

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND
EXCHANGE ACT OF 1934

Commission file number 0-27231

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

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3818604
(I.R.S. Employer
Identification No.)

4810 Eastgate Mall
San Diego, CA 92121
(858) 228-2000
(Address, including zip code, and telephone number, including
area code, of Registrant's principal executive offices)

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

As of October 31, 2000 there were 43,002,170 shares of the Registrant's
\$0.001 par value Common Stock outstanding.

WIRELESS FACILITIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2000
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WIRELESS FACILITIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 1999	September 30, 2000
	-----	-----
		(unaudited)
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 34,322	\$ 24,315
Investments in marketable securities.....	37,965	3,190
Billed accounts receivable, net.....	23,033	46,213
Unbilled accounts receivable.....	9,600	53,463
Contract management receivables.....	13,993	16,417
Taxes receivable.....	561	8,668
Other current assets.....	2,639	5,589
	-----	-----
Total current assets.....	122,113	157,855
Property and equipment, net.....	5,069	18,225
Goodwill, net.....	7,098	53,651
Other intangibles, net.....	374	12,465
Investments.....	100	9,991
Other assets.....	238	1,291
	-----	-----
Total assets.....	\$134,992	\$253,478
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 5,428	\$ 8,944
Accrued expenses.....	5,961	11,823
Contract management payables.....	8,258	4,653
Billings in excess of costs.....	5,170	3,392
Current portion of note payable.....	--	1,659
Line of credit.....	--	23,915
Current portion of capital lease obligations.....	137	3,070
Income taxes payable.....	5,641	--
Deferred income tax liability.....	--	1,134
	-----	-----
Total current liabilities.....	30,595	58,590
Notes payable, net of current portion.....	909	107
Capital lease obligations, net of current portion...	1,652	7,338
Other long-term liabilities.....	59	59
	-----	-----
Total liabilities.....	33,215	66,094
	-----	-----
Minority interest.....	338	7
	-----	-----
Stockholders' equity:		
Common stock, \$0.001 par value, 195,000,000 shares authorized; 39,705,590 and 42,919,315 shares issued and outstanding at December 31, 1999 and September 30, 2000 (unaudited), respectively....	40	43
Additional paid-in capital.....	90,245	154,330
Note receivable from stockholder.....	--	(641)
Retained earnings.....	11,171	33,921
Accumulated other comprehensive loss.....	(17)	(276)
	-----	-----
Total stockholders' equity.....	101,439	187,377
	-----	-----
Total liabilities and stockholders' equity.....	\$134,992	\$253,478
	=====	=====

See accompanying notes to unaudited consolidated financial statements.

WIRELESS FACILITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three months ended September 30, 1999	Three months ended September 30, 2000	Nine months ended September 30, 1999	Nine months ended September 30, 2000
Revenues.....	\$23,833	\$73,073	\$56,938	\$175,841
Cost of revenues.....	13,102	40,800	34,126	99,186
Gross profit.....	10,731	32,273	22,812	76,655
Selling, general and administrative expenses.....	4,645	15,425	10,208	34,748
Depreciation and amortization.....	516	2,829	1,591	5,834
Operating income.....	5,570	14,019	11,013	36,073
Net other (expense)income.....	(261)	223	(888)	1,233
Income before taxes and minority interest.....	5,309	14,242	10,125	37,306
Minority interest.....	(370)	125	(370)	(7)
Income before taxes... Provision for income taxes.....	4,939	14,367	9,755	37,299
	2,141	5,324	4,321	14,549
Net income.....	<u>\$ 2,798</u>	<u>\$ 9,043</u>	<u>\$ 5,434</u>	<u>\$ 22,750</u>
Earnings per share data: Net income per common share:				
Basic.....	\$ 0.10	\$ 0.21	\$ 0.20	\$ 0.55
Diluted.....	\$ 0.08	\$ 0.17	\$ 0.17	\$ 0.45
Weighted-average common shares outstanding:				
Basic.....	27,248	42,363	27,167	41,396
Diluted.....	33,478	51,921	32,464	50,293

See accompanying notes to unaudited consolidated financial statements.

WIRELESS FACILITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine months ended September 30, 1999	Nine months Ended September 30, 2000
	-----	-----
Net cash used in operating activities.....	\$(8,184)	\$(37,690)
	-----	-----
Investing activities:		
Capital expenditures.....	(2,422)	(3,008)
Cash paid for acquisitions, net of cash acquired.....	(1,742)	(28,200)
Cash paid for investments.....	(63)	(8,929)
Proceeds from sales of investments.....	56	34,775
	-----	-----
Net cash used in/(provided by) investing activities.....	(4,191)	(5,362)
	-----	-----
Financing activities:		
Proceeds from issuance of preferred stock.....	15,000	--
Proceeds from issuance of common stock.....	396	9,450
Purchase of treasury stock.....	(161)	--
Net borrowings (repayment) under line of credit..	4,000	23,915
Net borrowings (repayment) to/from officers.....	(3,825)	617
Repayment of capital lease obligations.....	--	(704)
Repayment of acquisition notes payable.....	(1,499)	(250)
	-----	-----
Net cash provided by financing activities.....	13,911	33,028
	-----	-----
Effect of exchange rates on cash and cash equivalents.....	45	17
	-----	-----
Net increase/(decrease) in cash and cash equivalents.....	1,581	(10,007)
Cash and cash equivalents at beginning of period...	2,866	34,322
	-----	-----
Cash and cash equivalents at end of period.....	\$ 4,447	\$ 24,315
	=====	=====
Noncash transactions:		
Issuance of stock for acquisition.....	--	\$ 36,855
Property and equipment acquired under capital lease.....	--	\$ 9,323
Reduction of note payable in lieu of consideration for exercise of warrants.....	--	\$ 500
Issuance of stock under a cashless exercise of warrants.....	--	\$ 231
Note receivable issued for stock option exercise.....	--	\$ 95
Issuance of notes payable for acquisition.....	\$ 827	--
Receipt of note receivable for sale of investment.....	\$ 199	--
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest.....	\$ 696	\$ 1,028
Cash paid during the period for income taxes.....	\$ 7,244	\$ 10,637

See accompanying notes to unaudited consolidated financial statements.

WIRELESS FACILITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(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 in Delaware in 1998. WFI provides a full suite of outsourcing services to wireless carriers and equipment vendors, including the design, deployment and management of client networks. WFI's customers include both early-stage and mature providers of cellular, PCS and broadband data services and equipment. WFI's engagements range from small contracts for the deployment of a single cell, 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) Basis of Presentation

The information as of September 30, 2000, and for the three months and nine months ended September 30, 1999 and 2000 is unaudited. In the opinion of management, these consolidated financial statements include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for the interim periods presented. Interim operating results are not necessarily indicative of operating results expected in subsequent periods or for the year as a whole. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company's annual consolidated financial statements for the fiscal year ended December 31, 1999, filed on Form 10-K with the Securities and Exchange Commission.

The consolidated financial statements include the accounts of WFI and its wholly-owned and 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). In November 1999, WFI formed a wholly-owned subsidiary WFI International, Ltd. based in London, England, which began operations in April of this year. In March 2000, the Company acquired the assets of a network operations center and business segment located in Dallas, Texas. In conjunction with this purchase, the Company formed WFI Network Management Services Corporation, a wholly-owned subsidiary incorporated in the state of Delaware, to operate the center. In May 2000, the Company acquired a 16.67% interest in the operations of Diverse Networks, Inc. ("DNI"), which is accounted for using the equity method of accounting. In August 2000, the Company acquired Questus, Ltd., ("Questus") a privately held company incorporated in the United Kingdom in a stock purchase acquisition. Questus is a provider of management consulting and network development services in the European wireless services market. The acquisition included Questus' wholly-owned subsidiaries, Questus Scandinavia, A.B., incorporated in Stockholm, Sweden, and Questus GmbH, incorporated in Vienna, Austria. In September 2000, the Company formed a wholly-owned subsidiary WFI-UK, Ltd., based in London, England, to act as a holding company.

WFI and its subsidiaries are collectively referred to herein as the "Company." All intercompany transactions have been eliminated in consolidation. Investments accounted for using the cost method include companies in which the Company owns less than 20% and for which the Company has no significant influence. Investments accounted for using the equity method include companies in which the Company owns more than 20% but less than 50%, or for which the Company is considered to have significant influence.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and

WIRELESS FACILITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(Unaudited)

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.

(d) Reclassifications

Certain prior period amounts have been reclassified to conform with the current period presentation.

(2) Recent Events

On January 11, 2000, the Company acquired The Walter Group, Inc. ("TWG"), a Washington corporation and a privately-held provider of management consulting and network development services to the wireless communications market. Consideration consisted of \$5.5 million in cash and stock valued at \$4.1 million. The excess purchase price paid over the fair value of tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of approximately \$7.7 million was recognized in the transaction and is being amortized over 10 years. Results from operations for the nine months ended September 30, 2000 include amortization expense of approximately \$578,000 related to the goodwill recorded from this acquisition. The Company accounted for this acquisition using the purchase method of accounting. Thus, results of operations from this acquired entity are included in the Company's consolidated financial statements from the acquisition date.

On January 21, 2000, the Company acquired 6% of the existing 8% minority ownership interest in its majority-owned subsidiary, WFI de Mexico, from the General Manager of that subsidiary. The acquisition was made under the terms of a Restricted Stock Agreement, pursuant to which the Company issued shares of common stock valued at \$18.2 million in exchange for shares representing the 6% interest in WFI de Mexico. The acquisition price was recorded first to reduce the General Manager's minority interest, with the excess of approximately \$17.9 million recorded as goodwill, which is being amortized over 20 years. The General Manager is the brother of both the Chairman and the Chief Executive Officer of the Company. Results from operations for the nine months ended September 30, 2000 include amortization expense of approximately \$672,000 related to this acquisition. The Company accounted for this acquisition using the purchase method of accounting. Thus, results of operations from this acquisition are included in the Company's consolidated financial statements from the acquisition date.

On March 13, 2000, the Company acquired the assets of a network operations center and business segment from Ericsson Inc., for \$6.35 million in cash. The center is located in Dallas, Texas. The excess purchase price paid over the fair value of the tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$1.0 million was recognized in the transaction and is being amortized over seven years. The Company accounted for this acquisition using the purchase method of accounting. Thus, results of operations from the acquired assets are included in the Company's consolidated financial statements from the acquisition date. Results of operations for the nine months ended September 30, 2000 include amortization expense of approximately \$ 70,000 related to goodwill recorded from this acquisition.

On April 25, 2000, the Company acquired the assets of Comcor Advisory Services ("Comcor"), a privately-held provider of site development services to the wireless mobility and broadband wireless communications market. The Company paid \$5.4 million in cash as well as stock valued at \$1.8 million to Comcor shareholders for the acquisition, which the Company accounted for using the purchase method of accounting. Thus, the results of operations from the acquired assets are included in the Company's consolidated financial statements from the acquisition date. The excess purchase price paid over the fair value of the tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$6.5 million was recognized in the transaction, and is being amortized over ten years. Results from operations for the nine months ended September 30, 2000 include amortization expense of approximately \$274,000 related to goodwill recorded from this acquisition.

WIRELESS FACILITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(Unaudited)

On May 24, 2000, the Company paid \$4 million to acquire a 16.67% percent interest in Diverse Networks, Inc. ("DNI"), a private company that provides network management and data center services. In conjunction with the acquisition, the Company paid \$100 for a warrant for the rights to purchase up to a 50% interest in DNI over five years. The warrant is exercisable after May 24, 2001, or upon the occurrence of a material event as defined in the warrant agreement. The number of shares and exercise price for the warrant is dependent upon revenues earned by contracts and agreements provided to DNI by the Company. Exercise of the warrant may be effected by cash or by using a net issue exercise feature. The warrant may be exercised in total or in part, and is assignable and transferable prior to any first exercise. A representative of the Company holds a position on DNI's Board of Directors and the Company has entered into other contracts with DNI, and is therefore considered to have significant influence. This investment has been accounted for under the equity method of accounting.

