. Landlord shall give Tenant advance notice of any such interruption of services when reasonably possible, and shall restore such services as soon as reasonably possible and in a manner so as to cause as little

interference with Tenant's use of the Premises as is reasonably possible; provided, however, that Landlord shall not be obligated to perform work during other than normal business hours. In addition, Landlord reserves the right to limit, restrict or ration the use of water, electricity, gas or any other form of energy or any other service or utility serving the Premises or the Building, in compliance with the requirements of federal, state or local governmental agencies or utilities suppliers in reducing energy or other resources consumption. Tenant shall cooperate reasonably with any voluntary energy conservation program initiated by Landlord in cooperation with the efforts of federal, state or local governmental agencies or utilities suppliers in reducing the consumption of energy or other resources.

19.4 Security Systems and Programs. The parties acknowledge that safety and security devices, services and programs provided by Landlord, if any, while intended to deter crime and safety, may not in given instances prevent theft or other criminal acts, or insure safety of persons or property. The risk that any safety or security device, service or program may not be effective, or may malfunction or be circumvented, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against criminal acts and other losses. Tenant agrees to cooperate with any reasonable safety or security program developed by Landlord or required by law.

19.5 No Liability. Landlord shall not be liable or responsible for any interruption in the services to be provided under this Article 19, or for any interruptions of services occurring in connection with the making of repairs, replacements or improvements to the Premises or the Building.

20. Default.

20.1 Events Constituting Default. Except as otherwise provided herein, the failure to perform or honor any covenant, condition or other obligation of Tenant or the failure of any representation made by Tenant under this Lease (including Exhibits hereto) shall constitute a default hereunder by Tenant upon expiration of the appropriate grace period hereinafter provided, if any. Tenant shall have a period of ten (10) business days from the date due within which to cure any default in the payment of Rent. Tenant shall have a period of ten (10) days from the date due within which to cure any default in the payment of Additional Charges. Tenant shall have a period of thirty (30) days from the date of written notice from Landlord within which to cure any other default under this Lease; provided, however, that with respect to any default (other than a default which can be cured by the payment of money)

that cannot reasonably be cured within thirty (30) days, the default shall not be deemed to be uncured if Tenant commences to cure within thirty (30) days from Landlord's notice, continues to prosecute diligently the curing of such default and actually cures such default within sixty (60) days after Landlord's notice.

20.2 Remedies. Upon the occurrence of a default by Tenant that is not cured by Tenant within the grace periods specified in Section 20.1, Landlord shall have the following rights and remedies in addition to all other rights and remedies available to Landlord at the law or in equity:

(a) The rights and remedies provided by California Civil Code Section 1951.2, including, but not limited to, the right to terminate Tenant's right to possession of the Premises and to recover (i) "the worth at the time of award" (as defined in Section 20.2(f) below) of the unpaid Rent and Additional Charges which shall have been earned at the time of termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent and Additional Charges which would have been earned after termination until the time of award shall exceed the amount of loss of such Rent and Additional Charges that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent and Additional Charges for the balance of the term of this Lease after the time of award shall exceed the amount of loss of such Rent and Additional Charges that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which would be likely to result therefrom (including, without limitation, attorney's and accountants' fees, costs of alterations of the Premises, interest costs and brokers' fee incurred upon any reletting of the Premises);

(b) The rights and remedies provided by California Civil Code Section 1951.4 (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover Rent and Additional Charges as they become due). Acts of maintenance or preservation, efforts to relet the Premises or the appointment of a receiver upon Landlord's initiative to protect its interest under this Lease shall not of themselves constitute a termination of Tenant's right to possession;

(c) The right and power to enter the Premises and remove therefrom all persons and property, to store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant, and to sell such property and apply the proceeds therefrom pursuant to applicable California law. In such event, Landlord may from time to time

sublet the Premises or any part thereof for such term or terms (which may extend beyond the Term) and at such rent and such other terms as Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs to the Premises. Upon each such subletting, rents received from such subletting shall be applied by Landlord, first, to payment of any indebtedness other than Rent and Additional Charges due hereunder from Tenant to Landlord; second, to the payment of any costs of such subletting (including with limitation attorneys' and accountants' fees, costs of alterations of the Premises, interests costs, and brokers' fees) and of any such alterations and repairs; third, to payment of Rent and Additional Charges due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future Rent and Additional Charges as they become due hereunder. If any rental or other charges due under such sublease shall not be promptly paid to Landlord by the sublessee(s), or if such rentals received from such subletting during any month are less than Rent and Additional Charges to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord as well as any unpaid indebtedness other than Rent and Additional Charges due hereunder from Tenant to Landlord and the costs of such subletting (including without limitation attorneys' and accountants' fees, costs of alterations of the Premises, interests costs and brokers' fees), and any other amounts due Landlord under this Section. Such deficiency shall be calculated and paid monthly. For all purposes set forth in this Section, Landlord is hereby irrevocably appointed attorney-in-fact for Tenant, with power of substitution. No taking possession of the Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to Tenant. Landlord's subletting the Premises without termination shall not constitute a waiver of Landlord's right to elect to terminate this Lease for such previous breach;

(d) The right to have a court appointed receiver appointed for Tenant, upon application by Landlord, to take possession of the Premises, to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Landlord pursuant to Section 20.2(c); and

(e) The right to specific performance of any or all of Tenant's obligations hereunder, and to damages for delay in or failure to such performance.

(f) For purposes of Section 20.2(a) the "worth at the time of award" of the amounts referred to in subparagraphs (i) and (ii) shall be computed with interest at the Interest Rate per annum or the maximum rate allowed by law; the "worth at the time of award" of the amount referred to in subparagraph (iii) shall be computed by discounting

such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%); and "Rent and Additional Charges" with respect to each month shall be calculated by adding (a) one twelfth (1/12th) of the Rent payable for a full lease year at the time of default, plus (b) the monthly average of the Additional Charges payable by Tenant hereunder for the year immediately before the year in which the default occurred, or if the default occurs in the first year of the Term, Landlord's estimate of Additional Charges which would have been payable monthly by Tenant during that year. For purposes of computing amounts that would have accrued after the time of award, increases in Rent and Additional Charges shall be projected based upon the average rate of inflation from the Commencement Date through the time of award; provided, however, that in no event shall Rent be deemed to decrease after the time of award, nor shall Additional Charges under Article 5 be deemed to be less than zero.

20.3 Remedies Cumulative. The exercise of any remedy provided by law or the provisions of this Lease shall not exclude other remedies unless they are expressly excluded by this Lease. Tenant hereby waives any right of redemption or relief from forfeiture following the termination of, or exercise of any remedy by Landlord with respect to, this Lease.

20.4 Recovery Against Landlord. Tenant shall look solely to Landlord's interest in the Building Real Property (including any proceeds of sale of the Building Real Property and insurance proceeds received by Landlord with respect to the Building Real Property) for the recovery as provided under applicable law of any judgment against Landlord; provided, however, that Tenant shall not be entitled to recover out of any insurance proceeds received by Landlord which Landlord is applying or has a good faith intention to apply to work on the Building. Landlord, or if Landlord is a partnership, its partners whether general or limited, or if Landlord or any constituent partner or Landlord is a corporation, its directors, officers and shareholders, shall never be personally liable for any such judgment.

20.5 Events of Default by Landlord. The failure by Landlord to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Landlord, where such failure shall continue for a period of thirty (30) days after written notice thereof by Tenant to Landlord, shall be deemed to be a default by Landlord under this Lease, provided, however, that if the nature of Landlord's default is such that more than thirty (30) days are reasonably required for its cure, then Landlord shall not be deemed to be in default if Landlord commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion, provided that

the default shall actually be cured within one hundred eighty (180) days after notice. Notwithstanding the foregoing, Tenant shall give written notice of any default by Landlord to all mortgagees under mortgages encumbering all or any portion of the Building Real Property or any interest therein of which Tenant has received written notice, and Landlord shall not be deemed to be in default unless no mortgagee has commenced to cure such default or commenced foreclosure proceedings within thirty (30) days (or such longer period as is reasonably required, but not to exceed one hundred eighty (180) days) after such mortgagee has received such notice.

21. Insolvency or Bankruptcy.

21.1 The occurrence of any of the following shall, at Landlord's option, constitute a breach of this Lease by Tenant: (i) the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or the Premises, (ii) an assignment by Tenant for the benefit of creditors, (iii) any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted, (iv) the filing of any voluntary petition in bankruptcy by Tenant, or the filing of any involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days, (v) the attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) business days after the levy thereof, (vi) the admission by Tenant in writing of its inability to pay its debts as they become due, (vii) the filing by Tenant of any answer admitting or failing timely to contest a material allegation of a petition filed against Tenant in any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation or dissolution of Tenant or similar relief, or (viii) if within thirty (30) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statue, law or regulation, such proceeding shall not have been dismissed. Upon the occurrence of any such event or at any time thereafter, this Lease shall terminate five (5) days after written notice of termination from Landlord to Tenant. In no event shall this Lease be assigned or assignable by operation of law or by voluntary or involuntary bankruptcy proceedings or otherwise, and in no event shall this Lease or any right or privileges hereunder be an asset of Tenant under any bankruptcy, insolvency or reorganization proceedings. If, upon the occurrence of any of the events enumerated above, under applicable law Tenant or the trustee in bankruptcy has the right to affirm this Lease and continue to perform the obligations of

Tenant hereunder, Tenant or such trustee shall, in such time period as may be permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant outstanding hereunder as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease. Notwithstanding the provisions of Section 20.1, there shall be no cure periods for any breach of default under this Article 21.

22. Fees and Expenses; Indemnity; Payment.

22.1 Landlord's Right to Remedy Defaults. If Tenant shall default in the performance of any of its obligations under this Lease after notice of expiration of the applicable cure period, if any, Landlord, at any time thereafter and without additional notice, may remedy such default for Tenant's account and at Tenant's expense, without thereby waiving any other rights or remedies of Landlord with respect to such default. Notwithstanding the foregoing, Landlord shall have the right to cure any failure by Tenant to perform any of its obligations under this Lease without notice to Tenant if such failure results in an immediate threat to life or safety of any person, or impairs the Building or its efficient operation.

22.2 Indemnity. Subject to the provisions of Section 15.6 and except to the extent caused by the gross negligence or wilful misconduct of the party seeking indemnification, Tenant shall indemnify Landlord, all partners of any partnership constituting Landlord, and their respective officers, directors, shareholders, employees, servants and agents, all mortgagees of Landlord's interest in all or any portion of the Building Real Property, and the lessor or lessors under all ground or underlying leases (sometimes collectively referred to herein as "Related Entities") against and save Landlord and Related Entities harmless from and defend Landlord and Related Entities through attorneys reasonably satisfactory to Landlord which may include in-house attorneys) from and against any and all claims, loss, cost liability, damage and expense including, without limitation, penalties, fines and reasonable attorneys' fees, to the extent incurred in connection with or arising from (a) any default by Tenant in the observance or performance of any of the terms, covenants, conditions or other obligations of this Lease to be observed or performed by Tenant, or the failure of any representation made by Tenant in this Lease, (b) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person occupying the Premises, (c) any occurrence or happening on the Premises between the Commencement Date and the time Landlord has accepted the surrender of the Premises after the expiration or termination of this Lease, (d) any negligence or wilful misconduct of Tenant or any person claiming through or under

Tenant, or of the contractors, subcontractors, agents, servants, employees, or licensees of Tenant or any person claiming through or under Tenant (collectively "Tenant's Agents") in the Premises or anyone in the Premises (other, than Landlord or Landlord's agents, employees or contractors), including without limitation, any negligence or wilful misconduct in the making or performing of any Alterations, (e) any negligence or wilful misconduct of Tenant or any subtenant of the Premises or any of their respective employees while on the Building Real Property, (f) Landlord's inability to obtain access to any portion of the Premises with respect to which Landlord has not been furnished a key (if locked) or access has been otherwise restricted, or (g) the use by Tenant or any of Tenant's Agents of any Project Common Area or Building Common Area.

22.3 Assumption of Risk. Neither Landlord nor any Related Entities shall be liable for any damage or damages of any nature whatsoever to persons or property caused by explosion, fire, theft or breakage, vandalism, falling plaster, by sprinkler, drainage or plumbing systems, or air conditioning equipment, by failure for any cause to supply adequate drainage, by the interruption of any public utility or service, by steam, gas, electricity, water, rain or other substances leaking, issuing or flowing into any part of the Premises, by natural occurrence, acts of the public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority, or by anything done or omitted to be done by any tenant, occupant or person in the Building, it being agreed that Tenant shall be responsible for obtaining appropriate insurance to protect its interests.

22.4 Payment of Sums Due. Except as otherwise provided, Tenant shall pay to Landlord, within thirty (30) days after delivery by Landlord to Tenant of bills or statements therefor, all Additional Charges and reasonable expenditures made and reasonable monetary obligations incurred by Landlord in collecting or attempting to collect the Rent, any Additional Charges or any other sum actually due under this Lease or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including without limitation reasonable attorneys' fees.

22.5 Interest On Past Due Obligations; Service Charge. Unless otherwise specifically provided herein, any amount due from Tenant to Landlord under this Lease which is not paid within ten (10) business days from the date when due shall bear interest from the due date until paid at the lesser of the highest rate than permitted by law or a rate per annum which is equal to four percent (4%) plus the highest rate identified by Bank of America NT&SA as its "reference rate" between the date such amount was due and the date such payment was received. The

payment of such interest or service charge (or both) shall not alone excuse or cure any default under the Lease.

23. Access to Premises.

23.1 Landlord's Right to Enter. Landlord reserves for itself and its agents, employees and independent contractors the right to enter the Premises at all reasonable times (upon reasonable telephonic notice, if possible) to inspect the Premises, to supply any service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers, mortgagees or (during the last twelve (12) months of the Lease only) tenants, to post notices of nonresponsibility, to determine whether Tenant is complying with its obligations under this Lease, and to alter, improve or repair the Premises or any other portion of the Building. Landlord's right to enter the Premises shall include the right to grant access to the Premises to governmental or utility employees. Landlord may erect, use and maintain scaffolding, pipes, conduits, and other necessary structures in and through the Premises or any other portion of the Building where reasonably required by the character of the work to be performed in making repairs or improvements, provided that the entrance to the Premises shall not be blocked thereby, and that there is no unreasonable interference with the business of Tenant. In the event of an emergency Landlord shall have the right to enter the Premises at any time without notice. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, any right to abatement or Rent or Additional Charges, or any other loss occasioned by Landlord's exercise of any of its rights under this Article 23. Any entry to the Premises or portions thereof obtained by Landlord in accordance with this Article 23 shall not be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Landlord shall perform all work pursuant to this Section as quickly as is reasonably possible and in a manner designed to cause as little interference with Tenant's use of the Premises as is reasonably possible; provided, however, that Landlord shall not be obligated to perform work during other than normal business hours. Tenant waives all rights to consequential damages (including without limitation damages for lost profits and lost opportunities) arising in connection with Landlord's exercise of its right under this Section.

23.2 Means of Entry. Landlord shall have the right to use any and all means that Landlord may deem necessary or proper to open doors in an emergency, in order to obtain entry to any portion of the Premises.

24. Notices. Except as otherwise provided in this Lease, any payment required to be made and any bills, statements, notices, demands, requests or other communications given or required to be given under this Lease shall be effective only if rendered or given in writing, sent by personal delivery or registered or certified mail, return receipt requested, or by overnight courier service, addressed (a) to Tenant at the Premises, (b) to Landlord c/o The Property Manager, 9605 Scranton Road, Suite 102, San Diego, California 92121, or (c) to such other address as either Landlord or Tenant may designate as its new address in California for such purpose by notice given to the other in accordance with the provisions of this Section. Any such bill, statement, notice, demand, request or other communication shall be deemed to have been rendered or given on the date of receipt or refusal to accept delivery.

25. No Waiver. Neither this Lease nor any term or provision hereof may be waived, and no breach thereof shall be waived, except by a written instrument signed by the party against which the enforcement of the waiver is sought. No failure by Landlord to insist upon the strict performance of any obligation of Tenant under this Lease or to exercise any right, power or remedy consequent upon a breach thereof, no acceptance of full or partial Rent or Additional Charges during the continuance of any such breach, no course of conduct between Landlord and Tenant, and no acceptance of the keys to or possession of the Premises before the termination of the Term by Landlord or any employee of Landlord shall constitute a waiver of any such breach or a waiver or modification of any term, covenant or condition of this Lease or operate as a surrender of this Lease. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. No payment by Tenant or receipt by Landlord of a lesser amount than the aggregate of all Rent and Additional Charges then due under this Lease shall be deemed to the other than on account of the first items of such Rent and Additional Charges then accruing or becoming due, unless Landlord elects otherwise. No endorsement or statement on any check and no letter accompanying any check of other payment of Rent or Additional Charges in any such lesser amount and no acceptance by Landlord of any such check or other payment shall constitute an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or Additional Charges or to pursue any other legal remedy.

26. Tenant's Certificates.

26.1 Tenant, at any time during the term of this Lease and from time to time, within ten (10) days after written request, shall execute, acknowledge and deliver to Landlord, addressed (at Landlord's request) to any prospective purchaser, ground or underlying lessor or mortgagee of any part of the Building Real Property, and estoppel certificate in reasonable and customary form and substance. Tenant's failure to do so within such ten (10) day period shall be conclusive upon Tenant that all facts set forth in Landlord's proposed certificate are true and correct. In addition, Tenant shall be liable for all loss, cost or expense resulting from the failure of or delay in any sale or funding of any loan or other transaction caused by Tenant's failure to timely furnish any such certificate may be relied upon by any prospective purchaser, ground or underlying lessor or mortgagee of all or any part of the Building Real Property.

27. Rules and Regulations.

27.1 Tenant shall faithfully observe and comply with, and shall cause all occupants of the Premises and Tenant's Agents to observe and comply with, the rules and regulations, attached to this Lease as Exhibit D relating to the Building and the Project Common Areas and all reasonable modifications thereof and additions thereto from time to time put into effect by Landlord. Landlord shall not be responsible for the nonperformance by any other tenant or occupant of the Project of any of such rules and regulations. In the event of any conflict between any such rule or regulation and this Lease, this Lease shall govern.

28. Tenant's Taxes.

28.1 In addition to all other sums to be paid by Tenant under this Lease, Tenant shall pay, before delinquency, any and all taxes levied or assessed during the term of this Lease, whether now customary or within the contemplation of the parties hereto, (a) upon, measured by or reasonably attributable to the equipment, furniture, fixtures and other personal property located in the Premises, including without limitation any Alterations, (b) upon or measured by Rent or Additional Charges, or both, payable under this Lease, including without limitation any gross income tax or excise tax levied by the City and County of San Diego, the State of California, the Federal Government or any other governmental body with respect to the receipt of such rental; (c) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (d) upon this transaction or any

document to which Tenant is a party creating or transferring an interest or an estate in the Premises. Tenant shall reimburse Landlord upon demand for any and all such taxes paid or payable by Landlord (other than state and federal, personal or corporate income taxes measured by the net income of Landlord from all sources).

29. Authority. If either party signs as a corporation or partnership or other entity, each of the persons executing this Lease on behalf of such party does hereby covenant and warrant that such party is a duly authorized and existing entity, that such party has and is qualified to do business in California, that the entity has full right and authority to enter into this Lease, and that each and both of the persons signing on behalf of the entity is and are authorized to do so.

30. Miscellaneous.

30.1 Asbestos Disclosure. Tenant acknowledges that it has been furnished with and has reviewed a copy of the two reports prepared by the Szaras Company, dated September 12, 1991 and January 20, 1992, respectively, regarding the presence of asbestos in the Project (the "Asbestos Reports"). The Asbestos Reports are hereby accepted and approved by Tenant. Tenant acknowledges that Landlord has not made any representations or warranties as to the content, accuracy or completeness of the Asbestos Reports, and that Landlord has merely provided the Asbestos Reports for the information of Tenant. Tenant shall not maintain any physical contact with the affected area described in the Asbestos Reports and shall prohibit Tenant's Agents from doing the same. Tenant shall notify Tenant's Agents of the presence of asbestos and shall share copies of the Asbestos Reports with all Tenant's Agents and shall comply with all governmental laws and regulations relating to disclosure, notification and warnings with respect to the contents of the Asbestos Reports. If any asbestos is discovered in the Premises, and is not attributable to any act or omission of Tenant or its agents, then Landlord shall cause it to be removed at its cost, and shall perform any required or necessary repairs or cleanup related to such removal.

30.2 Financial Statements. Upon Landlord's written request from time to time (not more frequently than once per year), Tenant shall promptly furnish Landlord with certified financial statements reflecting Tenant's then-current financial condition, in such form and detail as Landlord may reasonably request; provided, however, that so long as the stock of Tenant is traded on a national exchange, Tenant may furnish an annual report instead of financial statements.

30.3 References. All personal pronouns used in this Lease, whether used in the masculine, feminine or neuter gender, shall include

all other genders; the singular shall include the plural, and vice versa. The use herein of the words "including" or "include" when following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation", or "but not limited to", or words of similar import) is used with reference thereto. All references to "mortgage" and "mortgagee" shall include deeds of trust and beneficiaries under deeds of trust, respectively. All Exhibits referenced herein and attached to this Lease are hereby incorporated in this Lease by this reference. The captions preceding the Sections and Articles of this Lease have been inserted solely as a matter of convenience and such captions in no way define or limit the scope or intent of any provision of this Lease.

30.4 Successors and Assigns. The terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and except as otherwise provided herein, their respective personal representatives and successors and assigns; provided, however, that upon the sale, assignment or transfer by Landlord (or by any subsequent Landlord) of its interest in the Building as owner or lessee, including any transfer upon or in lieu of foreclosure or by operation of law, Landlord (or subsequent Landlord) shall be relieved from all subsequent obligations or liabilities under this Lease, and all obligations subsequent to such sale, assignment or transfer (but not any obligations or liabilities that have accrued prior to the date of such sale, assignment or transfer) shall be binding upon the grantee, assignee or other transferee of such interest. Any such grantee, assignee or transferee, by accepting such interest, shall be deemed to have assumed such subsequent obligations and liabilities.

30.5 Severability. If any provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall remain in effect and shall be enforceable to the full extent permitted by law.

30.6 Construction. This Lease shall be governed by and construed in accordance with the laws of the State of California applicable to leases of real property made and entirely performed in California. Any actions or proceedings brought under this Lease, or with respect to any matter arising under or out of this Lease, shall be brought and tried only in courts located in the City and County of San Diego, California (excepting appellate courts).

30.7 Integration. The terms of this Lease (including the Exhibits hereto) are intended by the parties as a final expression of their agreement with respect to such terms as are included in this Lease and may not be contradicted by evidence of any prior or contemporaneous agreement, arrangement, understanding or negotiation (whether oral or written). The parties further intend that this Lease constitutes the complete and exclusive statement of its terms, and no extrinsic evidence whatsoever may be introduced in any judicial proceeding involving this Lease. Neither Landlord nor Landlord's agents have made any representations or Warranties with respect to the Premises, the Building, the Building Real Property, or any other portion of the Project or this Lease except as expressly set forth herein. The language in all parts of this Lease shall in all cases be construed as a whole and in accordance with its fair meaning and not restricted for or against any party.

30.8 Surrender. Upon the expiration or sooner termination of the Term, Tenant will quietly and peacefully surrender to Landlord the Premises in the condition in which they are required to be kept as provided in Articles 10 and 11, ordinary wear and tear excepted. Upon expiration or earlier termination of this Lease, Tenant shall, immediately upon request of Landlord, execute, acknowledge and deliver to Landlord a recordable deed quitclaiming to Landlord any interest of Tenant in the Premises, the Building Real Property and this Lease.

30.9 Quiet Enjoyment. Upon Tenant paying the Rent and Additional Charges and performing all of Tenant's obligations under this Lease, Tenant may peacefully and quietly enjoy the Premises during the Term as against all persons or entities claiming by or through Landlord; subject, however, to the provisions of this Lease and to any mortgages or ground or underlying leases referred to in Article 13.

30.10 Holding Over. If Tenant shall hold over after the expiration of the Term, Tenant shall pay Rent equal to one hundred fifty percent (150%) of the Rent payable during the final full lease year (exclusive of abatements, if any), together with an amount reasonably estimated by Landlord for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (but expressly excluding all renewal or extension rights). No holding over by Tenant after the Term shall operate to extend the Term. In the event of any holding over without Landlord's prior written consent, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord may have leased all or any part of the Premises commencing upon or after the expiration of the Term, Any holding over with Landlord's written consent shall be construed as a tenancy at sufferance or from month to month, at Landlord's option. Any holding over without Landlord' written consent

shall entitle Landlord to reenter the Premises as provided in Article 20, and to enforce all other rights and remedies provided by law or this Lease.

30.11 Time of Essence. Time is of the essence of each and every provision of this Lease.

30.12 Broker's Commissions. Each party represents and warrants to the other that it has not entered into any agreement, or incurred or created any obligation which might require the other party to pay any broker's commission, finder's fee or other commission or fee relating to the leasing of the Premises, except that Landlord shall pay to Grubb & Ellis and Sentre Partners a leasing commission on the transaction. Each party shall indemnify, defend and hold harmless the other and the other's constituent partners and their respective officers, directors, agents and employees from and against all other claims for any commissions or fees made by anyone claiming by or through the indemnifying party.

30.13 No Merger. The voluntary or other surrender or termination of this Lease by Tenant, or a mutual cancellation thereof shall not work a merger, but, at Landlord' sole option, shall either terminate all existing subleases or subtenancies or shall operate as an assignment to Landlord of all such subleases or subtenancies. Tenant agrees that in the event Tenant becomes the owner of the Building Real Property, Tenant's leasehold hereunder shall not then or thereafter merge with the fee estate and Tenant hereby irrevocably surrenders any right to effect such merger and this Lease shall continue in full force and effect.

30.14 Consents. Unless otherwise expressly provided in this Lease, all consents and approvals to be given by Landlord or Tenant shall not be unreasonably withheld.

30.15 Survival. All of Tenant's and Landlord's covenants and obligations contained in this Lease which by their nature might not be fully performed or capable of performance before the expiration or earlier termination of this Lease shall survive such expiration or earlier termination. No provision of this Lease providing for termination in certain events shall be construed as a limitation or restriction of Landlord's or Tenant's rights and remedies at law or in equity available upon a breach by the other party of this Lease.

30.16 Amendments. No amendments or modifications of this Lease or any agreements in connection therewith shall be valid unless in writing duly executed by both Landlord and Tenant. No amendment to this

Lease shall be binding on any mortgagee of Landlord (or purchaser at any foreclosure sale) unless such mortgagee shall have consented thereto in writing.

30.17 Attorneys' Fees. If Landlord becomes a party to any litigation not initiated by Tenant concerning this Lease, the Premises or the Building Real Property by reason of any act or omission of Tenant or its authorized representatives, and not by reason of Landlord's own act or omission or any act or omission of Landlord's authorized representatives, Tenant shall be liable to Landlord for reasonable attorneys' fees and court costs incurred by Landlord in the litigation.

If either party commences an action against the other party arising out of or in connection with this Lease, or institutes any proceeding in a bankruptcy or similar court which has jurisdiction over the other party or any or all of its property or assets, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and court costs.

30.18 Arbitration of Disputes.

(a) If arbitration is expressly provided for in this Lease as a dispute resolution procedure, the arbitration shall be conducted as provided in this Article, except as otherwise provided in this Lease. All proceedings shall be conducted according to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA"), or its successor organization, except as hereinafter provided. No action at law or in equity in connection with any such dispute shall be brought until arbitration hereunder shall have been waived, either expressly or pursuant to this Article. The judgment upon the award rendered in any arbitration hereunder shall be final and binding on both parties hereto and may be entered in any court having jurisdiction thereof.

(b) During an arbitration proceeding pursuant to this Article, the parties shall continue to perform and discharge all of their respective obligations under this Lease, except as otherwise provided in this Lease.

(c) Unless arbitration is specified as a dispute resolution procedure as to a particular dispute hereunder, disputes under this Lease shall not be resolved by arbitration unless both parties agree in writing to do so, and disputes shall be resolved as otherwise provided by law.

(d) All disputes that may be arbitrated in accordance with this Article shall be raised by notice to the other party, which notice shall state with particularity the nature of the dispute and the demand for relief, making specific reference by article number and title of the provisions of this Lease alleged to have given rise to the dispute. The notice shall also refer to this Article and shall state whether or not the party giving the notice demands arbitration under this Article. If no such demand is contained in the notice, the other party against whom relief is sought shall have the right to demand arbitration under this Article within ten (10) business days after such notice is received. Unless one of the parties demands arbitration, the provisions of this Article shall be deemed to have been waived with respect to the dispute in question.

(e) The notice specified in Paragraph (d) above shall identify the arbitrator to act on the notifying party's behalf. The arbitrator shall be a person who has demonstrated at least ten (10) years of experience in commercial real estate matters and, in particular, the subject matter of the dispute in question. Within ten (10) business days after receipt of the notice of arbitration, the other party shall notify the first party of the identity of the arbitrator to act on such other party's behalf, which arbitrator shall be similarly qualified. If such party fails to identify its arbitrator within ten (10) business day period, the arbitrator named by the notifying party shall be the only arbitrator to resolve the dispute. If two (2) arbitrators are chosen pursuant to the foregoing, they shall meet within ten (10) business days after the second arbitrator is appointed and, if within ten (10 business days after such first meeting the two arbitrators shall be unable to agree promptly upon a resolution of the dispute, they shall appoint a third arbitrator, who shall be similarly qualified. In the event they are unable to agree upon such appointment within five (5) business days after expiration of such ten (10) day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) business days. If the parties do not so agree, either party, on behalf of both, may request appointment of such a qualified person by the AAA. If the AAA shall refuse or be unable to provide such selection, the arbitrator shall be appointed by any successor organization providing substantially the same services, and in the absence of such an organization, by the Presiding Judge of the California Superior Court for the City and County of San Diego. The arbitrator(s) so selected shall resolve the dispute. The arbitration proceedings shall take place at a mutually acceptable location in the City and County of San Diego.

(f) When resolving any dispute, the arbitrators shall apply the pertinent provisions of this Lease without departure therefrom

in any respect. The arbitrators shall not have the power to change any of the provisions of this Lease, but this Article shall not prevent in any appropriate case the interpretation, construction and determination by the arbitrators of the applicable provisions of this Lease to the extent necessary in applying the same to the matters to be determined by arbitration.

(g) Except as otherwise expressly provided in this Lease, the cost of the arbitration, including reasonable attorneys' and expert witness fees, shall be borne by the unsuccessful party (as determined by the arbitrators).

30.19 Early Termination of Lease. Tenant shall have the right to terminate this Lease twelve months prior to the scheduled Expiration Date. Tenant may elect to terminate the Lease on November 30, 1998, by providing irrevocable written notice ("Notice of Early Termination") to Landlord. Such Notice of Early Termination must be delivered to Landlord no later than July 31, 1998. If a Notice of Early Termination is not received by Landlord by July 31, 1998, then this right of early termination shall expire and shall no longer be in effect.

IN WITNESS WHEREOF, Landlord and Tenant have each caused their duly authorized representative to execute this Lease on their behalf as of the date first above written.

LANDLORD:

SORRENTO TECH ASSOCIATES, a California limited partnership

By Barnes Canyon RPF Realty Corp., a Connecticut Corporation, General Partner

By /s/ Mark S. Knapp

Mark S. Knapp
Vice President

TENANT:

WIRELESS FACILITIES INC., a New York Corporation

By /s/ Massih Tayebi

Massih Tayebi
Chief Executive Office

EXHIBIT A

Floor Plan

[OFFICE LAYOUT PLAN GOES HERE]

EXHIBIT B

Site Plan

[THE MAP OF THE SITE PLAN GOES HERE]

EXHIBIT D

RULES AND REGULATIONS

ATTACHED TO AND MADE A PART OF OFFICE BUILDING LEASE
(Capitalized terms shall have the meaning set forth in the Lease.)

1. Parking-General. Subject to compliance with the rules and regulations set forth below in paragraph 2, so long as the Lease to which this Exhibit D is attached remains in effect, Tenant or persons designated by Tenant shall be entitled to non-exclusive use of unreserved surface parking areas located at the Project. All persons utilizing the Project parking facilities shall comply with the rules and regulations set forth below. Landlord reserves the right to modify and/or adopt such other reasonable and non-discriminatory rules and regulations for the Project parking as it deems necessary. Landlord may refuse to permit any person who violates the rules and regulations to park in the Project parking facilities. Any violation of this Parking Agreement shall subject the violator's car to removal from the Project parking facilities at the violator's expense.

2. Parking-Rules and Regulations.

(a) Cars must be parked entirely within the stall lines painted on the floor.

(b) All directional signs and arrows must be observed.

(c) The speed limit shall be 5 miles per hour.

(d) Parking is prohibited:

(1) In areas not striped for parking;

(2) In fire lanes;

(3) Where "no parking" signs are posted;

(4) In cross-hatched areas; and

(5) In such other areas as may be designated by Landlord.

(e) Every parker is required to park and lock his or her own car. All responsibility for theft and/or damage to cars, other personal property or persons is assumed by the parker.

(f) No more than one vehicle may be parked in any one parking space. Washing, waxing, cleaning or servicing of any vehicle by a parker and/or his agents is prohibited.

(g) Tenant shall acquaint all its officers and employees with these rules and regulations.

3. Asbestos.

(a) Tenant has been provided with the Asbestos Reports described in Section 30.1 of the Lease. The reports contain a management plan and procedures.

(b) It is important to the health and safety of everyone in the Project that the procedures described in the management plan and in the Asbestos Reports be strictly followed. If Tenant has reason to believe that anyone is not following these procedures, that there is asbestos in any area of the Building or Project not indicated in the

Asbestos Reports, or that any asbestos containing materials have been damaged, Tenant shall immediately contact Landlord or its property manager. Tenant shall not fail to follow the attached procedures in any way and must obtain the property manager's approval as to any work to be done by Tenant or any of Tenant's Agents if the work involves any procedures to be done in any area containing asbestos. The property manager may withhold consent to any such work if the property manager is of the opinion that the work may create a danger to the employee, or others in the Building or Project.

4. Miscellaneous.

(a) No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the Building without the written consent of Landlord, first had and obtained, and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant. All signs or lettering on doors shall conform to Landlord's sign criteria for the Building. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises.

(b) Tenant shall not alter any lock or install any new or additional locks or any bolts on any door of the Premises without obtaining the prior express written consent of Landlord which consent shall not be unreasonably withheld.

(c) Toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Tenant or those employees or invitees of Tenant who shall have caused it.

(d) Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.

(e) Tenant shall not use or keep in the Premises any flammable or combustible fluid or material, including, but not limited to, kerosene or gasoline. Tenant shall not use any method of heating or air conditioning other than that supplied or installed by Landlord.

(f) Upon the termination of its tenancy, Tenant shall deliver to Landlord the keys for all offices, rooms and toilet rooms which shall have been furnished to Tenant or which Tenant shall have had made, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

(g) Tenant shall not lay linoleum, tile, carpet or any other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner, without obtaining the prior express written consent of Landlord which consent shall not be unreasonably withheld. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be

borne by Tenant, or by the contractors, employees or invitees of Tenant who caused the damage.

(h) Landlord reserves the right to exclude or expel from the Buildings any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Project.

(i) Landlord shall have the right exercisable without notice, to change the name and the street address of the Building of which the Premises are a part.

(j) Tenant shall not disturb, solicit, or canvas any occupant of the Building or Project and shall cooperate to prevent same.

(k) Without the written consent of Landlord, Tenant shall not use the name of the Building or the Project in connection with or in promotion or advertising of the business of Tenant except as Tenant's address.

(l) All exterior window coverings, whether curtains, blinds or otherwise, used by Tenant shall be approved in writing by Landlord. Landlord intends that all window coverings in the Project be uniform and standard in color, texture and appearance and Tenant shall have no right to deviate from or change the exterior window coverings approved by Landlord.

(m) Tenant shall comply with all documents, instruments and covenants recording against the Project, including, without limitation, the covenants, conditions and restrictions of the Lusk/Mira Mesa Industrial Park.

FIRST AMENDMENT TO OFFICE LEASE

This First Amendment to Office Lease (this "First Amendment"), entered into as of August 31, 1998, by and between SAN DIEGO TECH CENTER, LLC, a Delaware limited liability company (successor in interest under the Lease to Sorrento Tech Associates) ("Landlord"), and Wireless Facilities, Inc., a Delaware Corporation ("Tenant") modifies that certain lease dated November 15, 1995 (the "Lease"), by and between Sorrento Tech Associates, a California limited partnership ("Original Landlord"), and Tenant. All capitalized terms in this First Amendment and not defined shall have the meanings set forth in the Lease.

The parties hereto desire that the Lease be modified to provide for, among other things, the relocation of the existing Premises in the building located at 9725 Scranton Road, Suite 140, to the Revised Premises in the building located at 9805 Scranton Road, Suite 100.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the above Recitals and as follows:

1. Revised Premises. Landlord leases to Tenant and Tenant takes from Landlord, upon all terms and conditions of the Lease except to the extent they are inconsistent with this First Amendment, Suite 100 in the building located at 9805 Scranton Road, constituting approximately 15,555 rentable square feet ("Revised Premises"), as shown on Exhibit "A" attached hereto and made a part thereof. Landlord will release Tenant from all obligations to the existing Premises in the building located at 9725 Scranton Road upon the commencement of the Term of the Revised Premises.

2. Term. The Term of the Revised Premises shall commence on approximately Oct 1st, 1998 and shall terminate on September 30, 2002. Tenant acknowledges that the delivery of the Revised Premises shall be subject to the timely vacation of such space by Kokusai Communications Systems, and Landlord shall not be liable for any delay in possession that might be caused by Kokusai Communications Systems.

3. Rent. Rent and Additional Charges for the Revised Premises shall be payable in the same manner and at the same time as called for under the Lease with respect to the Premises, and shall be payable at the following rates:

10/1/98-9/30/99	$1.35 NNN Per Rentable Square Foot Per Month;
10/1/99-9/30/00	$1.40 NNN Per Rentable Square Foot Per Month;
10/1/00-9/30/01	$1.46 NNN Per Rentable Square Foot Per Month;
10/1/01-9/30/02	$1.51 NNN Per Rentable Square Foot Per Month.

Effective Oct 1st, 1998, Tenant's Building Share of Additional Charges for Building Expenses for the Revised Premises shall be 15.18% (15,555 rsf /102,456 rsf) and Tenant's Project Share of Additional Charges for Project Expenses for the Revised Premises shall be 2.46% (15,555 rsf /632,809 rsf). In addition, because the first floor of Building 4 has a common electric meter, Tenant will pay its prorata share of both the first floor and house electric meters.

4. Tenant Improvements. Tenant shall except the Revised Premises in "as-is" condition, vacant and broom clean, except that Landlord shall be responsible for the cost of demising the Revised Premises as shown on Exhibit "A". Tenant shall receive a tenant improvement allowance ("Tenant Improvement Allowance") in the amount of $30,000.00 to be used for modifications by Tenant to the Premises. Any improvements in excess of the $30,000.00 allowance shall be at the Tenant's sole cost and expense.

5. Security Deposit. Landlord currently holds a Security Deposit of $6,150.00. Upon execution of this First Amendment, Tenant shall pay to Landlord in immediately available funds an amount equal to $20,913.45, in order to increase the amount of the Security Deposit to $27,063.45, which is equal to the first month's Rent and Additional Charges for the Revised Premises.

6. Parking. During the Term of the First Amendment, Tenant shall be entitled to fifteen (15) parking access cards in the reserved lot adjacent to Building 4.

7. Broker's Commission. Tenant represents and warrants to Landlord that it has not entered into any agreement or incurred or created any obligation which might require Landlord to pay any broker's commission, finder's fee or other commission or relating to the leasing of the Premises as hereby amended. Tenant shall indemnify, defend and hold Landlord harmless and Landlord's constituent partners and their respective officers, directors, agents and employees from and against all claims for any such commission of fees made by anyone claiming by or through Tenant.

8. Miscellaneous.

8.1 Further Assurances. Each of the parties hereto agrees to execute all documents and instruments and to take all other actions as may specifically be provided for herein or in the Lease as may be required in order to consummate the purposes of this First Amendment.

8.2 No Third Parties. Except as specifically set forth herein, no third party shall be benefited by any of the provisions of this First Amendment, nor shall any such third party have the right to rely in any manner upon any of the terms hereof, and none of the covenants, representations, warranties or agreements herein contained shall run in favor of any third party not specifically referenced herein.

8.3 Legal Expenses. The prevailing party in any litigation or dispute over rights, remedies or duties arising under this First Amendment shall be entitled to recover, in addition to other appropriate relief, its reasonable costs and expenses, including without limitations, attorneys' fees and court costs. Such entitlement shall include costs and expenses incurred in the collection of any judgment or settlement.

8.4 Integration; Interpretation. This First Amendment in combination with the Lease contains or expressly incorporates by reference the entire agreement of the parties with respect to the matters contemplated herein and supersedes all prior negotiations.

8.5 Construction. The parties acknowledge that each party and its counsel have reviewed this First Amendment. The parties agree that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this First Amendment.

8.6 No Defaults. Tenant hereby represents and warrants that it is not in default under the Lease nor do any facts or circumstances exist which with the passage of time or giving of notice, or both, could ripen into a default.

8.7 Severability. If any provision of this First Amendment or of the Lease shall be determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, that portion shall be deemed severed therefrom and the remaining parts shall remain in full force as though the invalid, illegal, or unenforceable portion had never been a part thereof.

8.8 Lease in full force and effect. All other terms and conditions of the lease shall remain in full force and effect except to the extent modified by this First Amendment.

IN WITNESS WHEREOF, this First Amendment has been executed as of the date first above set forth.

LANDLORD:	TENANT:
SAN DIEGO TECH CENTER, LLC, a Delaware limited liability company	WIRELESS FACILITIES, INC., a Delaware Corporation
By: San Diego Realty Fund 5, a California limited liability Company, Its administrative Member	By: /s/ Massih Tayebi ----------
	Massih Tayebi ---------- Print Name
By: /s/ Stephen B. Williams ---------- Stephen B. Williams	9-3-98 ---------- Date
Date: 9/4/98 ----------	

EXHIBIT A

Revised Premises

[PARTIAL PLAN-BUILDING 4 SAN DIEGO TECH MAP GOES HERE]

SECOND AMENDMENT TO OFFICE LEASE

This Second Amendment to Office Lease (this "Second Amendment"), entered into as of February 24, 1999, by and between SAN DIEGO TECH CENTER, LLC, a Delaware limited liability company (successor in interest under the Lease to Sorrento Tech Associates) ("Landlord"), and Wireless Facilities, Inc., a Delaware Corporation ("Tenant") modifies that certain lease dated November 15, 1995, by and between Sorrento Tech Associates, a California limited partnership ("Original Landlord"), and Tenant and further modified by that First Amendment to Office Lease dated August 31, 1998 (collectively the "Lease"). All capitalized terms in this Second Amendment and not defined shall have the meanings set forth in the Lease.

The parties hereto desire that the Lease be modified to provide for, among other things, the addition of 9,744 rentable square feet to the Premises and the extension of the term of the Lease by an additional twelve months with the new Expiration Date being September 30, 2003.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the above Recitals and as follows:

1. Additional Premises. Landlord leases to Tenant and Tenant takes from Landlord, upon all terms and conditions of the Lease except to the extent they are inconsistent with this Second Amendment, Suite 220 in the building located at 9805 Scranton Road, constituting approximately 9,744 rentable square feet (the "Additional Premises"), as shown on Exhibit "A" attached hereto and made a part thereof. The 9,744 rentable square feet in the Additional Premises shall be added to the 15,555 rentable square feet in the Premises and the amended Premises shall consist of a total of 25,299 rentable square feet.

2. New Expiration Date. The Term of the Lease for the Premises is hereby amended to provide for a new Expiration Date. The Term of the Lease shall be extended by an additional twelve months and the new Expiration Date shall be September 30, 2003. Rent due for the Premises for the additional twelve-month period of October 1, 2002 through September 30, 2003 shall be payable as shown in Paragraph 3 below.

3. Rent. Rent for 5,000 rentable square feet of the Additional Premises shall commence on June 1, 1999. Rent for 4,744 rentable square feet of the Additional Premises shall be abated for the period of June 1, 1999 through September 30, 1999. Rent for the remaining 4,744 rentable square feet of the Additional Premises shall commence on October 1, 1999. Rent shall be payable at the following rates:

6/1/99 -9/30/99	$1.35 NNN Per Rentable Square Foot Per Month;
10/1/99-9/30/00	$1.40 NNN Per Rentable Square Foot Per Month;
10/1/00-9/30/01	$1.46 NNN Per Rentable Square Foot Per Month;
10/1/01-9/30/02	$1.51 NNN Per Rentable Square Foot Per Month; and
10/1/02-9/30/03	$1.57 NNN Per Rentable Square Foot Per Month;

Effective April 1, 1999, Tenant's Building Share of Additional Charges for Building Expenses and Tenant's Project Share of Additional Charges for Project Expenses shall be adjusted for the increase in rentable square feet contained in the Additional Premises. In addition, Tenant shall pay its prorata share of the second floor and house electric meters.

