SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 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	13-3818604
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

As of April 25, 2000 there were 40,957,298 shares of the Registrant's $0.001 par value Common Stock outstanding.

WIRELESS FACILITIES, INC.

FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2000
INDEX

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	December 31, 1999	March 31, 2000 (unaudited)
Assets		
Cash and cash equivalents	$34,322	$24,907
Investments in marketable securities	37,965	29,551
Accounts receivable, net	32,633	53,040
Contract management receivables	13,993	16,880
Other current assets	3,200	3,950
Total current assets	122,113	128,328
Property and equipment, net	5,069	8,983
Goodwill, net	7,098	37,185
Other assets, net	712	2,672
Total assets	$134,992	$177,168
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$5,428	$6,152
Accrued expenses	5,961	2,098
Contract management payables	8,258	5,241
Billings in excess of costs and profits	5,170	11,083
Line of credit	-	14,432
Capital lease obligations - current portion	137	1,180
Income taxes payable	5,641	208
Deferred income tax liability	-	2,182
Total current liabilities	30,595	42,576
Long-term liabilities:		
Notes payable, net of current portion	909	409
Capital lease obligations, net of current portion	1,652	2,865
Other long-term liabilities	59	59
Total liabilities	33,215	45,909
Minority interest	338	71
Stockholders' equity:		
Common stock, $0.001 par value, 195,000,000 shares authorized; 39,705,590 and 40,783,332 shares issued and outstanding at December 31, 1999 and March 31, 2000 (unaudited), respectively.	40	41
Additional paid-in capital	90,245	114,020
Retained earnings	11,171	16,992
Accumulated other comprehensive(loss)/income	(17)	135
Total stockholders' equity	101,439	131,188
Total liabilities and stockholders' equity	$134,992	$177,168

See accompanying notes to unaudited consolidated financial statements.

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

	Three months ended March 31, 1999	Three months ended March 31, 2000
Revenues	$15,028	$43,333
Cost of revenues	9,204	25,330
Gross profit	5,824	18,003
Selling, general and administrative expenses	2,314	7,633
Depreciation and amortization of goodwill	953	1,113
Operating income	2,557	9,257
Other (expense)/income, net	(399)	551
Income before income taxes and minority interest	2,158	9,808
Minority interest	-	(64)
Income before income taxes	2,158	9,744
Provision for income taxes	(571)	(3,923)
Net income	$ 1,587	$ 5,821
Earnings per share data:		
Net income per common share:		
Basic	$ 0.06	$ 0.14
Diluted	$ 0.05	$ 0.12
Weighted-average common shares outstanding:		
Basic	27,077	40,478
Diluted	32,008	48,885

See accompanying notes to unaudited consolidated financial statements.

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

	Three months ended March 31, 1999	Three months ended March 31, 2000
Net cash used in operating activities	$(8,059)	$(20,964)
Investing activities:		
Capital expenditures	(377)	(333)
Cash paid for acquisitions, net of cash acquired	(1,530)	(11,960)
Proceeds from sales of investments	-	8,414
Net cash used in investing activities	$(1,907)	$(3,879)
Financing activities:		
Proceeds from issuance of preferred stock	$15,000	-
Proceeds from issuance of common stock	-	$ 927
Purchase of treasury stock	(95)	-
Net (repayments)/borrowings under line of credit	(3,000)	14,432
Net repayments to officers	(2,095)	-
Repayments of stockholder notes payable	(1,384)	-
Principal payments on capital lease obligation	-	(81)
Net cash provided by financing activities	$ 8,426	$ 15,278
Effect of exchange rates on cash and cash equivalents	$ 15	$ 150
Net decrease in cash and cash equivalents	(1,525)	(9,415)
Cash and cash equivalents at beginning of period	2,866	34,322
Cash and cash equivalents at end of period	$ 1,341	$ 24,907
Noncash transactions:		
Issuance of stock for acquisitions	-	$ 22,349
Issuance of warrants for acquisition	$ 104	-
Issuance of notes for acquisition	$ 827	-
Issuance of common stock through reduction of note payable	-	$ 500
Property and equipment purchased under capital leases	-	$ 2,337
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 518	$ 48
Cash paid during the period for income taxes	$ 4,566	$ 4,153

See accompanying notes to unaudited consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Business

Wireless Facilities, Inc. (WFI) was formed in the state of New York on December 19, 1994, began operations in March 1995 and was reincorporated on August 30, 1998, in Delaware. WFI provides a full suite of outsourcing services to wireless carriers and equipment vendors, including the design, deployment and management of client networks.