On June 26, 2000, the Company acquired the assets of Davis Bay, LLC., a Washington State limited liability company, for approximately \$3 million in cash and stock. Of the total purchase price, approximately \$2.4 million was paid in stock issued to the selling shareholders, and is currently held in escrow. Of the escrowed consideration, 6,164 shares are being held subject to general indemnity provisions in the asset agreement and are to be released approximately two years after the acquisition date. Absent any claims against the escrow the remaining 43,149 shares are escrowed for specific indemnity provisions and are to be released approximately one year after the acquisition date, provided the specific provisions are fulfilled. Included in the asset purchase agreement is an earn-out provision whereby the Company agrees to pay Davis Bay's selling shareholders' additional consideration contingent on certain quarterly earnings results from potential future contracts secured by Davis Bay for the Company and executed within 18 months of the acquisition date. Earn-out payments, if earned, are to be paid quarterly over the life of the eligible contracts, are to be paid in stock, and are capped at \$20 million. The acquisition was accounted for as a purchase. Thus, the results of operations from the acquired assets are included in the Company's consolidated financial statements from the acquisition date. The excess purchase price paid over the fair value of the tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$1.0 million was recognized in the transaction, and will be amortized over 10 years from the acquisition date. Results of operations for the nine months ended September 30, 2000 include amortization expense of approximately \$27,000 related to goodwill recorded from this acquisition.

On July 21, 2000, the Company acquired convertible preferred stock of CommVerge Solutions, Inc., a privately-held wireless network planning and deployment company. The investment totaled \$5 million and will be accounted for using the cost method of accounting.

On August 29, 2000, the Company acquired all of the outstanding capital stock of Questus, Ltd., a private limited company incorporated in the United Kingdom. Consideration consisted of approximately \$10.5 million in cash, stock valued at approximately \$10.3 million, and promissory notes to one selling shareholder totaling \$1.5 million. Included in the purchase were Questus wholly owned subsidiaries, Questus Scandinavia, A.B., incorporated in Stockholm Sweden, and Questus GmbH, incorporated in Vienna, Austria. The excess purchase price paid over the fair value of tangible and identifiable assets acquired was recorded as goodwill. Goodwill of approximately \$14.0 million was recognized in the transaction and is being amortized over 10 years. Results from operations for the nine months ended September 30, 2000 include amortization expense of approximately \$119,000 related to goodwill for this acquisition.

On October 12, 2000, the Company acquired all of the outstanding capital stock of Telia Contracting, AB of Gothenburg, Sweden, a subsidiary of Telia AB in Sweden. Consideration consisted of approximately \$7.8 million in cash.

WIRELESS FACILITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(Unaudited)

The following summary presents pro forma consolidated results of operations as if the asset acquisitions described above (with the exception of Telia Contracting, AB, which occurred after September 30, 2000) had occurred at the beginning of the three and nine months ended September 30, 1999, and the three and nine months ended September 30, 2000, and includes adjustments that are directly attributable to the transaction or are expected to have a continuing impact on the Company. Adjustments to revenues and cost of revenues are taken from the available financial information by estimating the monthly operating revenue or expense and pro-rating for the period of time such operations were excluded from the Company's financial results for the periods presented.

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 transactions been completed as of the beginning of the periods, nor are they indicative of results of operations which may occur in the future (all amounts except per share data are in thousands).

	Three months ended September 30, 1999	Three months ended September 30, 2000	Nine Months ended September 30, 1999	Nine months ended September 30, 2000
Pro forma revenue.....	\$30,228	\$73,566	\$69,073	\$180,879
Pro forma operating income.....	\$ 4,222	\$13,643	\$ 8,211	\$ 35,839
Pro forma net income....	\$ 1,658	\$ 9,039	\$ 3,744	\$ 22,414
Pro forma net income per common share:				
Basic.....	\$ 0.06	\$ 0.21	\$ 0.13	\$ 0.54
Diluted.....	\$ 0.05	\$ 0.17	\$ 0.11	\$ 0.44

(3) Net Income Per Common Share

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. Weighted average shares used to compute net income per share are presented below (in thousands):

	Three months ended September 30, 1999	Three months ended September 30, 2000	Nine months ended September 30, 1999	Nine months ended September 30, 2000
Weighted-average shares, basic.....	27,248	42,363	27,167	41,396
Dilutive effect of stock options.....	5,286	8,621	4,480	7,921
Dilutive effect of warrants.....	944	937	817	976
Weighted-average shares, fully diluted.....	33,478	51,921	32,464	50,293
	=====	=====	=====	=====

Options to purchase 191,167 and 550,222 shares of common stock for the three months ended September 30, 1999 and 2000, respectively, were not included in the calculation of diluted net income per share because the effect of these instruments was anti-dilutive. Options to purchase 321,633 and 1,242,195 shares of common stock for the nine months ended September 30, 1999 and 2000, respectively, were not included in the calculation of diluted net income per share because the effect of these instruments was anti-dilutive.

WIRELESS FACILITIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)
(Unaudited)

(4) Segment Information

Prior to January 1, 1999, the Company provided only design and deployment services. In the last fiscal quarter of 1999, the Company added network maintenance and business consulting services to its operations. Due to the nature of these services, the amount of capital assets used in providing services to customers is not significant. Revenue and operating income provided by the Company's industry segments for the three and nine months ended September 30, 1999 and 2000 are as follows (in thousands):

	Three months ended September 30, 1999	Three months ended September 30, 2000	Nine months ended September 30, 1999	Nine Months Ended September 30, 2000

Revenues:				
Design and deployment.....	\$23,833	\$57,980	\$56,938	\$142,285
Network management....	--	12,770	--	28,346
Business consulting...	--	2,323	--	5,210
	-----	-----	-----	-----
Total revenues.....	\$23,833	\$73,073	\$56,938	\$175,841
	=====	=====	=====	=====
Operating income:				
Design and deployment.....	\$ 5,570	\$11,156	\$11,013	\$ 26,419
Network management....	--	2,279	--	7,765
Business consulting...	--	584	--	1,888
	-----	-----	-----	-----
Total operating income.....	\$ 5,570	\$14,019	\$11,013	\$ 36,073
	=====	=====	=====	=====

Revenues derived by geographic region are as follows (in thousands):

	Three months ended September 30, 1999	Three months ended September 30, 2000	Nine months ended September 30, 1999	Nine months ended September 30, 2000

Revenues:				
U.S.	\$17,709	\$51,067	\$39,787	\$128,345
Central and South America.....	6,124	17,843	17,151	38,291
Europe, Middle East and Africa.....	--	4,163	--	9,205
	-----	-----	-----	-----
Total Revenues.....	\$23,833	\$73,073	\$56,938	\$175,841
	=====	=====	=====	=====

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

This report contains forward-looking statements. 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.

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. Moreover, neither we, nor any other person, assumes responsibility for the accuracy and completeness of the forward-looking statements. We are under no obligation to update any of the forward-looking statements after the filing of this Quarterly Report on Form 10-Q to conform such statements to actual results or to changes in our expectations.

The following discussion should be read in conjunction with our consolidated financial statements and the related notes and other financial information appearing elsewhere in this Form 10-Q. Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business, including without limitation the disclosures made under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," under the caption "Risk Factors," and the audited consolidated financial statements and related notes included in the Company's Annual Report filed on Form 10-K for the year ended December 31, 1999 and other reports and filings made with the Securities and Exchange Commission.

Overview

Wireless Facilities, Inc. offers network business consulting, network planning, design and deployment, and network operations and maintenance services for the wireless telecommunications industry. During the nine months ended September 30, 1999 and September 30, 2000, we increased both the number of our contracts, the scope of our services and our geographic presence. In the final months of 1999, we entered into our first contracts for network planning which contributed to increased revenues and net income during the nine months ended September 30, 2000. For the nine months ended September 30, 2000, our consulting, design and deployment, and network management segments contributed to 3%, 81% and 16% of our revenues, respectively. We expect to generate increased revenue from our network management and consulting services as we cross-sell to our existing customers and make our full range of services available to new customers. During this period, we also formed a subsidiary in the United Kingdom, Wireless Facilities International, Ltd. ("WFIL"). WFIL began servicing existing contracts and entering into new contracts in Europe, the Middle East and Africa ("EMEA") in April 2000. During the nine months ended September 30, 2000, we performed work in 29 countries. These contracts include services performed for many of the latest wireless technologies, including UMTS, broadband wireless applications, and voice and video applications. Revenues from our international operations contributed 27% of our total revenues for the nine months ended September 30, 2000.

Revenues from network planning, design and deployment contracts are primarily fixed price contracts which are recognized using the percentage-of-completion method. Under the percentage-of-completion method of accounting, expenses on each project are recognized as incurred, and revenues are recognized based on a comparison of the current costs incurred for the project to date compared to the then estimated total costs of the project from start to completion. Accordingly, revenue recognized in a given period depends on the costs incurred on each individual project and the current estimate of the total costs to complete a project, determined at that time. As a result, gross margins for any single project may fluctuate from period to period. 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. For business consulting, 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 ongoing radio frequency optimization and network operations and maintenance services. With respect to these services, we recognize revenue as services are performed.

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.

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. During the nine months ended September 30, 2000, we completed the first phase of implementing a new financial management and accounting software program in our domestic operations. Such software was implemented to better accommodate our growth. We expect to incur expenses in subsequent periods related to licensing the software package and related personnel costs associated with phasing in its implementation in our domestic and international operations. We may incur expenses related to a given project in advance of the commencement of the project 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.

Results of Operations:

Three months ended September 30, 1999 and September 30, 2000

Revenues. Revenues increased 207% from \$23.8 million for the three months ended September 30, 1999 to \$73.1 million for the three months ended September 30, 2000. The \$49.3 million increase was primarily attributable to the addition of new contracts, including contracts in our consulting and network management segments which were not included in the three months ended September 30, 1999. Another significant factor for the increase is our expansion into the international market. Revenues from international markets comprised 26% of our total revenues during the three months ended September 30, 1999, compared to 30% of our total revenues during the same three month period ended September 30, 2000.

Cost of Revenues. Cost of revenues increased 211% from \$13.1 million for the three months ended September 30, 1999 to \$40.8 million for three months ended September 30, 2000, primarily due to increased staffing in support of new contracts. Gross profit was 44% of revenues for the three months ended September 30, 2000 compared to 45% of revenues for the three months ended September 30, 1999.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 235% from \$4.6 million for the three months ended September 30, 1999 to \$15.4 million for the three months ended September 30, 2000. As a percentage of revenues, selling, general and administrative expenses increased from 19% for the three months ended September 30, 1999 to 21% for the three months ended September 30, 2000. The increase is due to staffing increases in overhead departments to support our growth in operations, the increased support required for a public company, costs of staffing and running international offices, as well as time charged for new employees during their orientation, training and assignment processes.

Depreciation and Amortization Expense. Depreciation and amortization expense increased 460% from \$0.5 million for the three months ended September 30, 1999 to \$2.8 million for the three months ended September 30, 2000.

Net Other Income (Expense). For the three months ended September 30, 1999 net other expense was \$0.3 million, as compared to net other income of \$0.2 for the three months ended September 30, 2000. This \$0.5 million income increase was primarily attributable to interest revenue from the investment of proceeds from our initial public offering which occurred in November 1999, partially offset by foreign exchange losses for the period and increased interest expense on increasing balances on our line of credit.

Provision for Income Taxes. Our provisional income tax rate as a percentage of income before taxes decreased from 43% for the three months ended September 30, 1999, to 37% for the three months ended September 30, 2000. The decrease is primarily attributable to increases in our foreign sales.

Nine Months Ended September 30, 1999 and September 30, 2000

Revenues. Revenues increased 209% from \$56.9 million for the nine months ended September 30, 1999 to \$175.8 million for the nine months ended September 30, 2000. The \$118.9 million increase was primarily attributable to the addition of new contracts from our acquisitions completed during the first quarter of 2000, expanded scope on several large, existing contracts, and new contracts in our consulting and network management segments, which were not included in the nine months ended September 30, 1999. Significant new contracts included contracts acquired through our acquisitions of The Walter Group and the Dallas network operations center during the first three months of the fiscal year 2000. Revenues also increased from two significant deployment contracts in the Mexican market serviced in the nine months ended September 30, 2000. Revenues from our international markets comprised 30% of our total revenues during the nine months ended September 30, 1999, compared to 27% of our total revenues during the same nine month period ended September 30, 2000.