4. Tenant Improvements. Tenant shall except the Additional Premises in "as-is" condition, vacant and broom clean on March 1, 1999. Tenant shall receive a tenant improvement allowance in the amount of $80,000.00 to be used for modifications by Tenant to the Premises. Any improvements in excess of the $80,000.00 allowance shall be at the Tenant's sole cost and expense.

5. Security Deposit. Landlord currently holds a Security Deposit of $27,063.45. Upon execution of this Second Amendment, Tenant shall pay to Landlord in immediately available funds an amount equal to $15,590.40 (which is equal to one month's Rent and estimated Additional Charges for the Additional Premises) in order to increase the amount of the Security Deposit to $42,653.85.

6. Parking. Tenant shall be entitled to the use of ten (10) additional parking access cards in the reserved lot adjacent to Building 4. Tenant currently has the use of fifteen (15) parking access cards and with the addition of these ten (10) parking access cards shall bring the total number of parking access cards issued to Tenant to twenty-five (25) cards.

7. Broker's Commission. Tenant represents and warrants to Landlord that it has not entered into any agreement or incurred or created any obligation which might require Landlord to pay any broker's commission, finder's fee or other commission or relating to the leasing of the Premises as hereby amended. Tenant shall indemnify, defend and hold Landlord harmless and Landlord's constituent partners and their respective officers, directors, agents and employees from and against all claims for any such commission or fees made by anyone claiming by or through Tenant.

8. Miscellaneous.

8.1 Further Assurances. Each of the parties hereto agrees to execute all documents and instruments and to take all other actions as may specifically be provided for herein or in the Lease as may be required in order to consummate the purposes of this Second Amendment.

8.2 No Third Parties. Except as specifically set forth herein, no third party shall be benefited by any of the provisions of this Second Amendment, nor shall any such third party have the right to rely in any manner upon any of the terms hereof, and none of the covenants, representations, warranties or agreements herein contained shall run in favor of any third party not specifically referenced herein.

8.3 Legal Expenses. The prevailing party in any litigation or dispute over rights, remedies or duties arising under this Second Amendment shall be entitled to recover, in addition to other appropriate relief, its reasonable costs and expenses, including without limitations, attorneys' fees and court costs. Such entitlement shall include costs and expenses incurred in the collection of any judgement or settlement.

8.4 Integration; Interpretation. This Second Amendment in combination with the Lease contains or expressly incorporates by reference the entire agreement of the parties with respect to the matters contemplated herein and supersedes all prior negotiations.

8.5 Construction. The parties acknowledge that each party and its counsel have reviewed this Second Amendment. The parties agree that the rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Second Amendment.

8.6 No Defaults. Tenant hereby represents and warrants that it is not in default under the Lease nor do any facts or circumstances exist which with the passage of time or giving of notice, or both, could ripen into a default.

8.7 Severability. If any provision of this Second Amendment or of the Lease shall be determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable, that portion shall be deemed severed therefrom and the remaining parts shall remain in full force as though the invalid, illegal, or unenforceable portion had never been a part thereof.

8.8 Lease in full force and effect. All other terms and conditions of the lease shall remain in full force and effect except to the extent modified by this Second Amendment.

IN WITNESS WHEREOF, this Second Amendment has been executed as of the date first above set forth.

LANDLORD:	TENANT:
SAN DIEGO TECH CENTER, LLC, a Delaware limited liability company	WIRELESS FACILITIES, INC. a Delaware Corporation
By: San Diego Realty Fund 5, a California limited liability Company, Its administrative Member	By: /s/ Massih Tayebi Print Name
By: /s/ Stephen B. Williams Stephen B. Williams	3-2-99 Date
Date: 8/9/99	

EXHIBIT A

ADDITIONAL PREMISES

[THE FLOOR PLAN FOR ADDITIONAL PREMISES GOES HERE]

EXHIBIT 10.7

CREDIT AGREEMENT

among

WIRELESS FACILITIES, INC.,

VARIOUS BANKS,

and

IMPERIAL BANK,
as Agent, Collateral Agent, and Documentation Agent

Dated as of August 18, 1999

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/1/ This Table of Contents is provided for convenience only and is not part of the attached Credit Agreement.

SCHEDULES

EXHIBITS

CREDIT AGREEMENT, dated as of August 18, 1999, among WIRELESS FACILITIES, INC. (the "Borrower"), a corporation organized and existing under the laws of Delaware, the financial institutions from time to time listed in Schedule 1 (together with permitted assignees, each a "Bank" and, collectively, the "Banks"), IMPERIAL BANK, acting in the manner and to the extent described in Section 9 (in such capacity, together with any successor appointed hereunder, the "Agent"), IMPERIAL BANK, acting as collateral agent for the Banks under the Security Documents (in such capacity, together with any successor appointed hereunder, the "Collateral Agent") and IMPERIAL BANK, acting as documentation agent for the Banks hereunder (the "Documentation Agent").

W I T N E S S E T H :

WHEREAS, subject to and upon the terms and conditions herein set forth, the Banks are willing to make available to the Borrower the credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. DEFINITIONS AND PRINCIPLES OF CONSTRUCTION.

1.1. Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accounts" shall mean any right to payment for goods sold, leased or rented, or to be sold, leased or rented, or for services rendered or to be rendered no matter how evidenced, including, without limitation, acceptances, accounts receivable, contract rights, chattel paper, drafts, general intangibles, instruments, notes, purchase orders and other forms of obligations and receivables.

"Additional Taxes" shall have the meaning provided in Section 3.6.

"Adjusted LIBOR" shall mean, with respect to each Interest Period for a LIBOR Loan, the rate per annum (rounded upward if necessary to the nearest one-sixteenth of one percent) equal to (i) the LIBOR for such Interest Period divided by (ii) 1.00 minus the Reserve Requirement Rate (expressed as a decimal fraction) for such Interest Period.

"Affiliate" shall mean, with respect to any Person, any other Person (other than an individual) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall have the meaning provided in the first paragraph of this Agreement and shall include any successor to the Agent appointed pursuant to Section 9.9.

"Agreement" shall mean this Credit Agreement, as modified, supplemented or amended from time to time.

"Applicable Lending Office" shall mean, with respect to each Bank, (i) such Bank's Base Rate Lending Office in the case of a Base Rate Loan and (ii) such Bank's LIBOR Lending Office in the case of a LIBOR Loan as set forth on Schedule 2.

"Asset Disposition" shall have the meaning set forth in Section 3.3(b)(i).

"Assignee" shall have the meaning set forth in Section 10.5(a).

"Assignment and Acceptance" shall have the meaning set forth in Section 10.5(a).

"Authorized Representative" shall mean Massih Tayebi, Masood Tayebi, Thomas Munro, or any other officer of the Borrower designated to serve as "Authorized Representative" in accordance with Section 1.2(n).

"Bank" shall have the meaning provided in the first paragraph of this Agreement.

"Bankruptcy Code" shall have the meaning provided in Section 8.5.

"Base Rate" shall mean, as of any date of determination, the rate determined by the Agent to be the Prime Rate on that date plus 0.25 percent per annum.

"Base Rate Lending Office" shall mean, with respect to each Bank, the office of such Bank specified as its "Base Rate Lending Office" opposite its name on Schedule 2 or such other office, Subsidiary or Affiliate of such Bank as such Bank may from time to time specify as such to the Borrower and the Agent.

"Base Rate Loan" shall mean any Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"Borrowing" shall mean the borrowing of Loans of one Type (and, in the case of LIBOR Loans, at one interest rate) on a given date (or the conversion of a Loan or Loans of a Bank or Banks on a given date).

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in Inglewood, California a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, LIBOR Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in the London interbank Eurodollar market.

"Capital Lease" shall mean a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Stock" shall mean common stock, preferred stock, warrants and all other rights to purchase common stock or preferred stock of the Borrower.

"CCP" shall have the meaning provided in Section 10.9(b).

"Claim Date" shall have the meaning provided in Section 10.9(b).

"Closing Date" shall mean the later of (i) the first date on which all of the conditions precedent specified in Section 4.1 have been satisfied or waived by the Required Banks and (ii) the date of the first Borrowing.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" shall mean all property (whether real, personal, tangible, intangible, existing or hereafter acquired) of the Borrower that is pledged to, or over which a security interest is granted in favor of, the Collateral Agent under the Security Documents to secure the Obligations.

"Collateral Agent" shall have the meaning provided in the first paragraph of this Agreement and shall include any successor to the Collateral Agent appointed pursuant to Section 9.9.

"Commitment" shall mean for each Bank, at any time, the amount set forth opposite such Bank's name in Schedule 1 under the heading "Commitment" as such amount may from time to time be reduced pursuant to Sections 3.3 or 10.5.

"Commitment Expiration Date" shall have the meaning provided in Section 2.12(a).

"Commitment Fee" shall have the meaning provided in Section 3.1.

"Compliance Certificate" shall have the meaning provided in Section 6.1(e).

"Commitment Obligation" shall mean for each Bank the obligation hereunder of such Bank to make Loans to the Borrower in an aggregate principal amount at any one time outstanding not to exceed the Commitment for such Bank.

"Consolidated Subsidiaries" shall mean, as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes in accordance with GAAP.

"Contingent Obligation" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the holder of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Credit Documents" shall mean this Agreement, each Note, each Notice of Borrowing, each Notice of Continuation, each Notice of Conversion, each Notice of Extension, each Compliance Certificate and each Security Document.

"Credit Event" shall mean the making of any Loan.

"Current Maturities of Funded Debt" shall mean at any time and with respect to any item of Funded Debt, the portion of such Funded Debt outstanding at such time which by the terms of such Funded Debt or the terms of any instrument or agreement relating thereto is due on demand or within one year from the time of determination (whether by sinking fund, other required prepayment or final payment at maturity) and is not directly or indirectly renewable, extendible or refundable at the option of the obligor under an agreement or firm commitment in effect at such time to a date one year or more from such time.

"Debt Security" shall mean any Security of the Borrower other than Capital Stock.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Documentation Agent" shall have the meaning provided in the first paragraph of this Agreement.

"Dollars" and the sign "$" shall each mean freely transferable lawful money of the United States.

"Domestic Lending Office" for any Bank shall mean that Office specified opposite its name on Schedule 2.

"EBIT" shall mean, for any period, the Net Income of the Borrower for such period, before interest expense and provision for taxes and without giving effect to any extraordinary gains and gains from sales of assets (other than sales of Inventory in the ordinary course of business).

"EBITDA" shall mean, for any period, the EBIT of the Borrower for such period adjusted by (i) adding thereto the amount of all amortization of intangibles and depreciation that were deducted in arriving at such EBIT for such period and (ii) subtracting therefrom the amount of all non-cash gains that were added in arriving at such EBIT for such period.

"EBITDAR" shall mean, for any period, the EBITDA of the Borrower for such period adjusted by adding thereto the amount of Lease Rentals for such period.

"Effective Date" shall have the meaning provided in Section 10.16.

"Equipment" shall mean, respect to a Person, all things other than Inventory that are movable and which are used or bought for use primarily in such Person's business.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement, and to any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean any person (as defined in Section 3(9) of ERISA) which together with the Borrower or any of its Subsidiaries would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Event of Default" shall have the meaning provided in Section 8.

"Extension Request" shall mean the meaning provided in Section 2.12(a).

"Federal Funds Rate" shall mean, on any day, the rate per annum (rounded upward if necessary to the nearest one-hundredth of one percent) equal to the weighted average of the rate on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no

such rate is published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Agent on such day on such transactions as reasonably determined by the Agent. Each change in the interest rate on a Base Rate Loan which results from a change in the Federal Funds Rate shall become effective on the day on which the change in the Federal Funds Rate becomes effective.

"Financial Covenants" shall mean the covenants provided in Sections 7.8 to 7.12, inclusive.

"Financial Statements" shall have the meaning provided in Section 4.1(g).

"Fiscal Quarter" shall mean a fiscal quarter ended on the last day of March, June, September, or December.

"Fiscal Year" shall mean a fiscal year ended on December 31.

"Funded Debt" shall mean all Indebtedness of the Borrower (including, without limitation, subordinated indebtedness) which by its terms or by the terms of any instrument or agreement relating thereto matures, or which is otherwise payable or unpaid, one year or more from, or is directly or indirectly renewable or extendible at the option of the Borrower in respect thereof to a date one year or more (including, without limitation, an option of the Borrower under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of one year or more) from, the date of the creation thereof, provided that Funded Debt shall include, as at any date of determination, Current Maturities of Funded Debt.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Governmental Regulation" shall mean any (i) United States, state or foreign law, rule or regulation (including, without limitation, Regulation D); and (ii) interpretation, application, directive or request applying to a class of lenders, including any Bank, of or under any United States, state or foreign law, rule or regulation (whether or not having the force of law) by any court or by any governmental, central banking, monetary or taxing authority charged with the interpretation or administration of such law, rule or regulation.

"Indebtedness" shall mean, as to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money, (ii) the deferred purchase price of property or services (other than accrued expenses and current trade accounts payable incurred in the ordinary course of business) which in accordance with GAAP would be shown on the liability side of the balance sheet of such Person, (iii) the face amount of all letters of credit issued for the account of such Person and all drafts drawn thereunder, (iv) all obligations under conditional sale or other title retention agreements relating to property purchased by such Person, (v) all liabilities secured by any Lien on any property owned by such Person, whether or not such liabilities have been assumed by such Person, (vi) the aggregate amount required to be capitalized under leases under which such Person is the lessee,

(vii) all indebtedness, obligations or other liabilities of such Person in respect of interest rate and currency protection agreements (e.g., swaps, caps and collars), net of indebtedness, obligations or other liabilities owed to such Person by its counterparties in respect of such agreements (provided such net indebtedness, obligations and liabilities are greater than zero) and (viii) all Contingent Obligations of such Person in respect of any indebtedness, obligations or liabilities of any other Person of the type referred to in clauses (i) through (vii) of this definition. For purposes of calculating indebtedness, obligations and liabilities under interest rate and currency protection agreements, such calculation shall be made in accordance with market convention at the time of such calculation or, should an Event of Default have occurred and be continuing, in accordance with the definition of "Market Quotation" set forth in the Interest Rate and Currency Exchange Agreement of the International Swap Dealers Association, Inc. as in effect on the date hereof.

"Insurance Proceeds" shall have the meaning set forth in Section 3.3(b)(i).

"Interest Determination Date" shall mean with respect to any LIBOR Loan the second Business Day prior to the commencement of any Interest Period relating to such LIBOR Loan.

"Interest Expense" shall mean with respect to any period, the sum (without duplication) of the following (in each case, eliminating all items required to be eliminated in the course of the preparation of consolidated financial statements of the Borrower in accordance with GAAP): (i) all interest in respect of Indebtedness (including subordinated Indebtedness) of the Borrower (including imputed interest on Capital Leases) deducted in determining Net Income for such period, together with all interest capitalized or deferred during such period and not deducted in determining Net Income for such period, and (ii) all debt discount and expense amortized or required to be amortized in the determination of Net Income for such period.

"Interest Period" shall have the meaning provided in Section 2.9.

"Inventory" shall mean, with respect to a Person, all of such Person's goods, merchandise and other personal property which are held for sale or lease, including those held for display or demonstration or out on lease or consignment or to be furnished under a contract of service or are raw materials, work in process or materials used or consumed in such Person's business, and shall include all property rights, patents, plans, drawings, diagrams, schematics, assembly and display materials relating thereto.

"Lease Rentals" shall mean, with respect to any period, the sum of the rental and other obligations required to be paid during such period by the Borrower as lessee under all leases of real or personal property (other than Capital Leases), excluding any amount required to be paid by the Borrower (whether or not therein designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges, provided that, if at the date of determination, any such rental or other obligations (or portion thereof) are contingent or not otherwise definitely determinable by the terms of the

related lease, the amount of such obligations (or such portion thereof) (i) shall be assumed to be equal to the pro rated amount of such obligations for the period of 12 consecutive calendar months immediately preceding the date of determination or (ii) if the related lease was not in effect during such preceding 12-month period, shall be the amount estimated by a senior financial officer of the Borrower on a reasonable basis and in good faith.

"LIBOR" shall mean, with respect to each Interest Period, the rate equal to:

(i) the arithmetic mean (rounded upward if necessary to the nearest one-sixteenth of one percent) of the offered rates per annum for deposits in Dollars for a period equal to such Interest Period which appears at 11:00 a.m., London time, on the Reuters Screen LIBOR Page on the Interest Determination Date for such Interest Period, in each case if at least four such offered rates appear on such page; or

(ii) if clause (i) is inapplicable, the offered rate per annum for deposits in Dollars for a period equal to such Interest Period which appears at 11:00 a.m., London time, on the Telerate Monitor on Telerate Screen 3750 (or such other screen as may replace screen 3750 on the Telerate Monitor for the purpose of displaying the London interbank offered rates of major banks) on the Interest Determination Date for such Interest Period; or

(iii) if clauses (i) and (ii) are inapplicable, the arithmetic mean (rounded upward if necessary to the nearest one-sixteenth of one percent) of the interest rates per annum offered by at least three prime rate banks selected by the Agent at approximately 11:00 a.m., London time, on the Interest Determination Date for such Interest Period for deposits in Dollars to prime banks in the London interbank market, in each case for a period equal to such Interest Period in an amount equal to the amount for which LIBOR is being determined.

"LIBOR Lending Office" shall mean, with respect to each Bank, the office of such Bank specified as its "LIBOR Lending Office" opposite its name on Schedule 2 or such other office, Subsidiary or Affiliate of such Bank as such Bank may from time to time specify as such to the Borrower and the Agent.

"LIBOR Loan" shall mean any Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

"Loan" and "Loans" shall have the meanings given thereto in Section 2.1.

"Loan Maturity Date" shall mean August 17, 2000.

"Margin Stock" shall have the meaning provided in Regulation U of the Board of Governors of the Federal Reserve System.

"Material Adverse Effect" shall mean an event or occurrence (i) the effect of which could reasonably be expected to have a material adverse effect on or change in the business, operations, property, assets, condition (financial or otherwise) or prospects of the Borrower, (ii) which adversely affects the ability of the Borrower to perform its material obligations under the Transaction Documents to which it is a party, (iii) which materially adversely affects the enforceability of any Transaction Document, (iv) which materially adversely affects the rights and remedies of the Agent, the Collateral Agent or any Bank under the Transaction Documents or (v) which materially adversely affects the Collateral.

"Net Income" shall mean, for any period, the amount set forth on the consolidated statement of operations of the Borrower for such period opposite the line item entitled "Net income (loss)."

"Net Proceeds of Capital Stock" shall mean, for any period, proceeds (net of all customary costs and out-of-pocket expenses in connection therewith, including, without limitation, customary placement, underwriting and brokerage fees and expenses) received by the Borrower during such period, from the sale of all Capital Stock.

"Net Proceeds of Debt Issuances" shall mean, for any period, proceeds (net of all customary costs and out-of-pocket expenses in connection therewith, including, without limitation, customary placement, underwriting and brokerage fees and expenses) received by the Borrower during such period from the issuance of Debt Securities.

"Net Worth" shall mean, at any time,

(a) the total assets of the Borrower which would be shown as assets on a consolidated balance sheet of the Borrower as of such time prepared in accordance with GAAP, minus

(b) the total liabilities of the Borrower which would be shown as liabilities on a consolidated balance sheet of the Borrower as of such time prepared in accordance with GAAP, minus

(c) the net book value of all assets, after deducting any reserves applicable thereto, which would be treated as intangible under GAAP, including, without limitation, goodwill, trademarks, trade names, service marks, brand names, copyrights, patents, unamortized debt discount and expense, and organizational expenses.

"Note" shall have the meaning provided in Section 2.5.

"Notice of Borrowing" shall have the meaning provided in Section 2.3.

"Notice of Continuation" shall have the meaning provided in Section 2.6(c).

"Notice of Conversion" shall have the meaning provided in Section 2.6(c).

"Notice Office" shall mean the office of the Agent located at 9920 South La Cienega Boulevard, 14th Floor, Inglewood, CA 90301, Attention: F. Glen Harvey, telecopier number (310) 417-5997, with a copy to Imperial Bank, 701 B Street, Suite 600, San Diego, CA 92101, Attention: Michael Berrier, telecopier number (619) 234-2234, or such other office or offices as the Agent may hereafter designate in writing as such to the other parties hereto.

"Objecting Bank" shall have the meaning provided in Section 2.12(a).

"Obligations" shall mean all amounts owing to the Agent, the Collateral Agent or any Bank pursuant to the terms of this Agreement or any other Transaction Document.

"Originator" shall have the meaning provided in Section 10.5(d).

"Participant" shall have the meaning provided in Section 10.5(d).

"Payment Account" shall mean such account as the Agent may hereafter from time to time designate in writing as such to the Borrower and the Banks.

"Payment Office" shall mean the office of the Agent located at 701 B Street, Suite 600, San Diego, CA 92101, or such other office as the Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA or any successor thereto.

"Permitted Indebtedness" shall have the meaning provided in Section 5.12(a).

"Permitted Investments" shall mean:

(i) investments listed in Schedule 4;

(ii) (a) securities issued directly or unconditionally guaranteed or insured by the United States or any agency or instrumentality thereof (provided the full faith and credit of the United States is pledged in support thereof) having maturities within six months from the date of acquisition thereof; (b) commercial paper issued by any Person incorporated in the United States, which commercial paper is rated at least A-1 (or equivalent) by Standard & Poor's Ratings Service or at least P-1 (or equivalent) by Moody's Investors Service, Inc., in each case having maturities within six months from the date of acquisition thereof; and (c) time deposits and certificates of deposit of any commercial bank incorporated in the United States having

capital and surplus in excess of $1,000,000,000 and having maturing no more than six months from the date of acquisition;

(iii) extensions of credit in the nature of Accounts arising from the sale or lease of goods or services in the ordinary course of the Borrower's or its Subsidiaries' business;

(iv) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and

(v) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of the Borrower's or its Subsidiaries' business.

"Permitted Liens" shall have the meaning provided in Section 7.1

"Person" shall mean any individual, partnership, limited liability company, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer plan or single-employer plan as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of), or at any time during the five calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribute of), the Borrower, any Subsidiary thereof or any ERISA Affiliate.

"Prime Rate" shall mean the rate which Imperial Bank announces from time to time in Inglewood, California as its prime lending rate, the Prime Rate to change when and as such prime lending rate changes. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Imperial Bank may make commercial loans or other loans at rates of interest at, above or below the Prime Rate.

"Purchase Money Indebtedness" shall mean Indebtedness (i) incurred (or assumed) by the Borrower solely to acquire Equipment for use in the Borrower's business, (ii) the amount of which does not exceed the lesser of the cost or fair market value of the Equipment that is acquired with the proceeds of such Indebtedness and (iii) for which the lender thereof has recourse only to the Equipment that is acquired with the proceeds of such Indebtedness and the proceeds of such Equipment.

"Purchase Money Liens" shall mean Liens granted by the Borrower (i) securing Purchase Money Indebtedness, (ii) that encumber only the Equipment that is acquired with the proceeds of Purchase Money Indebtedness and the proceeds of such Equipment and (iii) that are created contemporaneously with the purchase of Equipment that is acquired with the proceeds of Purchase Money Indebtedness.

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulatory Change" means, with respect to any Bank, any change on or after the date of this Agreement in any Governmental Regulation, including, without limitation, the introduction of a new Governmental Regulation or the rescission of an existing Governmental Regulation.

"Replacement Notice" shall have the meaning provided in Section 3.3(b)(i).

"Reportable Event" shall mean an event described in Section 4043(b) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Required Banks" shall mean, at any time, Banks holding more than 66-2/3% of the then aggregate unpaid principal amount of the Loans or, if no such principal amount is then outstanding, Banks holding more than 66-2/3% of the Total Commitment.

"Reserve Requirement Rate" shall mean, for any Interest Period, the aggregate of the rates, effective as of the Interest Determination Date for such Interest Period, at which:

(i) reserves (including any marginal, emergency, supplemental, special or other reserves) are required to be maintained during such Interest Period under Regulation D against "Eurocurrency liabilities" (as such term is used in Regulation D) by member banks of the Federal Reserve System; and

(ii) any additional reserves are required to be maintained by any Bank by reason of any Regulatory Change against (x) any category of liabilities which includes deposits by reference to which LIBOR is to be determined or (y) any category of any of credit or other assets which include LIBOR Loans.

"Reuters Screen LIBOR Page" shall mean the display designated as page LIBOR on the Reuters Monitor Money Rates Service or such other page as may replace the LIBOR page on that service for the purpose of displaying the London interbank Eurodollar offered rates of major banks.

"Sale Proceeds" shall have the meaning provided in Section 3.3(b)(i).

"Security" shall have the meaning set forth in section 2(1) of the Securities Act of 1933, as amended.

"Security Document" shall mean each agreement, instrument, certificate, financing statement or other document described in Schedule 3 hereto.

"Subordinated Debt" shall mean any Indebtedness of Borrower which is subordinated in form and substance acceptable to the Banks, to Indebtedness under this Agreement or the Notes.

"Subsidiary" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time.

"Superior Court" shall have the meaning provided in Section 10.9(b).

"Taxes" shall have the meaning provided in Section 3.6.

"Total Commitment" shall mean, at any time, the sum of the Commitments of each of the Banks.

"Transaction Documents" shall mean the Credit Documents.

"Type" shall mean any type of Loan determined with respect to the interest option applicable thereto, i.e., a Base Rate Loan or a LIBOR Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"United States" and "U.S." shall each mean the United States of America.

"Unutilized Commitment" shall mean, for any Bank, at any time, the Commitment of such Bank at such time less the aggregate principal amount of all Loans made by such Bank and then outstanding.

"Wholly Owned Subsidiary" shall mean a partnership, limited liability company, joint venture, firm, corporation, association, trust or other enterprise whose ownership and/or management and control is entirely held by another Person.

"Working Capital" shall mean, as to the Borrower as at any date, (i) the consolidated current assets of the Borrower and its Subsidiaries as of such date less the current portion of all consolidated liabilities owed to the Borrower by any Affiliate less (ii) the consolidated current liabilities of the Borrower and its Subsidiaries as of such date.

"Year 2000 Compliant" shall mean, with respect to any Person, that all software, hardware, firmware, equipment, goods or systems utilized by or material to the business operations or financial condition of such Person and its Subsidiaries, will properly perform date sensitive functions before, during and after the year 2000.

"Year 2000 Problem" shall mean the possibility that any computer applications or equipment used by the Borrower may be unable to recognize and properly perform date sensitive functions involving certain dates prior to and any dates on or after December 31, 1999.

1.2. Principles of Construction.

(a) All references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Agreement unless otherwise specified.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) All accounting terms not specifically defined herein shall be construed in accordance with GAAP in effect from time to time; provided, however, that all accounting terms used in the Financial Covenants (and all defined terms used in the Financial Covenants) shall have the meaning given to such terms (and defined terms) under GAAP as in effect on the date hereof applied on a basis consistent with those used in preparing the audited financial statements delivered to the Agent pursuant to Sections 4.1(g) and 6.1(b). In the event of any change after the date hereof in GAAP, and if such change would result in the inability to determine compliance with the Financial Covenants based upon the Borrower's regularly prepared financial statements by reason of the preceding sentence, then the parties hereto agree to endeavor, in good faith, to agree upon an amendment to this Agreement that would adjust the Financial Covenants in a manner that would not affect the substance thereof, but would allow compliance therewith to be determined in accordance with the Borrower's financial statements at that time. It is understood that the agreement set forth in the preceding sentence is intended to permit amendments to facilitate the parties' ability to determine compliance with the Financial Covenants and the Banks have no obligation, express or implied, to agree to any amendment that would modify the obligations of the Borrower or adversely affect the rights of the Banks hereunder.

(d) References in the Transaction Documents to any of the "Borrower", the "Agent", the "Collateral Agent" or the "Banks" shall be construed so as to include their respective successors and permitted assigns.

(e) References in the Transaction Documents to a "law" shall be construed to mean any law, including common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative or regulatory measure, in each case of any jurisdiction.

(f) References in the Transaction Documents to a statute shall be construed as a reference to such statute as amended or reenacted from time to time.

(g) A time of day is, unless otherwise stated, a reference to Los Angeles time.

(h) Unless otherwise specified, any reference in the Transaction Documents to another agreement shall be construed as a reference to that other agreement as the same may have been, or may from time to time be, amended or supplemented.

(i) The headings of the several sections and subsections of the Transaction Documents are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of any Transaction Document.

(j) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including".

(k) Unless otherwise expressly provided, any reference to any action of the Agent, the Collateral Agent or any Bank by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their reasonable discretion".

(l) This Agreement and the other Transaction Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Collateral Agent, the Banks and the Borrower, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agent merely because of the Agent's or the Bank's involvement in their preparation.

(m) All words importing any gender shall be deemed to include the other genders.

(n) If the President of the Borrower delivers a written notice designating one or more persons to serve as Authorized Representatives, such designation shall become effective, and such persons shall be treated as Authorized Representatives under the Transaction Documents, at the commencement of business on the fifth Business Day following the day on which such notice is received by the Agent. The Agent, the Collateral Agent and the Banks shall be entitled to rely, without investigation, on any action taken under the Transaction Documents by a person who, at the time such action is taken, is an Authorized Representative.

SECTION 2. AMOUNT AND TERMS OF CREDIT.

2.1. The Revolving Credit Advances. Subject to and upon the terms and conditions set forth herein, each Bank severally agrees, at any time and from time to time prior to the Loan Maturity Date and the Commitment Expiration Date for such Bank, to make revolving credit advances (any such revolving credit advances made by any Bank a "Loan" and Loans made by any Bank or by all the Banks, as the context requires, the "Loans") to the Borrower, which Loans (a) shall, at the option of the Borrower, be Base Rate Loans or LIBOR Loans, provided that, except as otherwise specifically provided in Section 2.10(b), all Loans comprising the same Borrowing shall at all times be of the same Type and (b) may be prepaid and reborrowed in accordance with the provisions hereof; provided, however, that the aggregate principal amount of Loans outstanding (i) from any Bank shall at no time exceed the Commitment of such Bank at such time and (ii) from all Banks shall at no time exceed the Total Commitment. More than one Borrowing may occur on the same date.

2.2. Minimum Amount of Each Borrowing. The aggregate principal amount of each Borrowing of Base Rate Loans hereunder shall be not less than $100,000 and integral multiples of $50,000 in excess thereof. The aggregate principal amount of each Borrowing of LIBOR Loans hereunder shall be not less than $1,000,000 and integral multiples of $100,000 in excess thereof.

2.3. Notice of Borrowing. Whenever the Borrower desires to make a Borrowing of Loans hereunder, it shall give the Agent at its Notice Office prior written notice by no later than 9:00 a.m., (a) in the case of a Base Rate Loan, on the date such Loan is to be made and (b) in the case of a LIBOR Loan, on the third Business Day prior to the date such Loan is to be made. Each notice requesting a Borrowing (each a "Notice of Borrowing") shall be signed by an Authorized Representative and shall be in the form of Exhibit A, appropriately completed to specify the aggregate principal amount of the Loans to be made pursuant to such Borrowing, the date of such Borrowing (which shall be a Business Day), whether the Loans being made pursuant to such Borrowing are to be maintained initially as Base Rate Loans or LIBOR Loans and, if LIBOR Loans, the initial Interest Period to be applicable thereto. A Notice of Borrowing shall be deemed to have been given on a certain day only if given before 9:00 a.m. on such day. The Agent shall promptly give each Bank notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required to be specified in the Notice of Borrowing.

2.4. Disbursement of Funds. No later than 1:00 p.m. on the date specified in each Notice of Borrowing, each Bank will make available, through such Bank's Applicable Lending Office, its pro rata portion of such Borrowing requested to be made on such date in Dollars and in immediately available funds at the Payment Account of the Agent, and the Agent will make available to the Borrower at its Payment Office the aggregate of the amounts so made available by the Banks. Unless the Agent has been notified by any Bank on or prior to a date of Borrowing that such Bank does not intend to make available to the Agent such Bank's portion of any Borrowing to be made on such date, the Agent may assume that such Bank has made such

amount available to the Agent on such date of Borrowing and the Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Agent by such Bank the Agent shall be entitled to recover such corresponding amount from such Bank on demand. If such Bank does not pay such corresponding amount forthwith upon the Agent's demand therefor, the Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Agent. The Agent shall also be entitled to recover on demand from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available to the Borrower until the date such corresponding amount is recovered by the Agent, at a rate per annum equal to, (a) if recovered from such Bank, the cost to the Agent of acquiring overnight Federal funds and (b) if recovered from the Borrower, the then applicable rate for Base Rate Loans or LIBOR Loans, as the case may be. Nothing in this Section 2.4 shall be deemed to relieve any Bank from its obligation to make Loans hereunder or to prejudice any rights which the Borrower may have against any Bank as a result of any failure by such Bank to make Loans hereunder.

2.5. Notes. The Borrower's obligation to pay the principal of, and interest on, all the Loans made by each Bank shall be evidenced by a promissory note duly executed and delivered to such Bank by the Borrower substantially in the form of Exhibit B with blanks appropriately completed in conformity herewith (each a "Note" and, collectively, the "Notes"). The Note issued to each Bank shall (a) be payable to the order of such Bank and be dated the Closing Date, (b) be in a stated principal amount equal to the Commitment of such Bank and be payable in the principal amount of the Loans evidenced thereby, (c) mature, with respect to each Loan evidenced thereby and subject to Section 2.12(b), on the Loan Maturity Date, (d) bear interest as provided in the appropriate clause of Section 2.8 in respect of the Base Rate Loans and LIBOR Loans, as the case may be, evidenced thereby and (e) be entitled to the benefits of the Transaction Documents. Each Bank will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will, prior to any transfer of any of its Note, endorse on the reverse side thereof the outstanding principal amount of the Loans evidenced thereby. Failure to make any such notation shall not affect the Borrower's obligations in respect of such Loans.

2.6. Conversions and Continuations.

(a) The Borrower shall have the option to convert on any Business Day all or a portion of the outstanding principal amount of the Loans made pursuant to one or more Borrowings of one or more Types of Loan into a Borrowing of another Type of Loan, provided that (i) except as otherwise provided in Section 2.10(b), LIBOR Loans may be converted into Base Rate Loans only on the last day of the Interest Period applicable to the LIBOR Loans being converted and no such partial conversion of LIBOR Loans shall reduce the outstanding principal amount of LIBOR Loans made pursuant to a single Borrowing to less than $1,000,000, (ii) Base Rate Loans may only be converted into LIBOR Loans if no Default or Event of Default is in existence on the date of the conversion, (iii) Base Rate Loans may only be converted into LIBOR Loans in a minimum amount of $1,000,000 and integral multiples of $100,000 in excess thereof

and (iv) no conversion pursuant to this Section 2.6 shall result in a greater number of Borrowings than is permitted under Section 2.1.

(b) The Borrower shall have the option to continue all or a portion (which portion shall not be less than the minimum aggregate principal amount or integral multiple in excess thereof specified in Section 2.2) of the outstanding principal amount of LIBOR Loans made pursuant to one or more Borrowings as LIBOR Loans after the last day of the then current Interest Period, provided that no Default or Event of Default exists on the date of continuation.

(c) Each such conversion shall be effected by the Borrower by giving the Agent at its Notice Office prior to 9:00 a.m. at least three Business Days' prior notice in the form of Exhibit C (each a "Notice of Conversion") signed by an Authorized Representative specifying the Loans to be so converted and, if Base Rate Loans are to be converted into LIBOR Loans, the initial Interest Period to be applicable thereto. Each such continuation shall be effected by the Borrower by giving the Agent at its Notice Office prior to 9:00 a.m. at least three Business Days' prior notice in the form of Exhibit D (each a "Notice of Continuation") signed by an Authorized Representative specifying the LIBOR Loans (or portions) to be so continued and the subsequent Interest Period applicable thereto. The Agent shall promptly give each Bank notice of any such proposed conversion or continuation affecting any of its Loans.

2.7. Pro Rata Borrowings. All Borrowings of Loans under this Agreement shall be incurred from the Banks pro rata on the basis of their Commitments. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Bank to make its Loans hereunder.

2.8. Interest.

(a) Subject to Section 2.8(c), the Borrower agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to the Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall be the Base Rate in effect from time to time.

(b) Subject to Section 2.8(c), the Borrower agrees to pay interest in respect of the unpaid principal amount of each LIBOR Loan from the date the proceeds thereof are made available to the Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be the sum of the Adjusted LIBOR for such Interest Period and 2.25 % (225 basis points).

(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable by the Borrower hereunder and shall bear interest at a rate per annum equal to 5% per annum in excess of the Base Rate in effect from time to time. During the continuance of an Event of Default (other than an Event of Default arising from the failure of the Borrower to pay the principal of, or interest on, any Loan or any other amount when due), each Loan and other amount payable by the Borrower hereunder shall

bear interest at a rate per annum equal to 5% per annum in excess of the interest rate in effect therefor immediately prior to the occurrence of such Event of Default.

(d) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, monthly in arrears on the last Business Day of each calendar month, (ii) in respect of each LIBOR Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of one month, on each date occurring at one-month intervals after the first day of such Interest Period and (iii) in respect of each Loan, on any prepayment (on the amount prepaid), on any scheduled payment, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) On each Interest Determination Date, the Agent shall determine the interest rate for the LIBOR Loans for which such determination is being made and shall promptly notify the Borrower and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.9. Interest Periods. At the time it gives any Notice of Borrowing, Notice of Conversion or Notice of Continuation in respect of the making of, or conversion into, or continuation of any LIBOR Loan (in the case of the initial Interest Period applicable thereto), the Borrower shall have the right to elect, by giving the Agent notice thereof, the interest period (each an "Interest Period") applicable to such LIBOR Loan, which Interest Period shall, at the option of the Borrower, in the case of a LIBOR Loan, be a one, two, three or six month period, provided that: (a) all LIBOR Loans comprising a Borrowing shall at all times have the same Interest Period except as otherwise required by Section 2.10(b); (b) the initial Interest Period for any LIBOR Loan shall commence on the date of Borrowing of such Loan (including the date of any conversion thereof into a Loan of a different Type) and each Interest Period occurring thereafter in respect of such Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires; (c) if any Interest Period relating to a LIBOR Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month; (d) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; and (e) no Interest Period shall extend beyond the Loan Maturity Date or, in the case of Loans subject to payment in accordance with Section 2.12(b), the Commitment Expiration Date. If upon the expiration of any Interest Period applicable to a LIBOR Loan, the Borrower has failed to deliver to the Agent a Notice of Continuation in accordance with Section 2.6(c) for such LIBOR Loan, the Borrower shall be deemed to have elected to convert such Loan into a Base Rate Loan effective as of the expiration date of such current Interest Period.

2.10. Increased Costs, Illegality, etc.

(a) In the event that any Bank shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on any basis provided for in the definition of LIBOR; or

(ii) at any time, that such Bank shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any LIBOR Loan because of (A) the occurrence or existence of any Regulatory Change and/or (B) other circumstances affecting such Bank or the interbank Eurodollar market or the position of such Bank in such market; or

(iii) at any time, that the making or continuance of any LIBOR Loan has been made (A) unlawful by any law or governmental rule, regulation or order, (B) impossible by compliance by such Bank with any governmental request (whether or not having force of law) or (C) impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank (or, in the case of clause (i) above, the Agent) shall promptly give notice (by telephone confirmed in writing) to the Borrower and, except in the case of clause (i) above, to the Agent of such determination (which notice the Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, LIBOR Loans shall no longer be available until such time as the Agent notifies the Borrower and the Banks that the circumstances giving rise to such notice by the Agent no longer exist, and any Notice of Borrowing or Notice of Conversion or Notice of Continuation given by the Borrower with respect to LIBOR Loans which have not yet been incurred (including by way of conversion or continuation) shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank in its sole discretion shall determine) as shall be required to compensate such Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank, showing the basis for the calculation thereof, submitted to the Borrower by such Bank shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(ii), the Borrower may, and at any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(iii), the Borrower shall, either (i) if the

affected LIBOR Loan is then being made initially or pursuant to a conversion, cancel said Borrowing or conversion by giving the Agent notice by telephone (confirmed in writing) of the cancellation on the same date that the Borrower was notified by the Bank or the Agent pursuant to Section 2.10(a)(ii) or (iii) or (ii) if the affected LIBOR Loan is then outstanding, upon at least three Business Days' written notice to the Agent, require the affected Bank to convert such LIBOR Loan into a Base Rate Loan or Loans, provided that, if more than one Bank is affected at any time, then all affected Banks must be treated the same pursuant to this Section 2.10(b).

(c) If any Bank determines at any time that any Regulatory Change will have the effect of increasing the amount of capital required or expected to be maintained by such Bank based on the existence of such Bank's Commitment Obligation hereunder or its obligations hereunder, then the Borrower shall pay to such Bank, upon its written demand therefor, such additional amounts as shall be required to compensate such Bank for the increased cost to such Bank as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Bank's determination of compensation owing under this Section 2.10(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Bank, upon determining that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Borrower, which notice shall show the basis for calculation of such additional amounts, although the failure to give any such notice shall not release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 2.10(c).

2.11. Compensation. The Borrower shall compensate each Bank, upon its written request (which request shall set forth the basis for requesting such compensation and shall, absent manifest error, be final and conclusive and binding on all the parties hereto), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its LIBOR Loans) which such Bank may sustain: (a) if for any reason (other than a default by such Bank or the Agent) a Borrowing of, or conversion from or into, or continuation of, LIBOR Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion or Notice of Continuation (whether or not withdrawn by the Borrower or deemed rescinded pursuant to Section 2.10(a)); (b) if any repayment (including any prepayment made pursuant to Sections 3.2 or 3.3) or conversion of any of its LIBOR Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (c) if any prepayment of LIBOR Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (d) as a consequence of (i) any other default by the Borrower to repay its Loans when required by the terms of this Agreement or the Note of such Bank or (ii) any action taken pursuant to Section 2.10(b).

2.12. Extension of Loan Maturity Date.

(a) Not less than 60 days and not more than 90 days prior to the Loan Maturity Date then in effect, provided that no Event of Default shall have occurred and be

continuing, the Borrower may request an extension of such Loan Maturity Date by submitting to the Agent an extension request in the form of Exhibit E (an "Extension Request"), which the Agent shall promptly furnish to each Bank. Each Bank shall, no later than the 30th day after the Agent received from the Borrower the applicable Extension Request, notify the Borrower and the Agent of its election to extend or not extend the Loan Maturity Date as requested in such Extension Request. If the Required Banks shall approve in writing the extension of the Loan Maturity Date requested in such Extension Request and the Borrower pays a commitment fee as agreed upon by the Agent, the Banks and the Borrower and the fees required under the Agent fee letter agreement described in Section 3.1(b) as may be agreed upon at that time, then the Loan Maturity Date shall, on the Loan Maturity Date, automatically and without any further action by any Person, be extended for the period specified in such Extension Request; provided that (i) each extension pursuant to this Section 2.12 shall be for a maximum of 364 days and (ii) the Commitment Obligation of any Bank that does not consent in writing within 30 days after the Agent received the applicable Extension Request (an "Objecting Bank") shall, unless earlier terminated in accordance with this Agreement, expire on the Loan Maturity Date in effect on the date of such Extension Request (such Loan Maturity Date referred to as the "Commitment Expiration Date" with respect to such Objecting Bank). If the Required Lenders shall not approve in writing the extension of the Loan Maturity Date requested in an Extension Request within 30 days of the date the Agent received such Extension Request, the Loan Maturity Date shall not be extended pursuant to such Extension Request. The Agent shall promptly notify (y) the Banks and the Borrower of any extension of the Loan Maturity Date pursuant to this Section 2.12 and (z) the Borrower and the Banks of any Bank which becomes an Objecting Bank.

(b) The Commitment Obligation of an Objecting Bank shall terminate on, and all Loans owing to such Objecting Bank on the Commitment Expiration Date for such Bank shall be repaid in full on or before, the Commitment Expiration Date for such Bank.