(b) Basis of Presentation

The information as of March 31, 2000, and for the three month periods ended March 31, 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 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 January 1999, WFI acquired wholly-owned subsidiary, B. Communication International, Inc. In June 1999, WFI acquired wholly-owned subsidiary C.R.D. Inc. In March 2000, the Company acquired the assets of a network operations center 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. 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.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(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 ("TWG"), a Washington corporation and a privately-held provider of management consulting and network development services to the wireless communications market. The acquisition was effective as of January 1, 2000. 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 net assets acquired was approximately $7.7 million and will be amortized over ten years. Results from operations for the three months ended March 31, 2000 include amortization expense of approximately $192,000 related to 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 subsidiary company, WFI de Mexico, from the General Manager of that subsidiary. The purchase was made under terms of a Restricted Stock Agreement, by which the Company issued shares of stock valued at $18.2 million. The acquisition price was recorded first to reduce the General Manager's minority interest as recorded by the Company at December 31, 1999, with the excess of approximately $17.9 million recorded as goodwill, which will be amortized over 20 years. The General Manager is the brother of both the President and the Chief Executive Officer of the Company. Results from operations for the three months ended March 31, 2000 include amortization expense of approximately $224,000 for 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 March 13, 2000, the Company acquired the assets of a network operations center 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 net assets acquired was approximately $5.2 million and will be amortized over ten years. 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. The results of operations from January 1, 2000 to the acquisition date were not significant to the Company's operations.

(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 March 31, 1999	Three months ended March 31, 2000
Weighted-average shares, basic	27,077	40,478
Dilutive effect of stock options	4,293	7,402
Dilutive effect of warrants	638	1,005
Weighted-average shares, diluted	32,008	48,885

Options to purchase 319,712 and 364,561 shares of common stock at March 31, 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.

(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. 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 month periods ended March 31, 1999 and 2000 are as follows (in thousands):

	Three months ended March 31, 1999	Three months ended March 31, 2000
Revenues:		
Design and deployment	$ 15,028	40,117
Network management	--	2,429
Business consulting	--	787
Total revenues	$ 15,028	43,333
Operating income:		
Design and deployment	$ 2,557	7,993
Network management	--	868
Business consulting	--	396
Total operating income	$ 2,557	9,257

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

	Three months ended March 31, 1999	Three months ended March 31, 2000
U.S.	$10,543	$31,399
Foreign	$ 4,485	$11,934
Total Revenues	$15,028	$43,333

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 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 the 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 footnotes 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. (the "Company") offers network business consulting, network planning, design and deployment services for the wireless telecommunications industry. For the three months ended March 31, 1999 and March 31, 2000, we increased both the number of our contracts as well as the scope of our services. 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 three months ended March 31, 2000. We expect to generate increased revenue from our network management services as we cross-sell to our existing customers and make this service available to new customers.

Revenues on network planning, design and deployment contracts are recognized using the percentage-of-completion method. Under the percentage-of-completion method, 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 network planning, design and deployment contracts offered on a time and expense basis, we recognize revenues as services are performed. We typically charges 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 three months ended March 31, 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 project beginning as we increase our personnel to work on the project. New hires typically undergo training on our systems and project management process prior to being deployed on a project.

On November 10, 1999, we completed an initial public offering of common stock. In conjunction with the closing of that offering, we issued 4,600,000 shares of common stock (including an underwriter's over-allotment) for proceeds (after underwriter discounts) of $64.2 million in cash, which was partially used to pay down advances on a line of credit, as well as to payoff approximately $2.5 million of short term debt.

Results of Operations

Revenues. Revenues increased 188% from $15.0 million for the three months ended March 31, 1999 to $43.3 million for the three months ended March 31, 2000. The $28.3 million increase was primarily attributable to the addition of new contracts, including contracts in our business development and network management segments, not included in the three months ended March 31, 1999. During the three months ended March 31, 2000, revenues include contract work for three significant customers representing 28%, 12% and 11% of total revenues. The most significant of these includes work on a broadband wireless systems implementation, a new and emerging technology in the wireless telecom industry.

Cost of Revenues. Cost of revenues increased 175% from $9.2 million for the three months ended March 31, 1999 to $25.3 million for the three months ended March 31, 2000, primarily due to increased staffing in support of new contracts. Gross margin was 42% of revenues for the three months ended March 31, 2000 compared to 39% for the three months ended March 31, 1999. Improvements in our budgeting of turnkey projects contributed to the higher gross margin for the three months ended March 31, 2000 compared to the same period in 1999. This was slightly offset by an increased usage of subcontractors which accelerated work in certain turnkey projects and which had a slight decreasing affect on the gross margins for the three months ended March 31, 2000.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 230% from $2.3 million for the three months ended March 31, 1999 to $7.6 million for the three months ended March 31, 2000. As a percentage of revenues, selling, general and administrative expenses increased from 15% for the three months ended March 31, 1999 to 18% for the three months ended March 31, 2000. The increase is due to staffing increases in overhead departments to support our growth in operations as well as the increased support required for a public company. Higher utilization rates had a slight offsetting effect on the overall increase.

Depreciation and Amortization Expense. Depreciation and amortization expense increased 17% from $1.0 million for the three months ended March 31, 1999 to $1.1 million for the three months ended March 31, 2000. The increase is primarily due to goodwill and other indentifiable intangibles purchased in our recent acquisitions, which contributed to our increase in contracts, revenues and overall operations. In January 2000, we acquired The Walter Group, a provider of management consulting and network deployment services for approximately $5.5 million in cash and stock valued at $4.1 million. Also in January 2000, we purchased 6% of the minority interest in our largest subsidiary, WFI de Mexico, for stock valued at approximately $18 million from a related party, leaving a 2% minority interest in WFI de Mexico. In March of 2000, we acquired the assets of a network operations center, in conjunction with the development of the networking and maintenance segment of the business, for $6.4 million in cash.