Cost of Revenues. Cost of revenues increased 191% from \$34.1 million for the nine months ended September 30, 1999 to \$99.2 million for the nine months ended September 30, 2000, primarily due to increased staffing in support of new contracts. Gross profit was 40% of revenues for the nine months ended September 30, 1999 compared to 44% for the nine months ended September 30, 2000. The nine months ended September 30, 1999 included the impact of a revision to expense forecasts for the completion of two fixed-price contracts.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 240% from \$10.2 million for the nine months ended September 30, 1999 to \$34.7 million for the nine months ended September 30, 2000. As a percentage of revenues, selling, general and administrative expenses increased from 18% for the nine months ended September 30, 1999 to 20% for the nine months ended September 30, 2000. The increase is due to staffing increases in overhead departments to support our growth in operations, the increased support required for a public company, as well as time charged for new employees during their our orientation, training and assignment processes.

Depreciation and Amortization Expense. Depreciation and amortization expense increased 267% from \$1.6 million for the nine months ended September 30, 1999 to \$5.8 million for the nine months ended September 30, 2000. The increase is primarily due to goodwill and other identifiable intangibles resulting from our recent acquisitions, which also contributed to our increase in contracts, revenues and overall operations.

Net Other Income (Expense). For the nine months ended September 30, 1999, net other expense was \$0.9 million compared to net other income of \$1.2 million for the nine months ended September 30, 2000. This increase totaling \$2.1 million was primarily attributable to interest earned on our investments in marketable securities from the proceeds of our November 1999 initial public offering, partially offset by an increase in interest expense on increasing balances on our line of credit.

Provision for Income Taxes. Our provisional income tax rate as a percentage of income before taxes decreased from 44% for the nine months ended September 30, 1999, to 39% for the nine months ended September 30, 2000. The decrease is primarily attributable to increases in our foreign sales.

Liquidity and Capital Resources

As of September 30, 2000, we had cash and cash equivalents totaling approximately \$24.3 million. Of this, approximately \$13.6 million was invested in short-term, investment grade securities with maturities at the date of purchase of less than 90 days.

Future capital requirements will depend upon many factors, including our plans for future acquisitions, the timing of payments under contracts and increases in personnel in advance of new contracts.

Cash used in operations is primarily derived from our contracts in process and changes in working capital. Cash used in operations was \$8.2 million and \$37.7 million for the nine months ended September 30, 1999 and 2000, respectively.

Cash used in investing activities was \$4.2 million and \$5.4 million for the nine months ended September 30, 1999 and 2000 respectively. Investing activities for the nine months ended September 30, 1999 consisted

primarily of cash paid for the acquisitions of B. Communications International and CRD. Investing activities for the nine months ended September 30, 2000 consisted primarily of proceeds totaling \$34.8 million received from sales of investments, partially offset by cash paid for acquisitions and investments approximating \$37.1 million. Acquisitions during the nine months ended September 30, 2000 include the purchase of assets from The Walter Group, Comcor, Davis Bay and Questus, as well as a network operations center, an investment in CommVerge, and an equity interest in Diverse Networks, Inc.

Cash provided by financing activities for the nine months ended September 30, 1999 was \$13.9 million, which was primarily derived from the sale of preferred stock, less repayment of credit borrowings from a financial institution and officers. In February 1999, we issued and sold 2,727,273 shares of Series B preferred stock for \$15.0 million. These shares were converted to common stock at the conversion rate of 1-to-1 upon the closing of our initial public offering in November of 1999, in accordance with the terms of the preferred stock agreement. Cash provided by financing activities was \$33.0 million for the nine months ended September 30, 2000. Financing activities for this period primarily consisted of \$23.9 million borrowed under our line of credit, and \$9.4 million from sales of common stock issued through our stock option and employee stock purchase plans. At September 30, 2000, \$23.9 million was outstanding under our line of credit. The credit facility is due on August 17, 2002 and bears interest at either the bank prime rate minus 0.25% (9.5% at September 30, 2000) or at the London Interbank Offering Rate (LIBOR) plus 2.25% (6.73% at September 30, 2000) at our discretion. The line of credit is secured by substantially all of our assets. The agreement contains restrictive covenants, which, among other things, require maintenance of certain financial ratios.

The Company has no material cash commitments other than obligations under its credit facilities, operating and capital leases. Future capital requirements will depend upon many factors, including the timing of payments under contracts and increases in personnel in advance of new contracts.

On November 10, 1999, we completed an initial public offering of our common stock. In conjunction with the closing of that offering, we issued 4,600,000 shares of common stock for approximately \$64.2 million in cash (net of underwriting discounts). As of September 30, 2000, the proceeds were used as follows: (i) \$8.6 million was used to repay short-term debt and notes payable; (ii) \$32.3 million was used to acquire assets or equity interests in other businesses; and (iii) \$1.3 net of reinvested interest and asset management fees was used in our operations. The remaining proceeds, approximating \$22.0 million at September 30, 2000, are invested in short-term, investment grade securities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to foreign currency risks due to both transactions and translations between a functional and reporting currency in our Mexican, Brazilian and United Kingdom subsidiaries. We currently do not hedge any of these risks in our foreign subsidiaries because (1) cash flows from foreign operations in Mexico are generally reinvested locally in Mexico, (2) foreign operations in Brazil are minimal, (3) the British pound sterling is relatively stable against the U.S. dollar, and (4) we do not believe that to do so is justified by the current exposure and the cost at this time. The Company is exposed to the impact of foreign currency fluctuations due to intercompany transactions with its consolidated foreign subsidiaries. While these intercompany balances are eliminated in consolidation, exchange rate changes do affect consolidated earnings. At September 30, 2000, there was \$10.0 million, \$1.3 million and \$2.4 million owed to our U.S. operations from our Mexican, Brazilian and United Kingdom subsidiaries, respectively. These intercompany receivables were denominated in U.S. dollars. The potential foreign currency translation losses from a hypothetical 10% adverse change in the exchange rates from these intercompany balances are approximately \$1.0 million from Mexico, \$0.1 million from Brazil and \$0.2 million from the United Kingdom. In addition, we estimate that a 10% change in foreign exchange rates would impact reported operating profit for the three and nine months ended September 30, 2000 by approximately \$0.4 million and \$1.0 million, respectively. This was estimated using a 10% deterioration factor to the average monthly exchange rates applied to net income or loss for each of the subsidiaries in the respective period. Operations with and net income of foreign subsidiaries were not significant at September 30, 1999.

As of September 30, 2000, we had cash and cash equivalents of approximately \$24.3 million. Of this, \$13.6 million was invested in short-term, interest-bearing investment grade securities, with maturities at the date of purchase of less than 90 days. 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 a sudden change in market interest rates. We do not use derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions in any material fashion. Accordingly, management believes that, while the investment-grade securities the Company holds are subject to changes in the financial standing of the issuer of such securities, it is not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments.

As of September 30, 2000, we held a \$30 million line of credit facility with a financial institution. At September 30, 2000, \$23.9 million was outstanding under this line of credit. This line of credit was increased to \$50 million on October 31, 2000. The credit facility is due on August 17, 2002 and bears interest at either the bank prime rate minus 0.25% (9.5% at September 30, 2000) or at the London Interbank Offering Rate (LIBOR) plus 2.25% (6.7% at September 30, 2000) at our discretion. The line of credit is secured by substantially all of our assets. The agreement contains restrictive covenants, which, among other things, require maintenance of certain financial ratios. We do not utilize any derivative financial instruments to hedge the interest rate fluctuation as our balances under the facility are borrowed over the short term and we currently retain the ability to pay down amounts borrowed through our operational funds.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As reported in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000, subsequent to the Company's initial public offering in November 1999, the Company received correspondence from certain former employees (or their stockbrokers) who presented stock certificates of a predecessor corporation of the Company delivered in 1996 as part of an employee benefit plan.

The Company has settled the demands of each of the six former employees who had sold or who had attempted to sell unregistered certificates purportedly representing 97,500 shares of the Company, against whom the Company had filed a complaint for Declaratory Relief in the Superior Court of the State of California for the County of San Diego on March 6, 2000, and the Company dismissed the complaint on July 28. The Company has also settled a similar demand for recognition by another former employee and has reached a tentative settlement agreement with an additional former employee, based on similar circumstances. In each of these settlements the Company has agreed to recognize a certain number of the shares as having been properly issued in 1996 for services rendered prior to issuance.

On July 25, 2000, the Company filed a Complaint for Declaratory Relief in the Superior Court of the State of California for the County of San Diego, against Dr. Rahim Tafazolli, a former employee/consultant who received an unregistered certificate purportedly representing 45,000 shares of the Company. The complaint seeks a declaration that the subject certificate is invalid due to forfeiture provisions of the employee benefit plan and due to Dr. Tafazolli's failure to perform the agreed services. On August 10, 2000, Dr. Tafazolli filed a related complaint in the Court of Chancery of the State of Delaware in and for New Castle County. The related complaint seeks money damages and a declaration that Dr. Tafazolli is entitled to receive an unrestricted WFI stock certificate for 45,000 shares. The Company intends to vigorously pursue its action in California and to vigorously defend against the related action in Delaware.

The Company has settled or agreed to settle demands relating to a total of 127,500 shares. The Company has received no other additional formal demands for recognition of shares represented by unregistered certificates other than the demand by Dr. Tafazolli.

The Company refers to its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000 for further detail on the anticipated impact arising from recognition of the share certificates. The Company does not believe existing demands or future litigation associated with the unregistered certificates will have a material effect on its financial position or results of operations. However, there can be no guarantee that existing or future litigation that might arise out of these circumstances can be settled or disposed of in the manner anticipated. Other outcomes could have a material adverse effect on the Company's financial position or results of operations.

Other than as described above, and as described in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000, the Company is not subject to any legal proceedings other than ordinary routine matters incidental to the business, none of which are expected to have a material adverse effect on the Company's financial position or results of operations. However, litigation is subject to inherent uncertainties, and an adverse result in existing or other matters may arise from time to time which may harm the Company's business.

Item 2. Changes in Securities and Use of Proceeds

(c). Recent Sales of Unregistered Securities

During the three months ended September 30, 2000, the Company issued unregistered securities in the following transactions:

1. On August 29, 2000, the Company issued an aggregate of 160,313 shares of common stock, valued at \$10.3 million, to shareholders of Questus Ltd. ("Questus"), as partial consideration for the acquisition of capital stock of Questus.

The issuance of the securities in the transaction described in the paragraph above was deemed not to be subject to the registration requirements of the Securities Act of 1933, as amended, by virtue of Regulation S promulgated thereunder.

The issuance of the securities was made in an offshore transaction, and in connection with the offer and issuance no directed selling efforts were made in the United States by the Company, a distributor, any of their respective affiliates, or any person acting on behalf of any of the foregoing. Each of the recipients certified that it was not a U.S. person, as such term is defined in Rule 902 of the Securities Act, and that it was not acquiring the securities for the account or benefit of any U.S. person, and made further certifications regarding resale of the securities and hedging transactions.

(d). Use of Proceeds from Sales of Registered Securities

On November 10, 1999, the Company completed an initial public offering of its Common Stock, \$0.001 par value per share. The managing underwriters in the offering were Credit Suisse First Boston, Hambrecht & Quist and Thomas Weisel Partners LLC. The shares of Common Stock sold in the offering were registered under the Securities Act of 1933, as amended, on a Registration Statement on Form S-1 (Reg. No. 333-85515) (the "Registration Statement") that was declared effective by the Commission on November 4, 1999. All 4,600,000 shares of Common Stock registered under the Registration Statement, including shares covered by an overallocation option, were sold at a price of \$15.00 per share. The offering resulted in gross proceeds of \$69 million of which \$4.8 million was applied toward commissions to the underwriters. Expenses related to the offering were approximately \$2,250,000. After deducting the underwriters' commissions, the Company received net proceeds of approximately \$64.2 million. As of September 30, 2000, the Company has used the net proceeds from the offering as follows: (i) \$8.6 million was used to repay short-term debt and notes payable; (ii) \$32.3 million was used to acquire assets or equity interests in other businesses; and (iii) \$1.3 net of reinvested interest and asset management fees was used in our operations. The remaining proceeds, approximating \$22.0 million at September 30, 2000, are invested in short-term, investment grade securities.