(c) Notwithstanding the foregoing, if any Bank becomes an Objecting Bank, the Borrower may, at its own expense and in its sole discretion and prior to the Commitment Expiration Date for such Bank, require such Bank to transfer or assign, in whole or in part, without recourse (in accordance with Section 10.5), all or part of its interests, rights and obligations under this Agreement to an Assignee (provided that the Borrower, with the full cooperation of such Bank, can identify a potential assignee that is ready, willing and able to be an Assignee with respect thereto) which shall assume such assigned obligations (which assignee may be another Bank, if such assignee Bank accepts such assignment); provided that (i) the assignee or the Borrower, as the case may be, shall have paid to such Objecting Bank in immediately available funds the principal of and interest accrued to the date of such payment on the Loans made by it hereunder and all other amounts owed to it hereunder, including, without limitation, any amounts owing pursuant to Section 2.11 and any amounts that would be owing under said Section if such Loans were prepaid on the date of such assignment, (ii) such assignment does not conflict with any law, rule, regulation or order of any governmental authority, and (iii) the Agent consents to such transfer, which consent will not unreasonably be withheld. Any Assignee which becomes a Bank as a result of such an assignment made pursuant

to this Section 2.12(c) shall be deemed to have consented to the applicable Extension Request and, therefore, shall not be an Objecting Bank.

SECTION 3. FEES AND PAYMENTS.

3.1. Fees.

(a) The Borrower agrees to pay to the Agent for distribution to each Bank a commitment fee (a "Commitment Fee") for the period from the Effective Date until the Loan Maturity Date (or such earlier date as the Total Commitment shall have been terminated) computed at a rate equal to 0.25% per annum on the daily average Unutilized Commitment of such Bank. Accrued Commitment Fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December of each year and on the Loan Maturity Date or upon such earlier date as the Commitment Obligation for such Bank has been terminated.

(b) The Borrower shall pay to the Agent, for its own account, such fees as may be agreed to from time to time in a separate letter agreement between the Borrower and the Agent.

3.2. Voluntary Prepayments. The Borrower shall have the right to prepay the Loans, without premium or penalty, in whole or in part from time to time on the following terms and conditions: (a) the Borrower shall give the Agent at its Notice Office at least three Business Days' prior notice of its intent to prepay the Loans, the amount of such prepayment and the Types of Loans to be prepaid and, in the case of LIBOR Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Agent shall promptly transmit to each Bank; (b) each prepayment shall be in an aggregate principal amount of at least $500,000, provided that no partial prepayment of LIBOR Loans made pursuant to any Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than $1,000,000; (c) prepayments of LIBOR Loans made pursuant to this Section 3.2 may only be made on the last day of an Interest Period applicable thereto; and (d) each prepayment in respect of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans.

3.3. Mandatory Prepayments and Reduction of Commitments.

(a) On any day on which the aggregate outstanding principal amount of the Loans exceeds the Total Commitment as then in effect, the Borrower shall immediately prepay principal of the Loans in an amount equal to such excess.

(b) In the event the Borrower:

(i) sells or otherwise disposes of any of its assets other than in the ordinary course of business (an "Asset Disposition") or receives insurance proceeds as a result of the loss of, or damage to, any of its assets ("Insurance Proceeds") and, in either case, the result of which is that Borrower is no longer in compliance with the covenants contained herein and Borrower

does not deliver to the Agent within five Business Days thereof written notice (a "Replacement Notice") signed by an Authorized Representative of its intent to use a specified portion (which may be 100%) of the proceeds of such Asset Disposition ("Sale Proceeds") or Insurance Proceeds to purchase or otherwise acquire replacement assets or repair assets within (A) 60 days in the case of personal property or (B) 180 days in the case of real property;

(ii) delivers to the Agent a Replacement Notice but does not purchase or otherwise acquire replacement assets or repair assets within 60 days or 180 days, as the case may be, of its receipt of Sale Proceeds or Insurance Proceeds;

(iii) delivers to the Agent a Replacement Notice but does not use all of the amount specified therein to purchase or otherwise acquire replacement assets or repair assets within said 30-day period or 180-day period, as the case may be;

(iv) receives Net Proceeds of Debt Issuance;

then,

(i) in the case of clauses (b)(i) and (b)(ii) the Total Commitment will be reduced (with the Commitment for each Bank reduced on a pro rata basis) by an amount equal to 75% of the (x) Sale Proceeds (net of the reasonable costs of such disposition and the marginal increase in taxes, if any, which may result to the Borrower as a result of the Asset Disposition which gave rise to such Sale Proceeds), (y) the Insurance Proceeds (net of the reasonable costs of the Borrower in collecting such Insurance Proceeds) or (z) the Net Proceeds of Capital Stock, as the case may be;

(ii) in the case of clause (b)(iii), the Total Commitment will be reduced (with the Commitment for each Bank reduced on a pro rata basis) by an amount equal to 75% of the unused Sale Proceeds (net of a pro rata portion (based on unused Sale Proceeds over total Sale Proceeds) of the reasonable costs of such Asset Disposition and a pro rata portion (based on unused Sale Proceeds over total Sale Proceeds) of the marginal increase in taxes, if any, which may result to the Borrower as a result of the Asset Disposition which gave rise to such Sale Proceeds) or 75% of the unused Insurance Proceeds (net of a pro rata portion (based on unused Insurance Proceeds over total Insurance Proceeds) of the reasonable costs of collecting such Insurance Proceeds); and

(iii) in the case of clause (b)(iv), the Total Commitment will be reduced (with the Commitment for each Bank reduced on a pro rata basis) by an amount equal to 100% of the Net Proceeds of Debt Issuance.

(c) With respect to each prepayment of Loans required by Section 3.3(a), the Borrower may designate the Types of Loans which are to be prepaid and, in the case of LIBOR Loans, the specific Borrowing or Borrowings pursuant to which such LIBOR Loans were made, provided that: (i) if any prepayment of LIBOR Loans made pursuant to a single Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than

$1,000,000, such outstanding Loans shall immediately be converted into Base Rate Loans; and (ii) each prepayment of any Loans made pursuant to a Borrowing shall be applied pro rata among such Loans. In the absence of a designation by the Borrower as described in the preceding sentence, the Agent shall, subject to the above, make such designation in its sole discretion.

3.4. Principal Repayment. The outstanding principal balance of all Loans shall be paid on the Loan Maturity Date, provided that any Loans made by an Objecting Bank still outstanding on the Commitment Expiration Date for such Objecting Bank shall be repaid on such Commitment Expiration Date.

3.5. Method and Place of Payment. Except as otherwise specifically provided herein, all payments under this Agreement or any Note shall be made to the Agent for the account of the Bank or Banks entitled thereto not later than 12:00 noon on the date when due and shall be made in Dollars in immediately available funds at the Payment Account of the Agent. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

3.6. Net Payments. All payments made by the Borrower hereunder or under any Note will be made without setoff, counterclaim or other defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding, except as provided below, any tax imposed on or measured by the net income of a Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office or Applicable Lending Office of such Bank is located) and all interest, penalties or similar liabilities with respect thereto (collectively, "Taxes"). The Borrower shall also reimburse each Bank, upon the written request of such Bank, for taxes imposed on or measured by the net income of such Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office or Applicable Lending Office of such Bank is located as such Bank shall determine are payable by such Bank in respect of amounts paid to or on behalf of such Bank pursuant to the preceding sentence (collectively, "Additional Taxes"). If any Taxes or Additional Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes and Additional Taxes as may be necessary so that every payment of all amounts due hereunder or under any Note, after withholding or deduction for or on account of any Taxes and Additional Taxes, will not be less than the amount provided for herein or in such Note. The Borrower will furnish to the Agent within 45 days after the date the payment of any Taxes or Additional Taxes is due pursuant to applicable law certified copies of tax receipts evidencing such payment by the Borrower. The Borrower will indemnify and hold harmless each Bank, and reimburse such Bank upon its written request, for the amount of any Taxes and/or Additional Taxes so levied or imposed and paid by such Bank.

SECTION 4. CONDITIONS PRECEDENT.

4.1. Initial Credit Event. The obligation of each Bank to make its initial Loan is subject to the satisfaction of the conditions set forth in Section 4.2 and to the satisfaction of the following conditions:

(a) There shall have been delivered to the Agent for the account of each Bank a Note executed by the Borrower in the amount, maturity and as otherwise provided herein;

(b) The Agent shall have received a certificate, dated the Closing Date, signed by the President or any Vice President of the Borrower and attested to by the Secretary or any Assistant Secretary of the Borrower in the form of Exhibit F with appropriate insertions, together with copies of the Articles or Certificate of Incorporation and Bylaws of the Borrower and the resolutions of the Borrower referred to in such certificate;

(c) All corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated in this Agreement and the other Transaction Documents shall be satisfactory in form and substance to the Banks, and the Agent shall have received all information and copies of all documents and papers, including records of corporate proceedings and governmental approvals, if any, which any Bank reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities;

(d) Proper financing statements (Form UCC-1) shall have been delivered by the Borrower to be filed under the UCC of each jurisdiction as may be necessary or, in the opinion of the Collateral Agent, desirable to perfect the security interests purported to be created by the Security Documents;

(e) The Banks shall be satisfied that, after giving effect to the making of the initial Loans and the application of the proceeds thereof by (or on behalf of) the Borrower, the Borrower shall have outstanding no Indebtedness other than the Loans and Permitted Indebtedness;

(f) Each Bank shall have received: (i) a copy of the consolidated and consolidating balance sheets of the Borrower and its Consolidated Subsidiaries, if any, at December 31, 1998, and copies of the related consolidated and consolidating statements of operations and stockholders' equity and related consolidated statement of cash flows of the Borrower and, in the case of the statement of operations and stockholders' equity, its Consolidated Subsidiaries, if any, for the Fiscal Year then ended (together with the financial notes thereto, the "Financial Statements"), together, in the case of the consolidated financial statements, with an unqualified certification by an independent certified public accountant acceptable to the Agent, and (ii) a copy of the consolidated balance sheets of the Borrower and its Consolidated Subsidiaries, if any, at March 31, 1999, and copies of the related consolidated statements of operations and stockholders' equity and related consolidated statement of cash

flows of the Borrower and, in the case of the statement of operations and stockholders' equity, its Consolidated Subsidiaries, if any, for the three month period then ended;

(g) The Agent shall have received from legal counsel to the Borrower a legal opinion addressed to the Agent, the Collateral Agent and each Bank in form and substance satisfactory to the Required Lenders;

(h) The Agent shall have received from the Borrower an executed counterpart to the Agent's form automatic debit authorization; and

(i) The Borrower shall have paid to the Agent all fees due on the Effective Date in accordance with Sections 3.1(a) and (b) and in accordance with the letter agreement referenced in Section 3.1(c) and all costs and expenses owing to the Agent and the Banks, and the Agent's counsel through the Closing Date.

All the Notes, certificates and other documents and papers referred to in this Section 4.1, unless otherwise specified, shall be delivered to the Agent and the Collateral Agent at the Agent's Notice Office for the account of each of the Banks and, except for the Notes, in sufficient counterparts for each of the Banks and shall be satisfactory in form and substance to the Banks.

4.2. All Credit Events. The obligation of each Bank to make any Loan (including the initial Loans) is subject, at the time of each Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

(a) At the time of each Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Transaction Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event (except to the extent that a representation and warranty speaks specifically of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date); and

(b) Prior to each Credit Event, the Agent shall have received a Notice of Borrowing with respect thereto meeting the requirements of Section 2.3.

The acceptance of the benefits of each Credit Event shall constitute a representation and warranty by the Borrower to the Agent and each of the Banks that all the conditions specified in Section 4.2 exist as of that time.

SECTION 5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Banks to enter into this Agreement and to make the Loans, the Borrower makes the following representations, warranties and agreements as of the Effective Date and the Closing Date, which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans:

5.1. Status. The Borrower (a) is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation, (b) has the power and authority to own its property and assets and to transact the business in which it is engaged and (c) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

5.2. Corporate Power; Execution and Delivery; Enforceability. The Borrower has the corporate power to execute, deliver and perform the terms and provisions of each of the Transaction Documents and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Transaction Documents. The Borrower has duly executed and delivered each of the Transaction Documents, and each of such Transaction Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms.

5.3. No Violation. Neither the execution, delivery or performance by the Borrower of the Transaction Documents nor compliance by it with the terms and provisions thereof, nor the use of the proceeds of the Loans, (a) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (b) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of the Borrower pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Borrower is a party or by which it or any of its property or assets is bound or to which it may be subject or (c) will violate any provision of the articles of incorporation or bylaws of the Borrower.

5.4. Approvals. To the best of Borrower's knowledge, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the Effective Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person is required to authorize, or is required in connection with, (a) the execution, delivery and performance of any Transaction Document or (b) the legality, validity, binding effect or enforceability of any such Transaction Document.

5.5. Financial Statements; Financial Condition; Undisclosed Liabilities; etc.

(a) The Financial Statements, the consolidated balance sheet of the Borrower at March 31, 1999, and the related consolidated statements of operations and stockholders' equity and related statement of cash flows of the Borrower for the three-month period, as the case may be, ended on such date and heretofore furnished to the Banks present fairly (i) the consolidated financial condition of the Borrower and its Consolidated Subsidiaries, if any, at March 31, 1999 and the consolidated results of the operations of the Borrower and its

Consolidated Subsidiaries, if any, for the Fiscal Year ended December 31, 1998, (ii) the financial condition of each Consolidated Subsidiary, if any, of the Borrower at December 31, 1998 and the results of the operations of each Consolidated Subsidiary, if any, of the Borrower for the Fiscal Year ended December 31, 1998, in each case determined on a non-consolidated basis, and (iii) the financial condition of the Borrower and its Subsidiaries, if any, at March 31, 1999 and the results of the operations of the Borrower and its Consolidated Subsidiaries, if any, for the three-month period ended March 31, 1999. All such financial statements have been prepared in accordance with GAAP except, in the case of the financial statements for the three-month period ended on March 31, 1999, for (x) normal year-end audit adjustments and (y) the failure to use consolidation principles.

(b) Since March 31, 1999, there has been no Material Adverse Effect upon the business, operations, property, assets or condition (financial or otherwise) of the Borrower.

(c) Except as fully reflected in the financial statements described in Section 5.5(a), there are no liabilities or obligations with respect to the Borrower of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would be material to the Borrower. The Borrower does not know of any basis for the assertion against the Borrower of any liability or obligation of any nature whatsoever that is not fully reflected in such financial statements which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.6. Litigation. There are no actions, suits or proceedings pending
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or, to the best knowledge of the Borrower, threatened (a) with respect to any Transaction Document or (b) that could reasonably be expected to have a Material Adverse Effect.

5.7. True and Complete Disclosure. All factual information (taken as
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a whole) heretofore or contemporaneously furnished by or on behalf of the Borrower in writing to the Agent or any Bank (including, without limitation, all information contained in the Transaction Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Borrower in writing to the Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

5.8. Use of Proceeds; Margin Regulations. Neither the making of any
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Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation U of the Board of Governors of the Federal Reserve System.

5.9. Tax Returns and Payments. The Borrower has filed all tax
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returns required to be filed by it and has paid all income taxes payable by it which have become due pursuant to such tax returns and all other taxes and assessments payable by it which have become

due, other than those not yet delinquent and except for those contested in good faith and for which adequate reserves have been established in accordance with GAAP and those for which the failure to do so would cause a Material Adverse Effect. The Borrower has paid, or has provided adequate reserves (in the good faith judgment of the management of the Borrower) for the payment of, all federal and state income taxes applicable for all prior Fiscal Years and for the current Fiscal Year to the date hereof.

5.10. Compliance with ERISA. Each Plan is in substantial compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; none of the Borrower, any Subsidiary thereof or any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or expects to incur any liability under any of the foregoing sections with respect to any such Plan; no proceedings have been instituted to terminate any Plan; no condition exists which presents a material risk to the Borrower, any Subsidiary thereof or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no Lien imposed under the Code or ERISA on the assets of the Borrower, any Subsidiary thereof or any ERISA Affiliate exists or is likely to arise on account of any Plan; and the Borrower and its Subsidiaries may terminate contributions to any other employee benefit plans maintained by them without incurring any material liability to any Person interested therein.

5.11. Capitalization. Aside from those listed in the attached Schedule 5, the Borrower does not have outstanding any securities convertible into or exchangeable for its Capital Stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its Capital Stock.

5.12. Scheduled Information.

(a) Part A of Schedule 6 correctly sets forth, but before giving effect to the incurrence of Loans and the use of the proceeds thereof on the Closing Date, all holders of Indebtedness of the Borrower (with the balance of each such Indebtedness stated as of March 31, 1999) and Part B of Schedule 6 correctly sets forth all holders of Indebtedness of the Borrower other than Indebtedness that is to be paid or prepaid from the incurrence of Loans on the Closing Date (all Indebtedness listed in Part B of Schedule 6, the "Permitted Indebtedness").

(b) Part A of Schedule 7 correctly sets forth, but before giving effect to the incurrence of Loans and the use of the proceeds thereof on the Closing Date, all Liens securing any Indebtedness of the Borrower and Part B of Schedule 7 correctly sets forth all other Liens over any property (real, personal, tangible, intangible, existing or hereafter acquired) of the Borrower

(c) Schedule 8 correctly sets forth a listing of all insurance maintained by the Borrower.

(d) Schedule 9 correctly sets forth the address and location of each real property leased by the Borrower and the name and address of the landlord thereof.

5.13. Compliance with Statutes, etc. To the best of Borrower's knowledge the Borrower is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.14. Labor Relations. To the best of Borrower's knowledge the Borrower is not engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no significant unfair labor practice complaint pending against the Borrower or, to the best knowledge of the Borrower, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Borrower or, to the best knowledge of the Borrower, threatened against it, (b) no significant strike, labor dispute, slowdown or stoppage pending against the Borrower or, to the best knowledge of the Borrower, threatened against it and (c) to the best knowledge of the Borrower, no union representation question existing with respect to the employees of the Borrower and, to the best knowledge of the Borrower, no union organizing activities are taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

5.15. Patents, Licenses, Franchises and Formulas. The Borrower owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, could not reasonably be expected to have a Material Adverse Effect.

5.16. Year 2000 Problem. The Borrower has reviewed the areas within its operations and business which could be adversely affected by, and has developed a program and related systems to enable the Borrower to become Year 2000 Compliant by December 31, 1999 and that such compliance cost to Borrower to become Year 2000 Compliant has not and will not cause a Material Adverse Effect or a default under any of the terms of this Agreement or any indenture mortgage, deed of trust, credit agreement, loan agreement, or any other agreement, contract, or instrument to which the Borrower is a party or by which it or any of its property or assets is bound or to which it may be subject. The Borrower has made appropriate inquiries of its suppliers and vendors whose Year 2000 Problem, if any, is likely to be material to the

business of the Borrower, and has reasonably concluded that their Year 2000 Problems, if any, will not have a Material Adverse Effect.

5.17. Investment Company Act. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.18. Public Utility Holding Company Act. The Borrower is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.19. Subsidiaries. Other than those listed in the attached Schedule 10 the Borrower does not have any Subsidiaries.

SECTION 6. AFFIRMATIVE COVENANTS.

The Borrower covenants and agrees that on and after the Effective Date and until the Commitment Obligations have terminated and the Loans and the Notes, together with interest, and all other obligations incurred hereunder and thereunder, are paid in full:

6.1. Information Covenants. The Borrower will furnish to each Bank:

(a) Monthly Financial Statements. Within 30 days after the close of each month in each Fiscal Year of the Borrower, the balance sheet of the Borrower as at the end of such month and the related consolidated statement of operations and stockholders' equity for such month and for the elapsed portion of the Fiscal Year ended with the last day of such month, and, in each case, setting forth comparative figures for the related periods in the prior Fiscal Year, all of which shall be in form and substance acceptable to the Agent and certified by the Borrower's director of finance, subject to normal year-end audit adjustments.

(b) Annual Financial Statements. Within 90 days after the close of each Fiscal Year of the Borrower, the audited consolidated and unaudited consolidating balance sheets of the Borrower as at the end of such Fiscal Year and the related audited consolidated and unaudited consolidating statements of operations and stockholders' equity and related audited consolidated statements of cash flows for such Fiscal Year, in each case setting forth comparative figures for the preceding Fiscal Year, and certified, in the case of the consolidated financial statements, by independent certified public accountants acceptable to the Required Banks. No such certification shall be qualified as to (i) going concern, (ii) any limitation in the scope of the audit or (iii) possible errors generated by financial reporting and related systems due to the Year 2000 Problem.

(c) Management Letters. Promptly after the Borrower's receipt thereof, a copy of any "management letter" received by the Borrower from its certified public accountants.

(d) Budgets. Within 90 days after the first day of each Fiscal Year of the Borrower, a budget in form satisfactory to the Required Banks (including budgeted statements of income and retained earnings, and sources and uses of cash and balance sheets) prepared by the Borrower for each of the four Fiscal Quarters of such Fiscal Year accompanied by the statement of the chief financial officer of the Borrower to the effect that, to the best of his or her knowledge, the budget is a reasonable estimate for the period covered thereby.

(e) Compliance Certificates. At the time of the delivery of the financial statements provided for in Section 6.1(a) and (b), a certificate of an Authorized Representative in the form attached hereto as Exhibit H (each, a "Compliance Certificate").
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(f) Notice of Default or Litigation. Promptly, and in any event within four Business Days after an officer of the Borrower obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or Event of Default, (ii) any litigation or governmental proceeding pending against the Borrower which could reasonably be expected to have a Material Adverse Effect.

(g) Year 2000 Problems. Promptly, upon the request of the Agent, a copy of the plan, timetable and budget of the Borrower to address the Year 2000 Problem, together with periodic updates thereof and expenses incurred to date, any third party assessment of the Borrower's Year 2000 remediation efforts, any Year 2000 contingency plans and any estimates of the Borrowers' potential litigation exposure (if any) to the Year 2000 Problem.

(h) Other Reports and Filings. Promptly, copies of all financial information, proxy materials and other information and reports, if any, which the Borrower thereof shall file with the Securities and Exchange Commission or any governmental agencies substituted therefor.

(i) Other Information. From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

6.2. Books, Records and Inspections. The Borrower will keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. The Borrower will permit officers and designated representatives of the Agent or any Bank to visit and inspect, under guidance of officers of the Borrower and in compliance with Borrower's standard security procedures, any of the properties of the Borrower and to examine and audit the books of record and account of the Borrower and discuss the affairs, finances and accounts of the Borrower with, and be advised as to the same by, its and their officers, all at such reasonable times, and upon 48 hours notice, and intervals and to such reasonable extent as the Agent or such Bank may request.

6.3. Maintenance of Property, Insurance. The Borrower will (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies

insurance on all its property in at least such amounts and against at least such risks as are described in Schedule 8, and (c) furnish to each Bank, upon written request, full information as to the insurance carried. The provisions of this Section 6.3 shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the security documents that require the maintenance of insurance. The Borrower shall ensure that each insurance policy maintained by the Borrower names the Collateral Agent as lender loss payee and the Agent, the Collateral Agent and the Banks as additional insureds.

6.4. Corporate Franchises. The Borrower will do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in this Section 6.4 shall prevent the withdrawal by the Borrower of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a Material Adverse Effect.

6.5. Compliance with Statutes, etc. The Borrower will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.6. ERISA. As soon as possible and, in any event, within 10 Business Days after the Borrower or any ERISA Affiliate knows or has reason to know any of the following, the Borrower will deliver to each of the Banks a certificate of an Authorized Representative setting forth details as to such occurrence and such action, if any, which the Borrower or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Borrower, the ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a Lien under ERISA; that proceedings may be or have been instituted to terminate a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; or that the Borrower, any Subsidiary thereof or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA.

6.7. End of Fiscal Years; Fiscal Quarters. The Borrower shall cause (a) each of its fiscal years to end on December 31 and (b) each of its Fiscal Quarters to end on the last day of March, June, September, and December.

6.8. Performance of Obligations. The Borrower will perform all its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.9. Use of Proceeds; Margin Regulations. The proceeds of each Loan shall be used by the Borrower for working capital and general corporate purposes. Notwithstanding anything to the contrary contained in this Section 6.9, no part of the proceeds of any Loan will be used by the Borrower to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

6.10. Year 2000 Problems. The Borrower covenants and agrees that it will perform all acts reasonably necessary to ensure that it and any business in which the Borrower holds a substantial interest, become Year 2000 Compliant by December 31, 1999. Such acts shall include, without limitation, performing a comprehensive review and assessment of all of the systems of the Borrower and the remediation, monitoring and testing of such systems.

6.11. Control. The management of the Borrower shall include Masood Tayebi, Massih Tayebi, and Thomas Munro.

6.12 LandLord's Consent. Within Thirty (30) days of the Closing Date deliver to the Collateral Agent a Landlord's Consent in the form of Exhibit G executed and delivered by the landlord of each and every real property identified on Schedule 9.

SECTION 7. NEGATIVE COVENANTS.

The Borrower covenants and agrees that on and after the Effective Date and until the Commitment Obligations have terminated and the Loans and the Notes, together with interest, and all other obligations incurred hereunder and thereunder, are paid in full:

7.1. Liens. The Borrower will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its property or assets (real or personal, tangible or intangible), whether now owned or hereafter acquired, and such lien shall continue for a period of more than ten (10) business days, provided that the provisions of this Section 7.1 shall not prevent the creation, incurrence, assumption or existence of the following (all of which are "Permitted Liens"):

(a) Liens for taxes, fees, assessments, levies or other governmental charges not yet delinquent, or Liens for taxes, fees, assessments, levies or other governmental charges being contested in good faith and by appropriate proceedings for which adequate reserves have been established;

(b) Liens in respect of property or assets of the Borrower imposed by law, which were incurred in the ordinary course of business, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business and (i) which

do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Borrower and its Subsidiaries or (ii) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(c) Liens described in section 5.12(b);

(d) Liens created pursuant to the Security Documents;

(e) Pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation;

(f) Purchase Money Liens;

(g) Liens on Equipment (including proceeds thereof and accessions thereto) leased by the Borrower pursuant to operating leases entered into in the ordinary course of business incurred solely for the purpose of financing the lease of such Equipment;

(h) Liens in favor of customs authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(j) Liens for taxes or assessments or other government taxes not yet due and payable;

(k) Pledges or deposits of money securing bids, tender, contracts, (other than contracts for the payment of money) or leases to which Borrower is a party as lessee made in the ordinary course of business,

(l) Pledges or deposits of money securing bids, tender, contracts (other than ordinary contracts for the payment of money) or leases to which Borrower is a party as lessee made in the ordinary course of business;

(m) Inchoate and unperfected workers', mechanics' or similar liens arising in the ordinary course of business, so long as such Liens attach only to Equipment, Fixtures and/or real estate.

(n) Carriers, warehousemen's, suppliers', or other similar possessory liens arising in the ordinary course of business and securing liabilities in an outstanding aggregate amount not in excess of $100,000.00 at any one time, so long as such Liens attach only to Inventory;

(o) Deposits securing, or in lieu of, surety, appear or customs bonds in proceedings to which Borrower is a party;

(p) Zoning restrictions, easements, licenses, or other restrictions on the use of any real estate or other minor irregularities in title (including leasehold title) thereto, so long as the same do not materially impair the use, value or marketability of such real estate; and

(q) Liens incurred in connection with the extension, renewal, refunding, refinancing, modification, amendment or restatement of the Indebtedness secured by Liens of the type described in clauses (c), (f) and (g) above, provided that any replacement Lien arising as a result of any such extension, renewal, refunding, refinancing, modification, amendment or restatement shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed, refunded, refinanced, modified, amended or restated does not increase.

7.2. Consolidation, Merger, Sale of Assets, etc. The Borrower will not wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of Inventory, materials and Equipment in the ordinary course of business) of any Person, except that (a) the Borrower may make sales of Inventory in the ordinary course of its business, (b) subject to Section 3.3(b), the Borrower may, in the ordinary course of business, sell Equipment which is uneconomic or obsolete, (c) capital expenditures shall be permitted to the extent not in violation of Section 7.7 or (d) Borrower and/or its Subsidiaries may make acquisitions of property, assets or stock so long as the conditions set forth below are satisfied.

(i) If Borrower or a Subsidiary desires to acquire all or substantially all of the assets or capital Stock of any Person (the "Target"), the following conditions must be satisfied and in each case upon written approval of Agent, such Acquisition shall become a "Permitted Acquisition":

(A) Agent shall receive at least thirty (30) Business Day's prior written notice of the intended closing date of such proposed Acquisition, which notice shall include a reasonably detailed description of such proposed Acquisition and a report setting forth all financial and related information concerning the proposed Acquisition as Agent then may reasonably request in such form, manner and detail as then reasonably requested by Agent; including updated versions of the most recently delivered projections covering the one (1) year period commencing on the date of such Permitted Acquisition and otherwise prepared in accordance with the Borrower's projections (the "Acquisition Projections") and based upon historical financial data of a recent date satisfactory to Agent, taking into account such Permitted Acquisition;

(B) such Acquisition shall be consensual and shall have been approved by the Target's board of directors (i.e., it is not a "hostile" Acquisition);

(C) such Acquisition shall comprise a business, or those assets of a business, of the type engaged in by Borrower and its Subsidiaries as of the Closing Date, and which business would not subject Agent or any Lender to regulatory or third party approvals in connection with the exercise of its rights and remedies under this Agreement or any other Loan Documents other than approvals applicable to the exercise of such rights and remedies with respect to Borrower prior to such proposed Acquisition;

(D) at the time of such proposed Acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing;

(E) Agent shall have received at least five (5) days prior to the intended closing date of such Acquisition or on the date of their intended execution (if required or permitted to be executed prior to such Acquisition being consummated whichever is the earlier), copies of all documents, instruments and agreements substantially in the form to be executed by Borrower or any of its Subsidiaries evidencing, governing or relating to such Acquisition (the "Acquisition Documents), and Agent shall be satisfied therewith and with any change in the organization structure of Borrower and its Subsidiaries resulting therefrom;

(F) at or prior to the closing of any Acquisition, (I) Agent shall have received such documents and instruments as may be necessary to grant or confirm to Agent a perfected Lien (subject to Permitted Encumbrances) on or security interest in the Stock, all assets or the line of business so acquired by, and not merged into, Borrower or a Subsidiary, (II) if the Target is acquired by, and not merged into, Borrower or any other Subsidiary, Target shall have executed a guaranty of all of the Obligations of Borrower hereunder subject to any appropriate limitations as Agent shall determine in its discretion, (III) Borrower shall have executed in favor of Agent an Assignment of Representations, Warranties, Covenants, Indemnities and Rights in respect of Borrower's or any other applicable Subsidiary's rights under the applicable Acquisition Agreement, and (IV) Borrower or any other applicable Subsidiary and the Target shall have executed such other documents and taken such additional actions as may be required by Agent in connection therewith;

(G) Concurrently with delivery of the notice referred to in clause (I) above, Borrower shall have delivered to Agent, in form and substance satisfactory to Agent a pro forma consolidated and consolidating balance sheet, income statement and cash flow statement of Borrower and its Subsidiaries (the "Acquisition Pro Forma"), based on recent financial statements, which shall be complete and shall fairly present in all material respects the assets, liabilities, financial condition and results of operations of Borrower and its Subsidiaries in accordance with GAAP consistently applied, but taking into account such Acquisition and the funding of all Loans in connection therewith, and such Acquisition Pro Forma shall reflect that:

(I) At the time of the closing of such Acquisition, Borrower is in compliance with all financial covenants set forth in this Agreement on a pro forma basis, giving effect to such Acquisition as of the then most recently concluded fiscal month end of Borrower for which financial reports are then available (which must be within sixty (60) days prior to the date of consummation of such Acquisition), on both a historical and prospective basis, for the respective twelve (12) months periods both preceding and succeeding such fiscal month end, as reflected on the Acquisition Pro Forma for each of such fiscal periods;

(II) At the time of the closing of such Acquisition, on a pro forma basis, after factoring in the Target's share as a Subsidiary of Borrower of historical overhead, debt service and similar costs allocated to Borrower's Subsidiaries over the twelve (12) months ending as of the most recently concluded fiscal month of Borrower prior to the Acquisition for which financial statements are available (which must be within sixty (60) days prior to the date of consummation of such Acquisition), the Target on a stand alone basis, has a positive EBITDA;

(III) On a pro forma basis, no Event of Default shall have occurred and be continuing or would result after giving effect to such Acquisition and Borrower would have been in compliance with the financial covenants contained in this Agreement for the four quarter period reflected in the Compliance Certificate most recently delivered to Agent prior to the consummation of such Permitted Acquisition (giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period);

(H) no additional Indebtedness, Guaranteed Indebtedness, contingent obligations or other liabilities shall be incurred, assumed or otherwise be reflected on a consolidated and consolidating balance sheet of Borrower and Target after giving effect to such Acquisition, except (I) Loans made hereunder or other Permitted Indebtedness, and (II) ordinary course trade payables, performance bonds, accrued expenses, unsecured Indebtedness and assumed real and personal property leases of the Target to the extent no Default or Event of Default shall have occurred and be continuing or would result after giving effect to such Acquisition and the total amount of any assumed real and personal property leases of the Target when combined with existing real and personal property leases of Borrower and its Subsidiaries shall not exceed the permitted amounts set forth in this Agreement.

7.3. Dividends. The Borrower will not declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its Capital Stock now or hereafter outstanding (or any options or warrants issued by the Borrower with respect to its Capital Stock), or set aside any funds for any of the foregoing purposes.

7.4. Indebtedness. The Borrower will not contract, create, incur, assume or suffer to exist any Indebtedness, except (a) Indebtedness of the Borrower incurred under the Transaction Documents, (b) Permitted Indebtedness, (c) so long as no Default has occurred and is continuing at the time such Indebtedness is incurred or would result from the making thereof,

Money Indebtedness, (d) accrued expenses and current trade accounts payable incurred in the ordinary course of business, and obligations under trade letters of credit incurred by the Borrower in the ordinary course of business, which are to be repaid in full not more than one year after the date on which such Indebtedness is originally incurred to finance the purchase of goods by the Borrower, (e) obligations under letters of credit incurred by the Borrower in the ordinary course of business in support of obligations incurred in connection with worker's compensation, unemployment insurance and other social security legislation, (f) Indebtedness with respect to Capital Leases to the extent permitted by Section 7.7, (g) any other Indebtedness not exceeding $200,000 in aggregate principal amount at any one time outstanding, (h) any additional Indebtedness allowed by the Required Banks in connection with Permitted Acquisitions; and (i) extensions, renewals, refundings, modifications, amendments and restatements of any of the items of Indebtedness described in clauses (a), (b), (c), (f) and (g) above, provided that the principal amount thereof is not increased and the terms thereof are not modified to impose more burdensome terms upon the Borrower.

7.5. Advances, Investments and Loans. The Borrower will not lend
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money or credit or make advances to any Person, or purchase or acquire any stock, obligations or Securities of, or any other interest in, or make any capital contribution to, any other Person, or create any Subsidiaries except that (a) the Borrower may acquire and hold Accounts owing to it, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms and (b) the Borrower may make Permitted Investments.

7.6. Transactions with Affiliates. The Borrower will not enter into
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any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Borrower, other than on terms and conditions substantially as favorable to the Borrower as would be obtainable by the Borrower at the time in a comparable arm's-length transaction with a Person other than an Affiliate, and other than the financing of employee stock options.

7.7 Capital Expenditures. The Borrower will not make any
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expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with GAAP and including capitalized lease obligations) during any Fiscal Year if, as a result thereof, the aggregate amount of such expenditures for such Fiscal Year would exceed $2,500,000.

7.8. Trading Ratio. The Borrower will not permit the ratio of (a)
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the sum of (i) its cash, (ii) its Permitted Investments of the type described in clause (ii) of the definition thereof, (iii) its billed and unbilled Accounts (excluding construction pass-through Accounts) to (b) the sum of its (i) accounts payable (excluding construction pass-through accounts payable), (ii) all amounts it owes under this Agreement and the Notes and (iii) its operational accruals (excluding construction pass-through accruals) at any time to be less than 1:25 to 1:00.

7.9. Net Worth. The Borrower will not, at any time permit Net Worth
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plus Subordinated Debt to be less than $20,000,000, plus (b) an aggregate amount equal to 50% of

Net Income for each completed Fiscal Quarter beginning with the Fiscal Quarter ended June 30, 1999 (provided that any negative Net Income amount shall be treated as $0.00 for the purposes of these calculations) plus (c) an aggregate amount equal to 75% of Net Proceeds of Capital Stock for each completed Fiscal Quarter beginning with the Fiscal Quarter ended June 30, 1999.

7.10. Profitability. The Borrower will not permit Net Income in any one (1) Fiscal Quarter to be less than $750,000, or Net Income in any two (2) consecutive Fiscal Quarters to average less than $1,000,000 per Fiscal Quarter.

7.11 Maximum Debt to Net Worth. The Borrower will not permit its Indebtedness minus Subordinated Debt to exceed 1.75 times the sum of Net Worth and Subordinated Debt.

7.12 Working Capital. The Borrower will not permit its Working Capital to be less than $20,000,000.

7.13 Limitation on Voluntary Payments and Modifications of Indebtedness; Modifications of Certificate of Incorporation, Bylaws and Certain Other Agreements; etc. The Borrower will not without the prior written consent of the Required Banks: (a) make any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Permitted Indebtedness or (b) amend or modify, or permit the amendment or modification of, any material provision of any Permitted Indebtedness or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any of the foregoing or (c) amend, modify or change its articles of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or bylaws, or any agreement entered into by it, with respect to its Capital Stock, or enter into any new agreement with respect to its Capital Stock.

Notwithstanding any provision in this section 7.13 to the contrary, as long as no Events of Default exist, then (i) Borrower is permitted to repay those notes owed to individuals listed as "Entel Shareholders" in Schedule 6 of the Agreement; and (ii) upon Borrower's completion of an underwritten public offering resulting in net proceeds to Borrower of at least $40,000,000, Borrower is permitted to repay Subordinated Debt owed to Massih and Massood Tayebi.

7.14 Business. The Borrower will not engage (directly or indirectly) in any business other than the business in which it is engaged on the Effective Date or any business incidental thereto.

SECTION 8. EVENTS OF DEFAULT.

Upon the occurrence of any of the following specified events (each an "Event of Default"):

8.1. Payments. The Borrower shall (a) default in the payment when due of any principal of any Loan or any Note or (b) default, and such default shall continue unremedied for two or more Business Days, in the payment when due of any interest on any Loan or any Note or any fees or any other amounts owing hereunder or under any Transaction Document; or

8.2. Representations, etc. Any representation, warranty or statement made by or on behalf of the Borrower herein or in any other Transaction Document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

8.3. Covenants. The Borrower shall (a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 6.1(f)(i) or Section 7; or (b) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 6.1(a), (b) and (d) and such default shall continue unremedied for a period of 10 Business Days from the occurrence of such default; or (c) default in the due performance or observance by it of any other term, covenant or agreement (other than those referred to in Sections 8.1 and 8.2 and clauses (a) and (b) of this Section 8.3) contained in this Agreement and such default shall continue unremedied for a period of 30 days after the occurrence of such default; or

8.4. Cross Default; Cross Acceleration. The Borrower shall (a) default in any payment of any Indebtedness (other than the Notes) beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness was created or (b) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity; or any Indebtedness of the Borrower shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

8.5. Bankruptcy, etc. The Borrower shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code"); or an involuntary case is commenced against the Borrower, and the petition is not controverted within 10 Business Days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower, or the Borrower commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower, or there is commenced against the Borrower any such proceeding which remains undismissed for a period of 60 days, or the Borrower is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Borrower makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower for the purpose of effecting any of the foregoing; or

8.6. ERISA. Any Plan shall fail to maintain the minimum funding standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code; any Plan is, shall have been or is likely to be terminated or the subject of termination proceeding under ERISA; any Plan shall have an Unfunded Current Liability; or the Borrower or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code, or the Borrower has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by Section 601 of ERISA); there shall result from any such event or events the imposition of a Lien upon the assets of the Borrower, the granting of a security interest, or a liability or a material risk of incurring a liability, which Lien, security interest or liability, in the opinion of the Required Banks, will have a Material Adverse Effect; or

8.7. Security Documents. The Security Documents or any provision thereof shall cease to be in full force and effect, or shall cease to give the Collateral Agent the Liens, rights, powers and privileges purported to be created thereby, or the Borrower or any other Person obligated under any Security Document (other than the Collateral Agent) shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to such Security Document beyond the period of grace therein; or

8.8. Judgments. One or more judgments or decrees shall be entered against the Borrower involving in the aggregate for the Borrower a liability (not paid or fully covered by insurance) of $200,000 or more, and all such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days after the entry thereof; then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Agent may and, upon the written request of the Required Banks, shall by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Agent, any Bank or the holder of any Note to enforce its claims against the Borrower (provided, that, if an Event of Default specified in Section 8.5 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by the Agent to the Borrower as specified in clauses (a) and (b) below shall occur automatically without the giving of any such notice): (a) declare the Commitment Obligations terminated, whereupon the Commitment Obligation of each Bank shall forthwith terminate immediately without any other notice of any kind; (b) declare the principal of and any accrued interest in respect of all Loans and the Notes and all obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and (c) exercise any and all of the rights and remedies available to the Agent, the Collateral Agent and the Banks under the Transaction Documents, at law (including, without limitation, the UCC) or equity.

SECTION 9. THE AGENT, COLLATERAL AGENT AND DOCUMENTATION AGENT.

9.1. Appointment. The Banks hereby designate Imperial Bank as Agent (for purposes of this Section 9, the term "Agent" shall also include Imperial Bank in its capacity as Collateral Agent under the Transaction Documents to which it is a party) to act as specified herein and in the other Transaction Documents. Each Bank hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Agent to take such action on its behalf under the provisions of this Agreement, the other Transaction Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. The Agent may perform any of its duties hereunder by or through its officers, directors, agents or employees.

9.2. Nature of Duties. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Transaction Documents. Neither the Agent nor any of its officers, directors, agents or employees shall be liable for any action taken or omitted by it or them hereunder or under any other Transaction Document or in connection herewith or therewith, unless caused by its or their gross negligence or willful misconduct. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of this Agreement or any other Transaction Document a fiduciary relationship in respect of any Bank or the holder of any Note; and nothing in this Agreement or any other Transaction Document, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement or any other Transaction Document except as expressly set forth herein.

9.3. Lack of Reliance on the Agent. Independently and without reliance upon the Agent, each Bank and the holder of each Note, to the extent it deems appropriate, has made and shall continue to make (a) its own independent investigation of the financial condition and affairs of the Borrower in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (b) its own appraisal of the creditworthiness of the Borrower and, except as expressly provided in this Agreement, the Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Bank or the holder of any Note with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time or times thereafter. The Agent shall not be responsible to any Bank or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectibility, priority or sufficiency of this Agreement or any other Transaction Document or the financial condition of the Borrower or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Transaction Document, or the financial condition of the Borrower or the existence or possible existence of any Default or Event of Default.

9.4. Certain Rights of the Agent. If the Agent shall request instructions from the Required Banks with respect to any act or action (including failure to act) in connection with this Agreement or any other Transaction Document, the Agent shall be entitled to refrain from such act or taking such action unless and until the Agent shall have received instructions from the Required Banks; and the Agent shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Bank or the holder of any Note shall have any right of action whatsoever against the Agent as a result of the Agent acting or refraining from acting hereunder or under any other Transaction Document in accordance with the instructions of the Required Banks.

9.5. Reliance. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document or telephone message signed, sent or made by any Person that the Agent believed to be the proper Person, and, with respect to all legal matters pertaining to this Agreement and any other Transaction Document and its duties hereunder and thereunder, upon advice of counsel selected by it.

9.6. Indemnification. To the extent the Agent is not reimbursed and indemnified by the Borrower, and without limiting the Obligations of the Borrower under the Transaction Documents to which it is a party, the Banks will reimburse and indemnify the Agent, in proportion to their respective Commitments, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses or disbursements of whatsoever kind or nature which may be imposed on, asserted against or incurred by the Agent in performing its duties hereunder or under any other Transaction Document, or in any way relating to or arising out of this Agreement or any other Transaction Document; provided, however, that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct.

9.7. The Agent in its Individual Capacity. With respect to its obligation to make Loans under this Agreement, the Agent shall have the rights and powers specified herein for a "Bank" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Banks," "Required Banks," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include the Agent in its individual capacity. The Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Borrower or any Affiliate of the Borrower as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrower for services in connection with this Agreement and otherwise without having to account for the same to the Banks.

9.8. Holders. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such

authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

9.9. Resignation by the Agent.

(a) The Agent may resign from the performance of all its functions and duties hereunder and/or under the other Transaction Documents at any time by giving 15 Business Days' prior written notice to the Borrower and the Banks. Such resignation shall take effect upon the appointment of a successor Agent pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation, the Banks shall appoint a successor Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Borrower.

(c) If a successor Agent shall not have been so appointed within such 15 Business Day period, the Agent, with the consent of the Borrower, may then appoint a successor Agent who shall serve as Agent hereunder or thereunder until such time, if any, as the Banks appoint a successor Agent as provided above.

(d) If no successor Agent has been appointed pursuant to clause (b) or (c) above by the twentieth Business Day after the date such notice of resignation was given by the Agent, the Agent's resignation shall become effective and the Banks shall thereafter perform all the duties of the Agent hereunder and/or under any other Transaction Document until such time, if any, as the Banks appoint a successor Agent as provided above.

9.10. Documentation Agent. The Documentation Agent shall have no right, power, obligation, liability, responsibility or duty under the Transaction Documents other than those applicable to a Bank as such. Without limiting the foregoing, the Documentation Agent, as such, shall not have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied on, and will not rely on, the Documentation Agent in deciding to enter into this Agreement or in taking or not taking action hereunder or under any other Transaction Document.

SECTION 10. MISCELLANEOUS.

10.1. Payment of Expenses, Indemnification, etc. The Borrower shall:

(a) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Agent (including, without limitation, reasonable attorney's fees, provided that the amount of such fees and expenses shall not exceed $20,000) in connection with the preparation, execution and delivery of this Agreement and the other Transaction Documents and the documents and instruments referred to herein and therein;

(b) pay all out-of-pocket costs and expenses of the Agent, the Collateral Agent and each Bank (including, without limitation, the reasonable fees and disbursements of counsel to the Agent, the Collateral Agent or such Bank) in connection with (i) any amendment, waiver or consent relating to any Transaction Document and (ii) the enforcement of any Transaction Document and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel for the Agent and for each of the Banks);

(c) (i) pay the audit fees incurred by the Agent (or any Person retained by the Agent) in connection with periodic examinations of the books and records of the Borrower and its Subsidiaries conducted at the request of the Agent; and (ii) during the continuance of an Event of Default, pay the audit fees incurred by any Bank (or any Person retained by any such Bank) in connection with periodic examinations of the books and records of the Borrower and its Subsidiaries conducted at the request of any Bank;

(d) pay and hold the Agent and the Collateral Agent harmless from and against all filing and recording fees required to perfect the Liens granted under the Security Documents;

(e) pay and hold the Agent, the Collateral Agent and each Bank harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to the Agent, the Collateral Agent or such Bank) to pay such taxes; and

(f) indemnify the Agent, the Collateral Agent and each Bank, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not the Agent, the Collateral Agent or any Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Transaction Document or the use of the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein or in any other Transaction Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding any such liabilities, obligations, losses, etc., to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

10.2. Right of Set-off. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, the Agent and each Bank are hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or

owing by the Agent or such Bank (including, without limitation, by branches and agencies of the Agent or such Bank wherever located) to or for the credit or the account of the Borrower against and on account of the Obligations and liabilities of the Borrower to the Agent or such Bank under this Agreement or under any of the other Transaction Documents, including, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 10.7(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Transaction Document, irrespective of whether or not the Agent or such Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured. Notwithstanding the foregoing provisions of this Section 10.2, if at any time the Commitment Obligations and Loans are secured by real property, no Bank shall exercise a right of setoff, banker's lien or counterclaim or take any court or administrative action to enforce any provision of the Transaction Documents if such action would constitute an "action" within the meaning of Section 726 of the California Code of Civil Procedure without obtaining the prior consent of the Required Banks, and any attempted exercise by any Bank of any such action without first obtaining such consent shall be null and void. The provisions of the preceding sentence are solely for the benefit of the Agent and the Banks and the Borrower shall have no rights therein.

10.3. Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including facsimile) and mailed, telecopied or delivered:

if to the Borrower, to:

Wireless Facilities, Inc.
9805 Scranton Road, Suite 100, San Diego, CA 92121

Attention: Thomas Munro,
Chief Financial Officer

Telephone: (858) 450-7315
Facsimile: (858) 824-2928,

if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule 2; and

if to the Agent, at its Notice Office;

or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier, as the case may be, or sent by telecopier upon telephonic confirmation by the sending party, except that notices and communications to the Agent shall not be effective until received by the Agent.

10.4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns except that the Borrower may not assign its rights or obligations hereunder without the prior consent of all of the Banks.

10.5. Assignments, Participations, Etc.

(a) Any Bank may, with the written consent of the Borrower (at all times other than during the existence of an Event of Default) and the Agent, which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Persons (provided that no written consent of the Borrower or the Agent shall be required in connection with any assignment and delegation by a Bank to an Affiliate of such Bank or to another Bank) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitment - ---------- Obligations and the other rights and obligations of such Bank under the Transaction Documents, in a minimum amount of $3,000,000; provided, however, -------- ------- that the Borrower and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Borrower and the Agent an Assignment and Acceptance in the form of Exhibit I ("Assignment and Acceptance") and (iii) the ------------------------- Assignee has paid to the Agent a processing fee in the amount of $3,500.

(b) From and after the date that the Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations under the Transaction Documents have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under this Agreement, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Transaction Documents.

(c) Immediately upon each Assignee's making its processing fee payment under Section 10.5(a), this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom and the Agent shall deliver to the Borrower and each Bank revised Schedules 1 and 2 reflecting the reallocation of Commitments and address changes. The portion of the Commitments allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Borrower (a "Participant") participating ----------- interests in any Loans made by such Bank, the Commitment Obligations of such Bank and the other interests of such Bank (the "Originator") hereunder and under ---------- the other Transaction Documents; provided, however, -------- -------

that (i) the Originator's obligations under this Agreement shall remain unchanged, (ii) the Originator shall remain solely responsible for the performance of such obligations, (iii) the Borrower, the Collateral Agent and the Agent shall continue to deal solely and directly with the Originator in connection with the Originator's rights and obligations under the Transaction Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in Section 10.12. In the case of any such participation, the Participant shall be entitled to the benefit of Section 2.10, 2.11, 3.6 and 10.1 as though it were also a Bank hereunder, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Board or U.S. Treasury Regulation 31 CFR 203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law, provided that payment made by a Borrower to or for the account of any Bank in respect of a Loan made by such Bank to such Borrower shall satisfy such Borrower's payment obligation in respect of such Loan to the extent of such payment regardless of any encumbrance created pursuant to this Section 10.5(e).

10.6. No Waiver; Remedies Cumulative. No failure or delay on the part of the Agent, the Collateral Agent or any Bank or the holder of any Note in exercising any right, power or privilege hereunder or under any other Transaction Document and no course of dealing between the Borrower, the Collateral Agent, the Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Transaction Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Transaction Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Agent, the Collateral Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent, the Collateral Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

10.7. Payments Pro Rata.

(a) The Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations of the Borrower hereunder, it shall

distribute such payment to the Banks pro rata based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Transaction Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans or any fee due hereunder, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total amount of such Obligation then owed and due to such Bank bears to the total amount of such Obligation then owed and due to all the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the Borrower to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided, however, that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

10.8. Calculations; Computations.

(a) The financial statements to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Banks); provided, however, that, except as otherwise specifically provided herein, all computations determining compliance with Section 7 shall utilize accounting principles and policies in conformity with those used to prepare the Financial Statements.

(b) All computations of interest and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable.

10.9. Governing Law; Reference; Arbitration; Submission to Jurisdiction; Venue; Waiver.

(a) THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF CALIFORNIA.

(b) Except with respect to claims or disputes relating to the exercise of remedies by the Agent, the Collateral Agent or any Bank against the Borrower or the Collateral, including (i) the foreclosure, sale or other disposition of any of the Collateral, (ii) the collection or enforcement of the Obligations, (iii) the exercise of self-help remedies, including the exercise of any rights of setoff, or (iv) the obtaining of, or opposition to, provisional or ancillary remedies before, during or after the pendency of any judicial reference or arbitration proceeding contemplated in this Section 10.9 (any and all of which may be initiated pursuant to applicable

law), each controversy, dispute or claim between or among the parties arising out of or relating to this Agreement or any of the other Transaction Documents or the transactions related thereto, which controversy, dispute or claim is not settled in writing within 30 days after the date on which a Person party to any Transaction Document provides written notice to all other parties party thereto that a controversy, dispute or claim exists thereunder (each such date, a "Claim Date") will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure (the "CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement or any of the other Transaction Documents or the transactions related thereto, including whether such controversy, dispute or claim is subject to the reference provisions set forth in this Section 10.9, and, except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court for the State of California located in Los Angeles County, California (the "Superior Court"). The referee shall be a retired judge of the Superior Court selected by mutual agreement of the parties, and if they cannot so agree within 45 days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Superior Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court. Each party shall have one peremptory challenge pursuant to Section 170.6 of the CCP. The referee shall (A) be requested to set the matter for hearing within 60 days after the Claim Date and (B) try any and all issues of law or fact and report a statement of decision upon them, if possible, within 90 days of the Claim Date. Any statement of decision rendered by the referee shall be final, binding and conclusive on the parties and judgment shall be entered pursuant to Section 644 of the CCP in the Superior Court or any other court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after 30 days following notice to any other party of the nature of the controversy, dispute or claim by filing a petition for a hearing or trial. All discovery permitted by this Section 10.9 shall be completed no later than 15 days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by any party upon seven days' written notice, and request for production or inspection of documents shall be responded to within ten days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee, whose decision shall be final, binding and conclusive on the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary or provisional remedies, as appropriate.

(c) Except as expressly set forth in this Section 10.9, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The

party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(d) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide temporary or provisional remedies and to file a statement of decision that will be binding upon the parties. The referee shall issue a single statement of decision at the close of the reference proceeding, which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest the statement of decision and to appeal from any judgment or appealable order entered by the Superior Court or any other court based on such statement of decision. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding subject to this Section 10.9.

(e) In the event that the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure described in this Section 10.9 will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Superior Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

(f) THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE NOT SUBJECT TO THE REFERENCE OR ARBITRATION PROCEDURES SET FORTH HEREIN, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE BORROWER, THE AGENT, THE COLLATERAL AGENT AND THE BANKS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Agent, the Collateral Agent, the Banks and the Borrower each acknowledge that this waiver is a material inducement to enter into a business relationship, that each has already relied on the waiver in entering into this Agreement and the other Transaction Documents, and that each will continue to rely on the waiver in their related future dealings. The Agent, the Collateral Agent, the Banks and the Borrower further warrant and represent that each has reviewed this waiver with its legal counsel, and that each, knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING

THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR TO ANY OTHER TRANSACTION DOCUMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

(g) To the extent not addressed by the preceding provisions of this Section 10.9, any legal action or proceeding against the Borrower with respect to this Agreement or any other Transaction Document may be brought in the courts of the State of California or of the United States for the Central District of California, and, by execution and delivery of this Agreement and the other Transaction Documents, the Borrower hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address set forth in Section 10.3, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of the Agent, the Collateral Agent any Bank or the holder of any Note to serve process in any other manner permitted by law or, subject to the preceding provisions of this Section 10.9, to commence legal proceedings or otherwise proceed against the Borrower in any other jurisdiction.

(h) The Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Transaction Document brought in the courts referred to in clause (g) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

10.10. Obligation to Make Payments in Dollars. The obligation of the Borrower to make payment in Dollars of the principal of and interest on the Notes and any other amounts due hereunder or under any other Transaction Document to the Payment Account of the Agent as provided in Section 3.5 shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Agent at its Payment Account on behalf of the Banks or holders of the Notes of the full amount of Dollars expressed to be payable in respect of the principal of and interest on the Notes and all other amounts due hereunder or under any other Transaction Document. The obligation of the Borrower to make payments in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of the principal of and interest on the Notes and any other amounts due under any other Transaction Document, and shall not be affected by judgment being obtained for any other sums due under this Agreement or under any other Transaction Document.

10.11. Counterparts; Faxed Signature. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of

which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Agent. This Agreement may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

10.12. Amendment or Waiver. Neither this Agreement nor any other Transaction Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Required Banks and the Agent; provided, however, that no such change, waiver, discharge or termination shall, without the consent of each Bank, (i) extend any scheduled payment date or the final maturity of any Loan or Note, or reduce the rate or extend the time of payment of interest or fees thereon, or reduce the principal amount thereof, or increase the Commitment of any Bank over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitment shall not constitute a change in the terms of any Commitment Obligation of any Bank), (ii) release any Collateral under any Security Document except as shall be otherwise provided in any Transaction Document, (iii) amend, modify or waive any provision of this Section 10.12 or Section 9.6, 10.1, 10.2, 10.4, 10.7 or 10.8(b), (iv) reduce the percentage specified in the definition of Required Banks or (v) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement.

10.13. Severability. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.14. Survival. All indemnities set forth herein including, without limitation, in Sections 2.10, 2.11, 3.6, 9.6 and 10.1 shall survive the execution and delivery of this Agreement and the Notes and the making and repayment of the Loans.

10.15. Domicile of Loans. Each Bank may transfer and carry its Loans at, to or for the account of any office, Subsidiary or Affiliate of such Bank.

10.16 Effectiveness. This Agreement shall become effective on the date (the "Effective Date") on which the Borrower and each of the Banks shall have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Agent at its Notice Office or, in the case of the Banks, shall have given to the Agent telephone (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it. The Agent will give the Borrower and each Bank prompt written notice of the occurrence of the Effective Date.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

WIRELESS FACILITIES, INC.

By:

Name: _____

Title: _____

IMPERIAL BANK,
as Agent, Collateral Agent, Documentation
Agent, and a Bank

By:_____

Name: _____

Title: _____

SCHEDULE 1
TO CREDIT AGREEMENT

Name of Bank	COMMITMENTS Commitment
Imperial Bank	$10,000,000
Total	$10,000,000

SCHEDULE 2
TO CREDIT AGREEMENT

APPLICABLE LENDING OFFICES

Bank	Base Rate Lending Office	LIBOR Lender Office
Imperial Bank	Imperial Bank 701 B Street, Suite 600 San Diego, CA 92101 Attention: Michael Berrier Telephone: (619) 338-1512 Telecopier: (619) 234-2234	Imperial Bank 701 B Street, Suite 600 San Diego, CA 92101 Attention: Michael Berrier Telephone: (619) 338-1512 Telecopier: (619) 234-2234

SCHEDULE 3
TO CREDIT AGREEMENT

SECURITY DOCUMENTS

1. Security Agreement to be executed by the Borrower.

2. California UCC-1 Financing Statement to be executed by the Borrower.

SCHEDULE 4
TO CREDIT AGREEMENT

INVESTMENTS

[Included in Definition of Permitted Investments]

Investment	Balance at 6/30/99	Percentage Owned
Hybrid Path Communications LLC	$ 95,459	18% - 251 Shares
WFI de Mexico, S. de R.L. de C.V.	Consolidated	88%
Wireless Facilities Latin America Ltda	Consolidated	100%
Wireless Facilities, Inc./ENTEL	Consolidated	100%

SCHEDULE 5
TO CREDIT AGREEMENT

SECURITIES CONVERTIBLE INTO OR
EXCHANGEABLE FOR CAPITAL STOCK

[Section 5.11]

Stock Options held by Employees	5,192,997 options to purchase common stock in total
Scot Jarvis	450,000 Common
Scott Anderson	450,000 Common
Farzad Ghassemi	138,219 Common
Peter Ghassemi	102,162 Common
Daria Chaisson	2040 Common
Erroll Chaisson	1960 Common
Oak Investment Partners VIII, LP	4,067,847 Series A Preferred 2,279,090 Series B Preferred
Oak VIII Affiliates Fund, LP	78,786 Series A Preferred 44,141 Series B Preferred
Worldview Technology Partners, I, LP	488,622 Series A Preferred 273,761 Series B Preferred
Worldview International I, LP	190,443 Series A Preferred 106,700 Series B Preferred
Worldview Strategic Partners, I, LP	42,090 Series A Preferred 23,581 Series B Preferred
Fred Warren	120,192 Common
Stanford University	60,096 Common

SCHEDULE 6
TO CREDIT AGREEMENT

INDEBTEDNESS

[Section 5.12(a)]

(All Indebtedness of the Borrower)

Part A and Part B:

Creditor	6/30/99 Balance
BCI	$ 867,257.00
Entel Shareholders:	
Gerald T. Vento	1,493,604.15
John T. Vento	341,121.46
Thomas H. Sullivan	485,254.57
Media / Communications Partners II Ltd.	231,916.33
Muhammad H. Khan	123,990.30
Darlush Alipanah	161,053.09
Margaret Ruggieri	161,053.09
John McGrath	32,210.49
Media Communications Investors Ltd.	9,662.73
Union Bank ($3 Million line of credit)	0.00
Wireless Facilities, Inc. Shareholders	
Masood Tayebi	2,605,263.16
Massih Tayebi	2,315,789.47
Sean Tayebi	578,947.37
Willtel Financial Services (phone lease)	5,450.00

SCHEDULE 7
TO CREDIT AGREEMENT

LIENS

[Section 5.12(b)]

PART A

1. California UCC Financing Statements.

Identification No.:	Secured Party:	Date Filed:
9811260359	Union Bank of California, N.A. P. O. Box 30115 Los Angeles, CA 90030-0115 AT&T (Lucent Phone System Lease) Konica Copier (Copier Lease) [NAME OF CREDITOR] (Automotive Lease) [NAME OF CREDITOR] (Automotive Lease)	4/21/98

PART B

1. California UCC Financing Statements.

Identification No.:	Secured Party:	Date Filed:
	AT&T (Lucent Phone System Konica Copier (Copier Lease) [NAME OF CREDITOR] (Automotive Lease) [NAME OF CREDITOR] (Automotive Lease)	

SCHEDULE 8
TO CREDIT AGREEMENT

INSURANCE

[Section 5.12(c)]

Attached Description of Insurance Coverage.

SCHEDULE 9
TO CREDIT AGREEMENT

LEASED REAL PROPERTY

[Section 5.12 (d)]

ADDRESS	LANDLORD
Address	Landlord
San Diego Tech Center 9605 Scranton Road, Suite 102 San Diego, CA 92121 (858) 542-7900	[_____]
GTE Government Systems 15000 Conference Center Drive Chantilly, VA 20151-3808	[_____]
Needleman Management Co. 1060 N. Kings Highway, Suite 250 Cherry Hill, NJ 00034	[_____]
Coles Hill 432A Coles Road Blackwood, NJ 08012 (609) 228-3761	[_____]
DDS Rental Account 125 Thunderbird Ct. Novato, CA 94949 (415) 382-0714	[_____]

SCHEDULE 10
TO CREDIT AGREEMENT

SUBSIDIARIES
[Section 5.19]

Wireless Facilities, Inc./Entel, a Delaware corporation
WFI de Mexico, S. de R.L. de C.V., a Mexican corporation
Wireless Facilities Latin America, Ltda, a Brazilian commercial limited liability company

EXHIBIT A

NOTICE OF BORROWING

[Date]

Imperial Bank, as Agent
for the Banks parties to
the Credit Agreement
referred to below

Imperial Bank
9920 S. La Cienega Blvd.
14/th/ Floor
Inglewood, CA 90301

Attention: Judy Varner

Ladies and Gentlemen:

The undersigned, Wireless Facilites, Inc., refers to the Credit Agreement, dated as of August 17, 1999 (as amended from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the undersigned, certain Banks parties thereto and you, as Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.3 of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.3 of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is [_____], [__].

(ii) The aggregate principal amount of the Proposed Borrowing is $[_____].

(iii) The Proposed Borrowing is to consist of [Base Rate Loans] [LIBOR Loans].

/1/[(iv) The initial Interest Period for the Proposed Borrowing is [___] months.]

_____

/1/ To be included for a Proposed Borrowing of LIBOR Loans.

[(iv)] [(v)] Following the Proposed Borrowing, the total number of Borrowings of LIBOR Loans will be [___].

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 6 of the Credit Agreement are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on and as of such date (except to the extent that a representation and warranty speaks specifically of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date);

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof; and

(C) the aggregate principal amount of Loans outstanding does not, and the aggregate principal amount of Loans outstanding after giving effect to the Proposed Borrowing will not, exceed the Borrowing Base.

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title:_____

cc: Imperial Bank
701 B Street, Suite 600
Attention: Mike Berrier

Imperial Bank
9920 S. La Cienega Boulevard
14/th/ Floor
Inglewood, CA 90301
Attention: F. Glen Harvey

EXHIBIT B

NOTE

[_____] $_____, California
[_____], 19[__]

FOR VALUE RECEIVED, WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of Delaware (the "Borrower"), hereby promises to pay to the order of [_____] (the "Bank"), for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), in lawful money of the United States of America in immediately available funds, at the office of Imperial Bank (the "Agent") located at 9920 South La Cienega Blvd., 14/th/ Floor, Inglewood, CA 90301-4423 on the Loan Maturity Date (as defined in the Credit Agreement) the principal sum of [_____] United States dollars ($[_____]) or, if less, the unpaid principal amount of all Loans (as defined in the Credit Agreement) made by the Bank pursuant to the Agreement.

The Borrower promises also to pay interest on the unpaid principal amount of each Loan in like money at said office from the date such Loan is made until paid at the rates and at the times provided in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, dated as of August 17, 1999, among the Borrower, the Bank, the other financial institutions party thereto and the Agent (as from time to time in effect, the "Credit Agreement") and is entitled to the benefits thereof. This Note is secured by the Security Documents (as defined in the Credit Agreement). As provided in the Credit Agreement, this Note is subject to voluntary and mandatory prepayment, in whole or in part, and Loans may be converted from one Type (as defined in the Credit Agreement) into another Type to the extent provided in the Credit Agreement.

In case an Event of Default (as defined in the Credit Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF CALIFORNIA.

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title:_____

EXHIBIT C

NOTICE OF CONVERSION

[Date]

Imperial Bank, as Agent
for the Banks parties to
the Credit Agreement
referred to below

Imperial Bank
9920 S. La Cienega Blvd.
14/th/ Floor
Inglewood, CA 90301

Attention: Judy Varner

Ladies and Gentlemen:

The undersigned, Wireless Facilities, Inc., refers to the Credit Agreement, dated as of August 17, 1999 (as amended from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the undersigned, certain Banks parties thereto and you, as Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a conversion of Loans under the Credit Agreement, and in that connection sets forth below the information relating to such conversion (the "Proposed Conversion") as required by Section 2.6 of the Credit Agreement:

(i) The Business Day of the Proposed Conversion is [_____], [__].

(ii) The aggregate principal amount of the Proposed Conversion is $[_____].

(iii) The Loans (or portions thereof) to be converted (the "Converted Loans") are [Base Rate] [LIBOR] Loans made pursuant to a Borrowing made on [_____], [____].

(iv) Following the Proposed Conversion, the Converted Loans will be [Base Rate] [LIBOR] Loans *[, and, if the Converted Loans are to be LIBOR Loans, the initial Interest Period applicable thereto is [___] months.]

(v) Following the Proposed Conversion, the total number of Borrowings of LIBOR Loans will be [___] and the aggregate principal amount of each such Borrowing will equal or be greater than $[_____].

The undersigned hereby certifies that no Default or Event of Default has occurred and is continuing, or would result from the Proposed Conversion.

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title:_____

cc: Imperial Bank
701 B Street, Suite 600
San Diego, CA 92101
Attention: Mike Berrier

Imperial Bank
9920 S. La Cienega Blvd.
14/th/ Floor
Inglewood, CA 90301
Attention: F. Glen Harvey

_____

* To be included if Base Rate Loans (or portions thereof) are being converted to LIBOR Loans.

EXHIBIT D

NOTICE OF CONTINUATION

[Date]

Imperial Bank, as Agent
for the Banks parties to
the Credit Agreement
referred to below

Imperial Bank
9920 S. La Cienega Blvd.
14/th/ Floor
Inglewood, CA 90301
Attention: Judy Varner

Ladies and Gentlemen:

The undersigned, Wireless Facilities, Inc., refers to the Credit Agreement, dated as of August 17, 1999 (as amended from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the undersigned, certain Banks parties thereto and you, as Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a continuation of LIBOR Loans under the Credit Agreement, and in that connection sets forth below the information relating to such continuation (the "Proposed Continuation") as required by Section 2.6 of the Credit Agreement:

(i) The Business Day of the Proposed Continuation is [_____], [__].

(ii) The aggregate principal amount of the Proposed Continuation is $[_____].

(iii) The LIBOR Loans (or portions thereof) to be continued as LIBOR Loans (the "Continued Loans") were made pursuant to a Borrowing made on [_____], [____].

(iv) The Interest Period for the Continued Loans is [___] months.

(iv) Following the Proposed Continuation, the total number of Borrowings of LIBOR Loans will be [___] and the aggregate principal amount of each such Borrowing will equal or be greater than $[_____].

The undersigned hereby certifies that no Default or Event of Default has occurred and is continuing, or would result from the Proposed Continuation.

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title:_____

cc: Imperial Bank
701 B Street, Suite 600
San Diego, CA 92101
Attention: Mike Berrier

Imperial Bank
9920 S. La Cienega Boulevard
14/th/ Floor
Inglewood, CA 90301
Attention: F. Glen Harvey

EXHIBIT E

EXTENSION REQUEST

[Date]

Imperial Bank, as Agent
for the Banks parties to
the Credit Agreement
referred to below

Imperial Bank
701 B Street, Suite 600
San Diego, CA 92101
Attn.: Mike Berrier

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of August 17, 1999, among the undersigned, the Banks named therein, Imperial Bank, as Agent, Collateral Agent and Documentation Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

The undersigned hereby represents and warrants that no Event of Default has occurred or is continuing.

This is an Extension Request pursuant to Section 2.12 of the Credit Agreement requesting an extension of the Loan Maturity Date from [_____] to [_____]. Please transmit a copy of this Extension Request to each of the Banks.

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title:_____

cc: Imperial Bank
9920 S. La Cienega Blvd.
14/th/ Floor
Inglewood, CA 90301

Attention: F. Glen Harvey

EXHIBIT F

WIRELESS FACILITIES, INC.

OFFICER'S CERTIFICATE

I, the undersigned, [President] [Vice President], of WIRELESS FACILITIES, INC. a corporation organized and existing under the laws of Delaware (the "Borrower"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 4.1(b) of the Credit Agreement, dated as of August 17, 1999, among the Borrower, the Banks party thereto and Imperial Bank, as Agent, Collateral Agent and Documentation Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein capitalized terms used in this Certificate have the meanings assigned to those terms in the Credit Agreement.

2. The persons named below have been duly elected, have duly qualified as and at all times since August 1, 1999 (to and including date hereof) have been officers of the Borrower, holding the respective offices below set opposite their names, and the signatures below set opposite their names are their genuine signatures.

Name/1/	Office	Signature
[_____]	[_____]	[_____]
[_____]	[_____]	[_____]

3. Attached hereto as Exhibit A is a copy of the Articles of Incorporation of the Borrower as filed in the Office of the Delaware Secretary of State on [_____], together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the Bylaws of the Borrower as in effect on the date the resolutions described in paragraph 5 below were adopted, together with all amendments thereto adopted through the date hereof.

5. Attached hereto as Exhibit C is a true and correct copy of resolutions duly adopted by the Board of Directors of the Borrower by unanimous written consent, which resolutions have not been revoked, modified, amended or rescinded and are still in full

---

/1/ Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this certificate.

force and effect. Except as attached hereto as Exhibit C, no resolutions have been adopted by the Board of Directors of the Borrower which deal with the execution, delivery or performance of any of the Credit Documents.

6. On the date hereof, the representations and warranties contained in Section 5 of the Credit Agreement are true and correct, both before and after giving effect to each Borrowing to be incurred on the date hereof and the application of the proceeds thereof.

7. On the date hereof, no Default or Event of Default has occurred and is continuing or would result from the Borrowings to be incurred on the date hereof or from the application of the proceeds thereof.

8. I know of no proceeding for the dissolution or liquidation of the Borrower or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [____] day of August, 1999.

WIRELESS FACILITIES, INC.

By_____
Name:
Title:

WIRELESS FACILITIES, INC.

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of WIRELESS FACILITIES, INC., DO HEREBY CERTIFY that:

1. [Insert name of Person making the above certifications] is the duly elected and qualified [_____] of the Borrower and the signature on the attached Officer's Certificate is [his][her] genuine signature.

2. The certifications made by [name] in items 2, 3, 4 and 5 on the attached Officer's Certificate are true and correct.

3. I know of no proceeding for the dissolution or liquidation of the Borrower or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [____] day of August, 1999.

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title: Secretary

EXHIBIT G

[SUBSIDIARY]

OFFICER'S CERTIFICATE

I, the undersigned, [President] [Vice President], of [SUBSIDIARY NAME] (the "Subsidiary"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 4.1(b) of the Credit Agreement, dated as of August 17, 1999, among WIRELESS FACILITIES, INC. (the "Borrower,") the Banks party thereto and Imperial Bank, as Agent, Collateral Agent and Documentation Agent (such Credit Agreement, as in effect on the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein capitalized terms used in this Certificate have the meanings assigned to those terms in the Credit Agreement.

2. The persons named below have been duly elected, have duly qualified as and at all times since August 1, 1999 (to and including date hereof) have been officers of the Subsidiary, holding the respective offices below set opposite their names, and the signatures below set opposite their names are their genuine signatures.

Name/1/	Office	Signature
[_____]	[_____]	[_____]
[_____]	[_____]	[_____]

3. Attached hereto as Exhibit A is a copy of the [documents establishing] the Subsidiary as filed in the [jurisdiction of its establishment] on [date], together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the [Bylaws] of the Borrower as in effect on the date the resolutions described in paragraph 5 below were adopted, together with all amendments thereto adopted through the date hereof.

5. Attached hereto as Exhibit C is a true and correct copy of resolutions duly adopted by the Board of Directors of the Borrower by unanimous written consent, which resolutions have not been revoked, modified, amended or rescinded and are still in full

_____

/1/ Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this certificate.

force and effect. Except as attached hereto as Exhibit C, no resolutions have been adopted by the Board of Directors of the Borrower which deal with the execution, delivery or performance of any of the Credit Documents.

6. On the date hereof, the representations and warranties contained in Section 5 of the Credit Agreement are true and correct, both before and after giving effect to each Borrowing to be incurred on the date hereof and the application of the proceeds thereof.

7. On the date hereof, no Default or Event of Default has occurred and is continuing or would result from the Borrowings to be incurred on the date hereof or from the application of the proceeds thereof.

8. I know of no proceeding for the dissolution or liquidation of the Borrower or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [____] day of August, 1999.

[SUBSIDIARY NAME]

By_____
Name:
Title:

[SUBSIDIARY NAME]

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of [SUBSIDIARY NAME], DO HEREBY CERTIFY that:

1. [Insert name of Person making the above certifications] is the duly elected and qualified [_____] of the Subsidiary and the signature on the attached Officer's Certificate is [his][her] genuine signature.

2. The certifications made by [name] in items 2, 3, 4 and 5 on the attached Officer's Certificate are true and correct.

3. I know of no proceeding for the dissolution or liquidation of the Subsidiary or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [____] day of August, 1999.

[SUBSIDIARY NAME]

By_____
Name:_____
Title: Secretary

EXHIBIT H

LANDLORD'S CONSENT

[Date]

[Landlord]

Gentleman/Ladies:

As you may be aware, Wireless Facilities, Inc. (the "Tenant") under that certain [insert description of the Lease] (as amended, modified or supplemented from time to time, the "Lease") of the premised commonly known as [_____], [_____], CA [_____] (the "Premises"), has entered into that certain Credit Agreement, dated as of August 17, 1999 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among the Tenant, the banks described therein (the "Banks") and Imperial Bank in its capacity as agent (in such capacity, together with its successors, the "Agent") and collateral agent (in such capacity, together with its successors, the "Collateral Agent") on behalf the Banks].

To secure its obligations to the Agent, the Collateral Agent and the Banks under the [Credit Agreement] [Guaranty], the Tenant has entered into a Security Agreement, dated as of [_____], 1999 (as amended, modified or supplemented from time to time, the "Security Agreement"), with the Collateral Agent, pursuant to which the Tenant has granted the Collateral Agent a security interest over certain collateral more particularly described therein, including, without limitation, its contract rights (including its rights under the Lease), its inventory and its equipment (collectively, the "Collateral").

In order to advance funds to the Tenant under the Credit Agreement, the Collateral Agent needs the following assurances from you:

(1) You consent to the granting of the security interest in the Lease to the Collateral Agent;

(2) You will send the Collateral Agent at its office located at 701 B Street, Suite 600, San Diego, CA 92101, Attention: Mike Berrier (or such other address as the Collateral Agent provides you in writing) a copy of any notice of default under (or termination of) the Lease (each, a "Default Notice") and allow the Collateral Agent an additional period of time equal to the grace period already permitted under the Lease in order to cure any such default;

(3) You will permit the Collateral Agent to cure any default under the Lease if the Tenant fails to do so, and, further, you will permit the Collateral Agent to assume all

of the Tenant's rights and obligations under the Lease, including, without limitation, the right to enter and possess the leased premises and, subject to the terms of the Lease, assign the Lease or sublet the leased premises at some future date;

(4) You will apply any sums of money paid to you by the Collateral Agent only to debts owing under the Lease as described in the Default Notice, and not to set off such sums against other debts owed to you by the Tenant; and

(5) You consent to the granting of a security interest in all of the personal property of the Tenant located now or in the future on the Premises (the "Personal Property"), including any part of the Personal
--------- ---------
Property that is now or is hereafter located or installed on or affixed to the Premises or that is or may be deemed to be "fixtures" within the meaning of Section 9313(1)(a) of the California Commercial Code. You agree that all of the Personal Property, whether or not affixed to or located or installed on the Premises, constitutes and shall remain personal property and shall not become installed or located on or affixed to the Premises or any other real estate. You hereby expressly waive and disclaim to the fullest extent allowed by applicable law all right, title and interest in or to any and all of the Personal Property. You further agree that the Collateral Agent or its representatives may enter upon the Premises for the purpose of detaching, removing, repossessing and otherwise exercising any or all of its or their rights or remedies with respect to the Personal Property without interference by, or liability, accountability or reimbursement to, you or any other person or entity claiming through or as a successor to or on behalf of you.

If you are in agreement with the terms of this letter, we would appreciate your signing the enclosed copies of this letter and returning one to us and one to the Collateral Agent in the enclosed envelopes at your earliest convenience.

Thank you for your assistance in this matter.

IMPERIAL BANK,
Secured Party

By:_____
Title:_____

AGREED TO AND ACCEPTED BY:

[LANDLORD]

By:_____
Title:_____

Date:_____

COLLATERAL DESCRIPTION

(1) All Contracts of Debtor, (2) all Inventory of Debtor; (3) all Equipment of Debtor; (4) all computer programs of the Debtor and all proprietary information of the Debtor; (5) all other Goods, General Intangibles, Chattel Paper, Documents, Instruments and Investment Property of Debtor; and (6) all Proceeds and products of any and all of the foregoing.

Capitalized terms used in this Collateral Description shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"California UCC" shall mean the Uniform Commercial Code of the State of California.

"Chattel Paper" shall mean, as of any date of determination, "chattel paper" as such term is defined in the California UCC as in effect on such date.

"Contracts" shall mean all contracts and agreements between the Debtor and one or more additional parties.

"Documents" shall mean, as of any date of determination, "documents" as such term is defined in the California UCC as in effect on such date.

"Equipment" shall mean, as of any date of determination, "equipment" as such term is defined in the California UCC as in effect on such date, now or hereafter owned by Debtor and, in any event, shall include, but shall not be limited to, all machinery, equipment, furnishings, fixtures and vehicles now or hereafter owned by the Debtor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"General Intangibles" shall mean, as of any date of determination, "general intangibles" as such term is defined in the California UCC as in effect on such date.

"Goods" shall mean, as of any date of determination, "goods" as such term is defined in the California UCC as in effect on such date.

"Instrument" shall mean, as of any date of determination, "instrument" as such term is defined in the California UCC as in effect on such date.

"Inventory" shall mean, as of any date of determination, "inventory" as such term is defined in the California UCC as in effect on such date, now or hereafter owned by Debtor and, in any event, shall include, but shall not be limited to, all raw materials, work-in-process, and finished inventory of the Debtor of every type or description and all documents of title covering such inventory.

"Investment Property" shall mean, as of any date of determination, "investment property" as such term is defined in the California UCC as in effect on such date.

"Proceeds" shall mean, as of any date of determination, "proceeds" as such term is defined in the California UCC as in effect on such date.

EXHIBIT I

COMPLIANCE CERTIFICATE

[Date]

Imperial Bank, as Agent
for the Banks parties to
the Credit Agreement
referred to below

Imperial Bank
9920 S. La Cienega Boulevard
14/th/ Floor
Inglewood, CA 90301
Attention: Carrie V. Paul

Ladies and Gentlemen:

I, the undersigned, Authorized Representative of Wireless Facilities, Inc., a Delaware corporation (the "Borrower"), pursuant to Section 6.1(e) of the Credit Agreement, dated as of August 17, 1999, by and among the Borrower, the Banks party thereto and Imperial Bank, as Agent and Collateral Agent (such Credit Agreement, as in effect on the date of this Compliance Certificate, being herein called the "Credit Agreement;" unless otherwise defined herein capitalized terms used in this Compliance Certificate have the meanings assigned to those terms in the Credit Agreement), have attached hereto the quarterly financial statements of the Borrower for the Fiscal Quarter ended [_____], [___] (the "Test Date"), and DO HEREBY CERTIFY that the Borrower [is] [is not] in compliance with the Financial Covenants according to the following calculations:

/1/[A. Capital Expenditures:

(1) Capital expenditures made during Fiscal Year $[_____]

(2) Excess (deficit) of $1,000,000 over (1) $[_____]]

[A.][B.] Trading Ratio:

(1) Cash at Test Date $[_____]

(2) Clause (ii) Permitted Investments at Test Date $[_____]

_____

/1/ To be included if the Test Date is the last day of a Fiscal Year.

(3)	Inventory at Test Date	$[_____]	
(4)	Accounts at Test Date	$[_____]	
(5)	Total of (1) through (4)		$[_____]
(6)	accounts payable at Test Date	$[_____]	
(7)	Amounts owed under Credit Agreement at Test Date	$[_____]	
(8)	operational accruals at Test Date	$[_____]	
(9)	Total of (6) through (8)		$[_____]
(10)	Actual Ratio ((5) to (9))		[_____]:1.00
(11)	Covenant Ratio		1.25:1.00
(12)	(10) is [less] [greater] than (11)		

[B.][C.] Net worth:

(1)	Net Worth at Test Date	$[_____]	
(2)	Subordinated Debt at Test Date	$[_____]	
(3)	Total of (1) and (2)		$[_____]
(4)	Aggregate Net Income for each fiscal quarter including the quarter ending June 30, 1999 through Test Date/2/	$[_____]	
(5)	Net Proceeds of Capital Stock issued during fiscal quarter ending June 30, 1999 through Test Date	$[_____]	
(6)	Covenant Amount ($20,000,000 plus 50% of (2) plus 75% of (3))		$[_____]
(7)	Excess (deficit) of (1) over (4)		$[_____]

[C.][D.] Profitability:

(1)	Net Income for quarter ended on Test Date		$[_____]

_____

/2/ Net Income for any fiscal quarter less than $0.00 shall be calculated as $0.00.

(2)	Covenant Amount		$ 750,000.00
(3)	(1) is [greater] [less] than (2)		
(4)	Net Income for two quarters ended on Test Date		$[ ]
(5)	(4) times 0.5		$[ ]
(6)	Covenant Amount		$ 1,000,000.00
(7)	(5) is [greater] [less] than (6)		

[D.][E.] Debt to Net Worth:

(1)	Indebtedness on Test Date	$[_____]	
(2)	Subordinated Debt on Test Date	$[_____]	
(3)	(1) minus (2)		$[_____]
(4)	Net Worth on Test Date	$[_____]	
(5)	(4) plus (2)		$[_____]
(6)	Actual Ratio ((3) to (5))		[____]:1
(7)	Covenant Ratio		1.75:1
(8)	(6) is [less] [greater] than (7)		

[E.][F.] Working Capital:

(1)	Working Capital on Test Date	$[_____]
(2)	Covenant Amount	$20,000,000.00
(3)	(1) is [greater] [less] than (2)	

IN WITNESS WHEREOF, I have hereunto set my hand this [____] day of [_____], [____].

WIRELESS FACILITIES, INC.

By_____
Name:_____
Title:_____

cc: Imperial Bank
701 B Street, Suite 600
San Diego, CA 92101
Attention: Mike Berrier

EXHIBIT J

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement, dated as of August 17, 1999, by and among Wireless Facilities, Inc. (the "Borrower"), the Banks from time to time party thereto and Imperial Bank, as Agent for such Banks (such Credit Agreement, as in effect on the date hereof and as it may be modified, supplemented or amended from time to time, the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used herein and defined in the Credit Agreement are used herein as so defined.

[_____] ("Assignor") and [_____] ("Assignee") hereby make and enter into this assignment and acceptance agreement (this "Assignment and Acceptance") as of [_____], [____].

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement which represents the percentage interest specified in Item 4 of Annex I (the "Assigned Share") of the Commitments and Loans under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitment and the outstanding principal balance of the Loans will be as set forth in Item 4 of Annex I.

2. The Assignor (a) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any other instrument or document furnished pursuant thereto; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Guarantor, the Borrower or any of its Subsidiaries (the "Credit Parties") the performance or observance by any Credit Party of its obligations under the Credit Documents to which it is a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (a) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (b) agrees that it will, independently and without reliance upon the Agent, the Collateral Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents; (c) appoints and authorizes the Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent and the Collateral Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (d) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Bank.

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Agent. Unless a later date is specified in Item 5 of Annex I hereto, this Assignment and Acceptance shall become effective on the first date on which each of the following conditions is satisfied: (a) this Assignment and Acceptance shall have been executed and delivered by the Assignor and Assignee and a fully executed original shall have been delivered to the Agent, (b) the consents described in 10.5(a) of the Credit Agreement shall have been obtained, and (c) the Agent shall have received the $3,500 processing and recordation fee referred to in Section 10.5(a) of the Credit Agreement (such effective date or, so long as the conditions described above have been satisfied, such later date as specified in Item 5 of Annex I hereto (the "Settlement Date").

5. As of the Settlement Date, (a) the Assignee shall become a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance shall have the rights and obligations of a Bank thereunder and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights (other than any indemnities) and be released from its obligations under the Credit Documents.

6. It is agreed that the Assignee shall be entitled to all interest on the Assigned Share of the Loans at the rates specified in Item 6 of Annex I which accrue on and after the Settlement Date, such interest to be paid by the Agent directly to the Assignee. It is further agreed that all payments and prepayments of principal made on the Assigned Share of the Loans which occur on and after the Settlement Date will be paid directly by the Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the Loans which are outstanding on the Settlement Date and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves on the Settlement Date .

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[ASSIGNOR], as Assignor

By_____
Name:_____
Title:_____

[ASSIGNEE], as Assignee

By_____
Name:_____
Title:_____

Acknowledged and Agreed this
[____] day of [__________], [____]

IMPERIAL BANK, as Agent

By_____
  Name:_____
  Title:_____

*[WIRELESS FACILITIES, INC.]

By_____
  Name:_____
  Title:_____

_____

* To be included unless an Event of Default has occurred and is continuing.

ANNEX I TO ASSIGNMENT AND ACCEPTANCE

1. Borrower: Wireless Facilities, Inc.

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of August 17, 1999, by and among Wireless Facilities, Inc., the Banks from time to time party thereto, and Imperial Bank, as Agent and Collateral for such Banks.

3. Date of Assignment and Acceptance: [_____], [____].

4. Amounts (as of date of item #3 above):

A.	Total Commitment	$[_____]
B.	Assigned Share of Total Commitment	[____]%
C.	Amount of Assigned Share of Total Commitment	$[_____]
D.	Aggregate Amount of Loans Outstanding	$[_____]
E.	Assigned Share of Loans	[____]%
F.	Amount of Assigned Share of Loans	$[_____]

5. Settlement Date: [_____], [____]

6. Rate(s) of Interest to the Assignee:

[As set forth in the Credit Agreement]

7. Assignee Notice Information:

[_____]
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Telecopier: [_____]
Reference:[_____]

8. Assignee Payment Instructions:

Base Rate Lending Office:

[_____]
[_____]
ABA # [_____]
Account Name: [_____]
Account # [_____]
Reference: [_____]

LIBOR Lending Office:

[_____]
[_____]
ABA # [_____]
Account Name: [_____]
Account # [_____]
Reference: [_____]

EXHIBIT K

DOMESTIC SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY, dated as of August 17, 1999 (as modified, amended or supplemented from time to time, this "Guaranty"), made by [_____], a [_____] corporation (the "Guarantor"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as hereinafter defined) shall be used herein as so defined.