The offering proceeds are available to be used for working capital and general corporate purposes. None of the net proceeds of the offering were paid directly or indirectly to any director or officer of the Company or their associates, persons owning ten percent (10%) or more of any class of equity securities of the Company, or an affiliate of the Company.

Item 6. Exhibits and Reports on Form 8-K:

(a). Exhibits:

- 10.1 Sublease Agreement by and between the Company and Franklin Templeton Corporate Services, Inc. dated as of April 14, 2000.
- 10.2 2000 Nonstatutory Stock Option Plan
- 10.3 Form of Stock Option Agreement and Grant Notice for the 2000 Nonstatutory Stock Option Plan
- 27 Financial Data Schedule

(b). Reports on Form 8-K:

None.

SIGNATURES

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

WIRELESS FACILITIES, INC.

/s/ Massih Tayebi

Date: November 13, 2000

By: _____
Massih Tayebi
Chairman

/s/ Thomas A. Munro

By: _____
Thomas A. Munro
President

EXHIBIT INDEX

Exhibit Number	Description of Document
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27	Financial Data Schedule

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT ("Sublease") is made and entered into as of the 14th day of April, 2000 by and between FRANKLIN TEMPLETON CORPORATE SERVICES, INC., a Delaware corporation ("Sublandlord"), and WIRELESS FACILITIES, INC., a Delaware corporation ("Subtenant"), with respect to the following facts and circumstances:

RECITALS

A. Spieker Properties, L.P., a California limited partnership ("Landlord") is the owner of approximately 29 acres and up to approximately 591,000 square feet (existing, under construction or planned) in 9 buildings known as Bridge Pointe Corporate Centre within the Eastgate Technology Park in San Diego, California (the "Project"). A depiction of the Project is attached hereto as Exhibit "A" and incorporated herein by this reference. Phase A of the Project consists of 4 existing buildings known as "Building 1" (also referred to as the "Phase A-1 Premises") located at 4770 Eastgate Mall, "Building 2" (also referred to as the "ADC Telecommunications Premises") located at 4790 Eastgate Mall, "Building 3" (also referred to as the "Phase A-2 Premises") located at 4760 Eastgate Mall and "Building 4" (also referred to as the "Phase A-3 Premises") located at 4780 Eastgate Mall. Phase B of the Project consists of 2 buildings under construction known as "Building 5" (also referred to as the "Phase B-2 Premises") located at 4810 Eastgate Mall and "Building 6" (also referred to as the "Phase B-1 Premises") located at 4820 Eastgate Mall. Phase C of the Project consists of 3 planned buildings known as "Buildings 7 through 9".

B. Landlord and Sublandlord entered into an Industrial Net Lease dated September 2, 1998, assigned by that certain Assignment, Assumption and Consent agreement dated January 1, 2000 (collectively, the "Phase B Lease") whereby Landlord leased to Sublandlord the Phase B-1 Premises and the Phase B-2 Premises, upon the terms and conditions contained therein. A true, correct and complete copy of the Phase B Lease is attached hereto as Exhibit "B" and made a part hereof. All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Phase B Lease.

C. Sublandlord and Subtenant are desirous of entering into a sublease of the Phase B-2 Premises ("Sublease Premises") on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually covenant and agree as follows:

1. Sublease. Sublandlord hereby subleases and demises to Subtenant

and Subtenant hereby hires and subleases from Sublandlord the Sublease Premises which contain 90,000 rentable square feet, upon and subject to the terms, covenants and conditions hereinafter set forth.

2. Term.

(a) The term of this Sublease ("Sublease Term") shall be for one hundred fourteen months (114) commencing on November 1, 2000 regardless of the status of the Tenant

Improvements as of that date ("Sublease Commencement Date") and shall terminate on April 30, 2010 ("Sublease Expiration Date"). In the event Substantial Completion (as defined below) of the Sublease Premises is completed prior to the Sublease Commencement Date, Subtenant shall be permitted to occupy the Sublease Premises without the payment of Rent until the Sublease Commencement Date. As used herein, the term "Substantial Completion" shall mean (A) all of the Sublease Premises' plumbing, heating, life safety, ventilation, air conditioning and electrical systems are operational to the extent necessary to service the Sublease Premises, (B) Landlord has substantially completed all work required to be performed by Landlord in accordance with the Work Letter Agreement executed among Landlord, Sublandlord and Subtenant of even date herewith and attached hereto as Exhibit "D" ("Work Letter"), except minor "punch-list" items which shall thereafter be promptly completed, (C) Subtenant has obtained a certificate of occupancy for the Sublease Premises or its equivalent in accordance with the Work Letter Agreement, and (D) Subtenant has been tendered access to the Sublease Premises.

(b) Sublandlord shall deliver possession of the Sublease Premises to Subtenant upon full execution of this Sublease and receipt of Landlord's consent pursuant to Paragraph 14 hereof, with the roof and all plumbing, lighting, heating, ventilating and air conditioning systems within the Sublease Premises in good working order, at which time Subtenant shall have the right to commence the Tenant Improvements pursuant to the Work Letter.

(c) Subtenant acknowledges that Subtenant has inspected and accepts the Sublease Premises in its present condition, broom clean, "as is" and is suitable for Subtenant's intended operations in the Sublease Premises, subject to punch list items and latent defects not visually discoverable by Subtenant in accordance with the Work Letter and Paragraph 2.B of the Master Lease. Subtenant further acknowledges that except as set forth in the Work Letter or expressly set forth in this Sublease, no representations as to the condition or repair of the Sublease Premises and no promises to alter, remodel or improve the Sublease Premises have been made by Landlord, Sublandlord or any agents of either party.

(d) After the Sublease Commencement Date, Subtenant shall promptly execute and return to Sublandlord a "Start-Up Letter" in which Subtenant shall agree, among other things, to acceptance of the Sublease Premises and to the determination of the Sublease Commencement Date, in accordance with the terms of this Sublease, but Subtenant's failure or refusal to do so shall not negate Subtenant's acceptance of the Sublease Premises or affect determination of the Sublease Commencement Date.

3. Subrental.

(a) Base Rental. Beginning with the Sublease Commencement Date and

thereafter during the Sublease Term and ending on the Sublease Expiration Date, Subtenant shall pay to Sublandlord monthly installments of base rent ("Base Rental") as set forth below. The first monthly installment of Base Rental and Operating Expenses shall be paid by Subtenant upon the execution of this Sublease. Base Rental and additional rent shall hereinafter be collectively referred to as "Rent."

Period -----	Monthly Base Rental (Per Square Foot) -----
November 1, 2000 - July 31, 2001	\$1.55
August 1, 2001 - July 31, 2002	\$1.61
August 1, 2002 - July 31, 2003	\$1.68
August 1, 2003 - April 30, 2004	\$1.74
May 1, 2004 - April 30, 2005	\$1.82
May 1, 2005 - April 30, 2006	\$1.90
May 1, 2006 - April 30, 2007	\$1.99
May 1, 2007 - April 30, 2008	\$2.08
May 1, 2008 - April 30, 2009	\$2.17
May 1, 2009 - April 30, 2010	\$2.27

(b) Operating Expenses. Beginning with the Sublease Commencement

Date and thereafter during the Sublease Term, Subtenant shall pay to Sublandlord as additional rent under this Sublease, Subtenant's Proportionate Share of the amounts that Sublandlord, as Tenant, has to pay Landlord, pursuant to Paragraph 7 of the Phase B Lease. "Subtenant's Proportionate Share" shall mean the following: 100% of the Building in which the Phase B-2 Premises are located and 60% of Phase B of the Project.

(c) Payment of Rent. Except as otherwise specifically provided in

this Sublease, Rent shall be payable in lawful money without notice or demand, and without offset, counterclaim, or setoff in monthly installments, in advance, on the first day of each and every month during the Sublease Term. All of said Rent is to be paid to Sublandlord at its office at the address set forth in Paragraph 12 herein, or at such other place or to such agent and at such place as Sublandlord may designate by notice to Subtenant. Any additional rent payable on account of items which are not payable monthly by Sublandlord to Landlord under the Phase B Lease is to be paid directly to Sublandlord as and when such items are payable by Sublandlord to Landlord under the Phase B Lease unless a different time for payment is elsewhere stated herein. Sublandlord shall request that copies of all notices sent by Landlord pursuant to the Phase B Lease also be sent to Subtenant at the address set forth in Paragraph 12 below. In addition, Sublandlord agrees to provide Subtenant with copies of any notices, statements or invoices received by Sublandlord from Landlord pursuant to the terms of the Phase B Lease.

(d) Security Deposit. Concurrently with the execution of this

Sublease, Subtenant shall deposit with Sublandlord the sum of One Hundred Thirty-Nine Thousand Five Hundred and no/100 Dollars (\$139,500.00) ("Deposit"), which shall be held by Sublandlord as

security for the full and faithful performance by Subtenant of its covenants and obligations under this Sublease. The Deposit is not an advance Rent deposit, an advance payment of any other kind, or a measure of Sublandlord's damage in case of Subtenant's default. If Subtenant defaults in the full and timely performance of any or all of Subtenant's covenants and obligations set forth in this Sublease, then Sublandlord may, from time to time, without waiving any other remedy available to Sublandlord, use the Deposit, or any portion of it, to the extent necessary to cure or remedy the default or to compensate Sublandlord for all or a part of the damages sustained by Sublandlord resulting from Subtenant's default. Subtenant shall immediately pay to Sublandlord within five (5) days following demand, the amount so applied in order to restore the Deposit to its original amount, and Subtenant's failure to immediately do so shall constitute a default under this Sublease. If Subtenant is not in default with respect to the covenants and obligations set forth in this Sublease at the expiration or earlier termination of this Sublease, Sublandlord shall return the Deposit to Subtenant after the expiration or earlier termination of this Sublease. Sublandlord's obligations with respect to the Deposit are those of a debtor and not a trustee. Sublandlord shall not be required to maintain the Deposit separate and apart from Sublandlord's general and other funds and Sublandlord may commingle the Deposit with any of Sublandlord's general or other funds. Subtenant shall not at any time be entitled to interest on the Deposit.

(e) Late Charge. In addition to any other remedies of Sublandlord

hereunder, Subtenant shall, without notice or demand, add to the amount of any payment required to be made by Subtenant hereunder, and which is not paid and received by Sublandlord on or before the fifth (5th) business day of each calendar month, an amount equal to five percent (5%) of the delinquency for each month or portion thereof that the delinquency remains outstanding to compensate Sublandlord for the loss of the use of the amount not paid and the administrative costs caused by the delinquency; the parties agreeing that Sublandlord's damage by virtue of such delinquencies would be extremely difficult and impracticable to compute and the amount stated herein represents a reasonable estimate thereof. Any waiver by Sublandlord of any late charges or failure to claim the same shall not constitute a waiver of other late charges or any other remedies available to Sublandlord, such charge to accrue from the date upon which such amount was due until paid.

4. Signage. Subtenant shall have the right to install at

Subtenant's sole cost and expense up to two (2) business identification signs identifying Subtenant on the upper exterior of the building and adjacent to the building entrance doors of the building in which the Sublease Premises are located, subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, delayed or conditioned. In addition, Subtenant shall have the right to install one (1) business identification sign on the Project's monument sign, subject to Landlord's prior written approval, which shall not be unreasonably withheld, delayed or conditions. Except for the foregoing, Subtenant shall have no right to install or keep Subtenant identification signs in any other location outside the Sublease Premises. The size, design, color and other physical aspects of all such permitted signs shall also be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, delayed or conditioned and shall also be subject to any covenants, conditions or restrictions encumbering the Sublease Premises and any applicable municipal or other governmental permits and approvals. The cost of all such signs, including the installation, maintenance and removal thereof, shall be at

Subtenant's sole cost and expense. If Subtenant fails to maintain its signs, or if Subtenant fails to remove same upon the expiration or earlier termination of this Sublease and repair any damage caused by such removal, Sublandlord may do so at Subtenant's expense and Subtenant shall reimburse Sublandlord for all actual costs incurred by Sublandlord to affect such removal.