W I T N E S S E T H :

WHEREAS, Wireless Facilities, Inc., a Delaware corporation (the "Borrower"), the Banks and Imperial Bank, as agent (the "Agent") and collateral agent (the "Collateral Agent"), have entered into a Credit Agreement, dated as of August 17, 1999 (as modified, supplemented or amended from time to time, the "Credit Agreement"), providing for the making of Loans as contemplated therein;

WHEREAS, the Guarantor is a Wholly-Owned Subsidiary of the Borrower;

WHEREAS, it is a condition to the making of Loans under the Credit Agreement that the Guarantor shall have executed and delivered this Guaranty; and

WHEREAS, the Guarantor will obtain benefits as a result of the Loans made to the Borrower under the Credit Agreement and, accordingly, desires to execute and deliver this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Banks and hereby covenants and agrees with the Agent, the Collateral Agent and each Bank as follows:

1. The Guarantor irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal of and interest on any Note issued under the Credit Agreement and of all other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Borrower now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement or any other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrower (all such principal, interest, obligations and liabilities, collectively, the "Guaranteed Obligations"). All payments by the Guarantor under this Guaranty shall be made on the same basis as payments by the Borrower under Sections 3.4 and 3.5 of the Credit Agreement.

2. The Guarantor hereby waives, to the fullest extent permitted by law:

(a) notice of acceptance of this Guaranty and notice of any liability to which it may apply;

(b) presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by the Agent, the Collateral Agent or any Bank against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor);

(c) all rights and benefits that the Guarantor may have, now or at any time hereafter under, and any defense, right of setoff, claim or counterclaim whatsoever (other than payment and performance in full of all of the Guaranteed Obligations) arising under, California Civil Code Sections 2809, 2810, 2815, 2819, 2820, 2821, 2839, 2845, 2847, 2848, 2849, 2850 and 2855, and California Code of Civil Procedure Sections 580a, 580b, 580d and 726, and all successor sections; and

(d) all rights to require the Agent, the Collateral Agent or any Bank to marshal assets or to pursue any other remedy in the Agent's, the Collateral Agent's or any Bank's power.

3. The Agent, the Collateral Agent and any Bank may at any time and from time to time without the consent of, or notice to the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against the Borrower or others or otherwise act or refrain from acting;

(d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower other than the Banks and the Guarantor;

(e) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Agent, the Collateral Agent or the Banks regardless of what liabilities or liabilities of the Borrower remain unpaid;

(f) consent to or waive any breach of, or any act, omission or default under, any of the Credit Documents, or otherwise amend, modify or supplement any of the Credit Documents or any of such other instruments or agreements; and/or

(g) act or fail to act in any manner referred to in this Guaranty which may deprive the Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty.

4. The obligations of the Guarantor under this Guaranty are absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any action or inaction by the Agent, the Collateral Agent or any Bank as contemplated in Section 3 of this Guaranty; or (b) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor. This Guaranty is a primary obligation of the Guarantor.

5. If and to the extent that the Guarantor makes any payment to the Agent, the Collateral Agent, any Bank or to any other Person pursuant to or in respect of this Guaranty, any claim which the Guarantor may have against the Borrower by reason thereof shall be subject and subordinate to the prior payment in full of the Guaranteed Obligations.

6. In order to induce the Banks to make the Loans pursuant to the Credit Agreement, the Guarantor makes the following representations, warranties and agreements:

(a) The Guarantor (i) is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation, (ii) has the power and authority to own its property and assets and to transact the business in which it is engaged and (iii) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. The Guarantor has no Subsidiaries.

(b) The Guarantor has the corporate power to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Credit Documents. The Guarantor has duly executed and delivered each of the Credit Documents to which it is party, and each of such Credit Documents constitutes or, in the case of each such other Credit Document when executed and delivered, will constitute, its legal, valid and binding obligation enforceable in accordance with its terms.

(c) Neither the execution, delivery or performance by the Guarantor of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (a) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (b) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or

imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of the Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject or (c) will violate any provision of the articles of incorporation or bylaws of the Guarantor.

(d) To the best knowledge of Guarantor, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the Closing Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person is required to authorize, or is required in connection with, (a) the execution, delivery and performance of any Credit Document to which the Guarantor is a party or (b) the legality, validity, binding effect or enforceability of any such Credit Document.

(e) There are no actions, suits or proceedings pending or, to the best knowledge of the Guarantor, threatened (i) with respect to any Credit Document or (ii) that could reasonably be expected to have a Material Adverse Effect.

(f) All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Guarantor in writing to any Bank (including, without limitation, all information contained herein) for purposes of or in connection with this Guaranty or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Guarantor in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

(g) The Guarantor has filed all tax returns required to be filed by it and has paid all income taxes payable by it which have become due pursuant to such tax returns and all other taxes and assessments payable by it which have become due, other than those not yet delinquent and except for those contested in good faith and for which adequate reserves have been established in accordance with GAAP and those for which the failure to do so would cause a Material Adverse Effect. The Guarantor has paid, or has provided adequate reserves (in the good faith judgment of the management of the Guarantor) for the payment of, all federal and state income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

(h) Each Plan is in substantial compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; none of the Guarantor or any ERISA Affiliate has

incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or expects to incur any liability under any of the foregoing sections with respect to any such Plan; no proceedings have been instituted to terminate any Plan; no condition exists which presents a material risk to the Guarantor or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no Lien imposed under the Code or ERISA on the assets of the Guarantor or any ERISA Affiliate exists or is likely to arise on account of any Plan; and the Guarantor may terminate contributions to any other employee benefit plans maintained by it without incurring any material liability to any Person interested therein.

(i) As of the date hereof, the authorized capital stock of the Guarantor consists of [_____] common shares, with [_____] shares currently issued and outstanding, all of which are registered in the name of the Borrower. All such outstanding shares have been duly and validly issued, are fully paid and non-assessable. The Guarantor does not have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

(j) To the best knowledge of the Guarantor, the Guarantor is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(k) To the best knowledge of the Guarantor, the Guarantor is not engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (i) no significant unfair labor practice complaint pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it, (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it and (iii) to the best knowledge of the Guarantor, no union representation question existing with respect to the employees of the Guarantor and, to the best knowledge of the Guarantor, no union organizing activities are taking place, except (with respect to any matter specified in clause (i), (ii) or (iii above, either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(l) To the best knowledge of the Guarantor, the Guarantor owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises

and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, could not reasonably be expected to have a Material Adverse Effect.

(m) On the basis of a comprehensive review and assessment of the Guarantor's systems and equipment, the Guarantor reasonably believes that the Year 2000 Problem, including the costs of remediation thereof, will not, as it relates to the Guarantor, result in a Material Adverse Effect. The Guarantor is making inquiries of its material suppliers, vendors and customers to assess whether they are taking appropriate steps to address the Year 2000 Problem. The Guarantor is developing a contingency plan to ensure uninterrupted and unimpaired business operation in the event of failure of its own or a third party's systems and/or equipment due to the Year 2000 Problem, including those of vendors, customers and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure.

(n) The Guarantor is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(o) The Guarantor is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7. The Guarantor covenants and agrees that on and after the date hereof and until the termination of the Commitments and the repayment in full of the Loans and Notes, together with interest, fees and all other Obligations incurred under the Credit Documents:

(a) Promptly, and in any event within four Business Days after an officer of the Guarantor obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or Event of Default, (ii) any litigation or governmental proceeding pending against the Guarantor which could reasonably be expected to have a Material Adverse Effect.

(b) Promptly, upon the request of the Agent, a copy of the Guarantor's plan, timetable and budget to address Year 2000 Problems, together with periodic updates thereof and expenses incurred to date, any third party assessment of the Guarantor's Year 2000 remediation efforts, any Year 2000 contingency plans and any estimates of the Guarantors' potential litigation exposure (if any) to the Year 2000 Problem.

(c) Promptly, copies of all financial information, proxy materials and other information and reports, if any, which the Guarantor shall file with the SEC.

(d) From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

(e) The Guarantor will keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. The Guarantor will permit officers and designated representatives of the Agent or any Bank to visit and inspect, under guidance of officers of the Guarantor, any of the properties of the Guarantor, and to examine the books of record and account of the Guarantor and its Subsidiaries and discuss the affairs, finances and accounts of the Guarantor with, and be advised as to the same by, its officers, all at such reasonable times and intervals and to such reasonable extent as the Agent or such Bank may request.

(f) The Guarantor will (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are described in Schedule 8 of the Credit Agreement, and (c) furnish to each Bank, upon written request, full information as to the insurance carried. The provisions of this Subsection shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the security documents that require the maintenance of insurance. The Guarantor shall ensure that each insurance policy maintained by the Guarantor names the Collateral Agent as loss payee and the Agent, the Collateral Agent and the Banks as additional insureds.

(g) The Guarantor will do all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in this Subsection
shall prevent the withdrawal by the Guarantor of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a Material Adverse Effect.

(h) The Guarantor will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) As soon as possible and, in any event, within 10 days after the Guarantor or any ERISA Affiliate knows or has reason to know any of the following, the Guarantor will deliver to each of the Banks a certificate of an Authorized Representative setting forth details as to such occurrence and such action, if any, which the Guarantor or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Guarantor, the ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared

insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a Lien under ERISA; that proceedings may be or have been instituted to terminate a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; or that the Guarantor or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA.

(j) The Guarantor shall cause (i) each of its fiscal years to end on December 31 and (ii) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

(k) The Guarantor will perform all its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) The Guarantor shall complete or accomplish the following:

(i) By December 31, 1999, make a detailed inquiry of material suppliers, vendors and customers of the Guarantor to ascertain whether such Persons are aware of the need to address the Year 2000 Problem and whether they are taking appropriate steps to do so; and

(ii) By December 31, 1999, complete the renovation, installation and testing of all systems and equipment of the Guarantor that are affected by the Year 2000 Problem to cause them to perform correctly date-sensitive functions for the relevant date data from before and after December 31, 1999.

(m) Except as provided in the Credit Agreement, the Guarantor will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its property or assets (real or personal, tangible or intangible), whether now owned or hereafter acquired.

(n) The Guarantor will not wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of Inventory, materials and Equipment in the ordinary course of business) of any Person, except that (i) the Guarantor may make sales of Inventory in the ordinary course of its business, (ii) subject to Section 3.2 of the Credit Agreement, the Guarantor may, in the ordinary course of business, sell Equipment which is uneconomic or obsolete or (iii) capital expenditures shall be permitted to the extent not in violation of Section 7.8 of the Credit Agreement.

(o) The Guarantor will not declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its capital stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its capital stock), or set aside any funds for any of the foregoing purposes, or purchase or otherwise acquire for a consideration any shares of any class of its capital stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its capital stock), except that the Guarantor may pay dividends or make distributions to the Borrower.

(p) Except as provided in the Credit Agreement, the Guarantor will not contract, create, incur, assume or suffer to exist any Indebtedness.

(q) Except as provided in the Credit Agreement, the Guarantor will not lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person.

(r) The Guarantor will not enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Guarantor, other than on terms and conditions substantially as favorable to the Guarantor as would be obtainable by the Guarantor at the time in a comparable arm's-length transaction with a Person other than an Affiliate.

(s) Except as provided in the Credit Agreement, the Guarantor will not make any expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with GAAP and including capitalized lease obligations).

(t) The Guarantor will not (i) make any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Permitted Indebtedness or (ii) amend or modify, or permit the amendment or modification of, any material provision of any Permitted Indebtedness or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any of the foregoing or (iii) amend, modify or change its articles of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or bylaws, or any agreement entered into by it, with respect to its capital stock, or enter into any new agreement with respect to its capital stock.

(u) The Guarantor will not, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on its ability to (i) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower, or pay any Indebtedness owed to the

Borrower or another Subsidiary of the Borrower, (ii) make loans or advances to the Borrower or (c) transfer any of its properties or assets to the Borrower, except for such encumbrances or restrictions existing under or by reasons of (x) applicable law, (y) this Guaranty and (z) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Guarantor.

(v) The Guarantor shall not issue any capital stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, capital stock, except for (i) transfers and replacements of then outstanding shares of capital stock and (ii) stock splits, stock dividends and similar issuances which do not decrease the percentage ownership of the Borrower in any class of the capital stock of the Guarantor.

(w) The Guarantor will not engage (directly or indirectly) in any business other than the business in which it is engaged on the date hereof or any business incidental thereto.

8. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of the Agent, the Collateral Agent or any Bank in exercising any right, power or privilege hereunder and no course of dealing between the Guarantor, the Agent, the Collateral Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Agent, the Collateral Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent, the Collateral Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

9. This Guaranty shall be binding upon the Guarantor and its heirs, personal representatives, successors and assigns.

10. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except as provided in Section 10.12 of the Credit Agreement.

11. The Guarantor acknowledges that he has received an executed (or conformed) copy of the Credit Agreement and is familiar with the contents thereof. The Guarantor represents and warrants that he is fully aware of the financial condition of the Borrower, and the Guarantor delivers this Guaranty based solely upon its own independent investigation of the Borrower's financial condition and in no part upon any representation or statement of the Agent, the Collateral Agent or any Bank with respect thereto. The Guarantor further represents and warrants that it is in a position to and hereby does assume full responsibility for obtaining such additional information concerning the Borrower's financial condition as the Guarantor may deem material to

the Guaranteed Obligations, and the Guarantor is not relying upon or expecting the Agent, the Collateral Agent or any Bank to furnish it any information in its possession concerning the Borrower's financial condition or concerning any circumstances bearing on the existence or creation, or the risk of nonpayment or nonperformance of the Guaranteed Obligations. The Guarantor hereby waives any duty on the part of each of the Agent, the Collateral Agent or any Bank to disclose to the Guarantor any facts it may now or hereafter know about the Borrower, regardless of whether any such Person has reason to believe that any such facts materially increase the risk beyond that which the Guarantor intends to assume, or has reason to believe that such facts are unknown to the Guarantor. The Guarantor hereby knowingly accepts the full range of risk encompassed within a contract of continuing guaranty which includes, without limitation, the possibility that the Borrower will contract for additional indebtedness for which the Guarantor may be liable hereunder after the Borrower's financial condition or ability to pay its lawful debts when they fall due has deteriorated.

12. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest, or other notice of any kind to the Guarantor or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) up to, but not exceeding, $10,000,000 in the aggregate and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Guarantor against and on account of the obligations of the Guarantor to such Bank under this Guaranty, irrespective of whether or not such Bank shall have made any demand hereunder and although said obligations, or any of them, shall be contingent or unmatured.

13. All notices and other communications provided for hereunder shall be in writing (including facsimile) and mailed, telecopied or delivered:

if to the Guarantor, to:

[Name of Guarantor]
c/o Wireless Facilities, Inc.
9805 Scranton Road, Suite 100
San Diego, CA 92121
Attention: Mr. Thomas Munro
Telephone: (858) 450-7315
Facsimile: (858) 824-2928

if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule 2 to the Credit Agreement; and

if to the Agent, at its Notice Office;

or, as to the Guarantor or the Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each other party, at such other address as shall be designated by such party in a written notice to the Guarantor and the Agent. All such

notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier, as the case may be, or sent by telecopier, except that notices and communications to the Agent shall not be effective until received by the Agent.

14. If claim is ever made upon the Agent, any Bank or the holder of any Note for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Borrower), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of any Note or other instrument evidencing any liability of the Borrower, and the Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

15. Any acknowledgment or new promise, whether by payment or principal or interest or otherwise and whether by the Borrower or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Agent, the Collateral Agent, any Bank or the holder of any Note shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

16. (a) THIS GUARANTY AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF CALIFORNIA.

(b) Except with respect to claims or disputes relating to the exercise of remedies by the Agent, the Collateral Agent or any Bank against the Guarantor or the Collateral, including (i) the foreclosure, sale or other disposition of any of the Collateral, (ii) the collection or enforcement of the Guaranteed Obligations, (iii) the exercise of self-help remedies, including the exercise of any rights of setoff, or (iv) the obtaining of, or opposition to, provisional or ancillary remedies before, during or after the pendency of any judicial reference or arbitration proceeding contemplated in this Section 16 (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between or among the parties arising out of or relating to this Guaranty or any of the other Credit Documents or the transactions related thereto, which controversy, dispute or claim is not settled in writing within 30 days after the date on which a Person party to any Credit Document provides written notice to all other parties party thereto that a controversy, dispute or claim exists thereunder (each such date, a "Claim Date") will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure (the "CCP"), which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Guaranty or any of the other Credit Documents or the transactions related thereto, including whether such controversy, dispute or claim is subject to the reference provisions set forth in this

Section 16, and, except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court for the State of California located in Los Angeles County, California (the "Superior Court"). The referee shall be a retired Judge of the Superior Court selected by mutual agreement of the parties, and if they cannot so agree within 45 days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Superior Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court. Each party shall have one peremptory challenge pursuant to Section 170.6 of the CCP. The referee shall (A) be requested to set the matter for hearing within 60 days after the Claim Date and (B) try any and all issues of law or fact and report a statement of decision upon them, if possible, within 90 days of the Claim Date. Any statement of decision rendered by the referee shall be final, binding and conclusive on the parties and judgment shall be entered pursuant to Section 644 of the CCP in the Superior Court or any other court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after 30 days following notice to any other party of the nature of the controversy, dispute or claim by filing a petition for a hearing or trial. All discovery permitted by this Section 16 shall be completed no later than 15 days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by any party upon seven days' written notice, and request for production or inspection of documents shall be responded to within ten days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee, whose decision shall be final, binding and conclusive on the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary or provisional remedies, as appropriate.

(c) Except as expressly set forth in this Section 16, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(d) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide temporary or provisional remedies and to file a statement of decision that will be binding upon the parties. The referee shall issue a single statement of decision at the close of the reference proceeding, which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest the statement of decision and

to appeal from any judgment or appealable order entered by the Superior Court or any other court based on such statement of decision. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding subject to this Section 16.

(e) In the event that the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure described in this Section 16 will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Superior Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

(f) THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE NOT SUBJECT TO THE REFERENCE OR ARBITRATION PROCEDURES SET FORTH HEREIN, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE , THE AGENT, THE COLLATERAL AGENT AND THE BANKS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Agent, the Collateral Agent, the Banks and the Borrower each acknowledge that this waiver is a material inducement to enter into a business relationship, that each has already relied on the waiver in entering into this Guaranty and the other Credit Documents, and that each will continue to rely on the waiver in their related future dealings. The Agent, the Collateral Agent, the Banks and the Borrower further warrant and represent that each has reviewed this waiver with its legal counsel, and that each, knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY OR TO ANY OTHER CREDIT DOCUMENT. In the event of litigation, this Guaranty may be filed as a written consent to a trial by the court.

(g) To the extent not addressed by the preceding provisions of this Section 16, any legal action or proceeding against the Borrower with respect to this Guaranty or any other Credit Document may be brought in the courts of the State of California or of the United States for the Central District of California, and, by execution and delivery of this Guaranty and the other Credit Documents, the Borrower hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower

irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address set forth in Section 13, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of the Agent, the Collateral Agent any Bank or the holder of any Note to serve process in any other manner permitted by law or, subject to the preceding provisions of this Section 16, to commence legal proceedings or otherwise proceed against the Borrower in any other jurisdiction.

(h) The Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Guaranty or any other Credit Document brought in the courts referred to in clause (g) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

17. The obligation of the Guarantor to make payment in Dollars of any Guaranteed Obligations due hereunder shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Agent at its Payment Office on behalf of the Banks or holders of the Notes of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations. The obligation of the Guarantor to make payment in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations, and shall not be affected by judgment being obtained for any other sums due under this Guaranty.

18. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Guarantor and the Agent.

19. Subject to Section 20, in case any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

20. It is the desire and intent of the Guarantor, the Banks, the Agent and the Collateral Agent that this Guaranty shall be enforced against the Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of the Guarantor under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of the Guarantor shall be deemed to be

reduced and the Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

"GUARANTOR"

[INSERT NAME OF SUBSIDIARY]

By_____
Name:_____
Title:_____

Accepted and Agreed to:

IMPERIAL BANK
as Agent for the Banks

By:_____
Name: Mike Berrier
Title: Vice President

EXHIBIT L

FOREIGN SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY, dated as of August 17, 1999 (as modified, amended or supplemented from time to time, this "Guaranty"), made by [_____], a [country domicile] [entity structure] (the "Guarantor"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as hereinafter defined) shall be used herein as so defined.

W I T N E S S E T H :

WHEREAS, Wireless Facilities, Inc., a Delaware corporation (the "Borrower"), the Banks and Imperial Bank, as agent (the "Agent") and collateral agent (the "Collateral Agent"), have entered into a Credit Agreement, dated as of August 17, 1999 (as modified, supplemented or amended from time to time, the "Credit Agreement"), providing for the making of Loans as contemplated therein;

WHEREAS, the Guarantor is a Wholly-Owned Subsidiary of the Borrower;

WHEREAS, it is a condition to the making of Loans under the Credit Agreement that the Guarantor shall have executed and delivered this Guaranty; and

WHEREAS, the Guarantor will obtain benefits as a result of the Loans made to the Borrower under the Credit Agreement and, accordingly, desires to execute and deliver this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Banks and hereby covenants and agrees with the Agent, the Collateral Agent and each Bank as follows:

1. The Guarantor irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal of and interest on any Note issued under the Credit Agreement and of all other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Borrower now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement or any other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrower (all such principal, interest, obligations and liabilities, collectively, the "Guaranteed Obligations"). All payments by the Guarantor under this Guaranty shall be made on the same basis as payments by the Borrower under Sections 3.4 and 3.5 of the Credit Agreement.

2. The Guarantor hereby waives, to the fullest extent permitted by law:

(a) notice of acceptance of this Guaranty and notice of any liability to which it may apply;

(b) presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by the Agent, the Collateral Agent or any Bank against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor);

(c) all rights and benefits that the Guarantor may have, now or at any time hereafter under, and any defense, right of setoff, claim or counterclaim whatsoever (other than payment and performance in full of all of the Guaranteed Obligations) arising under, California Civil Code Sections 2809, 2810, 2815, 2819, 2820, 2821, 2839, 2845, 2847, 2848, 2849, 2850 and 2855, and California Code of Civil Procedure Sections 580a, 580b, 580d and 726, and all successor sections; and

(d) all rights to require the Agent, the Collateral Agent or any Bank to marshal assets or to pursue any other remedy in the Agent's, the Collateral Agent's or any Bank's power.

3. The Agent, the Collateral Agent and any Bank may at any time and from time to time without the consent of, or notice to the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(a) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(b) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(c) exercise or refrain from exercising any rights against the Borrower or others or otherwise act or refrain from acting;

(d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower other than the Banks and the Guarantor;

(e) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Agent, the Collateral Agent or the Banks regardless of what liabilities or liabilities of the Borrower remain unpaid;

(f) consent to or waive any breach of, or any act, omission or default under, any of the Credit Documents, or otherwise amend, modify or supplement any of the Credit Documents or any of such other instruments or agreements; and/or

(g) act or fail to act in any manner referred to in this Guaranty which may deprive the Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty.

4. The obligations of the Guarantor under this Guaranty are absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any action or inaction by the Agent, the Collateral Agent or any Bank as contemplated in Section 3 of this Guaranty; or (b) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor. This Guaranty is a primary obligation of the Guarantor.

5. If and to the extent that the Guarantor makes any payment to the Agent, the Collateral Agent, any Bank or to any other Person pursuant to or in respect of this Guaranty, any claim which the Guarantor may have against the Borrower by reason thereof shall be subject and subordinate to the prior payment in full of the Guaranteed Obligations.

6. In order to induce the Banks to make the Loans pursuant to the Credit Agreement, the Guarantor makes the following representations, warranties and agreements:

(a) The Guarantor (i) is a duly organized and validly existing [entity type] in good standing under the laws of the jurisdiction of its establishment, (ii) has the power and authority to own its property and assets and to transact the business in which it is engaged and (iii) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. The Guarantor has no Subsidiaries.

(b) The Guarantor has the power to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Credit Documents. The Guarantor has duly executed and delivered each of the Credit Documents to which it is party, and each of such Credit Documents constitutes or, in the case of each such other Credit Document when executed and delivered, will constitute, its legal, valid and binding obligation enforceable in accordance with its terms.

(c) Neither the execution, delivery or performance by the Guarantor of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (a) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (b) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the

Security Documents) upon any of the property or assets of the Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject or (c) will violate any provision of the documents establishing the Guarantor.

(d) To the best knowledge of the Guarantor, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the Closing Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person is required to authorize, or is required in connection with, (a) the execution, delivery and performance of any Credit Document to which the Guarantor is a party or (b) the legality, validity, binding effect or enforceability of any such Credit Document.

(e) There are no actions, suits or proceedings pending or, to the best knowledge of the Guarantor, threatened (i) with respect to any Credit Document or (ii) that could reasonably be expected to have a Material Adverse Effect.

(f) All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Guarantor in writing to any Bank (including, without limitation, all information contained herein) for purposes of or in connection with this Guaranty or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Guarantor in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

(g) The Guarantor has filed all tax returns required to be filed by it and has paid all income taxes payable by it which have become due pursuant to such tax returns and all other taxes and assessments payable by it which have become due, other than those not yet delinquent and except for those contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting practices in the country in which it is domiciled and those for which the failure to do so would cause a Material Adverse Effect. The Guarantor has paid, or has provided adequate reserves (in the good faith judgment of the management of the Guarantor) for the payment of, all income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

(h) [Include if the Guarantor is a corporation:] As of the date hereof, the authorized capital stock of the Guarantor consists of [_____] common shares, with [_____] shares currently issued and all outstanding,of which are registered in the name of the Borrower. All such outstanding shares have been duly and validly issued, are fully paid and non-assessable. The Guarantor does not have outstanding any securities convertible into or exchangeable for its capital stock or outstanding any rights

to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

(i) [Complete if the Guarantor is not a corporation:] Borrower's ownership of the Guarantor consists of Borrower's ownership of all authorized, duly and validly issued [partnership interests/shares, etc.].

(j) To the best knowledge of the Guarantor, the Guarantor is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies in the jurisdictions in which Guarantor operates, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(k) To the best knowledge of the Guarantor, the Guarantor is not engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (i) no significant strike, labor dispute, slowdown or stoppage pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it and (ii) to the best knowledge of the Guarantor, no union representation question existing with respect to the employees of the Guarantor and, to the best knowledge of the Guarantor, no union organizing activities are taking place, except (with respect to any matter specified in clause (i) or (ii above, either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(l) The Guarantor owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, could not reasonably be expected to have a Material Adverse Effect.

(m) On the basis of a comprehensive review and assessment of the Guarantor's systems and equipment, the Guarantor reasonably believes that the Year 2000 Problem, including the costs of remediation thereof, will not, as it relates to the Guarantor, result in a Material Adverse Effect. The Guarantor is making inquiries of its material suppliers, vendors and customers to assess whether they are taking appropriate steps to address the Year 2000 Problem. The Guarantor is developing a contingency plan to ensure uninterrupted and unimpaired business operation in the event of failure of its own or a third party's systems and/or equipment due to the Year 2000 Problem, including those of vendors, customers and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure.

(n) The Guarantor is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(o) The Guarantor is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7. The Guarantor covenants and agrees that on and after the date hereof and until the termination of the Commitments and the repayment in full of the Loans and Notes, together with interest, fees and all other Obligations incurred under the Credit Documents:

(a) Promptly, and in any event within four Business Days after an officer of the Guarantor obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or Event of Default, (ii) any litigation or governmental proceeding pending against the Guarantor which could reasonably be expected to have a Material Adverse Effect.

(b) Promptly, upon the request of the Agent, a copy of the Guarantor's plan, timetable and budget to address Year 2000 Problems, together with periodic updates thereof and expenses incurred to date, any third party assessment of the Guarantor's Year 2000 remediation efforts, any Year 2000 contingency plans and any estimates of the Guarantors' potential litigation exposure (if any) to the Year 2000 Problem.

(c) Promptly, copies of all financial information, proxy materials and other information and reports, if any, which the Guarantor shall file with the SEC.

(d) From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

(e) The Guarantor will keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. The Guarantor will permit officers and designated representatives of the Agent or any Bank to visit and inspect, under guidance of officers of the Guarantor, any of the properties of the Guarantor, and to examine the books of record and account of the Guarantor and its Subsidiaries and discuss the affairs, finances and accounts of the Guarantor with, and be advised as to the same by, its officers, all at such reasonable times and intervals and to such reasonable extent as the Agent or such Bank may request.

(f) The Guarantor will (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are described in Schedule 8 of the Credit Agreement, and (c) furnish to each Bank, upon written request,

full information as to the insurance carried. The provisions of this Subsection shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the security documents that require the maintenance of insurance. The Guarantor shall ensure that each insurance policy maintained by the Guarantor names the Collateral Agent as loss payee and the Agent, the Collateral Agent and the Banks as additional insureds.

(g) The Guarantor will do all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in this Subsection
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shall prevent the withdrawal by the Guarantor of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a Material Adverse Effect.

(h) The Guarantor will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) As soon as possible and, in any event, within 10 days after the Guarantor or any ERISA Affiliate knows or has reason to know any of the following, the Guarantor will deliver to each of the Banks a certificate of an Authorized Representative setting forth details as to such occurrence and such action, if any, which the Guarantor or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Guarantor, the ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a Lien under ERISA; that proceedings may be or have been instituted to terminate a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; or that the Guarantor or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(l) of ERISA.

(j) The Guarantor shall cause (i) each of its fiscal years to end on December 31 and (ii) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

(k) The Guarantor will perform all its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(l) The Guarantor shall complete or accomplish the following:

(i) By December 31, 1999, make a detailed inquiry of material suppliers, vendors and customers of the Guarantor to ascertain whether such Persons are aware of the need to address the Year 2000 Problem and whether they are taking appropriate steps to do so; and

(ii) By December 31, 1999, complete the renovation, installation and testing of all systems and equipment of the Guarantor that are affected by the Year 2000 Problem to cause them to perform correctly date-sensitive functions for the relevant date data from before and after December 31, 1999.

(m) Except as provided in the Credit Agreement, the Guarantor will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its property or assets (real or personal, tangible or intangible), whether now owned or hereafter acquired.

(n) The Guarantor will not wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise

dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of Inventory, materials and Equipment in the ordinary course of business) of any Person, except that (i) the Guarantor may make sales of Inventory in the ordinary course of its business, (ii) subject to Section 3.2 of the Credit Agreement, the Guarantor may, in the ordinary course of business, sell Equipment which is uneconomic or obsolete or (iii) capital expenditures shall be permitted to the extent not in violation of Section 7.8 of the Credit Agreement.

(o) The Guarantor will not declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its capital stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its capital stock), or set aside any funds for any of the foregoing purposes, or purchase or otherwise acquire for a consideration any shares of any class of its capital stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its capital stock), except that the Guarantor may pay dividends or make distributions to the Borrower.

(p) Except as provided in the Credit Agreement, the Guarantor will not contract, create, incur, assume or suffer to exist any Indebtedness.

(q) Except as provided in the Credit Agreement, the Guarantor will not lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person.

(r) The Guarantor will not enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Guarantor, other than on terms and conditions substantially as favorable to the Guarantor as would be obtainable by the Guarantor at the time in a comparable arm's-length transaction with a Person other than an Affiliate.

(s) Except as provided in the Credit Agreement, the Guarantor will not make any expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with GAAP and including capitalized lease obligations).

(t) The Guarantor will not (i) make any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Permitted Indebtedness or (ii) amend or modify, or permit the amendment or modification of, any material provision of any Permitted Indebtedness or of any agreement (including, without limitation, any purchase agreement,

indenture, loan agreement or security agreement) relating to any of the foregoing or (iii) amend, modify or change its articles of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or bylaws, or any agreement entered into by it, with respect to its capital stock, or enter into any new agreement with respect to its capital stock.

(u) The Guarantor will not, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on its ability to (i) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower, or pay any Indebtedness owed to the Borrower or another Subsidiary of the Borrower, (ii) make loans or advances to the Borrower or (c) transfer any of its properties or assets to the Borrower, except for such encumbrances or restrictions existing under or by reasons of (x) applicable law, (y) this Guaranty and (z) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Guarantor.

(v) The Guarantor shall not issue any capital stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, capital stock, except for (i) transfers and replacements of then outstanding shares of capital stock and (ii) stock splits, stock dividends and similar issuances which do not decrease the percentage ownership of the Borrower in any class of the capital stock of the Guarantor.

(w) The Guarantor will not engage (directly or indirectly) in any business other than the business in which it is engaged on the date hereof or any business incidental thereto.

8. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of the Agent, the Collateral Agent or any Bank in exercising any right, power or privilege hereunder and no course of dealing between the Guarantor, the Agent, the Collateral Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Agent, the Collateral Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent, the Collateral Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

9. This Guaranty shall be binding upon the Guarantor and its heirs, personal representatives, successors and assigns.

10. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except as provided in Section 10.12 of the Credit Agreement.

11. The Guarantor acknowledges that he has received an executed (or conformed) copy of the Credit Agreement and is familiar with the contents thereof. The Guarantor represents and warrants that he is fully aware of the financial condition of the Borrower, and the Guarantor delivers this Guaranty based solely upon its own independent investigation of the Borrower's financial condition and in no part upon any representation or statement of the Agent, the Collateral Agent or any Bank with respect thereto. The Guarantor further represents and warrants that it is in a position to and hereby does assume full responsibility for obtaining such additional information concerning the Borrower's financial condition as the Guarantor may deem material to the Guaranteed Obligations, and the Guarantor is not relying upon or expecting the Agent, the Collateral Agent or any Bank to furnish it any information in its possession concerning the Borrower's financial condition or concerning any circumstances bearing on the existence or creation, or the risk of nonpayment or nonperformance of the Guaranteed Obligations. The Guarantor hereby waives any duty on the part of each of the Agent, the Collateral Agent or any Bank to disclose to the Guarantor any facts it may now or hereafter know about the Borrower, regardless of whether any such Person has reason to believe that any such facts materially increase the risk beyond that which the Guarantor intends to assume, or has reason to believe that such facts are unknown to the Guarantor. The Guarantor hereby knowingly accepts the full range of risk encompassed within a contract of continuing guaranty which includes, without limitation, the possibility that the Borrower will contract for additional indebtedness for which the Guarantor may be liable hereunder after the Borrower's financial condition or ability to pay its lawful debts when they fall due has deteriorated.

12. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest, or other notice of any kind to the Guarantor or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) up to, but not exceeding, $10,000,000 in the aggregate and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Guarantor against and on account of the obligations of the Guarantor to such Bank under this Guaranty, irrespective of whether or not such Bank shall have made any demand hereunder and although said obligations, or any of them, shall be contingent or unmatured.

13. All notices and other communications provided for hereunder shall be in writing (including facsimile) and mailed, telecopied or delivered:

if to the Guarantor, to:

[Name of Guarantor]
c/o Wireless Facilities, Inc.
9805 Scranton Road, Suite 100
San Diego, CA 92121

Attention: Mr. Thomas Munro
Telephone: (858) 450-7315
Facsimile: (858) 824-2928

if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule 2 to the Credit Agreement; and

if to the Agent, at its Notice Office;

or, as to the Guarantor or the Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each other party, at such other address as shall be designated by such party in a written notice to the Guarantor and the Agent. All such notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier, as the case may be, or sent by telecopier, except that notices and communications to the Agent shall not be effective until received by the Agent.

14. If claim is ever made upon the Agent, any Bank or the holder of any Note for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Borrower), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of any Note or other instrument evidencing any liability of the Borrower, and the Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

15. Any acknowledgment or new promise, whether by payment or principal or interest or otherwise and whether by the Borrower or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Agent, the Collateral Agent, any Bank or the holder of any Note shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

16. (a) THIS GUARANTY AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF CALIFORNIA.

(b) Except with respect to claims or disputes relating to the exercise of remedies by the Agent, the Collateral Agent or any Bank against the Guarantor or the Collateral, including (i) the foreclosure, sale or other disposition of any of the Collateral, (ii) the collection or enforcement of the Guaranteed Obligations, (iii) the exercise of self-help remedies, including the exercise of any rights of setoff, or (iv) the obtaining of, or opposition to, provisional or

ancillary remedies before, during or after the pendency of any judicial reference or arbitration proceeding contemplated in this Section 16 (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between or among the parties arising out of or relating to this Guaranty or any of the other Credit Documents or the transactions related thereto, which controversy, dispute or claim is not settled in writing within 30 days after the date on which a Person party to any Credit Document provides written notice to all other parties party thereto that a controversy, dispute or claim exists thereunder (each such date, a "Claim Date") will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure (the "CCP"), which shall
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constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Guaranty or any of the other Credit Documents or the transactions related thereto, including whether such controversy, dispute or claim is subject to the reference provisions set forth in this Section 16, and, except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court for the State of California located in Los Angeles County, California (the "Superior Court"). The referee shall be a retired Judge of the Superior Court selected by mutual agreement of the parties, and if they cannot so agree within 45 days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Superior Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court. Each party shall have one peremptory challenge pursuant to Section 170.6 of the CCP. The referee shall (A) be requested to set the matter for hearing within 60 days after the Claim Date and (B) try any and all issues of law or fact and report a statement of decision upon them, if possible, within 90 days of the Claim Date. Any statement of decision rendered by the referee shall be final, binding and conclusive on the parties and judgment shall be entered pursuant to Section 644 of the CCP in the Superior Court or any other court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after 30 days following notice to any other party of the nature of the controversy, dispute or claim by filing a petition for a hearing or trial. All discovery permitted by this Section 16 shall be completed no later than 15 days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by any party upon seven days' written notice, and request for production or inspection of documents shall be responded to within ten days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee, whose decision shall be final, binding and conclusive on the parties. Pending appointment of the referee as provided herein, the Superior Court is empowered to issue temporary or provisional remedies, as appropriate.

(c) Except as expressly set forth in this Section 16, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party

so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

(d) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide temporary or provisional remedies and to file a statement of decision that will be binding upon the parties. The referee shall issue a single statement of decision at the close of the reference proceeding, which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest the statement of decision and to appeal from any judgment or appealable order entered by the Superior Court or any other court based on such statement of decision. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding subject to this Section 16.

(e) In the event that the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure described in this Section 16 will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Superior Court, in accordance with the California Arbitration Act, Sections 1280 through 1294.2 of the CCP. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

(f) THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE NOT SUBJECT TO THE REFERENCE OR ARBITRATION PROCEDURES SET FORTH HEREIN, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE , THE AGENT, THE COLLATERAL AGENT AND THE BANKS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Agent, the Collateral Agent, the Banks and the Borrower each acknowledge that this waiver is a material inducement to enter into a business relationship, that each has already relied on the waiver in entering into this Guaranty and the other Credit Documents, and that each will continue to rely on the waiver in their related future dealings. The Agent, the Collateral Agent, the Banks and the Borrower further warrant and represent that each has reviewed this waiver with its legal counsel, and that each, knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE

MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY OR TO ANY OTHER CREDIT DOCUMENT. In the event of litigation, this Guaranty may be filed as a written consent to a trial by the court.

(g) To the extent not addressed by the preceding provisions of this Section 16, any legal action or proceeding against the Borrower with respect to this Guaranty or any other Credit Document may be brought in the courts of the State of California or of the United States for the Central District of California, and, by execution and delivery of this Guaranty and the other Credit Documents, the Borrower hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower at its address set forth in Section 13, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of the Agent, the Collateral Agent any Bank or the holder of any Note to serve process in any other manner permitted by law or, subject to the preceding provisions of this Section 16, to commence legal proceedings or otherwise proceed against the Borrower in any other jurisdiction.

(h) The Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Guaranty or any other Credit Document brought in the courts referred to in clause (g) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

17. The obligation of the Guarantor to make payment in Dollars of any Guaranteed Obligations due hereunder shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Agent at its Payment Office on behalf of the Banks or holders of the Notes of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations. The obligation of the Guarantor to make payment in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations, and shall not be affected by judgment being obtained for any other sums due under this Guaranty.

18. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Guarantor and the Agent.

19. Subject to Section 20, in case any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

20. It is the desire and intent of the Guarantor, the Banks, the Agent and the Collateral Agent that this Guaranty shall be enforced against the Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of the Guarantor under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of the Guarantor shall be deemed to be reduced and the Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

"GUARANTOR"

[INSERT NAME OF SUBSIDIARY]

By_____
Name:_____
Title:_____

Accepted and Agreed to:

IMPERIAL BANK
as Agent for the Banks

By:_____
Name: Mike Berrier
Title: Vice President

EXHIBIT 10.8

WIRELESS FACILITIES, INC.

AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT

FEBRUARY 26, 1999

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WIRELESS FACILITIES, INC.

AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (the "Agreement") is entered into as of the 26th day of February, 1999, by and among Wireless Facilities, Inc., a Delaware corporation (the "Company"), the holders of the Company's Series A Preferred Stock ("Series A Stock") set forth on Exhibit A hereto, and the holders of the Company's Series B Preferred Stock ("Series B Stock") set forth on Exhibit A of that certain Series B Preferred Stock Purchase Agreement of even date herewith (the "Purchase Agreement") and Exhibit A hereto. The holders of the Series A Stock and the holders of the Series B Stock shall collectively be referred to hereinafter as the "Investors" and each individually as an "Investor."

RECITALS

WHEREAS, certain of the Investors hold shares of the Company's Series A Stock and possess certain registration rights, information rights and other rights pursuant to an existing Investor Rights Agreement dated as of August 7, 1998 among the Company and such Investors;

WHEREAS, the undersigned Investors who hold Series A Stock hold a majority of the Registrable Securities, and such Investors and the Company desire to amend and restate the Investor Rights Agreement to add the holders of Series B Stock as parties thereto;

WHEREAS, certain Investors are parties to the Purchase Agreement, pursuant to which the Company proposes to sell and issue 2,727,273 shares of its Series B Stock; and

WHEREAS, as a condition of entering into the Purchase Agreement, the prospective purchasers have requested that the Company extend to them registration rights, information rights and other rights as set forth below;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in this Agreement and in the Purchase Agreement, the parties mutually agree as follows:

SECTION 1. GENERAL

1.1 DEFINITIONS. As used in this Agreement the following terms shall have the following respective meanings:

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FORM S-3" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"HOLDER" means any person owning of record Registrable Securities that have not been sold to the public or any assignee of record of such Registrable Securities in accordance with Section 2.10 hereof.

"INITIAL OFFERING" means the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

"REGISTER," "REGISTERED," and "REGISTRATION" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

"REGISTRABLE SECURITIES" means (a) Common Stock of the Company issued or issuable upon conversion of the Shares; and (b) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such above-described securities. Notwithstanding the foregoing, Registrable Securities shall not include any securities sold by a person to the public either pursuant to a registration statement or Rule 144 or sold in a private transaction in which the transferor's rights under Section 2 of this Agreement are not assigned.

"REGISTRABLE SECURITIES THEN OUTSTANDING" shall be the number of shares determined by calculating the total number of shares of the Company's Common Stock that are Registrable Securities and either (a) are then issued and outstanding or (b) are issuable pursuant to then exercisable or convertible securities.

"REGISTRATION EXPENSES" shall mean all expenses incurred by the Company in complying with Sections 2.2, 2.3 and 2.4 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses and the expense up to fifteen thousand dollars ($15,000) in connection with any special audits incident to or required by any registration pursuant to Section 2.2 or Section 2.4 hereof (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

"SEC" or "COMMISSION" means the Securities and Exchange Commission.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SELLING EXPENSES" shall mean all underwriting discounts and selling commissions applicable to the sale, the fees and costs of any special counsel to the Holders and expenses, if any, in excess of fifteen thousand dollars ($15,000) in connection with any special audits incident to or required by any registration pursuant to Section 2.2 or Section 2.4 hereof.

"SHARES" shall mean (i) the Company's Series A Stock issued pursuant to that certain Series A Preferred Stock Purchase Agreement dated as of August 7, 1998 and (ii) the Company's Series B Stock issued pursuant to the Purchase Agreement, each of the foregoing held by the Investors listed on Exhibit A hereto and their permitted assigns.

SECTION 2. REGISTRATION; RESTRICTIONS ON TRANSFER

2.1 RESTRICTIONS ON TRANSFER.

(a) Each Holder agrees not to make any disposition of all or any portion of the Shares or Registrable Securities unless and until:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) The transferee has agreed in writing to be bound by the terms of this Agreement, (B) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (C) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144 except in unusual circumstances.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer by a Holder which is (A) a partnership to its partners or former partners in accordance with partnership interests, (B) a partnership to an affiliated entity pursuant to Section 5.14 hereof, (C) a corporation to its stockholders in accordance with their interest in the corporation, (D) a limited liability company to its members or former members in accordance with their interest in the limited liability company, or (E) to the Holder's family member or trust for the benefit of an individual Holder; provided that in each case the transferee will be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

(b) Each certificate representing Shares or Registrable Securities shall (unless otherwise permitted by the provisions of the Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.

(c) The Company shall be obligated to reissue promptly unlegended certificates at the request of any holder thereof if the holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company

to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend.

(d) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

2.2 DEMAND REGISTRATION.

(a) Subject to the conditions of this Section 2.2, if the Company shall receive a written request from the Holders of at least 50% of the Registrable Securities then outstanding (the "Initiating Holders") that the Company file a registration statement under the Securities Act covering the registration of at least 20% of the Registrable Securities then outstanding held by the Initiating Holders (or a lesser percent if the anticipated gross receipts from the offering exceed $30,000,000 (a "Qualified Public Offering")), then the Company shall, within thirty (30) days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 2.2, use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.2 or any request pursuant to Section 2.4 and the Company shall include such information in the written notice referred to in Section 2.2(a) or Section 2.4(a), as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by a majority in interest of the Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 2.2 or Section 2.4, if the underwriter advises the Company that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a pro rata basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities of the Company are first entirely excluded from the underwriting and registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 2.2:

(i) prior to the earlier of (A) June 12, 2000 or (B) one year following the effective date of the registration statement pertaining to the Initial Offering;

(ii) after the Company has effected two (2) registrations pursuant to this Section 2.2, and such registrations have been declared or ordered effective;

(iii) if within thirty (30) days of receipt of a written request from Initiating Holders pursuant to Section 2.2(a), the Company gives notice to the Holders of the Company's intention to make effective its Initial Offering within ninety (90) days, provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective;

(iv) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.2, a certificate signed by the Chairman of the Board stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided that such right to delay a request shall be exercised by the Company not more than twice in any twelve (12) month period; or

(v) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.4 below.

2.3 PIGGYBACK REGISTRATIONS. The Company shall notify all Holders of Registrable Securities in writing at least fifteen (15) days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, including those filed on demand of any later round investor, but excluding registration statements relating to employee benefit plans or with respect to corporate reorganizations or other transactions under Rule 145 of the Securities Act) and will afford each such Holder an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within fifteen (15) days after the above-described notice from the Company, so notify the Company in writing. Such notice shall state the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) UNDERWRITING. If the registration statement under which the Company gives notice under this Section 2.3 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to be included in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's

participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of the Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a pro rata basis based on the total number of Registrable Securities held by the Holders; and third, to any shareholder of the Company (other than a Holder) on a pro rata basis. No such reduction shall reduce the amount of securities of the selling Holders included in the registration below twenty-five percent (25%) of the total amount of securities being offered in such registration, unless such offering is the Initial Offering and such registration does not include shares of any other selling stockholders, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding sentence. In no event will shares of any other selling shareholder be included in such registration which would reduce the number of shares which may be included by Holders without the written consent of Holders of not less than fifty percent (50%) of the Registrable Securities. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder which is a partnership or corporation, the partners, retired partners and stockholders of such Holder, the affiliated entities of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing person shall be deemed to be a single "Holder", and any pro rata reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

(b) RIGHT TO TERMINATE REGISTRATION. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.3 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.5 hereof.

2.4 FORM S-3 REGISTRATION. In case the Company shall receive from any Holder or Holders of Registrable Securities a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are

specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.4:

(i) if Form S-3 (or any successor or similar form) is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than five hundred thousand dollars ($500,000);

(iii) if the Company shall furnish to the Holders a certificate signed by the Chairman of the Board of Directors of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 2.4; provided, that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period; or

(iv) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 2.4 shall not be counted as demands for registration or registrations effected pursuant to Sections 2.2 or 2.3, respectively.

2.5 EXPENSES OF REGISTRATION. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 2.2 or any registration under Section 2.3 or Section 2.4 herein shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered pro rata on the basis of the number of shares so registered. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Section 2.2 or 2.4, the request of which has been subsequently withdrawn by the Initiating Holders unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Initiating Holders were not aware at the time of such request or (b) the Holders of a majority of Registrable Securities agree to forfeit their right to one requested registration pursuant to Section 2.2 or Section 2.4, as applicable, in which event such right shall be forfeited by all Holders. If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the holders of securities (including Registrable Securities) requesting such registration in proportion to the

number of shares for which registration was requested. If the Company is required to pay the Registration Expenses of a withdrawn offering pursuant to clause (a) above, then the Holders shall not forfeit their rights pursuant to Section 2.2 or Section 2.4 to a demand registration.

2.6 OBLIGATIONS OF THE COMPANY. Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to one hundred eighty (180) days or, if earlier, until the Holder or Holders have completed the distribution related thereto. The Company shall not be required to file, cause to become effective or maintain the effectiveness of any registration statement that contemplates a distribution of securities on a delayed or continuous basis pursuant to Rule 415 under the Securities Act.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in paragraph (a) above.

(c) Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

2.7 TERMINATION OF REGISTRATION RIGHTS. All registration rights granted under this Section 2 shall terminate and be of no further force and effect five (5) years after the effective date of the Company's Initial Offering. In addition, a Holder's registration rights shall expire if all Registrable Securities held by and issuable to such Holder (and its affiliates, partners, former partners, members and former members) may be sold under Rule 144 during any ninety (90) day period.

2.8 DELAY OF REGISTRATION; FURNISHING INFORMATION.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2.2, 2.3 or 2.4 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

(c) The Company shall have no obligation with respect to any registration requested pursuant to Section 2.2 or Section 2.4 if, due to the operation of subsection 2.2(b), the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in Section 2.2 or Section 2.4, whichever is applicable.

2.9 INDEMNIFICATION. In the event any Registrable Securities are included in a registration statement under Sections 2.2, 2.3 or 2.4:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, officers and directors of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities

Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will pay as incurred to each such Holder, partner, officer, director, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided however, that the indemnity agreement contained in this Section 2.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, underwriter or controlling person of such Holder.

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will pay as incurred any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; provided, however, that the indemnity agreement contained in this Section 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided further, that in no event shall any indemnity under this Section 2.9 exceed the proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential

differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.9, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.9.

(d) If the indemnification provided for in this Section 2.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, that in no event shall any contribution by a Holder hereunder exceed the proceeds from the offering received by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 2.9 shall survive completion of any offering of Registrable Securities in a registration statement and the termination of this agreement. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

2.10 ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder to a transferee or assignee of Registrable Securities provided that the transfer (a) is in connection with a transfer of all Registrable Securities of the transferor, (b) involves a transfer of at least one hundred thousand (100,000) shares of Registrable Securities (as adjusted for stock splits and combinations), or (c) is a transfer of Registrable Securities to constituent partners, affiliated entities or stockholders of the Holder and who agree to act through a single representative; provided, however, (i) the transferor shall, within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities

with respect to which such registration rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement.

2.11 AMENDMENT OF REGISTRATION RIGHTS. Any provision of this Section 2 may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holders of at least fifty percent (50%) of the Registrable Securities then outstanding. Any amendment or waiver effected in accordance with this Section 2.11 shall be binding upon each Holder and the Company. By acceptance of any benefits under this Section 2, Holders of Registrable Securities hereby agree to be bound by the provisions hereunder.

2.12 "MARKET STAND-OFF" AGREEMENT; AGREEMENT TO FURNISH INFORMATION. Each Holder hereby agrees that such Holder shall not sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act; provided that:

(i) such agreement shall apply only to the Company's Initial Offering; and

(ii) all officers and directors of the Company enter into similar agreements.

Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Holder shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 2.12 shall not apply to a registration relating solely to employee benefit plans on Form S-8 or similar form that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred eighty (180) day period.

2.13 RULE 144 REPORTING. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public;

(b) File with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(c) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 of the Securities Act, and of the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

SECTION 3. COVENANTS OF THE COMPANY

3.1 FINANCIAL INFORMATION AND REPORTING.

(a) The Company will maintain true books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied, and will set aside on its books all such proper accruals and reserves as shall be required under generally accepted accounting principles consistently applied.

(b) As soon as practicable after the end of each fiscal year of the Company, and in any event within ninety (90) days thereafter, the Company will furnish each Investor a balance sheet of the Company, and statement of shareholder's equity as at the end of such fiscal year, and a statement of income and a statement of cash flows of the Company, for such year, all prepared in accordance with generally accepted accounting principles consistently applied and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be accompanied by a report and opinion thereon by independent public accountants of national standing selected by the Company's Board of Directors.

(c) The Company will furnish each Investor, as soon as practicable after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, and in any event within forty-five (45) days thereafter, a balance sheet of the Company as of the end of each such quarterly period, and a statement of income and a statement of cash flows of the Company for such period and for the current fiscal year to date, prepared in accordance with generally accepted accounting principles, with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made.

3.2 CONFIDENTIALITY OF RECORDS. Each Investor agrees to use, and to use its best efforts to insure that its authorized representatives use, the same degree of care as such Investor uses to protect its own confidential information to keep confidential any information furnished to it which the Company identifies as being confidential or proprietary (so long as such information is not in the public domain), except that such Investor may disclose such proprietary or confidential information to any partner, subsidiary, affiliated entity to which a transfer of shares is permitted pursuant to Section 5.14 hereof or parent of such Investor for the purpose of

evaluating its investment in the Company as long as such partner, subsidiary, affiliated entity or parent is advised of the confidentiality provisions of this Section 3.2.

3.3 INSPECTION. The Company shall permit each Investor to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Investor; provided, however, that the Company shall not be obligated pursuant to this Section 3.3 to provide access to any information that it reasonably considers to be a trade secret or similar confidential information.

3.4 RESERVATION OF COMMON STOCK. The Company will at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Preferred Stock, all Common Stock issuable from time to time upon such conversion.

3.5 TERMINATION OF COVENANTS. All covenants of the Company contained in Section 3 of this Agreement shall expire and terminate as to each Investor upon the earlier of (i) the effective date of the registration statement pertaining to the Initial Offering or (ii) upon (a) the acquisition of all or substantially all of the assets of the Company or (b) an acquisition of the Company by another corporation or entity by consolidation, merger or other reorganization in which the holders of the Company's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than fifty percent (50%) of the voting power of the corporation or other entity surviving such transaction (a "Change in Control").

SECTION 4. RIGHTS OF FIRST REFUSAL

4.1 SUBSEQUENT OFFERINGS. Each Investor shall have a right of first refusal to purchase its pro rata share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 4.6 hereof. Each Investor's pro rata share is equal to the ratio of (a) the number of shares of the Company's Common Stock (including all shares of Common Stock issued or issuable upon conversion of the Shares) which such Investor is deemed to be a holder immediately prior to the issuance of such Equity Securities to (b) the total number of shares of the Company's outstanding Common Stock (including all shares of Common Stock issued or issuable upon conversion of the Shares) held by all of the Investors immediately prior to the issuance of the Equity Securities. The term "Equity Securities" shall mean (i) any Common Stock, Preferred Stock or other security of the Company, (ii) any security convertible, with or without consideration, into any Common Stock, Preferred Stock or other security (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any Common Stock, Preferred Stock or other security or (iv) any such warrant or right.

4.2 EXERCISE OF RIGHTS. If the Company proposes to issue any Equity Securities other than the Equity Securities excluded by Section 4.6 hereof, it shall give each Investor written notice of its intention, describing the Equity Securities, the price and the terms and conditions upon which the Company proposes to issue the same. Each Investor shall have fifteen (15) days from the giving of such notice to agree to purchase its pro rata share of the Equity Securities for

the price and upon the terms and conditions specified in the notice by giving written notice to the Company and stating therein the quantity of Equity Securities to be purchased. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to any Investor who would cause the Company to be in violation of applicable federal securities laws by virtue of such offer or sale.

4.3 ISSUANCE OF EQUITY SECURITIES TO OTHER PERSONS. If not all of the Investors elect to purchase their pro rata share of the Equity Securities, then the Company shall promptly notify in writing the Investors who do so elect and shall offer such Investors the right to acquire such unsubscribed shares. The participating Investors shall have five (5) days after receipt of such notice to notify the Company of their election to purchase all or a portion thereof of the unsubscribed shares. If the Investors fail to exercise in full the rights of first refusal, the Company shall have one hundred and twenty (120) days thereafter to sell the Equity Securities in respect of which the Investor's rights were not exercised, at a price and upon general terms and conditions materially no more favorable to the purchasers thereof than specified in the Company's notice to the Investors pursuant to Section 4.2 hereof. If the Company has not sold such Equity Securities within one hundred and twenty (120) days of the notice provided pursuant to Section 4.2, the Company shall not thereafter issue or sell any Equity Securities, without first offering such securities to the Investors in the manner provided above.

4.4 TERMINATION AND WAIVER OF RIGHTS OF FIRST REFUSAL. The rights of first refusal established by this Section 4 shall not apply to, and shall terminate upon the earlier of (i) effective date of the registration statement pertaining to the Company's Initial Public Offering or (ii) a Change in Control. The rights of first refusal established by this Section 4 may be amended, or any provision waived with the written consent of Investors holding a majority of the Registrable Securities held by all Investors, or as permitted by Section 5.6.

4.5 TRANSFER OF RIGHTS OF FIRST REFUSAL. The rights of first refusal of each Investor under this Section 4 may be transferred to the same parties, subject to the same restrictions as any transfer of registration rights pursuant to Section 2.10.

4.6 EXCLUDED SECURITIES. The rights of first refusal established by this Section 4 shall have no application to any of the following Equity Securities:

(a) Up to 7,500,000 shares of Common Stock (and/or options, warrants or other Common Stock purchase rights issued pursuant to such options, warrants or other rights) issued or to be issued to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary (for the primary purpose of soliciting or retaining their services) after the date of this Agreement, pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board of Directors;

(b) stock issued pursuant to any rights or agreements outstanding as of the date of this Agreement, options and warrants outstanding as of the date of this Agreement; and stock issued pursuant to any such rights or agreements granted after the date of this Agreement, provided that the rights of first refusal established by this Section 4 applied with respect to the initial sale or grant by the Company of such rights or agreements;

(c) any Equity Securities issued for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition or similar business combination;

(d) shares of Common Stock issued in connection with any stock split, stock dividend or recapitalization by the Company;

(e) shares of Common Stock issued upon conversion of the Shares;

(f) any Equity Securities issued pursuant to any equipment leasing arrangement, or debt financing from a bank or similar financial institution (provided such issuances are for other than primarily equity financing purposes);

(g) any Equity Securities that are issued by the Company pursuant to a registration statement filed under the Securities Act; and

(h) shares of the Company's Common Stock or Preferred Stock issued in connection with strategic transactions involving the Company and other entities, including (i) joint ventures, manufacturing, marketing or distribution arrangements or (ii) technology transfer or development arrangements; provided that such strategic transactions and the issuance of shares therein, has been approved by the Company's Board of Directors.

SECTION 5. MISCELLANEOUS

5.1 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

5.2 SURVIVAL. The representations, warranties, covenants, and agreements made herein shall survive any investigation made by any Holder and the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument.

5.3 SUCCESSORS AND ASSIGNS. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time; provided, however, that prior to the receipt by the Company of adequate written notice of the transfer of any Registrable Securities specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price.

5.4 ENTIRE AGREEMENT. This Agreement, the Exhibits and Schedules hereto, the Purchase Agreement and the other documents delivered pursuant thereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no

party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

5.5 SEVERABILITY. In case any provision of the Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

5.6 AMENDMENT AND WAIVER.

(a) Except as otherwise expressly provided, this Agreement may be amended or modified only upon the written consent of the Company and the holders of at least a majority of the Registrable Securities.

(b) Except as otherwise expressly provided, the obligations of the Company and the rights of the Holders under this Agreement may be waived only with the written consent of the holders of at least a majority of the Registrable Securities.

(c) Notwithstanding the foregoing, this Agreement may be amended with only the written consent of the Company to include additional purchasers of Shares as "Investors," "Holders" and parties hereto.

5.7 LIMITATION ON SUBSEQUENT GRANT OF RIGHTS. After the date of this Agreement, the Company shall not, without the prior written consent of at least a majority in interest of the Series A and Series B Preferred (or Common Stock issued upon conversion of the Series A or Series B Preferred or a combination of such Common Stock and Series A or Series B Preferred), enter into any agreement with any holder or prospective holder of any equity securities of the Company that would grant such holder registration rights senior to those granted to the Holders hereunder. The Company will grant each Investor any registration rights or rights of first refusal granted to subsequent purchasers of the Company's equity securities to the extent that such rights are superior, in the good faith judgment of the Company's Board of Directors, to those granted pursuant to this Agreement.

5.8 DELAYS OR OMISSIONS. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any Holder, upon any breach, default or noncompliance of the Company under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any Holder's part of any breach, default or noncompliance under the Agreement or any waiver on such Holder's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to Holders, shall be cumulative and not alternative.

5.9 NOTICES. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally

recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or Exhibit A hereto or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto.

5.10 ATTORNEYS' FEES. In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

5.11 TITLES AND SUBTITLES. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

5.12 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

5.13 AGGREGATION OF STOCK. All shares of the Preferred Stock held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.14 AFFILIATED ENTITIES. Notwithstanding anything to the contrary herein, Oak Investment Partners VIII, Limited Partnership ("Oak") shall be entitled to transfer shares of the Company's capital stock (or securities convertible into or exercisable for capital stock) to its affiliated entities, provided (i) Oak obtains the prior written consent of the Company (which consent shall not unreasonably be withheld) and (ii) in connection with such transfer such affiliated entity shall also agree to be bound by the terms and conditions of this Agreement, whereupon such affiliated transferee shall be entitled to and shall have all of the rights and benefits and be subject to the obligations and restrictions hereunder as if it were an initial "Investor" hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT as of the date set forth in the first paragraph hereof.

COMPANY:

WIRELESS FACILITIES, INC.

By: /s/ Masood K. Tayebi

Masood K. Tayebi, Ph.D.,
President

INVESTORS:

OAK INVESTMENT PARTNERS VIII, LIMITED PARTNERSHIP

By: /s/ Bandel L. Carano

Bandel L. Carano
Managing Member of Oak Associates VIII, LLC, The General Partner of Oak Investment Partners VIII, Limited Partnership

OAK VIII AFFILIATES FUND, LP

By: /s/ Bandel L. Carano

Bandel L. Carano
Managing Member of Oak VIII Affiliates, LLC, The General Partner of Oak VIII Affiliates Fund, LP

KEY STOCKHOLDERS:

/s/ Masood K. Tayebi
- ---
Masood K. Tayebi, Ph.D.

/s/ Massih Tayebi
- ---
Massih Tayebi, Ph. D.

WORLDVIEW TECHNOLOGY PARTNERS I, L.P.
By: Worldview Capital I, L.P., its General Partner

By: Worldview Equity I, L.L.C., its General Partner

By: /s/ Michael Orsak

Michael Orsak - Member

Worldview Technology International I, L.P.
By: Worldview Capital I, L.P., its General Partner
By: Worldview Equity I, L.L.C., its General Partner

By: /s/ Michael Orsak

Michael Orsak - Member

Worldview Strategic Partners I, L.P.
By: Worldview Capital I, L.L.P., its General Partner
By: Worldview Equity I, L.L.C., its General Partner

By: /s/ Michael Orsak

Michael Orsak - Member

/s/ Fred Warren

Fred Warren

STANFORD UNIVERSITY

By: /s/ Carol Gilmer

Carol Gilmer

EXHIBIT A

SCHEDULE OF INVESTORS

SERIES A PREFERRED STOCK	SHARES
OAK INVESTMENT PARTNERS VIII, LIMITED PARTNERSHIP 525 University Ave., Suite 1300 Palo Alto, CA 94301	1,355,949
OAK VIII AFFILIATES FUND, LP 525 University Ave., Suite 1300 Palo Alto, CA 94301	26,262
WORLDVIEW TECHNOLOGY PARTNERS I, L.P. 435 Tasso Street Palo Alto, CA 94301	162,874
WORLDVIEW TECHNOLOGY INTERNATIONAL I, L.P. 435 Tasso Street Palo Alto, CA 94301	63,481
WORLDVIEW STRATEGIC PARTNERS I, L.P. 435 Tasso Street Palo Alto, CA 94301	14,030
FRED WARREN 11150 Santa Monica Blvd., Suite 1200 Los Angeles, CA 90025	40,064
STANFORD UNIVERSITY Stanford Engineering Venture Fund 2770 Sand Hill Road Menlo Park, CA 94025	20,032

SERIES B PREFERRED STOCK	SHARES
OAK INVESTMENT PARTNERS VIII, LIMITED PARTNERSHIP 525 University Ave., Suite 1300 Palo Alto, CA 94301	2,279,090
OAK VIII AFFILIATES FUND, LP 525 University Ave., Suite 1300 Palo Alto, CA 94301	44,141
WORLDVIEW TECHNOLOGY PARTNERS I, L.P. 435 Tasso Street Palo Alto, CA 94301	273,761
WORLDVIEW TECHNOLOGY INTERNATIONAL I, L.P. 435 Tasso Street Palo Alto, CA 94301	106,700
WORLDVIEW STRATEGIC PARTNERS I, L.P. 435 Tasso Street Palo Alto, CA 94301	23,581

EXHIBIT 10.9

WFI
the global leader
IN TELECOM OUTSOURCING

9805 Scranton Road; Suite 100
San Diego, CA 92121
(619) 824-2929

April 9, 1999

Mr. Scott Fox
530 Pinchon Place
Alpharetta, GA 30022

Dear Scott:

As discussed during your recent interviews with WFI, we are a rapidly growing company seeking above average professionals that wish to contribute their skills and talents in an entrepreneurial environment.

We believe you to be that type of an individual, and are therefore pleased to offer you the position of President, Operations and Maintenance reporting to Massih Tayebi, Chief Executive Officer, in San Diego, California. This letter is our formal offer and requires your written acceptance within ten days of the date of this letter. If you accept this offer, we expect you to begin work at the Company as soon as possible and a mutually agreeable date.

Your monthly salary will be $18,750 ($225,000 annualized) paid semi-monthly, commencing with your employment and subject to such withholdings as required by law. Your position is considered exempt, and therefore not eligible for overtime payments. The following are the agreed upon specifics of this employment offer:

- Your initial monthly starting salary will be adjusted upward to compensate for appropriate housing costs upon your actual closing date on your new home. The maximum salary increase in conjunction with this new home purchase may increase your monthly salary up to $21,250 per month ($255,000 annualized).

- A signing bonus of $225,000 will be provided based on the following:

    1. $112,500 will be paid within 10 business days of your acceptance of this employment offer as witnessed by your signature and agreement by both parties.
    2. Following twenty-four (24) months from date of hire, the remaining $112,500 will be paid, at your sole discretion, as a cash payment, or may be converted to stock at $5.50 per share (20,455 shares).

- You will be eligible and receive for a minimum annual bonus amount of 35% for the first year (pro-rated for 1999) Company financial performance against goals and objectives and your personal performance as established in advance each year will determine your bonus. It is understood in order for an amount greater than 100% bonus be paid that "stretch objectives" commensurate with extraordinary Company and personal performance must be obtained.

- You will be afforded the opportunity to enroll for the employee benefits program the first of the month following 30 days of employment. Benefits you elect may require employee contributions that will be withheld from your compensation on a TAX-FREE basis. These benefits are subject to change at anytime.

. Stock Options: You will be issued stock options in the amount of five hundred fifty thousand (550,000) vesting over a four (4) year period beginning on your date of hire and according to the following vesting schedule and strike price:

1. The first 137,500 options will vest with a strike price of $5.50 per share at the earlier of: a) the end of the twelve (12) months of employment from date of hire, or b) the day of the Company's Initial Public Offering (IPO date), whichever date comes first;

2. 137,500 options will vest with a strike price of $6.50 per share at the end of twenty-four (24) months of employment from the original date of hire;

3. 137,500 options vest with a strike price of $8.50 per share at the end of thirty-six (36) months of employment from original date of hire;

4. 137,500 options vest with a strike price of $9.50 per share at the end of forty-eight (48) months of employment from the original date of hire.

In addition, at the end of twelve (12) months of employment from the original date of hire, WFI guarantees the first set (25%) of the stock options will be valued and exercisable for a minimum amount of $600,000 in excess of the strike price. Further, if the average price per share exceeds $20 per share for as period of 120 consecutive days, the next year set of options (137,500) will vest immediately. This vesting will also cause any remaining stock option vesting periods and amounts to be accelerated accordingly. All vested options will remain exercisable for a period of ten (10) years from date of hire regardless of your employment status.

. WFI agrees to reimburse you for all reasonable expenses related to relocating your family to the San Diego area as provided below:

1. Up to six (6) months of reasonable rental or leased accommodations in the San Diego area.

2. Up to (6) round trip coach airline tickets for your immediate family from Atlanta to San Diego within six (6) months of hire.

3. All reasonable expenses incurred as a direct result of purchasing a home in the San Diego area (with the exception of points), as well as reasonable expenses related to selling your home in Atlanta.

4. Physical relocation of your reasonable household goods and two previously owned vehicles to the San Diego area as provided by one of our selected carriers.

5. Taxable relocation expenses will be "grossed up" according to standard accounting practices.

6. WFI will provide a second mortgage loan of up to 20% of the purchase price of the home to be used exclusively for a down payment on the home. The interest rate will be determined at a later date. Should WFI terminate your employment during the first two (2) years of employment, you will have two (2) years from date of termination to repay the loan amount plus accrued and ongoing interest. If WFI terminates your employment after the second year of employment, you will have one (1) year from date of termination to repay the loan plus accrued and ongoing interest. If you terminate your employment on a voluntary basis at anytime, you must repay the loan with accrued and ongoing interest within 60 (sixty) days.

. Termination of Employment: If WFI elects to terminate this employment agreement:

Within the first year from date of hire:

1. The first set of stock options (137,500 shares) will immediately vest and become exercisable on the date of termination.

2. WFI guarantees these options will be valued at a minimum of $600,000 above the strike price.

3. The second portion of the signing bonus ($112,500 or 20,455 shares of stock) will become due and payable on the date of termination.

Anytime after the first year of employment:

1. Twenty-five (25%) of all non-vested stock options will immediately vest and become exercisable.
2. The second portion of the signing bonus ($112,500 or 20,455 shares) will become due and exercisable on the date of termination.

If you elect to terminate your employment within the first two years from original date of hire:

1. You agree to reimburse WFI for all relocation payments having been paid.
2. You will forfeit all rights to the second portion of the signing bonus ($112,500) and be responsible for repaying the original $112,500 immediately.

Change of Control: In the event of Change of Control of the Company, the following will apply:

1. If within two (2) years of employment, all unvested stock options will immediately become vested and exercisable; and the second portion of the signing bonus ($112,500) will become due and payable.
2. If the Change of Control takes place after the initial two (2) years of employment, 50% of all non-vested stock options will become immediately vested and exercisable.

Enclosed is an application for employment and background consent waiver that must be completed entirely and faxed back to me at (619) 824-2928. Your employment or continued employment is contingent upon successfully passing this background investigation. Also enclosed is an employment package that must be completed entirely and returned to Barbara Roberson, Human Resources Manager, at the above address prior to employment.

You will be entitled to 15 days of vacation per year accrued on a per pay period basis and prorated for the calendar year.

You shall not at any time during the term of your employment, or after your employment has been terminated, disclose to third parties, utilize for your own benefit, or otherwise make use of any of the Company's trade secrets or other confidential information concerning the Company, except to the extent necessary to carry out your obligations to the Company.

Any controversy or claim arising out of or relating to your employment relationship with the Company, and any agreements hereafter entered into between you and the Company in connection with your employment relationship, shall be settled by binding arbitration in accordance with the then current Employment Dispute Resolution Rules (the "rules) of the American Arbitration Association, to the extent that such rules do not conflict with any provision of this paragraphy, such Arbitration shall be held in San Diego, California, before a single arbitrator selected in accordance with the Rules. Each party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of any arbitration under this paragraph. Any award, order or judgment pursuant to arbitration under this paragraph shall be deemed final and binding and may be entered and enforced in any state or federal court of competent jurisdiction. Both you and the Company agree to submit to the jurisdiction of any such court for purposes of the enforcement of any such award, order or judgment.

The terms of this letter shall become effective only upon execution of this agreement by both you and the Company. Therefore, if you accept this employment offer, please sign below and immediately Fed-Ex this letter to the undersigned so that the proper Company representative can execute this agreement on behalf of the Company, at which time the terms in this letter will become effective. As a term of employment, you must also sign and return to us the enclosed Proprietary Information and Innovations Agreement.

This letter will be binding upon WFI as well as any successor entity or assignee.

Scott, we look forward to you joining the WFI team and the relocation of your family to the San Diego area. If I can be of any assistance to you or your family during this transition, please call upon me at anytime. My direct business phone is (619) 450-7323, my home phone is (619) 578-5275, and my pager is 1-800-913-2544.

Very truly yours,
Wireless Facilities, Inc.

/s/ Masood Tayebi
Masood Tayebi
President

Accepted and Agreed:

/s/ Scott Fox 4/20/99

Candidate Signature Date

EXHIBIT 10.10

INDEMNITY AGREEMENT

This Agreement is made and entered into this _____ day of _____, 1999 by and between Wireless Facilities, Inc., a Delaware corporation (the "Corporation"), and the person indicated on the signature page hereto ("Agent").

Recitals

Whereas, Agent performs a valuable service to the Corporation in his/her capacity as an officer or director of the Corporation;

Whereas, the stockholders of the Corporation have adopted bylaws (the "Bylaws") providing for the indemnification of the directors, officers, employees and other agents of the Corporation, including persons serving at the request of the Corporation in such capacities with other corporations or enterprises, as authorized by the Delaware General Corporation Law, as amended (the "Code");

Whereas, the Bylaws and the Code, by their non-exclusive nature, permit contracts between the Corporation and its agents, officers, employees and other agents with respect to indemnification of such persons; and

Whereas, in order to induce Agent to continue to serve as an officer or director of the Corporation, the Corporation has determined and agreed to enter into this Agreement with Agent;

Now, Therefore, in consideration of Agent's continued service as an officer or director after the date hereof, the parties hereto agree as follows:

Agreement

1. Services to the Corporation. Agent will serve, at the will of the Corporation or under separate contract, if any such contract exists, as an officer or director of the Corporation or as a director, officer or other fiduciary of an affiliate of the Corporation (including any employee benefit plan of the Corporation) faithfully and to the best of his ability so long as he is duly elected and qualified in accordance with the provisions of the Bylaws or other applicable charter documents of the Corporation or such affiliate; provided, however, that Agent may at any time and for any reason resign from such position (subject to any contractual obligation that Agent may have assumed apart from this Agreement) and that the Corporation or any affiliate shall have no obligation under this Agreement to continue Agent in any such position.

2. Indemnity of Agent. The Corporation hereby agrees to hold harmless and indemnify Agent to the fullest extent authorized or permitted by the provisions of the Bylaws and the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than the Bylaws or the Code permitted prior to adoption of such amendment).

3. Additional Indemnity. In addition to and not in limitation of the indemnification otherwise provided for herein, and subject only to the exclusions set forth in Section 4 hereof, the Corporation hereby further agrees to hold harmless and indemnify Agent:

(a) against any and all expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Agent becomes legally obligated to pay because of any claim or claims made against or by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative (including an action by or in the right of the Corporation) to which Agent is, was or at any time becomes a party, or is threatened to be made a party, by reason of the fact that Agent is, was or at any time becomes a director, officer, employee or other agent of Corporation, or is or was serving or at any time serves at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and

(b) otherwise to the fullest extent as may be provided to Agent by the Corporation under the non-exclusivity provisions of the Code and Section 43 of the Bylaws.

4. Limitations on Additional Indemnity. No indemnity pursuant to Section 3 hereof shall be paid by the Corporation:

(a) on account of any claim against Agent for an accounting of profits made from the purchase or sale by Agent of securities of the Corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law;

(b) on account of Agent's conduct that was knowingly fraudulent or deliberately dishonest or that constituted willful misconduct;

(c) on account of Agent's conduct that constituted a breach of Agent's duty of loyalty to the Corporation or resulted in any personal profit or advantage to which Agent was not legally entitled;

(d) for which payment is actually made to Agent under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, bylaw or agreement, except in respect of any excess beyond payment under such insurance, clause, bylaw or agreement;

(e) if indemnification is not lawful (and, in this respect, both the Corporation and Agent have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication); or

(f) in connection with any proceeding (or part thereof) initiated by Agent, or any proceeding by Agent against the Corporation or its directors, officers, employees or other agents, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the Corporation, (iii) such indemnification is provided by the Corporation, in its sole discretion, pursuant to the powers

vested in the Corporation under the Code, or (iv) the proceeding is initiated pursuant to Section 9 hereof.

5. Continuation of Indemnity. All agreements and obligations of the Corporation contained herein shall continue during the period Agent is a director, officer, employee or other agent of the Corporation (or is or was serving at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise) and shall continue thereafter so long as Agent shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitrational, administrative or investigative, by reason of the fact that Agent was serving in the capacity referred to herein.

6. Partial Indemnification. Agent shall be entitled under this Agreement to indemnification by the Corporation for a portion of the expenses (including attorneys' fees), witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that Agent becomes legally obligated to pay in connection with any action, suit or proceeding referred to in Section 3 hereof even if not entitled hereunder to indemnification for the total amount thereof, and the Corporation shall indemnify Agent for the portion thereof to which Agent is entitled.

7. Notification and Defense of Claim. Not later than thirty (30) days after receipt by Agent of notice of the commencement of any action, suit or proceeding, Agent will, if a claim in respect thereof is to be made against the Corporation under this Agreement, notify the Corporation of the commencement thereof; but the omission so to notify the Corporation will not relieve it from any liability which it may have to Agent otherwise than under this Agreement. With respect to any such action, suit or proceeding as to which Agent notifies the Corporation of the commencement thereof:

(a) the Corporation will be entitled to participate therein at its own expense;

(b) except as otherwise provided below, the Corporation may, at its option and jointly with any other indemnifying party similarly notified and electing to assume such defense, assume the defense thereof, with counsel reasonably satisfactory to Agent. After notice from the Corporation to Agent of its election to assume the defense thereof, the Corporation will not be liable to Agent under this Agreement for any legal or other expenses subsequently incurred by Agent in connection with the defense thereof except for reasonable costs of investigation or otherwise as provided below. Agent shall have the right to employ separate counsel in such action, suit or proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Agent unless (i) the employment of counsel by Agent has been authorized by the Corporation, (ii) Agent shall have reasonably concluded, and so notified the Corporation, that there is an actual conflict of interest between the Corporation and Agent in the conduct of the defense of such action or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of Agent's separate counsel shall be at the expense of the Corporation. The Corporation shall not be entitled to assume the defense of any action, suit or proceeding brought by or on behalf of the Corporation or as to which Agent shall have made the conclusion provided for in clause (ii) above; and

(c) the Corporation shall not be liable to indemnify Agent under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent, which shall not be unreasonably withheld. The Corporation shall be permitted to settle any action except that it shall not settle any action or claim in any manner which would impose any penalty or limitation on Agent without Agent's written consent, which may be given or withheld in Agent's sole discretion.

8. Expenses. The Corporation shall advance, prior to the final disposition of any proceeding, promptly following request therefor, all expenses incurred by Agent in connection with such proceeding upon receipt of an undertaking by or on behalf of Agent to repay said amounts if it shall be determined ultimately that Agent is not entitled to be indemnified under the provisions of this Agreement, the Bylaws, the Code or otherwise.

9. Enforcement. Any right to indemnification or advances granted by this Agreement to Agent shall be enforceable by or on behalf of Agent in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. Agent, in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. It shall be a defense to any action for which a claim for indemnification is made under Section 3 hereof (other than an action brought to enforce a claim for expenses pursuant to Section 8 hereof, provided that the required undertaking has been tendered to the Corporation) that Agent is not entitled to indemnification because of the limitations set forth in Section 4 hereof. Neither the failure of the Corporation (including its Board of Directors or its stockholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Agent is proper in the circumstances, nor an actual determination by the Corporation (including its Board of Directors or its stockholders) that such indemnification is improper shall be a defense to the action or create a presumption that Agent is not entitled to indemnification under this Agreement or otherwise.

10. Subrogation. In the event of payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Agent, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Corporation effectively to bring suit to enforce such rights.

11. Non-Exclusivity of Rights. The rights conferred on Agent by this Agreement shall not be exclusive of any other right which Agent may have or hereafter acquire under any statute, provision of the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office.

12. Survival of Rights.

(a) The rights conferred on Agent by this Agreement shall continue after Agent has ceased to be a director, officer, employee or other agent of the Corporation or to serve at the request of the Corporation as a director, officer, employee or other agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and shall inure to the benefit of Agent's heirs, executors and administrators.

(b) The Corporation shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

13. Separability. Each of the provisions of this Agreement is a separate and distinct agreement and independent of the others, so that if any provision hereof shall be held to be invalid for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of the other provisions hereof. Furthermore, if this Agreement shall be invalidated in its entirety on any ground, then the Corporation shall nevertheless indemnify Agent to the fullest extent provided by the Bylaws, the Code or any other applicable law.

14. Governing Law. This Agreement shall be interpreted and enforced in accordance with the laws of the State of Delaware.

15. Amendment and Termination. No amendment, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by both parties hereto.

16. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

17. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

18. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) upon delivery if delivered by hand to the party to whom such communication was directed or (ii) upon the third business day after the date on which such communication was mailed if mailed by certified or registered mail with postage prepaid:

(a) If to Agent, at the address indicated on the signature page hereof.

(b) If to the Corporation, to:

Wireless Facilities, Inc.
9805 Scranton Road
Suite 100
San Diego, CA 92121
Attention: Secretary

or to such other address as may have been furnished to Agent by the Corporation.

In Witness Whereof, the parties hereto have executed this Indemnity Agreement on and as of the day and year first above written.

Wireless Facilities, Inc.

By: ----------

Title: ----------

Agent

[Sign Here]

[Print Name]

Address:

SIGNATURE PAGE TO INDEMNITY AGREEMENT

EXHIBIT 10.11

SUBORDINATED PROMISSORY NOTE

As Amended on August 2, 1999

$2,748,552.63 San Diego, California

FOR VALUE RECEIVED, WIRELESS FACILITIES, INC., a Delaware corporation ("BORROWER"), hereby promises to pay to the order of MASOOD K. TAYEBI, PH.D. ("LENDER"), in lawful money of the United States of America and in immediately available funds, the principal sum of Two Million Seven Hundred Forty-Eight Thousand Five Hundred Fifty-Two Dollars and Sixty-Three Cents ($2,748,552.63) (the "LOAN") together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below.

1. PRINCIPAL REPAYMENT. The outstanding principal amount of the Loan shall be due and payable on August 2, 2000.

2. INTEREST. Borrower further promises to pay interest on the outstanding principal amount hereof from the date hereof until payment in full, which interest shall be payable at the rate of five and one-half percent (5.5%) per annum or the maximum rate permissible by law (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans), whichever is less. All accrued interest under this note shall be due and payable on August 2, 2000.

3. PLACE OF PAYMENT. All amounts payable hereunder shall be payable at the place of employment of Lender, 9805 Scranton Road, Suite 100, San Diego, CA 92121, unless another place of payment shall be specified in writing by Lender.

4. APPLICATION OF PAYMENTS. Payment on this Note shall be applied first to accrued interest, and thereafter to the outstanding principal balance hereof.

5. DEFAULT. Each of the following events shall be an "EVENT OF DEFAULT" hereunder:

(a) Borrower fails to pay timely any of the principal amount due under this Note or any accrued interest or other amounts due under this Note on the date the same becomes due and payable or within five (5) business days thereafter;

(b) Borrower files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(c) An involuntary petition is filed against Borrower (unless such petition is dismissed or discharged within sixty (60) days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Borrower.

Upon the occurrence of an Event of Default hereunder, all unpaid principal, accrued interest and other amounts owing hereunder shall, at the option of Lender, and, in the case of an Event of Default pursuant to (b) or (c) above, automatically, be immediately due, payable and collectible by Lender pursuant to applicable law.

6. SUBORDINATION. The indebtedness evidenced by this Note is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of the Senior Indebtedness.

"SENIOR INDEBTEDNESS" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, the principal of, unpaid interest on and amounts reimbursable, fees, expenses, costs of enforcement and other amounts due in connection with (a) indebtedness of Borrower to banks or commercial finance or other lending institutions regularly engaged in the business of lending money (including venture capital, investment banking or similar institutions and their affiliates which sometimes engage in lending activities but which are primarily engaged in investments in equity securities), whether or not secured, and (b) any such indebtedness or any debentures, notes or other evidence of indebtedness issued in exchange for such Senior Indebtedness, or any indebtedness arising from the satisfaction of such Senior Indebtedness by a guarantor.

6.1 INSOLVENCY PROCEEDINGS. If there shall occur any receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, or arrangements with creditors (whether or not pursuant to bankruptcy or other insolvency laws), sale of all or substantially all of the assets, dissolution, liquidation, or any other marshaling of the assets and liabilities of Borrower, (a) no amount shall be paid by Borrower in respect of the principal of, interest on or other amounts due with respect to this Note at the time outstanding, unless and until the principal of and interest on the Senior Indebtedness then outstanding shall be paid in full, and (b) no claim or proof of claim shall be filed by or on behalf of Lender which shall assert any right to receive any payments in respect of the principal of and interest on this Note except subject to the payment in full of the principal of and interest on all of the Senior Indebtedness then outstanding.

6.2 DEFAULT ON SENIOR INDEBTEDNESS. If there shall occur an event of default which has been declared in writing with respect to any Senior Indebtedness, as defined therein, or in the instrument under which it is outstanding, permitting the holder to accelerate the maturity thereof and Lender shall have received written notice thereof from the holder of such Senior Indebtedness, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, or all Senior Indebtedness shall have been paid in full, no payment shall be made in respect of the principal of or interest on this Note.

6.3 FURTHER ASSURANCES. By acceptance of this Note Lender agrees to execute and deliver customary forms of subordination agreement requested from time to time by the holders of Senior Indebtedness and, as a condition to Lender's rights hereunder, Borrower may require that Lender execute such forms of subordination agreement, provided that such forms shall not impose on Lender terms less favorable than those provided herein.

6.4 SUBROGATION. Subject to the payment in full of all Senior Indebtedness, Lender shall be subrogated to the rights of the holder(s) of such Senior Indebtedness (to the extent of the payments or distributions made to the holder(s) of such Senior Indebtedness pursuant to the provisions of this Section 6) to receive payments and distributions of assets of Borrower applicable to the Senior Indebtedness. No such payments or distributions applicable to the Senior Indebtedness shall, as between Borrower and its creditors, other than the holders of Senior Indebtedness and Lender, be deemed to be a payment by Borrower to or on account of this Note; and for purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which Lender would be entitled except for the provisions of this Section 6 shall, as between Borrower and its creditors, other than the holders of Senior Indebtedness and Lender, be deemed to be a payment by Borrower to or on account of the Senior Indebtedness.

6.5 NO IMPAIRMENT. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 6 to receive cash, securities or other properties otherwise payable or deliverable to Lender, nothing contained in this Section 6 shall impair, as between Borrower and Lender, the obligation of Borrower, subject to the terms and conditions hereof, to pay to Lender the principal hereof and interest hereon as and when the same become due and payable, or shall prevent Lender, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

6.6 RELIANCE OF HOLDERS OF SENIOR INDEBTEDNESS. Lender, by its acceptance hereof, shall be deemed to acknowledge and agree that the foregoing subordination provisions are, and are intended to be, an inducement to and a consideration of each holder of Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the creation of the indebtedness evidenced by this Note, and each such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and holding, or in continuing to hold, such Senior Indebtedness.

6.7 SUBORDINATION AGREEMENT. This Note will be subordinated to any future Subordination Agreement entered into between Borrower and Imperial Bank. In the event of any conflict between the terms of such agreement and this Section 6, the terms of the agreement shall control.

7. WAIVER. Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including, without limitation, reasonable attorneys' fees, costs and other expenses.

The right to plead any and all statutes of limitations as a defense to any demands hereunder is hereby waived to the full extent permitted by law.

8. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

9. SUCCESSORS AND ASSIGNS. The provisions of this Note shall inure to the benefit of and be binding on any successor to Borrower and shall extend to any holder hereof.

BORROWER WIRELESS FACILITIES, INC.

By: /s/ Thomas A. Munro

Printed Name: Thomas A. Munro

Title: Chief Financial Officer

EXHIBIT 10.12

SUBORDINATED PROMISSORY NOTE

$2,443,157.89

As Amended on August 2, 1999
San Diego, California

FOR VALUE RECEIVED, WIRELESS FACILITIES, INC., a Delaware corporation ("BORROWER"), hereby promises to pay to the order of MASSIH TAYEBI, PH.D. ("LENDER"), in lawful money of the United States of America and in immediately available funds, the principal sum of Two Million Four Hundred Forty-Three Thousand One Hundred Fifty-Seven Dollars and Eighty-Nine Cents ($2,442,157.89) (the "LOAN") together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below.