5. Parking Density. 4.5 parking spaces per 1,000 square feet of the

rentable area of the Sublease Premises.

6. Bonus Rent. Any Rent or other consideration realized by

Subtenant under any sublease or assignment, in excess of the Rent payable hereunder, after amortization of all transaction costs reasonably incurred in connection therewith, including but not limited to reasonable brokerage commission incurred by Subtenant, legal fees, costs of improvements, shall be divided and paid, twenty-five percent (25%) to Subtenant, and seventy-five percent (75%) to Sublandlord ("Bonus Rent"). In any subletting or assignment undertaken by Subtenant, Subtenant shall diligently seek to obtain the maximum rental amount available in the marketplace for comparable space available for primary leasing.

7. Incorporation of Terms of Phase B Lease. This Sublease is

subject and subordinate to the Phase B Lease. Subject to the modifications set forth in this Sublease, the terms of the Phase B Lease are incorporated herein by reference, and shall, as between Sublandlord and Subtenant (as if they were Landlord and Tenant, respectively, under the Phase B Lease) constitute the terms of this Sublease except to the extent that they are inapplicable to, inconsistent with, or modified by, the terms of this Sublease. In the event of any inconsistencies between the terms and provisions of the Phase B Lease and the terms and provisions of this Sublease, the terms and provisions of this Sublease shall govern. Subtenant acknowledges that it has reviewed the Phase B Lease and is familiar with the terms and conditions thereof.

(a) For the purposes of incorporation herein, the terms of the Phase B Lease are subject to the following additional modifications:

(i) In all provisions of the Phase B Lease (under the terms thereof and without regard to modifications thereof for purposes of incorporation into this Sublease) requiring the approval or consent of Landlord, Subtenant shall be required to obtain the approval or consent of Landlord and Sublandlord.

(ii) In all provisions of the Phase B Lease requiring Tenant to submit, exhibit to, supply or provide Landlord with evidence, certificates, or any other matter or thing, Subtenant shall be required to submit, exhibit to, supply or provide, as the case may be, the same to Landlord and Sublandlord.

(iii) Sublandlord shall have no obligation to restore or rebuild any portion of the Sublease Premises after any destruction or taking by eminent domain.

(iv) Notwithstanding anything to the contrary in Paragraph 21 of the Phase B Lease, Subtenant's customers shall have the right to occupy space in Subtenant's network operating center (which shall comprise less than twenty-five percent 25% of the

Sublease Premises) from time to time and shall not be subject to the provisions of Paragraph 21 of the Phase B Lease.

(v) In Paragraph 38(G) of the Phase B Lease, the reference to the "Designated Building" shall be deemed to reference the building constituting the Sublease Premises. All such roof rights shall be exclusive to Subtenant. In addition, the term "Satellite Dish" is hereby revised to include more than one (1) satellite dish or antennae. Said amount of satellite dishes or antennae shall be subject to Landlord's reasonable approval.

(b) The following provisions of the Phase B Lease are specifically excluded: all of the Basic Lease Information, Paragraph 1, Paragraph 2, Paragraph 3, the requirement for two months prepaid rent in Paragraph 6.A., first paragraph of Paragraph 8.B. concerning self-insurance, Paragraph 15.D., Paragraph 19, Paragraph 21.B., last two sentences of Paragraph 25, Paragraph 26.D., Paragraph 32, Paragraph 38.A., Paragraph 38.B., Paragraph 38.C., Paragraph 38.D., Paragraph 38.E., Paragraph 38.I., Paragraph 38.J., Paragraph 38.K., Exhibit B, Exhibit C, Exhibit H, Exhibit I, Exhibit J.

8. Subtenant's Obligations. Subtenant covenants and agrees that all

obligations of Sublandlord under the Phase B Lease shall be done or performed by Subtenant with respect to the Sublease Premises, except as otherwise provided by this Sublease, and Subtenant's obligations shall run to Sublandlord and Landlord as Sublandlord may determine to be appropriate or be required by the respective interests of Sublandlord and Landlord. Subtenant agrees to indemnify Sublandlord, and hold it harmless, from and against any and all claims, damages, losses, expenses and liabilities (including reasonable attorneys' fees) incurred as a result of the non-performance, non-observance or non-payment of any of Sublandlord's obligations under the Phase B Lease applicable to the Sublease Premises which, as a result of this Sublease, became an obligation of Subtenant. Subtenant shall not do, nor permit to be done, any act or thing which is, or with notice or the passage of time would be, a default under this Sublease or the Phase B Lease (to the extent applicable to the Sublease Premises). Sublandlord agrees to indemnify Subtenant, and hold it harmless, from and against any and all claims, damages, losses, expenses and liabilities (including reasonable attorneys' fees) incurred as a result of the non-performance, non-observance or non-payment of any of Sublandlord's obligations under the Phase B Lease

9. Sublandlord's Obligations. Sublandlord agrees that Subtenant

shall be entitled to receive all services and repairs to be provided by Landlord to Sublandlord under the Phase B Lease. Subtenant shall look solely to Landlord for all such services and shall not, under any circumstances, seek nor require Sublandlord to perform any of such services, nor shall Subtenant make any claim upon Sublandlord for any damages which may arise by reason of Landlord's default under the Phase B Lease. Any condition resulting from a default by Landlord shall not constitute as between Sublandlord and Subtenant an eviction, actual or constructive, of Subtenant and no such default shall excuse Subtenant from the performance or observance of any of its obligations to be performed or observed under this Sublease, or, except as otherwise provided in this Sublease, entitle Subtenant to receive any reduction in or abatement of the Rent provided for in this Sublease. In furtherance of the foregoing, and subject to Paragraph 11 hereof, Subtenant does hereby waive any cause of action and any right to bring any action

against Sublandlord by reason of any act or omission of Landlord under the Phase B Lease. Sublandlord covenants and agrees with Subtenant that Sublandlord will pay all fixed rent and additional rent payable by Sublandlord pursuant to the Phase B Lease to the extent that failure to perform the same would adversely affect Subtenant's use or occupancy of the Sublease Premises. In the event of a breach by Landlord of any term of the Phase B Lease, then Sublandlord's sole obligation in regard to its obligation under this Sublease shall be to diligently pursue the correction or cure by Landlord of Landlord's breach. Such efforts shall include, without limitation, upon Subtenant's request, (a) immediately notifying Landlord of its non-performance under the Phase B Lease and demanding that Landlord perform its obligations under the Phase B Lease and/or (b) assigning Sublandlord's rights under the Phase B Lease to Subtenant to the extent necessary to permit Subtenant to institute legal proceedings against Landlord to obtain the performance of Landlord's obligations under the Phase B Lease; provided, however, that if Subtenant commences a lawsuit or other action, Subtenant shall pay all costs and expenses incurred in connection therewith, and Subtenant shall indemnify Sublandlord against, and hold Sublandlord harmless from, all costs and expenses incurred by Sublandlord in connection therewith.

10. Default by Subtenant. In the event Subtenant shall be in default of

any covenant of, or shall fail to honor any obligation under, this Sublease, Sublandlord shall have available to it against Subtenant all of the remedies available (a) to Landlord under the Phase B Lease in the event of a similar default on the part of Sublandlord thereunder or (b) at law.

11. Quiet Enjoyment. So long as Subtenant pays all of the Rent due

hereunder and performs all of Subtenant's other obligations hereunder, Sublandlord shall do nothing to affect Subtenant's right to peaceably and quietly have, hold and enjoy the Sublease Premises, and all of the rights, entitlements, and options granted to Subtenant hereunder. In the event, however, that Sublandlord defaults in the performance or observance of any of Sublandlord's obligations under this Sublease or Subtenant receives a notice of default on the part of Sublandlord from Landlord under the Phase B Lease, then Subtenant shall give written notice to Sublandlord specifying in what manner Sublandlord has defaulted. If such default shall not be cured within a reasonable time, but in no event later than thirty (30) days after Sublandlord's receipt of such written notice from Subtenant (except that if such default cannot be cured within said thirty (30) day period, this period shall be extended for an additional reasonable time, provided that Sublandlord commences to cure such default within such thirty (30) day period and proceeds diligently thereafter to effect such cure as quickly as possible), then Subtenant shall be entitled, at Subtenant's option, to cure such default and promptly collect from Sublandlord Subtenant's reasonable expenses in so doing (including, without limitation, reasonable attorneys' fees and court costs) unless such default by Sublandlord is caused by a default of Subtenant hereunder (in which case Sublandlord shall not be liable for Subtenant's costs to cure the default). Subtenant shall not be required to wait the entire cure period provided for herein if earlier action is required to prevent a termination by Landlord of the Phase B Lease and Sublandlord has failed to take such earlier action. Sublandlord shall not amend or modify the Phase B Lease in such a manner as to materially adversely affect Subtenant's use of the Sublease Premises or increase the obligations or decrease the rights of Subtenant hereunder, without the prior written consent of Subtenant, which may be granted or withheld at Subtenant's sole discretion. Anything contained in any provision of this Sublease to the contrary notwithstanding, Subtenant agrees, with respect

to the Sublease Premises, to comply with and remedy any default in this Sublease or the Phase B Lease which is Subtenant's obligation to cure, within the period allowed to Sublandlord under the Phase B Lease, even if such time period is shorter than the period otherwise allowed therein due to the fact that notice of default from Sublandlord to Subtenant is given after the corresponding notice of default from Landlord to Sublandlord. Sublandlord agrees to forward to Subtenant, promptly upon receipt thereof by Sublandlord, a copy of each notice of default received by Sublandlord in its capacity as Tenant under the Phase B Lease. Subtenant agrees to forward to Sublandlord, promptly upon receipt thereof, copies of any notices received by Subtenant from Landlord or from any governmental authorities.

12. Notices. All notices, demands and requests shall be in writing and

shall be sent either by hand delivery or by a nationally recognized overnight courier service (e.g., Federal Express), in either case return receipt requested, to the address of the appropriate party. Notices, demands and requests so sent shall be deemed given when the same are received. Notices and remittance of Rent to Sublandlord shall be sent to the attention of:

Franklin Resources, Inc.
777 Mariners Island Boulevard
San Mateo, California 94404
Attn: Manager of Corporate Real Estate

Notices to Landlord shall be sent to the attention of:

Spieker Properties, L.P.
9255 Towne Centre Drive, Suite 100
San Diego, California 92121
Attn: TAMBRA MARTINEZ

Notices to Subtenant shall be sent to the attention of:

Wireless Facilities, Inc.
4810 Eastgate Mall
San Diego, CA 92121
Attn:Facilities Manager

Prior to Subtenant's occupancy of the Sublease Premises notices shall be sent to:

Wireless Facilities, Inc.
9805 Scranton Road, Suite 100
San Diego, CA 92121
Attn: Facilities Manager

13. Condition of Premises. Except as provided in the Work Letter,

Subtenant acknowledges that it is subleasing the Sublease Premises "as-is" and that Sublandlord is not making any representation or warranty concerning the condition of the Sublease Premises and that Sublandlord is not obligated to perform any work to prepare the Sublease Premises for

Subtenant's occupancy. Subtenant acknowledges that it is not authorized to make or do any alterations or improvements in or to the Sublease Premises except as permitted by the provisions of this Sublease and the Phase B Lease and that it must deliver the Sublease Premises to Sublandlord on the Sublease Expiration Date in the condition required by the Phase B Lease.

14. Consent of Landlord. Paragraph 21.A. of the Phase B Lease requires

Sublandlord to obtain the written consent of Landlord to this Sublease. Sublandlord shall diligently pursue Landlord's consent to this Sublease promptly following the execution and delivery of this Sublease by Sublandlord and Subtenant.

15. Termination of the Phase B Lease. If for any reason the term of the

Phase B Lease shall terminate prior to the Sublease Expiration Date, this Sublease shall automatically be terminated and Sublandlord shall not be liable to Subtenant by reason thereof unless said termination shall have been caused by the default of Sublandlord under the Phase B Lease, and said Sublandlord default was not as a result of a Subtenant default hereunder. To the extent that the Phase B Lease grants Sublandlord any discretionary right to terminate the Phase B Lease, whether due to casualty, condemnation, or otherwise, Sublandlord shall not exercise such right without the prior written consent of the Subtenant which may be withheld by Subtenant in its sole and absolute discretion. If Landlord seeks to terminate the Phase B Lease because of a default or alleged default by Sublandlord under the Phase B Lease (other than a default or alleged default caused by the default by Subtenant under this Sublease), Sublandlord shall take all action required to reinstate the Phase B Lease. Further, if Rent is abated under the Phase B Lease, Rent hereunder shall also be abated in the same proportion.

16. Limitation of Estate. Subtenant's estate shall in all respects be

limited to, and be construed in a fashion consistent with, the estate granted to Sublandlord by Landlord.

17. Confidentiality. The covenants, obligations and conditions contained

in this Sublease and the Phase B Lease shall remain strictly confidential. Subtenant agrees to keep such terms, covenants, obligations and conditions strictly confidential and not to disclose such matters to any other landlord, tenant, prospective tenant, or broker. Notwithstanding the foregoing, Subtenant shall be allowed to disclose the Sublease and all covenants, obligations and conditions contained therein and the Phase B Lease, for business purposes only, to its shareholders, lenders, attorneys and accountants, and in any filing made by Subtenant with the Securities and Exchange Commission or other governmental authorities in accordance with applicable law.

18. Indemnity. Subtenant shall indemnify, defend, protect, and hold

Sublandlord harmless from and against all actions, claims, demands, costs, liabilities, losses, reasonable attorneys' fees, damages, penalties, and expenses (collectively "Claims") which may be brought or made against Sublandlord or which Sublandlord may pay or incur to the extent resulting from (i) Subtenant's use or occupancy of the Sublease Premises, (ii) a breach of this Sublease by Subtenant, (iii) any violation of law by Subtenant or its employees, agents, contractors or invitees ("Agents") relating to the use or occupancy of the Sublease Premises, or (iv) the negligence or willful misconduct of Subtenant or its Agents. Sublandlord shall indemnify, defend, protect, and hold Subtenant harmless from and against all actions, claims, demands, costs, liabilities, losses, reasonable attorneys' fees, damages, penalties and expenses which may be brought or made against Subtenant or which Subtenant may pay or incur to the extent caused

by (i) the negligence or willful misconduct of Sublandlord or its Agents occurring on or about the Project or Sublease Premises; (ii) the failure by Sublandlord to comply with or perform its obligations under the Phase B Lease and/or this Sublease, and (iii) a breach by Sublandlord of any of its representations or warranties to Subtenant under this Sublease.

19. Permitted Use. The Sublease Premises shall be used for general office

space and any other legal permitted uses compatible with the City of San Diego's MLI zone and the MCAS Miramar Comprehensive Land Use Plan and otherwise compatible with comparable office projects. The Occupancy Density shall not exceed 5 persons per 1,000 square feet.

20. Mutual Waiver of Subrogation. The waiver of subrogation provision set

forth in Paragraph 9 of the Phase B Lease shall be deemed a three party agreement binding among and inuring to the benefit of Sublandlord, Subtenant and Landlord (by reason of its consent to hereto).

21. Representations. Sublandlord represents to Subtenant that (A) the

Phase B Lease is in full force and effect, (B) the copy of the Phase B Lease which is attached to this Sublease as Exhibit B is a true, correct and complete copy of the Phase B Lease, (C) to Sublandlord's best knowledge, no default exists on the part of Sublandlord, or has there occurred any event which, with the giving of notice or passage of time or both, could constitute such a default or event of default, and (D) to Sublandlord's best knowledge, there are no pending or threatened actions, suits or proceedings before any court or administrative agency against Sublandlord which could, in the aggregate, adversely affect the Sublease Premises or of Sublandlord to perform its obligations under the Sublease, and Sublandlord is not aware of any facts which might result in any actions, suits or proceedings.

22. Entire Agreement. It is understood and acknowledged that there are no

oral agreements between the parties hereto affecting this Sublease and this Sublease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Sublandlord to Subtenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Sublease. This Sublease, and the exhibits and schedules attached hereto, contain all of the terms, covenants, conditions, warranties and agreements of the parties relating in any manner to the rental, use and occupancy of the Sublease Premises and shall be considered to be the only agreements between the parties hereto and their representatives and agents. None of the terms, covenants, conditions or provisions of this Sublease can be modified, deleted or added to except in writing signed by the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Sublease.

IN WITNESS WHEREOF, the parties have entered into this Sublease as of the date first written above.

SUBLANDLORD:

FRANKLIN TEMPLETON CORPORATE SERVICES, INC., a Delaware corporation

By: _____

Its: _____

SUBTENANT:

WIRELESS FACILITIES, INC., a Delaware corporation

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT "A"

DEPICTION OF THE PROJECT

Bridge Pointe Corporate Centre consists of approximately 29 acres and up to approximately 591,000 square feet in up to 9 buildings. Phase A consists of four buildings indicated on the site plan below as 4760, 4770, 4780 and 4790 Eastgate Mall, totaling 215,800 square feet consisting of approximately 12.5 net acres. Phase B will consist of two buildings totaling approximately 150,000 square feet and consisting of approximately 8.5 acres. Phase C will consist of three buildings totaling up to approximately 225,000 square feet and consisting of approximately 8 acres.

The Sublease Premises consists of one building in Phase B of the Project (labeled "Phase B-2 Premises") and is detailed in Exhibit C of this Sublease. The Site Plan detailing the Premises and the Project follows this page and consists of one (1) page.

EXHIBIT "B"

COPY OF PHASE B LEASE

B-1

EXHIBIT "C"

DEMISING PLAN

[To be attached when completed.]

C-1

EXHIBIT "D"

WORK LETTER AGREEMENT

This Work Letter Agreement ("Work Letter") sets forth the terms and conditions relating to construction of the initial tenant improvements described in the Plans to be prepared and approved as provided below (the "Tenant Improvements") in the Sublease Premises. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Sublease (the "Sublease") to which this Work Letter is attached and forms a part.

1. Base Building Work. The "Base Building Work" described on Schedule 1 to

this Exhibit D, if any, has been performed by Landlord at Landlord's sole cost and expense.

2. Plans and Specifications.

2.1 Subtenant shall retain the services of Jossy + Carrier Design Group (the "Space Planner") to prepare a detailed space plan (the "Space Plan") mutually satisfactory to Landlord, Sublandlord and Subtenant for the construction of the Tenant Improvements in the Sublease Premises. Subtenant shall submit the Space Plan and any proposed revisions thereto to Landlord and Sublandlord for their approval.

2.2 Based on the approved Space Plan, Subtenant shall cause the Space Planner to prepare detailed plans, specifications and working drawings mutually satisfactory to Landlord, Sublandlord and Subtenant for the construction of the Tenant Improvements (the "Plans") no later than sixty (60) days after execution of the Sublease Agreement. Landlord, Sublandlord and Subtenant shall diligently pursue the preparation of the Plans and any proposed revisions thereto, including the estimated cost of the Tenant Improvements. All necessary revisions to the Space Plan and the Plans shall be made within two (2) business days after Landlord's and Sublandlord's response thereto, until Landlord and Sublandlord ultimately approve the Space Plan and Plans.

2.3 Subtenant shall be responsible for ensuring that the Plans are compatible with the design, construction and equipment of the Building, comply with applicable Regulations and the Standards (defined below), and contain all such information as may be required to show locations, types and requirements for all heat loads, people loads, floor loads, power and plumbing, regular and special HVAC needs, telephone communications, telephone and electrical outlets, lighting, light fixtures and related power, and electrical and telephone switches, B.T.U. calculations, electrical requirements and special receptacle requirements. The Plans shall also include mechanical, electrical, plumbing, structural and engineering drawings mutually satisfactory to Landlord, Sublandlord and Subtenant which shall be prepared by ILA/Zammit (electrical), McParlane & Associates (mechanical and plumbing), and Burkett & Wong (structural). Notwithstanding the foregoing sentence, Subtenant may use other engineers as reasonably approved by Landlord. Notwithstanding Landlord's and Sublandlord's preparation, review and approval of the Space Plan and the Plans

and any revisions thereto, Landlord and Sublandlord shall have no responsibility or liability whatsoever for any errors or omissions contained in the Space Plan or Plans or any revisions thereto, or to verify dimensions or conditions, or for the quality, design or compliance with applicable Regulations of any improvements described therein or constructed in accordance therewith. Subtenant hereby waives all claims against Landlord and Sublandlord relating to, or arising out of the design or construction of, the Tenant Improvements.

2.4 Landlord and/or Sublandlord may approve or disapprove the Space Plan or Plans or any proposed revision thereto submitted to Landlord and Sublandlord in Landlord's and Sublandlord's reasonable discretion, provided that Landlord and Sublandlord shall not unreasonably withhold such approval. Landlord and Sublandlord shall approve or disapprove any Space Plan, Plans or proposed revisions thereto submitted to Landlord and Sublandlord for Landlord's and Sublandlord's approval within three (3) business days after Landlord's and Sublandlord's receipt thereof. If Landlord or Sublandlord has not approved or disapproved in writing any Space Plan, Plans, or proposed revisions thereto submitted to Landlord and Sublandlord within five (5) business days after Landlord's and Sublandlord's receipt thereof, Landlord and Sublandlord shall be deemed to have approved the same.

3. Specifications for Standard Tenant Improvements.

3.1 Specifications and quantities of standard building components which will comprise and be used in the construction of the Tenant Improvements ("Standards") are set forth in Schedule 2 to this Exhibit D. As used herein, "Standards" or "Building Standards" shall mean the standards for a particular item selected from time to time by Landlord for the Building, including those set forth on Schedule 2 of this Exhibit D, or such other standards of equal or better quality as may be mutually agreed between Landlord and Subtenant in writing.

3.2 No deviations from the Standards are permitted without Landlord's prior written approval, which will not be unreasonably withheld, conditioned or delayed.

4. Tenant Improvement Cost.

4.1 The cost of the Tenant Improvements shall be paid for by Subtenant, including, without limitation, the cost of: Standards; space plans and studies; architectural and engineering fees; permits, approvals and other governmental fees; labor, material, equipment and supplies; construction fees and other amounts payable to contractors or subcontractors; remediation and preparation of the Premises for construction of the Tenant Improvements; taxes; filing and recording fees; premiums for insurance and bonds; attorneys' fees; financing costs; and all other costs expended or to be expended in the construction of the Tenant Improvements.

4.2 Provided Subtenant is not in default under the Sublease, including this Work Letter, Landlord shall contribute a tenant improvement allowance not to exceed \$2,250,000.00 ("Tenant Improvement Allowance") toward the cost of the initial Tenant Improvements and shall disburse the Tenant Improvement Allowance to Subtenant as follows: (a) Twenty Percent (20%) of the Tenant Improvement Allowance within ten (10) days of execution of the Sublease; (b) Seventy Percent (70%) of the Tenant Improvement Allowance at Substantial Completion of the entire Premises; and (c) the remaining balance of Ten Percent (10%) of the Tenant Improvement Allowance upon submission by Subtenant to Landlord copies of a certificate of completion executed by the Space Planner and Subtenant's contractor, and unconditional mechanics' lien releases (which mechanics' lien releases shall be executed by the subcontractors, labor suppliers and materialmen in addition to Subtenant's contractor), in each case in form and substance satisfactory to Landlord, and all appropriate bills and supporting documentation for the work ordered by Subtenant or its contractor or any subcontractor.

4.3 In the event the estimated cost of the design and construction of the Tenant Improvements exceeds the Tenant Improvement Allowance, Subtenant shall pay such excess cost to Subtenant's contractor.

5. Construction of Tenant Improvements.

5.1 Within ten (10) days after Subtenant's, Sublandlord's and Landlord's approval of the Plans including the estimate of the cost of the Tenant Improvements and Landlord's receipt of payment of any such estimated cost exceeding the amount of the Tenant Improvement Allowance, Subtenant shall cause the contractor to proceed to secure a building permit and commence construction of the Tenant Improvements provided that the Building has in Landlord's discretion reached the stage of construction where it is appropriate to commence construction of the Tenant Improvements in the Sublease Premises.