1. PRINCIPAL REPAYMENT. The outstanding principal amount of the Loan shall be due and payable on August 2, 2000.

2. INTEREST. Borrower further promises to pay interest on the outstanding principal amount hereof from the date hereof until payment in full, which interest shall be payable at the rate of five and one-half percent (5.5%) per annum or the maximum rate permissible by law (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans), whichever is less. All accrued interest under this Note shall be due and payable on August 2, 2000.

3. PLACE OF PAYMENT. All amounts payable hereunder shall be payable at the place of employment of Lender, 9805 Scranton Road, Suite 100, San Diego, CA 92121, unless another place of payment shall be specified in writing by Lender.

4. APPLICATION OF PAYMENTS. Payment on this Note shall be applied first to accrued interest, and thereafter to the outstanding principal balance hereof.

5. DEFAULT. Each of the following events shall be an "EVENT OF DEFAULT" hereunder:

(a) Borrower fails to pay timely any of the principal amount due under this Note or any accrued interest or other amounts due under this Note on the date the same becomes due and payable or within five (5) business days thereafter;

(b) Borrower files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(c) An involuntary petition is filed against Borrower (unless such petition is dismissed or discharged within sixty (60) days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Borrower.

Upon the occurrence of an Event of Default hereunder, all unpaid principal, accrued interest and other amounts owing hereunder shall, at the option of Lender, and, in the case of an Event of

Default pursuant to (b) or (c) above, automatically, be immediately due, payable and collectible by Lender pursuant to applicable law.

6. SUBORDINATION. The indebtedness evidenced by this Note is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of the Senior Indebtedness.

"SENIOR INDEBTEDNESS" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, the principal of, unpaid interest on and amounts reimbursable, fees, expenses, costs of enforcement and other amounts due in connection with (a) indebtedness of Borrower to banks or commercial finance or other lending institutions regularly engaged in the business of lending money (including venture capital, investment banking or similar institutions and their affiliates which sometimes engage in lending activities but which are primarily engaged in investments in equity securities), whether or not secured, and (b) any such indebtedness or any debentures, notes or other evidence of indebtedness issued in exchange for such Senior Indebtedness, or any indebtedness arising from the satisfaction of such Senior Indebtedness by a guarantor.

6.1 INSOLVENCY PROCEEDINGS. If there shall occur any receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, or arrangements with creditors (whether or not pursuant to bankruptcy or other insolvency laws), sale of all or substantially all of the assets, dissolution, liquidation, or any other marshaling of the assets and liabilities of Borrower, (a) no amount shall be paid by Borrower in respect of the principal of, interest on or other amounts due with respect to this Note at the time outstanding, unless and until the principal of and interest on the Senior Indebtedness then outstanding shall be paid in full, and (b) no claim or proof of claim shall be filed by or on behalf of Lender which shall assert any right to receive any payments in respect of the principal of and interest on this Note except subject to the payment in full of the principal of and interest on all of the Senior Indebtedness then outstanding.

6.2 DEFAULT ON SENIOR INDEBTEDNESS. If there shall occur an event of default which has been declared in writing with respect to any Senior Indebtedness, as defined therein, or in the instrument under which it is outstanding, permitting the holder to accelerate the maturity thereof and Lender shall have received written notice thereof from the holder of such Senior Indebtedness, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, or all Senior Indebtedness shall have been paid in full, no payment shall be made in respect of the principal of or interest on this Note.

6.3 FURTHER ASSURANCES. By acceptance of this Note Lender agrees to execute and deliver customary forms of subordination agreement requested from time to time by the holders of Senior Indebtedness and, as a condition to Lender's rights hereunder, Borrower may require that Lender execute such forms of subordination agreement, provided that such forms shall not impose on Lender terms less favorable than those provided herein.

6.4 SUBROGATION. Subject to the payment in full of all Senior Indebtedness, Lender shall be subrogated to the rights of the holder(s) of such Senior Indebtedness (to the extent of the payments or distributions made to the holder(s) of such Senior Indebtedness

pursuant to the provisions of this Section 6) to receive payments and distributions of assets of Borrower applicable to the Senior Indebtedness. No such payments or distributions applicable to the Senior Indebtedness shall, as between Borrower and its creditors, other than the holders of Senior Indebtedness and Lender, be deemed to be a payment by Borrower to or on account of this Note; and for purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which Lender would be entitled except for the provisions of this Section 6 shall, as between Borrower and its creditors, other than the holders of Senior Indebtedness and Lender, be deemed to be a payment by Borrower to or on account of the Senior Indebtedness.

6.5 NO IMPAIRMENT. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 6 to receive cash, securities or other properties otherwise payable or deliverable to Lender, nothing contained in this Section 6 shall impair, as between Borrower and Lender, the obligation of Borrower, subject to the terms and conditions hereof, to pay to Lender the principal hereof and interest hereon as and when the same become due and payable, or shall prevent Lender, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

6.6 RELIANCE OF HOLDERS OF SENIOR INDEBTEDNESS. Lender, by its acceptance hereof, shall be deemed to acknowledge and agree that the foregoing subordination provisions are, and are intended to be, an inducement to and a consideration of each holder of Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the creation of the indebtedness evidenced by this Note, and each such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and holding, or in continuing to hold, such Senior Indebtedness.

6.7 SUBORDINATION AGREEMENT. This Note will be subordinated to any future Subordination Agreement entered into between Borrower and Imperial Bank. In the event of any conflict between the terms of such agreement and this Section 6, the terms of the agreement shall control.

7. WAIVER. Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including, without limitation, reasonable attorneys' fees, costs and other expenses.

The right to plead any and all statutes of limitations as a defense to any demands hereunder is hereby waived to the full extent permitted by law.

8. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

9. SUCCESSORS AND ASSIGNS. The provisions of this Note shall inure to the benefit of and be binding on any successor to Borrower and shall extend to any holder hereof.

BORROWER WIRELESS FACILITIES, INC.

By: /s/ Thomas A. Munro

Printed Name: Thomas A. Munro

Title: Chief Financial Officer

EXHIBIT 10.13

SUBORDINATED PROMISSORY NOTE

$610,789.48

As Amended on August 7, 1999
San Diego,California

FOR VALUE RECEIVED, WIRELESS FACILITIES, INC., a Delaware corporation ("BORROWER"), hereby promises to pay to the order of SEAN TAYEBI ("LENDER"), in lawful money of the United States of America and in immediately available funds, the principal sum of Six Hundred Ten Thousand Seven Hundred Eighty-Nine Dollars and Forty-Eight Cents ($610,789.48) (the "LOAN") together with accrued and unpaid interest thereon, each due and payable on the date and in the manner set forth below.

1. PRINCIPAL REPAYMENT. The outstanding principal amount of the Loan shall be due and payable on August 2, 2000.

2. INTEREST. Borrower further promises to pay interest on the outstanding principal amount hereof from the date hereof until payment in full, which interest shall be payable at the rate of five and one-half percent (5.5%) per annum or the maximum rate permissible by law (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans), whichever is less. All accrued interest under this Note shall be due and payable on August 2, 2000.

3. PLACE OF PAYMENT. All amounts payable hereunder shall be payable at the place of residence of Lender, 18119 Las Montanas, Rancho Santa Fe, CA 92067, P.O. Box 120, unless another place of payment shall be specified in writing by Lender.

4. APPLICATION OF PAYMENTS. Payment on this Note shall be applied first to accrued interest, and thereafter to the outstanding principal balance hereof.

5. DEFAULT. Each of the following events shall be an "EVENT OF DEFAULT" hereunder:

(a) Borrower fails to pay timely any of the principal amount due under this Note or any accrued interest or other amounts due under this Note on the date the same becomes due and payable or within five (5) business days thereafter;

(b) Borrower files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any corporate action in furtherance of any of the foregoing; or

(c) An involuntary petition is filed against Borrower (unless such petition is dismissed or discharged within sixty (60) days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Borrower.

Upon the occurrence of an Event of Default hereunder, all unpaid principal, accrued interest and other amounts owing hereunder shall, at the option of Lender, and, in the case of an Event of

Default pursuant to (b) or (c) above, automatically, be immediately due, payable and collectible by Lender pursuant to applicable law.

6. SUBORDINATION. The indebtedness evidenced by this Note is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of the Senior Indebtedness.

"SENIOR INDEBTEDNESS" shall mean, unless expressly subordinated to or made on a parity with the amounts due under this Note, the principal of, unpaid interest on and amounts reimbursable, fees, expenses, costs of enforcement and other amounts due in connection with (a) indebtedness of Borrower to banks or commercial finance or other lending institutions regularly engaged in the business of lending money (including venture capital, investment banking or similar institutions and their affiliates which sometimes engage in lending activities but which are primarily engaged in investments in equity securities), whether or not secured, and (b) any such indebtedness or any debentures, notes or other evidence of indebtedness issued in exchange for such Senior Indebtedness, or any indebtedness arising from the satisfaction of such Senior Indebtedness by a guarantor.

6.1 INSOLVENCY PROCEEDINGS. If there shall occur any receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization, or arrangements with creditors (whether or not pursuant to bankruptcy or other insolvency laws), sale of all or substantially all of the assets, dissolution, liquidation, or any other marshaling of the assets and liabilities of Borrower, (a) no amount shall be paid by Borrower in respect of the principal of, interest on or other amounts due with respect to this Note at the time outstanding, unless and until the principal of and interest on the Senior Indebtedness then outstanding shall be paid in full, and (b) no claim or proof of claim shall be filed by or on behalf of Lender which shall assert any right to receive any payments in respect of the principal of and interest on this Note except subject to the payment in full of the principal of and interest on all of the Senior Indebtedness then outstanding.

6.2 DEFAULT ON SENIOR INDEBTEDNESS. If there shall occur an event of default which has been declared in writing with respect to any Senior Indebtedness, as defined therein, or in the instrument under which it is outstanding, permitting the holder to accelerate the maturity thereof and Lender shall have received written notice thereof from the holder of such Senior Indebtedness, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, or all Senior Indebtedness shall have been paid in full, no payment shall be made in respect of the principal of or interest on this Note.

6.3 FURTHER ASSURANCES. By acceptance of this Note Lender agrees to execute and deliver customary forms of subordination agreement requested from time to time by the holders of Senior Indebtedness and, as a condition to Lender's rights hereunder, Borrower may require that Lender execute such forms of subordination agreement, provided that such forms shall not impose on Lender terms less favorable than those provided herein.

6.4 SUBROGATION. Subject to the payment in full of all Senior Indebtedness, Lender shall be subrogated to the rights of the holder(s) of such Senior Indebtedness (to the extent of the payments or distributions made to the holder(s) of such Senior Indebtedness

pursuant to the provisions of this Section 6) to receive payments and distributions of assets of Borrower applicable to the Senior Indebtedness. No such payments or distributions applicable to the Senior Indebtedness shall, as between Borrower and its creditors, other than the holders of Senior Indebtedness and Lender, be deemed to be a payment by Borrower to or on account of this Note; and for purposes of such subrogation, no payments or distributions to the holders of Senior Indebtedness to which Lender would be entitled except for the provisions of this Section 6 shall, as between Borrower and its creditors, other than the holders of Senior Indebtedness and Lender, be deemed to be a payment by Borrower to or on account of the Senior Indebtedness.

6.5 NO IMPAIRMENT. Subject to the rights, if any, of the holders of Senior Indebtedness under this Section 6 to receive cash, securities or other properties otherwise payable or deliverable to Lender, nothing contained in this Section 6 shall impair, as between Borrower and Lender, the obligation of Borrower, subject to the terms and conditions hereof, to pay to Lender the principal hereof and interest hereon as and when the same become due and payable, or shall prevent Lender, upon default hereunder, from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

6.6 RELIANCE OF HOLDERS OF SENIOR INDEBTEDNESS. Lender, by its acceptance hereof, shall be deemed to acknowledge and agree that the foregoing subordination provisions are, and are intended to be, an inducement to and a consideration of each holder of Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the creation of the indebtedness evidenced by this Note, and each such holder of Senior Indebtedness shall be deemed conclusively to have relied on such subordination provisions in acquiring and holding, or in continuing to hold, such Senior Indebtedness.

6.7 SUBORDINATION AGREEMENT. This Note will be subordinated to any future Subordination Agreement entered into between Borrower and Imperial Bank. In the event of any conflict between the terms of such agreement and this Section 6, the terms of the agreement shall control.

7. WAIVER. Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including, without limitation, reasonable attorneys' fees, costs and other expenses.

The right to plead any and all statutes of limitations as a defense to any demands hereunder is hereby waived to the full extent permitted by law.

8. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

9. SUCCESSORS AND ASSIGNS. The provisions of this Note shall inure to the benefit of and be binding on any successor to Borrower and shall extend to any holder hereof.

BORROWER WIRELESS FACILITIES, INC.

By: /s/ Thomas A. Munro

Printed Name: Thomas A. Munro

Title: Chief Financial Officer

EXHIBIT 10.14

==========

WIRELESS FACILITIES, INC.,

A NEW YORK CORPORATION

WARRANT AGREEMENT

FOR THE ISSUANCE OF

50,000 SHARES OF COMMON STOCK

==========

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 ("THE ACT") OR UNDER THE SECURITIES OR BLUE SKY LAWS OF ANY STATE (THE "LAWS"). THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION AND QUALIFICATION OF THESE SECURITIES UNDER THE ACT AND THE LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED UNDER THE ACT AND THE LAWS.

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") is entered into and effective as of February 28, 1997 (the "Effective Date"), by and between WIRELESS FACILITIES, INC., a New York corporation (the "Company"), and _____ ("Warrantholder").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Company and the Warrantholder certify and agree as follows:

1. Grant of the Right to Purchase Common Stock. For value received in the form of agreeing to serve as a member of the Company's Board of Directors (a "Director"), the Company hereby grants to Warrantholder, and Warrantholder is entitled to, upon the terms and subject to the conditions set forth in this Agreement, a warrant (the "Warrant") to subscribe for and purchase from the Company fifty thousand (50,000) shares of the Company's Common Stock (the "Shares"), at a purchase price of Two and 80/100 Dollars ($2.80) per Share (the "Exercise Price").

2. Term of the Warrant Agreement. Except as otherwise provided in this Agreement, the term of this Agreement and the right to purchase the Shares as granted in this Agreement, shall occur as follows:

2.1 Effective Date Vesting. Commencing on the Effective Date, the initial sixteen thousand six hundred sixty-seven (16,667) of the Shares shall vest and be exercisable until the tenth (10th) anniversary of the Effective Date, unless such exercise period shall be extended in writing by the Company.

2.2 One Year Anniversary Vesting. Commencing on the first anniversary of the Effective Date, if -- and only if -- Warrantholder is then a Director, sixteen thousand six hundred sixty-seven (16,667) of the Shares shall vest and be exercisable until the eleventh (11th) anniversary of the Effective Date, unless such exercise period shall be extended in writing by the Company.

2.3 Two Year Anniversary Vesting. Commencing on the second anniversary of the Effective Date, if -- and only if -- Warrantholder is then a Director, the remaining sixteen thousand six hundred sixty-six (16,666) of the Shares shall vest and be exercisable until the twelfth

(12th) anniversary of the Effective Date, unless such exercise period shall be extended in writing by the Company.

3. Exercise of the Purchase Rights. Warrantholder's status as a Director shall be an absolute condition precedent to the vesting of the Shares on the first and second anniversaries of the Effective Date. Subject to this Agreement, the purchase rights set forth in this Agreement are exercisable by Warrantholder at any time prior to the expiration of the applicable term set forth in Section 2, by tendering to the Company at its principal office a notice of exercise in the form attached to this Agreement as Exhibit A (the "Notice of Exercise"), duly completed and executed, together with a cashier's check or wire transfer (or other mode of payment acceptable to the Company) in the amount of the aggregate purchase price of the Shares together with all applicable transfer taxes, if any. Notwithstanding the foregoing, however, Warrantholder may not purchase less than 1,000 of the Shares at one time. Upon receipt of the Notice of Exercise and the payment of the purchase price therefor, the Company shall issue to Warrantholder a share certificate for the number of Shares purchased.

4. Reservation of Shares. Following the Company's intended reincorporation as a Delaware corporation, and for the duration of the term of this Agreement, the Company shall at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the exercise of the rights to purchase the Shares as provided in this Agreement. Warrantholder acknowledges that the Company may not have a sufficient number of reserved shares of its Common Stock until the effective date of the reincorporation.

5. No Rights as Shareholder. This Agreement does not entitle Warrantholder to any voting rights or other rights as a shareholder of the Company prior to the purchase of the Shares as provided in this Agreement.

6. Adjustment Rights. The Exercise Price and the number of Shares purchasable hereunder are subject to adjustment from time to time as follows:

6.1 Merger and Sale of Assets. If at any time there shall be a capital reorganization of the shares of the Company's Common Stock (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), or a merger or consolidation of the Company with or into another corporation where the Company is not the surviving corporation, or the sale of all or substantially all of the Company's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, whether for stock, cash, or other consideration, lawful provision shall be made so that Warrantholder shall thereafter be entitled to receive upon exercise of its Warrants the number of shares of Common Stock or other securities of the successor corporation resulting from such merger or consolidation to which Warrantholder would have been entitled if the Warrants had been exercised immediately prior to such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant Agreement with respect to the rights and interest of Warrantholder

after such reorganization, merger, consolidation or sale so that the provisions of this Warrant Agreement (including adjustments of the Exercise Price and the number of Shares issuable pursuant to the terms and conditions of this Warrant Agreement) shall be applicable after such event, as near as reasonably may be, in relation to any shares deliverable after that event upon the exercise of the Warrants.

6.2 Reclassification of Shares. If the Company at any time shall, by combination, reclassification, exchange or subdivision of securities or otherwise, change the Common Stock into the same or a different number of securities of any other class or classes, this Warrant Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable hereunder had the Warrantholder exercised its rights with respect to all of the shares then represented by this Warrant Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change.

6.3 Subdivision or Combination of Shares. If the Company at any time shall combine or subdivide its Common Stock, the Exercise Price shall be proportionately decreased in the case of a subdivision, or proportionately increased in the case of a combination.

6.4 Stock Dividends. If the Company at any time shall pay a dividend payable in the Company's Common Stock, then the Exercise Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend, to a price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction (i) the numerator of which shall be the total number of all shares of the Company's Common Stock outstanding immediately prior to such dividend (assuming all convertible securities are then converted into Common Stock) and (ii) the denominator of which shall be the total number of all shares of the Company's Common Stock outstanding immediately after such dividend (assuming all convertible securities are then converted into Common Stock). Warrantholder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock (calculated to the nearest whole share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable upon the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

7. Warrant Nontransferable. The Warrant may not be sold, pledged, assigned or transferred in any manner, except that the warrants may be transferred by Warrantholder's will upon Warrantholder's death and/or may be assigned to a trust for the benefit of Warrantholder and/or Warrantholder's immediate family members.

8. Securities Issues. Warrantholder, intending that the Company rely upon the following representations and covenants of Warrantholder, which by execution of this Agreement, Warrantholder hereby confirms:

8.1 Acquisition for Own Account. Warrantholder is entering into this Agreement for Warrantholder's own account and not with a view to or for sale in connection with any distribution of securities.

8.2 No Transfers Contemplated. Warrantholder does not presently have any contracts, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any securities of the Company.

8.3 True Investment Purpose. Warrantholder has not been organized for the purpose of entering into this Agreement.

8.4 Restrictions on Acquired Securities. Warrantholder acknowledges that any securities acquired pursuant to this Agreement may not be sold, pledged, assigned or transferred in any manner, except pursuant to registration and qualification under applicable securities laws, or if an exemption from such registration or qualification is applicable.

8.5 Investment Experience. Warrantholder is an investor in securities of early stage companies and is able to fend for himself, bear the economic risk of his investment and evaluate the merits and risks of the transactions provided in this Agreement. All representations, warranties and agreements of Warrantholder as stated in that certain Subscription and Representation Agreement between the Warrantholder and the Company dated effective as of February 28, 1997 (the "Subscription Agreement") are hereby restated and incorporated herein by this reference.

8.6 Legend. Warrantholder understands that any Common Stock issuable upon the exercise of the Warrant under this Agreement shall be subject to transfer restrictions as provided in the Bylaws of the Company and under applicable law and may bear a legend in the form substantially as follows:

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR UNDER THE SECURITIES OR BLUE SKY LAWS OF ANY STATE (THE "LAWS"). THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION AND QUALIFICATION OF THESE SECURITIES UNDER THE ACT AND THE LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED UNDER THE ACT AND THE LAWS.

8.7 No General Solicitation. Warrantholder has not seen or received any advertisement or general solicitation in connection with this Agreement or the Warrant.

9. Miscellaneous.

9.1 Governing Law. This Agreement is entered into in San Diego, California, shall be performed in California, and shall be interpreted and enforced in San Diego, California under the internal laws of the State of California without regard to California's conflict-of-law provisions.

9.2 Entire Agreement. This Agreement and the Subscription Agreement constitute the final, complete and exclusive agreement between the parties pertaining to the subject of this Agreement, and supersedes all prior and contemporaneous agreements. None of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. Any changes or supplements to this Agreement must be in writing and signed by both of the parties.

9.3 Assignment. Not in derogation of Section 7 hereof, this Agreement shall be binding on, and shall inure to the benefit of, the parties and their respective heirs, legal representatives, successors and assigns.

9.4 Notices, Etc. All notices, requests, demands or other communications that are required or permitted under this Agreement shall be in writing and shall be deemed to have been given at the earlier of the date when actually delivered to a party or three (3) days after being deposited in the United States mail, postage prepaid, return receipt requested, and addressed as follows, unless and until any of such parties notifies the others in accordance with this Section of a change of address:

The "Company":	Wireless Facilities, Inc. 9725 Scranton Road, Suite 140 San Diego, California 92121 Attention: Masood K. Tayebi, Ph.D. and Massih Tayebi, Ph.D.
"Warrantholder":	----------

Copy to:	William W. Eigner, Esq. Procopio, Cory, Hargreaves & Savitch LLP 530 B Street, Suite 2100 San Diego, CA 92101

9.5 Attorneys' Fees. In any action at law, in equity, or arbitration arising from or relating to this Agreement, the unsuccessful party to such litigation or arbitration, as determined by the court or arbitrator in a final judgment, decree or decision, shall pay the successful party or

parties as determined by the court or arbitrator, all costs, expenses and reasonable attorneys' fees incurred by the successful party or parties (including without limitation costs, expenses and fees on any appeals), and if the successful party recovers judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of the judgment.

9.6 Severability. In the event that any one or more of the provisions contained in this Agreement or in any other document referenced in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such document.

9.7 Time is of the Essence. Time is absolutely of the essence in construing each provision of this Agreement.

9.8 Interpretation/Conflict Waiver. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. This Agreement has been drafted by Procopio, Cory, Hargreaves & Savitch LLP ("Procopio"), which has served as legal counsel for the Company only in this transaction. However, the undersigned has been encouraged, and has had the opportunity, to consult with the undersigned's own independent legal counsel with respect to this Agreement. The parties acknowledge that each party and such party's counsel have reviewed and revised, or have had an opportunity to review and revise, this Agreement. Therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. All parties acknowledge they have been informed of Procopio's potential representation of the undersigned or related entities and of the potential effects of such representation, and nonetheless waive, to the fullest extent permitted by law, any conflict-of-interest claims they may have against Procopio and its attorneys.

9.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. A faxed signature shall be as valid as an originally executed signature.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

"Company"

WIRELESS FACILITIES, INC.,
a New York corporation

By:_____
Name:_____
Title:_____

"Warrantholder"

_____

Exhibit A

Notice of Exercise

To: President
Wireless Facilities, Inc.

(1) The undersigned Warrantholder ("Warrantholder") hereby elects to purchase _____ (_____) shares of the Common Stock of Wireless Facilities, Inc., a New York corporation (the "Company"), pursuant to the terms of the Warrant Agreement dated as of February 28, 1997 (the "Warrant Agreement") between the Company and Warrantholder, and tenders herewith payment of the purchase price for such shares in full, together with all applicable transfer taxes, if any.

(2) In exercising its rights to purchase the Common Stock of the Company, the undersigned hereby confirms and acknowledges the representations made in Section 8 of the Warrant Agreement.

(3) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

WARRANTHOLDER

By:_____
Name:_____
Title:_____

Date:_____

EXHIBIT 10.15

WIRELESS FACILITIES, INC.,
a New York Corporation

SUBSCRIPTION AND REPRESENTATION AGREEMENT

Subscriber Please Complete:

Name of Subscriber: _____

Address: _____

_____

Phone: _____

Subscription Amount: $280,000.00

Wireless Facilities, Inc.
9725 Scranton Road, Suite 140
San Diego, CA 92121

NOTE: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THEY BEEN QUALIFIED UNDER ANY STATE OR OTHER SECURITIES LAWS, RULES, OR REGULATIONS, INCLUDING THE STATES OF CALIFORNIA AND WASHINGTON, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION UNDER THE ACT AND QUALIFICATION OR REGISTRATION UNDER OTHER APPLICABLE SECURITIES LAWS, RULES, AND REGULATIONS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE CORPORATION THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED.

THIS REPRESENTATION AND SUBSCRIPTION AGREEMENT (this "Agreement") dated effective as of February 28, 1997 is entered into between WIRELESS FACILITIES, INC., a New York corporation (the "Corporation"), and the undersigned subscriber (hereinafter, the "undersigned"). This Agreement shall be deemed to have been executed and entered into by the undersigned upon the undersigned's execution of this Agreement and shall be binding upon the undersigned without any further act or execution by the Corporation.

1. Purchase. The undersigned hereby subscribes for one hundred thousand

(100,000) shares of Common Stock of the Corporation (the "Shares") at Two and 80/100 Dollars ($2.80) per Share, and encloses the amount of Two Hundred Eighty Thousand Dollars ($280,000.00) payable to the Corporation in full payment for the Shares.

2. Acceptance and Termination. The undersigned agrees that this Agreement and the subscription made hereunder are and shall be irrevocable, and shall survive the death or disability of the undersigned; provided, however, that the obligations hereunder will terminate if this subscription is not accepted by the Corporation. If this subscription is accepted by the Corporation, then the undersigned shall become a shareholder of the Corporation.

3. Acceptance of Certificate, Bylaws and Minutes. The undersigned agrees that the execution of this Agreement shall constitute an acknowledgement that the undersigned has reviewed and accepted the terms of the Corporation's Certificate of Incorporation, Bylaws and Minutes, as amended, a copy of which is attached hereto as Exhibit A and incorporated herein (the "Charter Documents"). The undersigned understands that a shareholder's right to transfer his Shares may be restricted by the Bylaws.

4. Information. The undersigned has been furnished and has carefully read the following items, copies of which have been provided to the Undersigned (collectively, the "Documents"): (a) the Charter Documents; (b) unaudited financial statements for the period ending December 31, 1995; (c) unaudited draft financial statements for the period ending December 31, 1996; (d) patent development information; (e) intellectual property information; (f) the Corporation's Share Ledger; (g) the Incomplete List of Risk Factors, a copy of which is attached hereto as Exhibit B and incorporated herein; and (h) the Corporation's 1996 Stock Option Plan and a list of optionees under the Plan. The undersigned understands that: (i) no federal or state agency has passed upon the Shares or has made any finding or determination concerning the fairness or value of the Shares, and (ii) the books and records of the Corporation are and will continue to be available for inspection by the undersigned, and any purchaser representative of the undersigned, at the Corporation's address listed above.

5. Illiquidity of Investment; Securities Laws. The undersigned understands that the Shares subscribed for herein are not a liquid investment. In particular, the undersigned understands and acknowledges that:

(a) The offering and proposed sale of shares herein have not been registered or qualified under the Securities Act of 1933 (the "Act") nor under the securities laws of any state including California and Washington. This offering has not been reviewed by the Securities and Exchange Commission ("SEC") nor has the SEC or any state securities commission or regulatory authority approved, passed upon or endorsed the merits of this offering. The offering and proposed sale of the shares herein will be made privately to a limited number of investors in reliance upon certain securities exemptions, including (i) the "private placement" exemption from registration provided in Section 4(2) of the Act, and (ii) the exemption set forth in Section 25102(f) of the California Corporate

Securities Law of 1968, as amended, and the regulations promulgated thereunder.

(b) It is believed that the offering and proposed sale of the shares herein currently qualify and will continue to qualify under each such claimed exemption. Because the availability of certain of these exemptions is based upon subjective factors, however, and because the criteria for exemption are subject to interpretation by state or federal regulatory agencies and courts, there is no assurance that such exemptions will be available. If and to the extent that suits for rescission are brought for failure to register this offering or for acts or omissions constituting offenses under the Act or the State Acts, the capital and financial condition of the Corporation could be adversely affected. In addition, the Corporation could be adversely affected by need to defend any such private or governmental action even where the Corporation ultimately is exonerated.

(c) The undersigned will have no right to require registration of the shares offered and sold hereby under the Act and will not be entitled to the benefits of Rule 144 under the Act.

(d) There will be no public market for the shares offered and sold pursuant to this offering.

(e) The undersigned's right to transfer the shares offered and sold hereby will be restricted by the Corporation's Bylaws, this Agreement, and applicable securities regulations and other laws.

(f) The undersigned agrees not to take any action that would jeopardize the Corporation's status as an S-Corporation so long as a majority of the Corporation's shareholders choose to retain the Corporation's S-Corporation status.

(g) The undersigned agrees to indemnify and hold harmless the other shareholders of the Corporation if the actions of the undersigned cause a revocation of the Corporation's S-corporation status absent the written consent of the holders of a majority in interest of the shares of the Corporation.

6. Representations and Warranties. The undersigned hereby represents and warrants as follows (initial each one):

(a) _____ The undersigned confirms that the Documents and all other documents, records, and books pertaining to the investment in the Corporation and its proposed business have been made available to the undersigned for review.

(b) _____ The undersigned, or the representatives or advisors of the undersigned, have had the opportunity to ask questions of and receive

answers from the officers of the Corporation, or persons acting on its behalf, concerning the terms and conditions of this investment, and all such questions have been answered to the full satisfaction of the undersigned or the representatives or advisors of the undersigned.

(c) _____ Other than as described in the Documents, the undersigned has not been presented with or solicited by any leaflet, public promotional meeting, circular, newspaper or magazine article, radio or television advertisement, or any other form of advertising concerning the Shares or the Corporation.

(d) _____ Other than as described in the Documents, the undersigned has received no representations or warranties from the Corporation, or from any directors, officers, agents, employees, attorneys or accountants of the Corporation, and in purchasing the Shares, the undersigned is relying solely on the investigations made by the undersigned.

(e) _____ The undersigned confirms that the undersigned has acted as a consultant to the Corporation and as such has gained an intimate knowledge of the Corporation's strengths and weaknesses.

(f) _____ The undersigned confirms that the undersigned is an industry expert in the field of wireless communications, and is experienced in financing and operating small wireless service companies, and understands the inherent risks of operating a company in the wireless services field.

(g) _____ The undersigned confirms the understanding of the undersigned that the Corporation, as a young company, has deferred maintenance in its record keeping and in its corporate house-keeping so that problems in its issuance of shares and options and other documentation problems will need to be addressed, and such process may be expensive.

(h) _____ The undersigned acknowledges that neither the SEC nor any other state or federal agency has made any determination as to the merits of purchasing the Shares or as to the value of the Shares, and that the purchase of the Shares involves a high degree of risk.

(i) _____ The undersigned is acquiring the shares for the undersigned's own account or in the capacity set forth on the signature page hereof, and not with a view to any distribution thereof. The undersigned understands that the Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), in reliance on the

statutory exemption in Section 4(2) thereof for any security sold in a private offering and the rules and regulations issued pursuant to the Act; and that the Shares have not been registered under the "blue sky" laws of any state including California and Washington. The Shares have not been qualified nor a permit obtained for issuance of securities from the California Department of Corporations nor any other agency of the State of California or the State of Washington and are being sold pursuant to the exemptions provided in Section 25102(f) of the California Corporations Code and a corresponding exemption under Washington law. The undersigned further understands that the Corporation's action in doing so is based in part on the representations of the undersigned made herein.

(j) _____ The undersigned understands that the Shares must be held indefinitely unless subsequently registered under the Act and qualified or registered under other applicable state laws (which is highly unlikely) or unless an exemption from such qualification or registration is available. The undersigned agrees that a notation of these and other restrictions shall be placed upon the Shares and in the appropriate records of the Corporation.

(k) _____ The undersigned understands the risks and other considerations related to the purchase by the undersigned of the Shares, and the undersigned has such knowledge and experience in financial and business matters that the undersigned (alone or with the aid of the investment advisors of the undersigned) is capable of evaluating the merits and risks of purchasing the Shares.

(l) _____ The undersigned has consulted with and relied entirely on the undersigned's legal, business, financial, and tax advisors in purchasing the Shares and in evaluating the merits and risks of an investment in the Corporation.

(m) _____ The undersigned understands that Regulation D under the Act defines an "accredited investor" as any person coming within any of the following categories:

i. Any director or executive officer of the Corporation;

ii. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;

iii. Any natural person who had an individual income in excess of

$200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

iv. A revocable trust, the grantor of which qualifies under (ii) or (iii) above; or

v. Any entity in which all of the equity owners are accredited investors.

(n) The undersigned hereby represents to the Corporation that the undersigned is an "accredited investor" within the meaning of Regulation D, and is included within the following accredited investor category or categories defined above [initial the applicable category]:

(i) _____

(ii) _____

(iii) _____

(iv) _____

(v) _____

None _____

If the undersigned belongs to accredited investor category "(v)" only, a list of the shareholders, partners or beneficiaries of the undersigned, and the "accredited investor" category which each such shareholder, partner or beneficiary satisfies, is attached to this Agreement.

(o) _____ If the undersigned has initialed category (ii) of Section 5(k) above, the undersigned acknowledges that the term "net worth" means the excess of total assets over total liabilities. In computing net worth for the purposes of category (v) above, the undersigned's principal residence must be valued either at (A) cost, including the cost of improvements, net of current encumbrances upon the property or (B) the appraised value of the property as determined upon a written appraisal used by an institutional lender making a loan to the individual secured by the property, including the cost of subsequent improvements, net of current encumbrances upon the property. In determining income, the undersigned should add to the

undersigned's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

(p) _____ The undersigned (jointly with spouse) has a net worth inclusive of his residence of:

[ ] More than $500,000
[ ] More than $1,000,000
[ ] More than $2,000,000

(q) _____ The undersigned is able to bear the economic risk of an investment in the Corporation, has the ability to hold the Shares indefinitely, the undersigned's overall commitment to investments which are not readily marketable (such as the Shares) is not disproportionate to the undersigned's net worth, and the undersigned has the financial ability to suffer a complete loss of the undersigned's investment in the Shares.

(r) _____ The undersigned has all requisite power, authority, and capacity to purchase and hold the Shares and to execute, deliver, and comply with the terms of this Agreement, and such execution, delivery, and compliance does not conflict with or constitute a default under any instruments governing the undersigned, any law, regulation, or order, or any agreement to which the undersigned is a party or by which the undersigned may be bound.

(s) _____ The undersigned understands the meaning and legal consequences of the representations, warranties, covenants, and other agreements contained in this Agreement and the Documents, and the undersigned understands that the Corporation has relied upon such representations, warranties, covenants, and agreements, including those with respect to compliance with applicable securities laws, rules, and regulations, and the undersigned hereby agrees to indemnify and hold harmless the Corporation and its respective directors, officers, agents, attorneys, and employees, from and against any and all loss, damage, or liability, together with all costs and expenses (including attorneys' fees and disbursements), which any of them may incur by reason of (i) any breach of any of the representations, warranties, covenants, or agreements of the undersigned contained in this Agreement executed by the undersigned, or (ii) any false, misleading, incomplete, or inaccurate information contained

in this Agreement executed by the undersigned. All representations, warranties, and covenants contained in this Agreement, and the indemnification contained in this Section, shall survive the acceptance of this Agreement.

(t) _____ The undersigned further represents and warrants the following information for the purpose of assisting the Corporation in its evaluation of the suitability to the undersigned of an investment in the Corporation. If there should be any material change in any of the following information prior to the acceptance of this subscription, the undersigned agrees to immediately furnish in writing to the Corporation accurate and complete information concerning such change:

INDIVIDUAL INVESTORS:
Name(s):

- ---

Type of Ownership of Shares:
( ) Individual ( ) Joint tenants with rights of survivorship (husband and wife only) ( ) Other _____

Social Security Number(s):

- ---

Date(s) of Birth:

Residence Address:

(Street)

- ---

(City) (State) (Zip)

Telephone Number:

(Area Code) (Number)

Please send correspondence to:

- ---

(Street)

- ---

(City) (State) (Zip)

7. Piggyback Registration. If at any time or from time to time the Corporation proposes to register any of its securities under the Securities Act (other than a registration effected solely to implement an employee benefit plan, a transaction to which Rule 145 of the SEC is applicable or any other form or type of registration in which the Shares cannot be included pursuant to SEC rule or practice), the Corporation shall give written notice to the holders of the Shares of its intention to do so. For the limited purposes of this Section 7, to the extent that the undersigned holds shares of the Corporation's Common Stock (the "Common Stock") pursuant to this Agreement or otherwise, the Common Stock held by the undersigned shall be included in the definition of Shares and the undersigned shall be entitled to the piggyback rights described in this Section 7. If such registration is proposed to be on a form which permits inclusion of the Shares, upon the written request (stating the intended method of disposition of such securities) of the undersigned given within fifteen (15) days after transmittal by the Corporation to the undersigned of such notice, the Corporation shall, subject to the limits contained in this Section 7, use its best efforts to cause all such Shares of the undersigned to be registered under the Securities Act of 1933 as amended and qualified for sale under certain state securities laws, all to the extent requisite to permit such sale or other disposition by the undersigned of the Shares so registered; provided, however, if the underwriter managing such

registration notifies the undersigned in writing that market or economic conditions limit the amount of securities that may reasonably be expected to be sold, the number of Shares to be included in such registration shall be reduced pro rata based on the number of shares of Common Stock with respect to which registration is requested by the holders of Common Stock. If any such cutback is required, the cutback shall be applied in the following order of priority:

First: Up to all of the shares held by shareholders who do not have any contractual registration rights.

Second: Up to all of the shares of Common Stock.

Third: Some of the new shares to be offered and sold by the Corporation.

7.1 Withdrawal from Offering. If the undersigned disapproves of the terms of any such underwriting, he may elect to withdraw therefrom by written notice to the Corporation and the managing underwriter. Any securities excluded or withdrawn from such underwriting, in the event that such underwriting represents the initial underwritten public offering of the Corporation's securities, shall be withdrawn from such registration, and shall not be transferred in a public distribution prior to two hundred seventy (270) days after the effective date of the registration statement relating thereto, or such other shorter period of time as the underwriters may require.

7.2 Termination of Offering. The Corporation shall have the right to terminate or withdraw any registration initiated by it under this Section 7 prior to the effectiveness of such registration whether or not the undersigned has elected to include securities in such registration.

8. Governing Law. This Agreement is made in San Diego, California and it shall be construed in San Diego, California in accordance with and governed in all respects by the internal laws of the State of California without regard to California's choice-of-law provisions.

9. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof, supersedes all prior agreements with respect to the subject matter hereof, and may be modified only through a signed written agreement between the parties.

10. Interpretation/Conflict Waiver. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. This Agreement has been drafted by Procopio, Cory, Hargreaves & Savitch LLP ("Procopio"), which has served as legal counsel for the Corporation only in this transaction. However, the undersigned has been encouraged, and has had the opportunity, to consult with the undersigned's own independent legal counsel with respect to this Agreement. The parties acknowledge that each party and such party's counsel have reviewed and revised, or have had an opportunity to review and revise, this Agreement. Therefore, the normal rule of construction to the effect that any ambiguities are to

be resolved against the drafting party shall not be employed in the interpretation of this Agreement. All parties acknowledge they have been informed of Procopio's potential representation of the undersigned or related entities and of the potential effects of such representation, and nonetheless waive, to the fullest extent permitted by law, any conflict-of-interest claims they may have against Procopio and its attorneys.

11. Counterparts. This Agreement may be executed in counterparts. A faxed signature shall be equally valid as an original signature.

THE UNDERSIGNED HEREBY SWEARS AND AFFIRMS THAT HE OR SHE HAS READ THE FOREGOING AND IS FAMILIAR WITH THE CONTENTS OF THIS AGREEMENT AND THE DOCUMENTS, AND THAT THE REPRESENTATIONS AND STATEMENTS OF THE UNDERSIGNED CONTAINED HEREIN ARE TRUE AND ACCURATE.

Date: Effective as of 2/28/97

(Signature)

(Please Print Name)

Date: Effective as of 2/28/97

(Signature of Spouse)

(Please Print Name of Spouse)

AGREED AND ACCEPTED:

WIRELESS FACILITIES, INC.,
a New York corporation

Date: Effective as of 2/28/97

By: ----

Name: ---

Title: ---

[End Signatures]

EXHIBIT 10.16

==========

WIRELESS FACILITIES, INC.,

A NEW YORK CORPORATION

WARRANT AGREEMENT

FOR THE ISSUANCE OF

200,000 SHARES OF COMMON STOCK

==========

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 ("THE ACT") OR UNDER THE SECURITIES OR BLUE SKY LAWS OF ANY STATE (THE "LAWS"). THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION AND QUALIFICATION OF THESE SECURITIES UNDER THE ACT AND THE LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED UNDER THE ACT AND THE LAWS.

WARRANT AGREEMENT

THIS WARRANT AGREEMENT (this "Agreement") is entered into and effective as of February 1, 1998 (the "Effective Date"), by and between WIRELESS FACILITIES, INC., a New York corporation (the "Company"), and _____ ("Warrantholder").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Company and the Warrantholder certify and agree as follows:

1. Grant of the Right to Purchase Common Stock. For value received in the form of agreeing to serve as a member of the Company's Board of Directors (a "Director"), the Company hereby grants to Warrantholder, and Warrantholder is entitled to, upon the terms and subject to the conditions set forth in this Agreement, a warrant (the "Warrant") to subscribe for and purchase from the Company two hundred thousand (200,000) shares of the Company's Common Stock (the "Shares"), at a purchase price of four and 75/100 Dollars ($4.75) per Share (the "Exercise Price").

2. Term of the Warrant Agreement. Except as otherwise provided in this Agreement, the term of this Agreement and the right to purchase the Shares as granted in this Agreement, shall occur as follows:

2.1 Effective Date Vesting. Commencing on the Effective Date, the initial sixty-six thousand six hundred sixty-six (66,666) of the Shares shall vest and be exercisable until the tenth (10th) anniversary of the Effective Date, unless such exercise period shall be extended in writing by the Company.

2.2 One Year Anniversary Vesting. Commencing on the first anniversary of the Effective Date, if -- and only if -- Warrantholder is then a Director, sixty-six thousand six hundred sixty-six (66,666) of the Shares shall vest and be exercisable until the eleventh (11th) anniversary of the Effective Date, unless such exercise period shall be extended in writing by the Company.

2.3 Two Year Anniversary Vesting. Commencing on the second anniversary of the Effective Date, if -- and only if -- Warrantholder is then a Director, the remaining sixty-six thousand six hundred sixty-seven (66,667) of the Shares shall vest and be exercisable until the twelfth (12th) anniversary of the Effective Date, unless such exercise period shall be extended in writing by the Company.

3. Exercise of the Purchase Rights. Warrantholder's status as a Director shall be an absolute condition precedent to the vesting of the Shares on the first and second anniversaries of the Effective Date. Subject to this Agreement, the purchase rights set forth in this Agreement are exercisable by Warrantholder at any time prior to the expiration of the applicable term set forth in Section 2, by tendering to the Company at its principal office a notice of exercise in the form attached to this Agreement as Exhibit A (the "Notice of Exercise"), duly completed and executed, together with a cashier's check or wire transfer (or other mode of payment acceptable to the Company) in the amount of the aggregate purchase price of the Shares together with all applicable transfer taxes, if any. Notwithstanding the foregoing, however, Warrantholder may not purchase less than 1,000 of the Shares at one time. Upon receipt of the Notice of Exercise and the payment of the purchase price therefor, the Company shall issue to Warrantholder a share certificate for the number of Shares purchased.

4. Reservation of Shares. Following the Company's intended reincorporation as a Delaware corporation, and for the remainder of the term of this Agreement, the Company shall at all times have authorized and reserved a sufficient number of shares of its Common Stock to provide for the exercise of the rights to purchase the Shares as provided in this Agreement. Warrantholder acknowledges that the Company may not have a sufficient number of reserved shares of its Common Stock until the effective date of the reincorporation.