5.2 Subtenant shall be responsible for obtaining all governmental approvals to the full extent necessary for the construction and installation of the Tenant Improvements and for Subtenant's occupancy of the Sublease Premises, in compliance with all applicable Regulations. Subtenant shall employ contractors, which shall be reasonably approved by Landlord in writing, to construct the Tenant Improvements in conformance with the approved Space Plan and Plans. The construction contracts between Subtenant and the approved contractor shall be subject to Landlord's prior reasonable approval and shall provide for progress payments. The contractor(s) shall be duly licensed and Landlord's approval of the contractor(s) shall be conditioned, among other things, upon the contractor's reputation for quality of work, timeliness of performance, integrity and Landlord's prior experience with such contractor.

5.3 Sublandlord and Landlord shall not be liable for any direct or indirect damages suffered by Subtenant as a result of delays in construction beyond Landlord's and Sublandlord's reasonable control, including, but not limited to, delays due to strikes or unavailability of materials or labor, or delays caused by Subtenant (including delays by the Space Planner, the contractor or anyone else performing services on behalf of Landlord or Subtenant).

5.4 All work to be performed on the Sublease Premises by Subtenant or Subtenant's contractor or agents shall be subject to the following conditions:

(a) Such work shall proceed upon Landlord's written approval of Subtenant's contractor, and public liability and property damage insurance carried by Subtenant's contractor, and shall further be subject to the provisions of Paragraphs 12 and 27 of the Master Lease.

(b) All work shall be done in conformity with a valid building permit when required, a copy of which shall be furnished to Sublandlord and Landlord before such work is commenced, and in any case, all such work shall be performed in a good and workmanlike and first-class manner, and in accordance with all applicable Regulations and the requirements and standards of any insurance underwriting board, inspection bureau or insurance carrier insuring the Sublease Premises pursuant to the Sublease. Notwithstanding any failure by Sublandlord or Landlord to object to any such work, neither Sublandlord nor Landlord shall have any responsibility for Subtenant's failure to comply with all applicable Regulations. Subtenant shall be responsible for ensuring that construction and installation of the Tenant Improvements will not affect the structural integrity of the Building.

(c) Landlord or Landlord's agents shall have the right to inspect the construction of the Tenant Improvements by Subtenant during the progress thereof. If Landlord shall give notice of faulty construction or any other deviation from the approved Space Plan or Plans, Subtenant shall cause its contractor to make corrections promptly. However, neither the privilege herein granted to Landlord to make such inspections, nor the making of such inspections by Landlord, shall operate as a waiver of any right of Landlord to require good and workmanlike construction and improvements erected in accordance with the approved Space Plan or Plans.

(d) Subtenant shall cause its contractor to complete the Tenant Improvements as soon as reasonably possible.

(e) Subtenant's construction of the Tenant Improvements shall comply with the following: (i) the Tenant Improvements shall be constructed in strict accordance with the approved Space Plan or Plans; (ii) Subtenant's and its contractor shall submit

schedules of all work relating to the Tenant Improvements to Landlord for Landlord's approval within two (2) business days following the selection of the contractor and the approval of the Plans. Landlord shall within three (3) business days after receipt thereof inform Subtenant of any changes which are necessary and Subtenant's contractor shall adhere to such corrected schedule; and (iii) Subtenant shall abide by all rules made by Landlord with respect to the use of freight, loading dock, and service elevators, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Work Letter, including, without limitation, the construction of the Tenant Improvements.

(f) Subtenant or Subtenant's contractor or agents shall arrange for necessary utility, hoisting and elevator service with Landlord's contractor and shall pay such reasonable charges for such services as may be charged by Subtenant's or Landlord's contractor.

(g) Subtenant's entry to the Sublease Premises for any purpose, including, without limitation, inspection or performance of Subtenant construction by Subtenant's agents, prior to the date Subtenant's obligation to pay rent commences shall be subject to all the terms and conditions of the Sublease except the payment of Rent. Subtenant's entry shall mean entry by Subtenant, its officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors. Landlord and Sublandlord shall have the right to post the appropriate notices of non-responsibility and to require Subtenant to provide Landlord and Sublandlord with evidence that Subtenant has fulfilled its obligation to provide insurance pursuant to the Sublease.

(h) Subtenant shall promptly reimburse Landlord upon demand for any reasonable expense actually incurred by the Landlord by reason of faulty work done by Subtenant or its contractors or by reason of any delays caused by such work, or by reason of inadequate clean-up.

(i) Subtenant hereby indemnifies and holds Sublandlord and Landlord harmless with respect to any and all costs, losses, damages, injuries and liabilities relating in any way to any act or omission of Subtenant or Subtenant's contractor or agents, or anyone directly or indirectly employed by any of them, in connection with the Tenant Improvements and any breach of Subtenant's obligations under this Work Letter, or in connection with Subtenant's non-payment of any amount arising out of the Tenant Improvements. Such indemnity by Subtenant, as set forth above, shall also apply with respect to any and all costs, losses, damages, injuries, and liabilities related in any way to Sublandlord's and Landlord's performance or any ministerial acts reasonably necessary (i) to permit Subtenant to complete the Tenant

Improvements, and (ii) to enable Subtenant to obtain any building permit or certificate of occupancy for the Sublease Premises.

(j) Subtenant's contractor and the subcontractors utilized by Subtenant's contractor shall guarantee to Subtenant and for the benefit of Sublandlord and Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Subtenant's contractor and the subcontractors utilized by Subtenant's contractor shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the later to occur of (i) completion of the work performed by such contractor of subcontractors and (ii) the Sublease Commencement Date. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with such removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the construction contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of Sublandlord, Landlord and Subtenant, as their respective interests may appear, and can be directly enforced by any of them. Subtenant covenants to give to Sublandlord and Landlord any assignment or other assurances which may be necessary to effect such rights of direct enforcement.

(k) Commencing upon the execution of the Sublease, Subtenant shall hold weekly meetings at a reasonable time with the Space Planner and the contractor regarding the progress of the preparation of the Plans and the construction of the Tenant Improvements, which meetings shall be held at a location designated by Subtenant, and Landlord and/or its agents shall receive prior notice of, and shall have the right to attend, all such meetings, and upon Landlord's request, certain of Subtenant's contractors shall attend such meetings.

6. Insurance Requirements.

6.1 All of Subtenant's contractors shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Subtenant as set forth in the Sublease.

6.2 Subtenant shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that

the Tenant Improvements shall be insured by Subtenant pursuant to the Sublease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord including, but not limited to, the requirement that all of Subtenant's contractors shall carry excess liability and Products and Completed Operation coverage insurance, each in amounts not less than \$500,000 per incident, \$1,000,000 in aggregate, and in form and with companies as are required to be carried by Subtenant as set forth in the Sublease.

6.3 Certificates for all insurance carried pursuant to this Work Letter must comply with the requirements of the Sublease and shall be delivered to Sublandlord and Landlord before the commencement of construction of the Tenant Improvements and before the contractor's equipment is moved onto the site. In the event the Tenant Improvements are damaged by any cause during the course of the construction thereof, Subtenant shall immediately repair the same at Subtenant's sole cost and expense. Subtenant's contractors shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Product and Completed Operation Coverage insurance required by Landlord, which is to be maintained for ten (10) years following completion of the work and acceptance by Landlord and Subtenant. All policies carried under this Paragraph 6 shall insure Landlord, Sublandlord and Subtenant, as their interests may appear, as well as the contractors. All insurance maintained by Subtenant's contractors shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder.

7. Notice of Completion. Within ten (10) days after completion of

construction of the Tenant Improvements, Subtenant shall cause a Notice of Completion to be recorded in the office of the Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Subtenant fails to do so, Landlord may execute and file the same on behalf of Subtenant as Subtenant's agent for such purpose, at Subtenant's sole cost and expense. At the conclusion of construction, (i) Subtenant shall cause the Space Planner and the contractor (i) to update the approved working drawings as necessary to reflect all changes made to the approved working drawings during the course of construction, (ii) to certify to the best of their knowledge that the "record-set" of as-built drawings are true and correct, which certification shall survive the expiration or termination of the Lease, and (c) to deliver to Landlord two (2) sets of copies of such record set of drawings within ninety (90) days following issuance of a certificate of occupancy for the Premises, and (iii) Subtenant shall deliver to Sublandlord and Landlord a copy of all warranties, guarantees, and operating manuals and information relating to the improvements, equipment, and systems in the Sublease Premises.

8. Work Letter Default. A default under this Work Letter shall constitute a

default under the Sublease, and the parties shall be entitled to all rights and remedies under the Sublease in the

event of a default hereunder by the other party (notwithstanding that the Sublease Term thereof has not commenced).

IN WITNESS WHEREOF, the parties have entered into this Work Letter which is of even date with the Sublease of which this is a part.

SUBLANDLORD:

FRANKLIN TEMPLETON CORPORATE SERVICES, INC., a Delaware corporation

By: _____

Its: _____

SUBTENANT:

WIRELESS FACILITIES, INC., a Delaware corporation

By: _____

Its: _____

By: _____

Its: _____

LANDLORD:

SPIEKER PROPERTIES, L.P., a California limited partnership

By: Spieker Properties, Inc., a Maryland corporation

Its: General Partner

By: _____

Richard L. Romney
Senior Vice President

By: _____

Its: _____

SCHEDULE 1
TO EXHIBIT D

BASE BUILDING WORK

Completed according to the plans and specifications prepared by Smith Consulting Architects, Inc. dated July 6, 1999. Landlord and Subtenant hereby acknowledge that Landlord has provided CAD drawings of said plans to Subtenant.

SCHEDULE 2
TO EXHIBIT D

BUILDING STANDARDS

The following constitutes the Building Standard tenant improvements ("Standards") in the quantities specified:

(to be provided)

D-10

WIRELESS FACILITIES, INC.

2000 NONSTATUTORY STOCK OPTION PLAN

Adopted August 3, 2000

Termination Date: August 2, 2010

1. Purposes.

(a) Eligible Option Recipients. The persons eligible to receive Options are the Employees and Consultants of the Company and its Affiliates. Officers and Directors are not eligible to receive Options under this Plan.

(b) Available Options. The purpose of the Plan is to provide a means by which eligible recipients of Options may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Nonstatutory Stock Options.

(c) General Purpose. The Company, by means of the Plan, seeks to retain the services of the group of persons eligible to receive Options, 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 of one or more members of the Board 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) "Consultant" means any person, including an advisor, engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services. However, the term "Consultant" shall not include either Directors who are not compensated by the Company for their services as Directors or Directors who are merely paid a director's fee by the Company for their services as Directors.

(h) "Continuous Service" means that the Optionholder's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. The Optionholder's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionholder renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Optionholder renders such service, provided that there is no interruption or termination of the Optionholder's Continuous Service. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or a Director 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.

(i) "Director" means a member of the Board of Directors of the Company.

(j) "Disability" means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code.

(k) "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. The term "Employee" does not include Officers of the Company or its Affiliates.

(l) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(m) "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.

(n) "Non-employee Director" means a Director 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.

(o) "Nonstatutory Stock Option" means an Option not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(p) "Officer" means a person who possesses the authority of an "officer" as that term is used in Rule 4460(i)(1)(A) of the Rules of the National Association of Securities Dealers, Inc. For purposes of the Plan, a person in the position of "Vice President" or higher shall be classified as an "Officer" unless the Board or Committee expressly finds that such person does not possess the authority of an "officer" as that term is used in Rule 4460(i)(1)(A) of the Rules of the National Association of Securities Dealers, Inc.

(q) "Option" means a Nonstatutory Stock Option granted pursuant to the Plan.

(r) "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.

(s) "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.

(t) "Plan" means this Wireless Facilities, Inc. 2000 Nonstatutory Stock Option Plan.

(u) "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.

(v) "Securities Act" means the Securities Act of 1933, as amended.

3. Administration.

(a) Administration by Board. The Board shall 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 Options; when and how each Option shall be granted; what type or combination of types of Option shall be granted; the provisions of each Option granted (which need not be identical), including the time or times when a person shall be permitted to receive Common Stock pursuant to an Option; and the number of shares of Common Stock with respect to 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 its administration. The Board, in the exercise of this 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 or an Option as provided in Section 11.

(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.

(c) Delegation to Committee.

(i) General. The Board may delegate administration of the Plan to a Committee or Committees of one (1) 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 re-vest 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 or more Non-Employee Directors, in accordance with Rule 16b-3. Within the scope of such authority, the Board or the Committee may delegate to a committee of one or more members of the Board who are not Non-Employee Directors the authority to grant Options to eligible persons who are not then subject to Section 16 of the Exchange Act.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

4. Shares Subject to the Plan.

(a) Share Reserve. Subject to the provisions of Section 10 relating to adjustments upon changes in Common Stock, the Common Stock that may be issued pursuant to Options shall not exceed in the aggregate three million (3,000,000) shares of Common Stock.

(b) Reversion of Shares to the Share Reserve. If any Option shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, the shares of Common Stock not acquired under such Option shall revert to and again become available for issuance under the Plan.

(c) Source of Shares. The shares of Common Stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

5. Eligibility.

(a) Eligibility for Specific Options. Nonstatutory Stock Options may only be granted to Employees and Consultants.

(b) Consultants.

(i) A Consultant shall not be eligible for the grant of an Option if, at the time of grant, a Form S-8 Registration Statement under the Securities Act ("Form S-8") is not available to register either the offer or the sale of the Company's securities to such Consultant because of the nature of the services that the Consultant is providing to the Company, or because the Consultant is not a natural person, or as otherwise provided by the rules governing the use of Form S-8, unless the Company determines both (i) that such grant (A) shall be registered in another manner under the Securities Act (e.g., on a Form S-3 Registration Statement) or (B) does not require registration under the Securities Act in order to comply with the requirements of the Securities Act, if applicable, and (ii) that such grant complies with the securities laws of all other relevant jurisdictions.

(ii) Form S-8 generally is available to consultants and advisors only if (i) they are natural persons; (ii) they provide bona fide services to the issuer, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the issuer's parent; and (iii) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer's securities.

6. Option Provisions.

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate Options 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. The term of an Option shall be the term determined by the Board, either at the time of Grant of the Option or as the Option may be amended thereafter.

(b) 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 Common 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.

(c) Consideration. The purchase price of Common 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) (1) by delivery to the Company of other Common Stock, (2) according to a deferred payment or other similar arrangement with the Optionholder or (3) in any other form of legal consideration that may be acceptable to the Board. Unless otherwise specifically provided in the Option, the purchase price of Common Stock acquired pursuant to an Option that is paid by delivery to the Company of other Common Stock acquired, directly or indirectly from the Company, shall be paid only by shares of the Common Stock of the Company that have been held for more than six (6) months

(or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes). 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.

In the case of any deferred payment arrangement, interest shall be compounded at least annually and shall be charged at 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.

(d) 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, 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.

(e) 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 that 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(e) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(f) 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 such Option 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 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.

(g) Disability of Optionholder. In the event that 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 such Option 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 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.

(h) 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 such 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(d), 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 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.

(i) 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 (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (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.

(j) 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 of Common Stock subject to the Option prior to the full vesting of the Option. Any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate.

(k) Re-Load Options.

(i) 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. Unless otherwise specifically provided in the Option, the Optionholder shall not surrender shares of Common Stock acquired, directly or indirectly from the Company, unless such shares have been held for more than six (6) months (or such longer or shorter period of time required to avoid a charge to earnings for financial accounting purposes).

(ii) Any such Re-Load Option shall (1) provide for a number of shares of Common Stock equal to the number of shares of Common Stock surrendered as part or all of the exercise price of such Option; (2) 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 (3) 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.

(iii) Any such Re-Load Option shall be a Nonstatutory Stock Option. 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 of Common Stock under subsection 4(a) 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. Covenants of the Company.

(a) Availability of Shares. 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) 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 Options and to issue and sell shares of Common Stock upon exercise of the Options; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Option or any Common Stock issued or issuable pursuant to any such Option. 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 Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Options unless and until such authority is obtained.

8. Use of Proceeds from Stock.

Proceeds from the sale of Common Stock pursuant to Options shall constitute general funds of the Company.

9. Miscellaneous.

(a) Acceleration of Exercisability and Vesting. The Board shall have the power to accelerate the time at which an Option may first be exercised or the time during which an Option or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Option stating the time at which it may first be exercised or the time during which it will vest.

(b) Stockholder Rights. No Optionholder shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Option unless and until such Optionholder has satisfied all requirements for exercise of the Option pursuant to its terms.

(c) No Employment or other Service Rights. Nothing in the Plan or any instrument executed or Option granted pursuant thereto shall confer upon any Optionholder any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Option 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, or (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate.

(d) Investment Assurances. The Company may require an Optionholder, as a condition of exercising or acquiring Common Stock under any Option, (i) to give written assurances satisfactory to the Company as to the Optionholder'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 the Optionholder is acquiring Common Stock subject to the Option for the Optionholder's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the shares of Common Stock upon the exercise or acquisition of Common Stock under the Option 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 Common Stock.

(e) Withholding Obligations. To the extent provided by the terms of an Option Agreement, the Optionholder may satisfy any federal, state or local tax withholding obligation relating to the exercise or acquisition of Common Stock under an Option by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Optionholder by the Company) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Optionholder as a result of the exercise or acquisition of Common Stock under the Option, provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered shares of Common Stock.

10. Adjustments upon Changes in Stock.

(a) Capitalization Adjustments. If any change is made in the Common Stock subject to the Plan, or subject to any Option, 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 subsection 4(a) and the maximum number of securities subject to award to any person pursuant to subsection 5(c), and the outstanding Options will be appropriately adjusted in the class(es) and number of securities and price per share of Common Stock subject to such outstanding Options. The Board shall

make such adjustments, and its determination 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) Dissolution or Liquidation. In the event of a dissolution or liquidation of the Company, then all outstanding Options shall terminate immediately prior to such event.

(c) Asset Sale. In the event of a sale of all or substantially all of the assets of the Company, then all Options outstanding under the Plan shall continue in full force and effect.

(d) 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 Options outstanding under the Plan or shall substitute similar options (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 10(d)) for those outstanding under the Plan. In the event any surviving corporation or acquiring corporation refuses to assume such Options or to substitute similar options for those outstanding under the Plan, then with respect to Options held by Optionholders whose Continuous Service has not terminated, the vesting of such Options (and, if applicable, the time during which such Options may be exercised) shall be accelerated in full, and the Options shall terminate if not exercised (if applicable) at or prior to such event. With respect to any other Options outstanding under the Plan, such Options shall terminate if not exercised (if applicable) prior to such event.

(e) 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 Options outstanding under the Plan or shall substitute similar options (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection 10(e) for those outstanding under the Plan. In the event any acquiring corporation or corporation controlling such an acquiring corporation refuses to assume such Options or to substitute similar options for those outstanding under the Plan, then with respect to Options held by Optionholders whose Continuous Service has not terminated, the vesting of such Options (and, if applicable, the time during which such Options may be exercised) shall be accelerated in full, and the Options shall terminate if not exercised (if applicable) at or prior to such event. With respect to any other Options outstanding under the Plan, such Options shall terminate if not exercised (if applicable) prior to such event.

11. Amendment of the Plan and Options.

(a) Amendment of Plan. The Board at any time, and from time to time, may amend the Plan.

(b) 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 and/or to bring the Plan and/or Options granted under it into compliance therewith.

(c) No Impairment of Rights. Rights under any Option 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 Optionholder and (ii) the Optionholder consents in writing.

(d) Amendment of Options. The Board at any time, and from time to time, may amend the terms of any one or more Options; provided, however, that the rights under any Option shall not be impaired by any such amendment unless (i) the Company requests the consent of the Optionholder and (ii) the Optionholder consents in writing.

12. 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 the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board. No Options may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Option granted while the Plan is in effect except with the written consent of the Optionholder.

13. Effective Date of Plan.

The Plan shall become effective as determined by the Board.

14. Choice of Law.

The law of the State of California shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state's conflict of laws rules.

Wireless Facilities, Inc.
2000 Nonstatutory Stock Option Plan

Stock Option Agreement
(Nonstatutory Stock Option)

Pursuant to your Stock Option Grant Notice ("Grant Notice") and this Stock Option Agreement, Wireless Facilities, Inc. (the "Company") has granted you an option under its 2000 Nonstatutory Stock Option Plan (the "Plan") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Stock Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your option are as follows:

1. Vesting. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.
2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan.
3. Exercise prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (i.e., the "Exercise Schedule" indicates that "Early Exercise" of your option is permitted) and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the nonvested portion of your option; provided, however, that:
 - (a) a partial exercise of your option shall be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;
 - (b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement; and
 - (c) you shall enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred.
4. Method of Payment. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any other manner permitted by your Grant Notice, which may include one or more of the following:

- 1.

(a) In the Company's sole discretion at the time your option is exercised and provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in The Wall Street Journal, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in The Wall Street Journal, by delivery of already-owned shares of Common Stock either that you have held for the period required to avoid a charge to the Company's reported earnings (generally six months) or that you did not acquire, directly or indirectly from the Company, that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, shall include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) Pursuant to the following deferred payment alternative:

(i) Not less than one hundred percent (100%) of the aggregate exercise price, plus accrued interest, shall be due four (4) years from date of exercise or, at the Company's election, upon termination of your Continuous Service.

(ii) Interest shall be compounded at least annually and shall be charged at the minimum rate of interest necessary to avoid the treatment as interest, under any applicable provisions of the Code, of any portion of any amounts other than amounts stated to be interest under the deferred payment arrangement.

(iii) 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 be made in cash and not by deferred payment.

(iv) In order to elect the deferred payment alternative, you must, as a part of your written notice of exercise, give notice of the election of this payment alternative and, in order to secure the payment of the deferred exercise price to the Company hereunder, if the Company so requests, you must tender to the Company a promissory note and a security agreement covering the purchased shares of Common Stock, both in form and substance satisfactory to the Company, or such other or additional documentation as the Company may request.

5. Whole Shares. You may exercise your option only for whole shares of Common Stock.

6. Securities Law Compliance. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable

upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option must also comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

7. Term. You may not exercise your option before the commencement of its term or after its term expires. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) three (3) months after the termination of your Continuous Service for any reason other than your Disability or death, provided that if during any part of such three- (3-) month period your option is not exercisable solely because of the condition set forth in the preceding paragraph relating to "Securities Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(b) twelve (12) months after the termination of your Continuous Service due to your Disability;

(c) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates;

(d) the Expiration Date indicated in your Grant Notice; or

(e) the day before the tenth (10th) anniversary of the Date of Grant.

8. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of your option, (2) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (3) the disposition of shares of Common Stock acquired upon such exercise.

9. Transferability. Your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option.

10. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective shareholders, Boards of Directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

11. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with your option.

(b) Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable conditions or restrictions of law, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law. If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein.

12. Notices. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

13. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

Wireless Facilities, Inc.
Stock Option Grant Notice
(2000 Nonstatutory Stock Option Plan)

Wireless Facilities, Inc. (the "Company"), pursuant to its 2000 Nonstatutory Stock Option Plan (the "Plan"), hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Stock Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety.

Optionholder: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Shares Subject to Option: _____
Exercise Price (Per Share): _____
Total Exercise Price: _____
Expiration Date: _____

Type of Grant: Nonstatutory Stock Option

Exercise Schedule: Same as Vesting Schedule

Vesting Schedule: 1/4th of the shares vest one year after the Vesting Commencement Date.
1/48th of the shares vest monthly thereafter over the next three years.

Payment: By one or a combination of the following items (described in the Stock Option Agreement):

By cash or check

Additional Terms/Acknowledgements: The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Grant Notice, the Stock Option Agreement and the Plan. Optionholder further acknowledges that as of the Date of Grant, this Grant Notice, the Stock Option Agreement and the Plan set forth the entire understanding between Optionholder and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of (i) options previously granted and delivered to Optionholder under the Plan, and (ii) the following agreements only:

Other Agreements: _____

Wireless Facilities, Inc.

Optionholder:

By: _____
Signature

_____ Signature

Title: _____

Date: _____

Date: _____

Attachments: Stock Option Agreement, 2000 Nonstatutory Stock Option Plan and Notice of Exercise

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SEP-30-2000
JAN-01-2000
SEP-30-2000
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3,190
116,888
(795)
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157,855
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(4,098)
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22,750
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0.45