5. No Rights as Shareholder. This Agreement does not entitle Warrantholder to any voting rights or other rights as a shareholder of the Company prior to the purchase of the Shares as provided in this Agreement.

6. Adjustment Rights. The Exercise Price and the number of Shares purchasable hereunder are subject to adjustment from time to time as follows:

6.1 Merger and Sale of Assets. If at any time there shall be a capital reorganization of the shares of the Company's Common Stock (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), or a merger or consolidation of the Company with or into another corporation where the Company is not the surviving corporation, or the sale of all or substantially all of the Company's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, whether for stock, cash, or other consideration, lawful provision shall be made so that Warrantholder shall thereafter be entitled to receive upon exercise of its Warrants the number of shares of Common Stock or other securities of the successor corporation resulting from such merger or consolidation to which Warrantholder would have been entitled if the Warrants had

been exercised immediately prior to such capital reorganization, merger, consolidation or sale. In any such case, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant Agreement with respect to the rights and interest of Warrantholder after such reorganization, merger, consolidation or sale so that the provisions of this Warrant Agreement (including adjustments of the Exercise Price and the number of Shares issuable pursuant to the terms and conditions of this Warrant Agreement) shall be applicable after such event, as near as reasonably may be, in relation to any shares deliverable after that event upon the exercise of the Warrants.

6.2 Reclassification of Shares. If the Company at any time shall, by combination, reclassification, exchange or subdivision of securities or otherwise, change the Common Stock into the same or a different number of securities of any other class or classes, this Warrant Agreement shall thereafter represent the right to acquire such number and kind of securities as would have been issuable hereunder had the Warrantholder exercised its rights with respect to all of the shares then represented by this Warrant Agreement immediately prior to such combination, reclassification, exchange, subdivision or other change.

6.3 Subdivision or Combination of Shares. If the Company at any time shall combine or subdivide its Common Stock, the Exercise Price shall be proportionately decreased in the case of a subdivision, or proportionately increased in the case of a combination.

6.4 Stock Dividends. If the Company at any time shall pay a dividend payable in the Company's Common Stock, then the Exercise Price shall be adjusted, from and after the date of determination of shareholders entitled to receive such dividend, to a price determined by multiplying the Exercise Price in effect immediately prior to such date of determination by a fraction (i) the numerator of which shall be the total number of all shares of the Company's Common Stock outstanding immediately prior to such dividend (assuming all convertible securities are then converted into Common Stock) and (ii) the denominator of which shall be the total number of all shares of the Company's Common Stock outstanding immediately after such dividend (assuming all convertible securities are then converted into Common Stock). Warrantholder shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock (calculated to the nearest whole share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable upon the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

7. Warrant Nontransferable. The Warrant may not be sold, pledged, assigned or transferred in any manner, except that the warrants may be transferred by Warrantholder's will upon Warrantholder's death and/or may be assigned to a trust for the benefit of Warrantholder and/or Warrantholder's immediate family members.

8. Securities Issues. Warrantholder, intending that the Company rely upon the following representations and covenants of Warrantholder, which by execution of this

Agreement, Warrantholder hereby confirms:

8.1 Acquisition for Own Account. Warrantholder is entering into this Agreement for Warrantholder's own account and not with a view to or for sale in connection with any distribution of securities.

8.2 No Transfers Contemplated. Warrantholder does not presently have any contracts, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any securities of the Company.

8.3 True Investment Purpose. Warrantholder has not been organized for the purpose of entering into this Agreement.

8.4 Restrictions on Acquired Securities. Warrantholder acknowledges that any securities acquired pursuant to this Agreement may not be sold, pledged, assigned or transferred in any manner, except pursuant to registration and qualification under applicable securities laws, or if an exemption from such registration or qualification is applicable.

8.5 Investment Experience. Warrantholder is an investor in securities of early stage companies and is able to fend for himself, bear the economic risk of his investment and evaluate the merits and risks of the transactions provided in this Agreement. All representations, warranties and agreements of Warrantholder as stated in that certain Subscription and Representation Agreement between the Warrantholder and the Company dated effective as of February 28, 1997 (the "Subscription Agreement") are hereby restated and incorporated herein by this reference.

8.6 Legend. Warrantholder understands that any Common Stock issuable upon the exercise of the Warrant under this Agreement shall be subject to transfer restrictions as provided in the Bylaws of the Company and under applicable law and may bear a legend in the form substantially as follows:

> THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR UNDER THE SECURITIES OR BLUE SKY LAWS OF ANY STATE (THE "LAWS"). THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION AND QUALIFICATION OF THESE SECURITIES UNDER THE ACT AND THE LAWS OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION AND QUALIFICATION ARE NOT REQUIRED UNDER THE ACT AND THE LAWS.

8.7 No General Solicitation. Warrantholder has not seen or received any

advertisement or general solicitation in connection with this Agreement or the Warrant.

9. Miscellaneous.

9.1 Governing Law. This Agreement is entered into in San Diego, California, shall be performed in California, and shall be interpreted and enforced in San Diego, California under the internal laws of the State of California without regard to California's conflict-of-law provisions.

9.2 Entire Agreement. This Agreement and the Subscription Agreement constitute the final, complete and exclusive agreement between the parties pertaining to the subject of this Agreement, and supersedes all prior and contemporaneous agreements. None of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. Any changes or supplements to this Agreement must be in writing and signed by both of the parties.

9.3 Assignment. Not in derogation of Section 7 hereof, this Agreement shall be binding on, and shall inure to the benefit of, the parties and their respective heirs, legal representatives, successors and assigns.

9.4 Notices, Etc. All notices, requests, demands or other communications that are required or permitted under this Agreement shall be in writing and shall be deemed to have been given at the earlier of the date when actually delivered to a party or three (3) days after being deposited in the United States mail, postage prepaid, return receipt requested, and addressed as follows, unless and until any of such parties notifies the others in accordance with this Section of a change of address:

The "Company": Wireless Facilities, Inc.
9725 Scranton Road, Suite 140
San Diego, California 92121
Attention: Masood K. Tayebi, Ph.D. and
Massih Tayebi, Ph.D.

"Warrantholder":

Copy to: William W. Eigner, Esq.
Procopio, Cory, Hargreaves
& Savitch LLP
530 B Street, Suite 2100
San Diego, CA 92101

9.5 Attorneys' Fees. In any action at law, in equity, or arbitration arising from or relating to this Agreement, the unsuccessful party to such litigation or arbitration, as determined by the court or arbitrator in a final judgment, decree or decision, shall pay the successful party or parties as determined by the court or arbitrator, all costs, expenses and reasonable attorneys' fees incurred by the successful party or parties (including without limitation costs, expenses and fees on any appeals), and if the successful party recovers judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of the judgment.

9.6 Severability. In the event that any one or more of the provisions contained in this Agreement or in any other document referenced in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such document.

9.7 Time is of the Essence. Time is absolutely of the essence in construing each provision of this Agreement.

9.8 Interpretation/Conflict Waiver. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. This Agreement has been drafted by Procopio, Cory, Hargreaves & Savitch LLP ("Procopio"), which has served as legal counsel for the Company only in this transaction. However, the undersigned has been encouraged, and has had the opportunity, to consult with the undersigned's own independent legal counsel with respect to this Agreement. The parties acknowledge that each party and such party's counsel have reviewed and revised, or have had an opportunity to review and revise, this Agreement. Therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. All parties acknowledge they have been informed of Procopio's potential representation of the undersigned or related entities and of the potential effects of such representation, and nonetheless waive, to the fullest extent permitted by law, any conflict-of-interest claims they may have against Procopio and its attorneys.

9.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. A faxed signature shall be as valid as an originally executed signature.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

"Company"

WIRELESS FACILITIES, INC.,
a New York corporation

By:_____
Name:_____
Title:_____

"Warrantholder"

_____

Exhibit A

Notice of Exercise

To: President
Wireless Facilities, Inc.

(1) The undersigned Warrantholder ("Warrantholder") hereby elects to purchase _____ (_____) shares of the Common Stock of Wireless Facilities, Inc., a New York corporation (the "Company"), pursuant to the terms of the Warrant Agreement dated as of February 1, 1998 (the "Warrant Agreement") between the Company and Warrantholder, and tenders herewith payment of the purchase price for such shares in full, together with all applicable transfer taxes, if any.

(2) In exercising its rights to purchase the Common Stock of the Company, the undersigned hereby confirms and acknowledges the representations made in Section 8 of the Warrant Agreement.

(3) Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below.

_____
(Name)

_____
(Address)

WARRANTHOLDER

By:_____
Name:_____
Title:_____

Date:_____

EXHIBIT 10.17

BILL OF SALE AND ASSIGNMENT AGREEMENT

This Bill of Sale and Assignment Agreement (this "Agreement") is entered into effective as of June 30, 1999, by and between Wireless Facilities, Inc., a Delaware corporation ("Assignor") and _____, ("Assignee"), upon the following terms and conditions:

1. Sale and Assignment of Membership Units. In consideration of the purchase price of $99,924.00, which shall be payable in accordance with the terms of that certain Promissory Note from Assignee to Assignor of the same amount dated June 30, 1999, a copy of which is attached hereto as Exhibit A and the terms of which are incorporated herein by reference, and the delivery and receipt of which is hereby acknowledged by Assignor, Assignor hereby sells, assigns, conveys and transfers to Assignee 9,375 limited liability membership units (the "Units"), comprising fifty percent of Assignor's investment in Sierra Towers Investment Group, LLC, a Delaware limited liability company (the "Company").

2. Assignee Acceptance. By its execution hereof, Assignee acknowledges receipt of the Units and accepts, approves and agrees to be bound by the terms of the Operating Agreement of the Company and of each Subscription Agreement between Assignor and the Company pursuant to which Assignor purchased the Units, and agrees to perform and discharge all of Assignor's obligations and liabilities thereunder.

3. Indemnification by Assignee. Assignee hereby agrees to defend, indemnify and hold Assignor harmless against any and all obligations and liabilities relating to the Units which arise after the date hereof and which are hereby assumed by Assignee.

4. Representations of Assignor. Assignor represents and warrants that it owns the Units free and clear of all liens, claims and encumbrances. By this Agreement, Assignor intends to cause the Units to be transferred to Assignee free and clear of all liens, claims and encumbrances and to have Assignee admitted as a substituted member of the Company as the owner of the Units.

5. Representations of Assignee. Assignee represents and warrants that he:

a. is acquiring the Units for his own account as principal, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof;

b. has the financial ability to bear the economic risk of the purchase of the Units, has adequate means of providing for his current needs and personal or other contingencies, and has no need for liquidity with respect to his purchase of the Units;

c. has such knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of the investment in the Company;

d. has been furnished with or has had access to the Company's business plan and any financial information or other documents concerning the Company which may have been made available upon request, and has been given the opportunity to ask questions of, and receive answers from, Assignor pertaining to this investment;

e. recognizes that the Units are a speculative investment and involve a high degree of risk, including, but not limited to, the potential loss of the entire investment or the risk of economic losses from the operations of the Company, but has determined (i) the Units are a suitable investment for him and (ii) he could bear a complete loss of his investment in the Units; and

f. understands and acknowledges that the Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933, as amended, and the applicable state securities laws or pursuant to registration or exemption therefrom, and he will be required to bear the financial risks of the purchase of the Units for an indefinite period of time.

6. Further Acts. Assignor and Assignee hereby agree to use their reasonable efforts to implement the provisions of this Agreement, including executing and delivering such consents, resolutions, Unit certificates and other documents as are necessary.

7. Binding Effect. This Agreement and each of its provisions shall be binding upon and shall inure to the benefit of the respective heirs, successors and assigns of each party hereto.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth above.

ASSIGNOR:

Wireless Facilities, Inc., a Delaware corporation

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____

EXHIBIT 10.18

ASSIGNMENT OF NOTE

This Assignment of Note (this "Assignment") is entered into as of June 30, 1999, among Wireless Facilities, Inc., a Delaware corporation ("Assignor"), and Masood K. Tayebi, Ph.D. and Massih Tayebi, Ph.D. (each of the Tayebis, an "Assignee" and collectively, "Assignees"), upon the following terms and conditions:

1. Assignment of Note. In consideration of the purchase price of $62,500.00, which shall be payable in accordance with the terms of a promissory note from each Assignee to Assignor in the principal amount of $31,250.00 each, copies of which are attached hereto as Exhibit A-1 and A-2 and the terms of which are incorporated herein by reference, and of which Assignor hereby acknowledges delivery and receipt, Assignor hereby sells, assigns, conveys and transfers to Assignees, all of Assignor's right, title and interest in and to that certain Redeemable Note in the principal amount of $62,500.00 dated June 9, 1999 from Sierra Towers Investment Group, LLC, a Delaware limited liability company (the "Company") in favor of Assignor (the "Note"), a copy of which is attached hereto as Exhibit B. Assignees shall hold the Note jointly, with each Assignee having an undivided one half interest in the Note.

2. Representations of Assignor. Assignor represents and warrants that it owns the Note free and clear of all liens, claims and encumbrances.

3. Further Acts. Assignor and Assignees hereby agree to use their reasonable efforts to implement the provisions of this Agreement, including executing and delivering such consents, resolutions, endorsements and other documents as are necessary.

4. Binding Effect. This Agreement and each of its provisions shall be binding upon and shall inure to the benefit of the respective heirs, successors and assigns of each party hereto.

5. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth above.

ASSIGNOR:

Wireless Facilities, Inc., a Delaware corporation

By: ----------

Name: ----------

Title: ----------

ASSIGNEES:

Masood K. Tayebi, Ph.D.

Massih Tayebi, Ph.D.

EXHIBIT 10.19

PROMISSORY NOTE

$99,924.00 San Diego, California June 30, 1999

FOR VALUE RECEIVED, the undersigned promises to pay to Wireless Facilities, Inc., a Delaware corporation ("Payee"), or order, where designated by the holder of this Note, the principal sum of Ninety-Nine Thousand Nine Hundred and Twenty-Four Dollars ($99,924.00), together with simple interest on the principal balance from time to time remaining unpaid at the rate of ten percent (10%) per annum from the date of this Promissory Note (this "Note"). This Note shall be due and payable on November 30, 1999, at which time the entire principal amount and all accrued interest shall be due and payable in full.

This Note may be prepaid, in whole or in part, without notice, at any time and from time to time. Interest shall be calculated on the daily unpaid principal balance hereof based on the actual number of days elapsed in the interest payment period over a year of 365 or 366 days, as appropriate. Each payment shall be credited first to interest then due, and the balance, if any, to principal, and interest shall thereupon cease upon the principal so credited. Should default be made in payment of principal or interest when due, then the entire unpaid principal amount of this Note and all accrued interest thereon shall become immediately due and payable at the option of the holder of this Note.

All amounts due under this Note shall be payable in lawful money of the United States of America. The undersigned promises to pay all costs of collection, including reasonable attorneys' fees and costs, which may be paid or incurred in the collection or enforcement of all or any part of this Note. This Note may not be modified or terminated orally but only by agreement or discharge in writing and signed by the holder of this Note.

If any provision of this Note, or the application of it to any party or circumstance, is held to be invalid, the remainder of this Note, and the application of such provision to other parties or circumstances, shall not be affected thereby, the provisions of this Note being severable in any such instance. No delay or omission on the part of the holder of this Note in exercising any rights under this Note or default by the undersigned, shall operate as a waiver of such right or of any other right under this Note or under any other instrument or agreement, for the same default or any other default. The undersigned consents to all extensions without notice for any period or periods of time and to the acceptance of partial payments before or after maturity, all without prejudice to the holder of this Note.

This Note is being delivered and is intended to be performed in the State of California and shall be construed and enforced in accordance with and governed by the internal laws of the State of California. The undersigned and any endorser of this Note involved in any litigation in which the holder of this Note, the undersigned or such endorser or any of them shall be adverse parties hereby consent to the exclusive venue of San Diego County, California for any and all legal proceedings based upon or arising out of this Note.

_____

EXHIBIT 10.20

PROMISSORY NOTE

$31,250.00 San Diego, California June 30, 1999

FOR VALUE RECEIVED, the undersigned promises to pay to Wireless Facilities, Inc., a Delaware corporation ("Payee"), or order, where designated by the holder of this Note, the principal sum of Thirty-One Thousand Two Hundred and Fifty Dollars ($31,250.00), together with simple interest on the principal balance from time to time remaining unpaid at the rate of ten percent (10%) per annum from the date of this Promissory Note (this "Note"). This Note shall be due and payable on November 30, 1999, at which time the entire principal amount and all accrued interest shall be due and payable in full.

This Note may be prepaid, in whole or in part, without notice, at any time and from time to time. Interest shall be calculated on the daily unpaid principal balance hereof based on the actual number of days elapsed in the interest payment period over a year of 365 or 366 days, as appropriate. Each payment shall be credited first to interest then due, and the balance, if any, to principal, and interest shall thereupon cease upon the principal so credited. Should default be made in payment of principal or interest when due, then the entire unpaid principal amount of this Note and all accrued interest thereon shall become immediately due and payable at the option of the holder of this Note.

All amounts due under this Note shall be payable in lawful money of the United States of America. The undersigned promises to pay all costs of collection, including reasonable attorneys' fees and costs, which may be paid or incurred in the collection or enforcement of all or any part of this Note. This Note may not be modified or terminated orally but only by agreement or discharge in writing and signed by the holder of this Note.

If any provision of this Note, or the application of it to any party or circumstance, is held to be invalid, the remainder of this Note, and the application of such provision to other parties or circumstances, shall not be affected thereby, the provisions of this Note being severable in any such instance. No delay or omission on the part of the holder of this Note in exercising any rights under this Note or default by the undersigned, shall operate as a waiver of such right or of any other right under this Note or under any other instrument or agreement, for the same default or any other default. The undersigned consents to all extensions without notice for any period or periods of time and to the acceptance of partial payments before or after maturity, all without prejudice to the holder of this Note.

This Note is being delivered and is intended to be performed in the State of California and shall be construed and enforced in accordance with and governed by the internal laws of the State of California. The undersigned and any endorser of this Note involved in any litigation in which the holder of this Note, the undersigned or such endorser or any of them shall be adverse parties hereby consent to the exclusive venue of San Diego County, California for any and all legal proceedings based upon or arising out of this Note.

_____

EXHIBIT 10.23

MASTER SERVICES AGREEMENT

THIS MASTER SERVICES AGREEMENT (the "Agreement") is entered into as of January 18, 1999 (the "Effective Date") between Nextel Partners Operating Corp., a Delaware corporation ("Client") and Wireless Facilities, Inc., a Delaware corporation ("WFI"). (Client and WFI are each hereinafter referred to individually as a "Party" or collectively as "Parties").

WHEREAS, Client intends to acquire sites and construct facilities in order to develop and operate a telecommunications network system using the iDEN technology (the "Project").

WHEREAS, the Parties have reached an agreement whereby WFI will provide various engineering and site development services to Client in connection with the Project as requested by Client on an hourly or turnkey basis.

WHEREAS, the Parties entered into a Letter of Intent to Provide Engineering, Site Development and Construction Management Services dated September 1, 1998, as extended by the Extension of Letter of Intent to Provide Engineering, Site Development and Construction Management Services dated November 6, 1998 (collectively referred to as the "Letter of Intent").

WHEREAS, under the terms of the Letter of Intent, WFI agreed to provide such various services to Client until the Parties executed this Agreement, which would supersede and replace the Letter of Intent.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

1. Description of Services. In accordance with and subject to the terms and conditions of this Agreement, WFI hereby agrees to provide Client with the services (the "Services") listed in the executed Work Order(s) on an hourly or turnkey basis as agreed by the Parties.

2. Term of Agreement. The term of this Agreement shall be [***] years from the Effective Date unless otherwise terminated in accordance with this Agreement (the "Initial Term"). The term of this Agreement will automatically renew for successive terms of one (1) year (each, a "Renewal Term") unless either Party communicates in writing to the other Party, thirty (30) days prior to expiration of the Initial Term or current Renewal Term, its intention not to renew the Agreement.

3. Compensation. Client shall pay WFI for all Services assigned by and rendered to Client pursuant to this Agreement and to any and all Work Orders issued hereunder, based upon the pricing set forth in Exhibit I, unless a Work Order specifically sets forth other pricing terms applicable to that particular Work Order ("Service Fees"). Where Services are compensated based upon fixed or milestone-based pricing rather than per-hour pricing, all work performed by WFI at Client's request in addition to the Services specifically set forth in any particular executed Work Order(s) ("Out-of-Scope Services") shall be compensated at the hourly rates agreed upon by the Parties and set forth in Exhibit I.

4.

Invoices and Payments.

(a) Invoicing terms for compensation of Out-of-Scope Services, reimbursable expenses and Materials Management Services (as defined in Section 8 below) are set forth in Exhibit I of this Agreement. Unless a Work Order specifies otherwise, WFI may invoice Client monthly for all Service Fees (including those for Out-of-Scope Services), whether billed on a milestone basis or in accordance with WFI's hourly rates, and bi-weekly for any reimbursable expenses (as described in Exhibit I) and Materials Management Services incurred in the previous period.

(b) All invoices are due and payable by Client within thirty (30) days of the date of receipt by Client. Client shall review the invoices and notify WFI in writing within thirty (30) days of receipt of the invoice of any objection or question Client may have in connection with the invoice. If any items are disputed, only the disputed items may be withheld from payment. The remaining undisputed portion of the invoice shall be paid in accordance with the terms of this Agreement.

5. Work Orders and Out-of-Scope Authorizations. Client may assign additional work to WFI by issuing to WFI, from time to time, a signed Work Order, in substantially the form attached hereto as Exhibit II, or in some other format agreed upon by the Parties. WFI shall begin to render Services to Client after WFI has indicated its acceptance of the work by countersigning and returning the Work Order to Client. Each Work Order shall incorporate by reference all of the terms and conditions set forth in this Agreement; however, in the case of conflict between the terms of a Work Order and this Agreement, the terms of the Work Order shall control, but only for the duration of the Services performed under that particular Work Order. WFI may perform Out-of-Scope Services at Client's request. In such event, Client and WFI shall execute an Out-of-Scope Work Authorization, in substantially the form attached as Exhibit III. Authorized out-of-scope work will be compensated in accordance with the hourly rates set forth in Exhibit I, unless otherwise agreed by the Parties and specified in writing. Client hereby authorizes the officers listed in Exhibit IV to sign any Work Orders and Out-of-Scope Work Authorizations issued under this Agreement. Client shall promptly notify WFI in writing of any changes to the list of authorized signatories.

6. Taxes. All taxes and similar assessments, levies and government-imposed obligations with respect to WFI's income derived from its performance of Services hereunder shall be the obligation of and be paid by WFI. Client shall pay all other applicable taxes.

7. Subcontractors. WFI may, with the consent of Client, which consent will not be unreasonably withheld or delayed, delegate to subcontractors such duties as WFI deems necessary for the successful completion of Services performed for the Project. WFI shall be responsible to Client for the completion of all work by subcontractors. If Client chooses to contract directly with subcontractor for work performed for the Project, then Client shall be responsible for the payment of service fees and expenses of such subcontractors for work performed in connection with the Project. If WFI contracts directly with subcontractors for work performed in connection with the Project, and which work is listed as "CLIENT Provided or Reimbursed" in the Expense Summary section of Exhibit I, then Client shall be invoiced and shall reimburse WFI for the service fees and expenses of subcontractors at cost plus an administrative fee in accordance with the terms of Exhibit I.

8. Materials Management Services. At Client's request and written authorization, WFI shall procure, pay for, receive and store equipment and building materials for use on the Project ("Materials Management Services"). Client shall compensate WFI for Materials Management Services by reimbursing WFI for the cost of such equipment and building materials, together with an administrative fee as set forth in Exhibit I.

9. Ownership of Data Products and Software. All data products purchased specifically and solely for the Project shall be the property of Client. All licensed software used by WFI in the performance of Services is and shall remain the property of WFI unless purchased by WFI for Client on a pass-through basis, in accordance with the expense reimbursement terms set forth in Exhibit I.

10. Resolution of Disputes. For any dispute or claim arising out of or relating to this Agreement, or breach thereof, the Parties, prior to filing any claims for binding arbitration (as provided below), shall in good faith first negotiate a written resolution of such dispute or claim for a period not to exceed thirty (30) days from the date of receipt of a Party's request for such negotiation. Executives or managers of each Party who have the authorization to resolve any such dispute or claim shall conduct such negotiations. In the event the Parties cannot negotiate a written resolution to such dispute or claim during the thirty (30) day negotiation period provided hereunder, either Party may submit the matter to binding arbitration in accordance with the terms set forth in Paragraph 11 of this Agreement.

11. Arbitration of Disputes. All claims, whenever brought and whether between the Parties or between one of the Parties and the employees, agents or affiliated businesses of the other Party shall be resolved by binding arbitration in accordance with this Paragraph; provided that the Parties have first complied with the procedures of Paragraphs 4, 10 and 17 hereof, as applicable.

(a) A single, mutually agreeable arbitrator engaged in the practice of law and knowledgeable about telecommunications law and engineering practices shall conduct the arbitration in accordance with the then current commercial arbitration rules of the American Arbitration Association ("AAA"). The arbitration shall be conducted in the Seattle, Washington metropolitan area.

(b) All expedited procedures prescribed by the AAA shall apply. The arbitrator's decision shall state the reasoning by which the arbitrator determined the award. The arbitrator's decision shall be final and binding and judgment may be entered in any court having jurisdiction thereof.

(c) Each Party shall pay its own costs and expenses incurred in connection with the arbitration, including legal fees, and each Party shall pay one-half the arbitrator's professional fees.

If either Party files a judicial or administrative action asserting claims subject to arbitration, and the other Party successfully stays such action and/or compels arbitration of such claims, the Party filing the action shall pay the other Party's costs and expenses incurred in seeking such stay or compelling arbitration, including reasonable attorneys' fees.

12. Breach and Termination.

(a) Termination Without Cause. Either Party may terminate this Agreement without cause - by sending the other party written notification of such termination. Such termination shall take effect [***] days after written notice has been received by the non-terminating Party.

(b) Termination for Breach. The non-breaching Party shall provide the breaching Party [***] after receipt of a written termination notice setting forth the nature of the Breach to cure such Breach. The remedy for Breach shall be unavailable until the passage of such cure period. For purposes of this Agreement, Breach shall mean the following:

(i) Breach by Client. Client's failure to timely pay undisputed invoiced fees and reimbursable expenses in accordance with the procedures set forth in this Agreement. In the event of Client's failure to pay, WFI shall have the right to suspend its further performance of Services for Client until Client has cured such failure.

(ii) Breach by WFI. WFI's failure to timely or completely perform, in accordance with professional standards obtaining for similarly situated telecommunications outsourcing firms, the Services assigned to WFI pursuant to a fully executed Work Order.

(c) Termination in Event of Default. Either Party may terminate this Agreement immediately upon written notice to the other Party under any of the following circumstances, each of which shall constitute an Event of Default: (i) the other Party makes an assignment for the benefit of creditors (other than solely as an assignment of moneys due); (ii) the other Party becomes unable to pay its debts as they become due, unless assurance satisfactory to the terminating Party is provided within thirty (30) days of receipt of its notice of termination hereunder; or (iii) the other Party becomes the subject of a proceeding, whether voluntary or involuntary, under the bankruptcy or insolvency laws of the United States or any other jurisdiction, unless such proceeding is dismissed or withdrawn within forty-five (45) days of the non-defaulting Party's receipt of the defaulting Party's notice of termination hereunder.

(d) Procedure upon Expiration or Termination. Upon the expiration or termination of this Agreement, WFI shall promptly return to Client, or destroy, as Client may direct, all of Client's property in WFI's possession. If Client issues a notice of termination for any reason, WFI shall be entitled to payment and reimbursement, respectively, for its Services rendered and reasonable expenses incurred in connection with the Project up to the effective date of termination of this Agreement, pursuant to its invoices therefor, provided that, if the Services are compensated in accordance with a schedule of payment or performance milestones, then Client shall compensate WFI for all post-milestone work performed on a time and materials basis in accordance with the hourly rates and expense payment provisions set forth in Exhibit I. If Client issues a notice of termination for a reason other than breach of this Agreement, then, in addition to the Service Fees and expense reimbursements received pursuant to the foregoing sentence, WFI shall be entitled to (i) Service Fees at the hourly rates set forth in Exhibit I for actual and necessary work performed and (ii) reimbursement for any reasonable expenditures (together with the administrative mark-up

set forth in Exhibit I) incurred in connection with WFI's premature winding up
of its work and the work of its subcontractors (if any) on the Project after receipt of such notice of termination. Under no circumstances shall WFI be required to reimburse Client for fees or expenses incurred in securing and compensating replacement providers of any of the Services. Each Party shall render to the other such reasonable assistance as may be necessary for the orderly continuation of the other Party's business.

13. Insurance. Commencing on the Effective Date and throughout the term of this Agreement, WFI shall maintain the following insurance policies:

(a) Commercial General Liability with the following minimum limits:

Combined Single Limit	$1,000,000 per occurrence
General Aggregate	$2,000,000 per policy period

(b) Workers Compensation with statutory limits

(c) Employers Liability with the following minimum limits:

Each Accident	$1,000,000
Disease Policy Limit	$1,000,000
Disease Each Employee	$1,000,000

(d) Business Automobile Liability Insurance with the following minimum limits if the performance of this Agreement involves the use of any automobiles:

Combined Single Limit	$1,000,000

Owned, Hired and Non-Owned Coverage.

14. Year 2000 Compliance. Neither Party shall be liable to the other for any failure to perform obligations under this Agreement to the extent that such failure arises from a Year 2000 Problem (a) affecting one of that Party's subcontractors or suppliers, or (b) beyond that Party's reasonable control (such as, without limitation, a Year 2000 Problem affecting a government entity). IN PARTICULAR, A PARTY SHALL HAVE NO LIABILITY FOR ANY DAMAGES, INCLUDING DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF A YEAR 2000 PROBLEM. A "Year 2000 Problem" means a date-handling problem relating to the Year 2000 date change that would cause a computer system, software or equipment to fail to correctly perform, process and handle date-related data for the dates within and between the twentieth and twenty-first centuries and all other centuries.

15. Independent Contractor. WFI is and shall act as an independent contractor in the performance of its obligations under this Agreement. WFI shall exercise full control of and supervision over its employees. WFI's personnel performing Services are agents, employees or subcontractors of WFI and are not employees or agents of Client. Nothing herein shall be deemed to create any other relationship between the Parties, including, without limitation, a partnership, agency, employer-employee or attorney-client relation. WFI shall be solely liable for all matters relating to compensation, unemployment, disability insurance, social security, withholding and all other federal, state and local laws, rules and regulations governing such matters. WFI will honor Client's request for the removal of any particular

employee of WFI from the Project, provided that Client has first submitted a written request to WFI setting forth lawful and reasonable reasons for such request.

16. Solicitation of Employees. WFI and Client agree that, during the term of this Agreement and for [***] thereafter, neither Party shall solicit nor accept for employment any employees of the other Party who have worked on or performed Services in connection with the Project, without first obtaining the express written consent of the other Party.

17. Force Majeure. Neither Party shall be liable for any delay or failure in performing its obligations hereunder that is due to circumstances beyond such Party's reasonable control, including, but not limited to, acts of God, civil unrest, riots, war, fire, floods, explosions and strikes or other concerted acts of labor (each, a "Force Majeure Event"). Upon the occurrence of a Force Majeure Event, the Party whose performance is affected shall give written notice to the other Party describing the affected performance. The Parties shall promptly confer, in good faith, to agree upon equitable, reasonable action to minimize the impact of the condition on both Parties. The Parties agree that the Party whose performance is affected shall use commercially reasonable efforts to minimize the delay caused by the Force Majeure Event and recommence the affected performance. In the event that the delay caused by the Force Majeure Event lasts for a period of more than thirty (30) days, the Parties shall negotiate an equitable modification to this Agreement with respect to the affected performance. If the Parties are unable to agree upon an equitable modification within fifteen (15) days after such thirty (30) day period has expired, then either Party shall be entitled to serve thirty (30) days notice of termination on the other Party with respect to only the affected performance. If the Force Majeure Event for such affected performance continues upon the expiration of such thirty (30) day notice period the portion of this Agreement relating to the affected performance shall automatically terminate. The remaining portion of this Agreement that does not involve the affected performance shall continue in full force and effect.

18. LIMITATION OF LIABILITY. THE PARTIES' RIGHTS, LIABILITIES AND RESPONSIBILITIES WITH RESPECT TO THE SERVICES SHALL BE EXCLUSIVELY THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. NEITHER PARTY SHALL BE RESPONSIBLE OR HELD LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL OR SPECIAL DAMAGES, WHICH SHALL INCLUDE, WITHOUT LIMITATION: LOSS OF PROFITS, INTEREST, PRODUCT OR SERVICE; BUSINESS INTERRUPTION; AND INCREASED COSTS OF OPERATION, MAINTENANCE OR STAFFING.

19. Waivers and Amendments. Waiver by either Party of any default hereunder by the other Party shall not be deemed a waiver of any other default. No provision of this Agreement shall be deemed waived, amended or modified by either Party, unless such waiver, amendment or modification is in writing and signed by the authorized representative of each Party.

20. Governing Law; Consent to Jurisdiction and Venue. Except as may apply to claims submitted to arbitration under Paragraph 11, this Agreement shall be construed in accordance with the laws of the State of Washington, irrespective of its conflict of law principles. Each Party hereby agrees to the jurisdiction of and venue in the courts in Seattle, Washington for any suit, action or proceeding between the Parties that arises out of this

Agreement or the Parties' performance of their obligations hereunder, and expressly agrees to waive any defense thereto.

21. Severability. If any provision or any part of a provision of this Agreement shall be held invalid or unenforceable, then the remaining portions of that provision and the remainder of the Agreement shall be construed as if not containing the particular invalid or unenforceable provision or portion thereof, and the rights and obligations of each Party shall be construed and enforced accordingly.

22. Survival. The terms, conditions and warranties contained in this Agreement that by their sense and context are intended to survive the termination or expiration of this Agreement shall so survive; including, without limitation, the provisions of Paragraphs [***].

23. Assignment. This Agreement is binding upon and inures to the benefit of the Parties and their respective permitted successors and assigns. A Party may assign its rights and delegate its duties under this Agreement to any third party only with the prior written consent of the other Party, except that an assignment to a third party that controls, is controlled by, is under common control with, or is the legal successor of the assigning Party shall not require the non-assigning Party's consent. Any assignment of rights or delegation of duties under this Agreement by a Party will not release that Party from its obligations hereunder.

24. Entire Agreement; Modifications. This Agreement, including the Exhibits attached hereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof as of the Effective Date with respect to the Services. All prior and contemporaneous agreements, representations, statements, negotiations, understandings and undertakings, whether written or oral, are superseded by this Agreement, including but not limited to the Letter of Intent. This Agreement may be modified only in a written document signed by both Parties.

25. Headings; Construction; Incorporation of Recitals. The headings of the Paragraphs of this Agreement are inserted for convenience only and are not intended to affect its meaning or interpretation. Throughout this Agreement, the singular shall apply to the plural and the plural to the singular, unless the context clearly indicates otherwise. The recitals set forth in the beginning of this Agreement are hereby incorporated and made a material part hereof.

26. Jointly Drafted. This Agreement shall be deemed to have been drafted by both Parties and, in the event of a dispute, shall not be construed against either Party.

27. Notices. Except as otherwise provided herein, all notices or other communications to be given or that may be given by either Party to the other shall be deemed to have been duly given when made in writing and delivered in person or when deposited in the United States mail, postage prepaid, certified, return receipt requested or sent via facsimile with confirmation of receipt, and addressed as follows:

If to WFI:

Dr. Masood Tayebi, President
Wireless Facilities, Inc.
San Diego Tech Center
9805 Scranton Road, Suite 100
San Diego, CA 92121
Telephone: (619) 824-2929
Fax: (619) 824-2928

If to Client:

David Aas
Nextel Partners Operating Corp.
4500 Carillon Point
Kirkland, Washington 98033
Telephone: 425-828-8051
Fax: 425-828-8098

With a Copy to:

Nextel Partners Operating Corp.
4500 Carillon Point
Kirkland, Washington 98033
Attention: General Counsel

The notice addresses may be changed by written notice given by one Party to the other in accordance with this Paragraph.

28. Exhibits. The following Exhibits are attached hereto and incorporated herein:

Exhibit I: Hourly Rates, Expense Reimbursement and Invoice Schedule
Exhibit II: Sample Work Order
Exhibit III: Sample Out-of-Scope Authorization
Exhibit IV: Authorized Signatories

29. Indemnification. WFI will defend, indemnify, and hold harmless Client and its officers, directors, employees, subsidiaries, parents, agents and representatives from and against all claims, damages, losses (including, without limitation, bodily injury or property damage) costs and expenses (including without limitation reasonable attorney's fees actually incurred), (collectively, "Claims"), arising out of, resulting from or caused in whole or in part by the acts or omissions of WFI, its subcontractors and their respective employees, agents, and representatives in performing or failing to perform any of the work or activities contemplated herein, except to the extent that such Claims result from or are caused by Client, its subcontractors and their respective employees, agents and representatives.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

NEXTEL PARTNERS OPERATING CORP.	WIRELESS FACILITIES, INC.
/s/ David Aas	/s/ Dr. Masood Tayebi
David Aas	Dr. Masood Tayebi
Chief Technology Officer	President

Exhibit I
to
Master Services Agreement
Between Nextel Partners Operating Corp. and Wireless Facilities, Inc.

Hourly Rates, Expense Reimbursement and Invoice Schedule

Hourly Rates for Out-of-Scope Services

For all services performed by WFI that are in addition to those described in any particular executed Work Order(s) ("Out-of-Scope Services"), Client shall compensate WFI on an hourly basis in accordance with the rates set forth in the table below. WFI may invoice Client monthly for Out-of-Scope Services rendered the previous period.

Service Type	Employment Category	Hourly Rate
Program Mgmt:	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
RF Engineering:	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
Site Acquisition:	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
Construction Mgmt:	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
	[***]	$[***]
	[***]	$[***]

Note - these hourly rates do not include expenses.

Expense Summary

The following table summarizes which expenses are included in WFI's fixed pricing and which are considered pass-through expenses to be reimbursed at [***]. WFI may invoice Client bi-weekly for reimbursable pass-through expenses and administrative fees.

	WFI Included	CLIENT Provided or Reimbursed to WFI
Expense Summary:		
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]
[***]	[***]	[***]

Materials Management Services
- ----------

If requested by Client, WFI will perform Materials Management Services (as defined in Section 8 of the Agreement). Client shall reimburse WFI for Materials Management Services as a pass-through expense at [***]. WFI may invoice Client bi-weekly for Materials Management Services costs and administrative fees.

Exhibit II
to
Master Services Agreement
Between Nextel Partners Operating Corp. and Wireless Facilities, Inc.

Sample Work Order

WORK ORDER NO.: ____

DATE: _____, 199__

You are hereby requested to provide the services set forth below ("the Services") subject to the terms and conditions set forth herein and in accordance with the provisions of Master Services Agreement (the "Agreement") dated _____, 199__ by and between Nextel Partners, Inc. ("Client"), and Wireless Facilities, Inc. ("WFI") and according to the following terms:

1. Assignment: The following illustrates the Services and specific tasks to be performed by WFI:

[Description of Services and tasks - See attachments]

2. Invoicing for Services Fees and Reimbursement of Expenses: WFI shall invoice Client for the Services in accordance with the schedule of Payment Milestones per Attachment ____ to this executed Work Order. WFI shall invoice Client for Service Fees for Out-of-Scope Services, reimbursable expenses (together with applicable administrative fees) and Materials Management Services, if any (together with applicable administrative fees) in accordance with Exhibit I of the Agreement.

3. Payment of Invoices: All invoices shall be due and payable by Client in accordance with the terms set forth in Section 4(b) of the Agreement.

4. Commencement of Services: WFI shall commence performance of the Services immediately upon full execution of this Work Order.

5. Master Services Agreement: This Work Order shall be appended to the Agreement and is incorporated therein by reference. All of the terms and conditions of the Agreement shall apply to the provision of Services hereunder; however, in case of conflict, the terms of this Work Order shall govern.

NEXTEL PARTNERS OPERATING CORP.	WIRELESS FACILITIES, INC.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

Exhibit III
to
Master Services Agreement
Between Nextel Partners Operating Corp. and Wireless Facilities, Inc.

Sample Out-of-Scope Work Authorization Memo

Memo

To: [Individual and Client Company Name]

From: WFI Employee Name and Title

cc:

Date:

Re: Request for Out-of-Scope Work Authorization

WFI has been requested to perform the following services not listed in our Master Services Agreement:

[description of services]

I have estimated that the time required to perform these Out-of-Scope Services is ____ hours which will be the maximum hours you will be billed for this additional service. Should we spend less time to perform the services required, you will, of course, be billed for the lower number of hours at the rates specified in our Master Services Agreement dated ____, 1999 and applicable Work Orders. We will also bill you for expenses incurred to perform these services, in accordance with the provisions of the Master Services Agreement and applicable Work Orders.

I would appreciate it if you will sign below to indicate your agreement and acceptance. If I do not receive from you a signed copy of this Authorization Memo, WFI will, nevertheless (unless we hear otherwise) begin to perform the above-reference services pursuant to ____'s [name of authorizing individual] verbal request made on ____, 1999.

Please call me at ____ if you have any questions.

Accepted & Approved:

[FULL NAME OF CLIENT COMPANY]:

By: _____

Name and Title: _____

DATE: _____

Exhibit IV
to
Master Services Agreement
Between Nextel Partners Operating Corp. and Wireless Facilities, Inc.

Authorized Signatories for Work Orders and Out-of-Scope Authorizations

Each Party hereby authorizes the following individuals to execute Work Orders and Out-of-Scope Authorizations issued under this Agreement. Such documents, when signed by any of the following individuals for each Party, shall be presumptively binding on the Parties.

Authorized Signatories for Nextel Partners, Inc.:

Mr. David Aas
Mr. Ray Farrell
Mr. Peter Gaffney

Authorized Signatories for Wireless Facilities, Inc.:

Dr. Masood Tayebi, President
Mr. Michael Brink, Sr. Vice President, Project Management
Mr. John Vento, Sr. Vice President, Site Development Services
Mr. Jeff Bader, Sr. Director, Project Management

EXHIBIT 21.1

LIST OF SUBSIDIARIES

Wireless Facilities, Inc./Entel, a Delaware corporation
WFI de Mexico, S. de R.L. de C.V., a Mexican corporation
Wireless Facilities Latin America, Ltda, a Brazilian commercial limited liability company

EXHIBIT 23.1

INDEPENDENT AUDITORS' REPORT ON SCHEDULE AND CONSENT

The Board of Directors
Wireless Facilities, Inc.:

The audits referred to in our report dated May 27, 1999, included the related financial statement schedule as of December 31, 1998, and for each of the years in the three-year period ended December 31, 1998, included in the registration statement. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to the use of our reports included herein and to the references to our firm under the headings "Selected Consolidated Financial Data" and "Experts" in the prospectus.

/s/ KPMG LLP
KPMG LLP

San Diego, California
August 17, 1999

EXHIBIT 23.3

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and the use of our report dated February 13, 1998, except for Note 8 as to which the date is April 15, 1998 relating to the financial statements of Entel Technologies, Inc. for the year ended December 31, 1997 included in Registration Statement No. 333- on Form S-1 for the registration of the Common Stock of Wireless Facilities, Inc.

/s/ M.R. Weiser & Co. LLP
M.R. Weiser & Co. LLP

New York, New York
August 17, 1999

YEAR	6-MOS
DEC-31-1998	JUN-20-1999
JAN-01-1998	JAN-01-1999
DEC-31-1998	JUN-30-1999
2,866,163	4,026,774
0	0
48,946,740	35,840,751
(621,202)	(687,201)
0	0
364,666	1,619,228
1,733,893	3,151,776
(752,760)	(1,396,282)
60,531,198	51,586,813
43,816,931	17,875,487
0	0
0	0
16,827	44,100
302,982	305,059
14,275,073	32,494,910
60,531,198	51,586,813
51,909,210	33,105,729
51,909,210	33,105,729
28,070,323	21,024,405
28,070,323	21,024,405
65,880	9,107
491,426	182,029
630,732	548,411
10,489,752	5,009,231
5,526,000	2,180,755
4,963,752	2,828,476
0	0
0	0
0	0
4,963,752	2,828,476
0.20	0.08
0.18	0.07

WEIGHTED AVERAGE COMMON SHARES INCLUDES PREFERRED SHARES CONVERTIBLE INTO COMMON SHARES UPON THE COMPLETION OF THIS OFFERING.