Net Other Income (Expense). For the three months ended March 31, 2000, net other income was $0.6 million as compared to a net expense of $0.4 million for the three months ended March 31, 1999. This increase totaling $1.0 million was primarily attributable to interest earned on our investments in marketable securities from the proceeds of our November 1999 initial public offering and lower interest expense due to decreased debt outstanding during the periods under comparison.

Net Income. Net income increased 267% from $1.6 million for the three months ended March 31, 1999 to $5.8 for the three months ended March 31, 2000. The $4.2 million increase was primarily due to revenue and margin increases on new contracts, offset in part by higher general and administrative expenses as a percentage of revenues and an increase in our provision for income taxes based on higher taxable income.

Liquidity and Capital Resources

As of March 31, 2000, the latest date which information was available, we had cash and cash equivalents totaling approximately $54.5 million. Of this, approximately $29.6 million was invested in short-term investment grade securities.

Future capital requirements will depend upon many factors, including our plans for future acquisitions, the timing of payments under contracts and our increase 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 $21.0 million for the three months ended March 31, 2000 and $8.1 million for the three months ended March 31, 1999.

Cash used in investing activities was $3.9 million for the three months ended March 31, 2000, and $1.9 million for the three months ended March 31, 1999. Investing activities for the three months ended March 31, 1999 consisted primarily of cash paid for the acquisition of B. Communications International. Investing activities for the three months ended March 31, 2000 consist primarily of $11.9 million paid for the acquisitions of The Walter Group and a network operations center in January and March of 2000, respectively.

Cash provided by financing activities for the three months ended March 31, 2000 was $15.3 million, which was primarily derived from borrowings under the Company's $20 million line of credit facility. At March 31, 2000, $14.4 million was outstanding under this facility. The credit facility is due on August 17, 2000 and bears interest at either the bank prime rate plus 0.25% (8.5% at December 31, 1999) or at the London Interbank Offering Rate (LIBOR) plus 2.25% (10.4% at December 31, 1999) 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. Cash provided by financing activities for the three months ended March 31, 1999 was $8.4 million. In February of 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 preferred stock agreement. The cash provided by this financing was partially offset by the repayments of the line of credit, and repayments of notes to officers and stockholders.

The Company has no material 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 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), which was partially used to pay down advances on a line of credit, finance acquisitions, and to payoff approximately $2.5 million of short term debt. The remaining amounts 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. The Company currently does not hedge any of these risks because (1) cash flows from foreign operations in Mexico are generally reinvested locally, (2) foreign operations in Brazil and the United Kingdom are minimal, and (3) we do not believe that to do so is justified by the current exposure or the cost at this time. The Company is exposed to the impact of foreign currency fluctuations due to the operations of and intercompany transactions with its consolidated subsidiaries in Mexico, Brazil and the United Kingdom. While these intercompany balances are eliminated in consolidation, exchange rate changes do affect consolidated earnings. At March 31, 2000, there were $5.2 million, $1.2 million and $0.1 million owed to the Company from its Mexican, Brazilian and United Kingdom subsidiaries, respectively. These intercompany receivables were denominated in US dollars. The potential foreign currency translation losses from a hypothetical 10% adverse change in the exchange rates from these intercompany balances are approximately $524,000, $117,000 and $12,000 from Mexico, Brazil and the United Kingdom, respectively. In addition, we estimate that a 10% change in foreign exchange rates would impact reported operating profit for the three months ended March 31, 2000 by approximately $319,000. 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 March 31, 1999.

As of March 31, 2000, the latest date for which detailed information was available, we had cash or cash equivalents of approximately $54.5 million. Of this, $29.6 million was invested in interest-bearing investment grade securities, primarily short-term, highly liquid investments 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 the effect of a sudden change in market interest rates. The Company does not utilize 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.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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 of the Company delivered in 1996 as part of an employee benefit plan. The Company did not register these shares in its books and records because it believed them to have been forfeited in accordance with the terms of the plan. However, these former employees claimed that such certificates represented outstanding shares of the Company's common stock issued to them for services rendered in 1996.

On March 6, 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 six former employees who had sold or who had attempted to sell unregistered certificates purportedly representing 97,500 shares of the Company. The Complaint seeks a declaration that the subject certificates were invalid due to forfeiture provisions of the applicable employee benefit plan. The Complaint had not been served as of May 9, 2000, pending settlement discussions with the defendants.

The Company has agreements to settle the demands of each of the former employees named in the Complaint and certain of their brokers. The terms of the settlements call for the Company to recognize a certain number of the shares represented by these certificates as having been properly issued in 1996 for services rendered prior to issuance. The terms of some of the settlements remain subject to final documentation.

The total number of shares represented by such unregistered certificates (including shares subject to the settlement agreements and those not yet been presented to the Company) is estimated to be approximately 532,500 shares of common stock. Recognition of any of these shares will depend on the facts and circumstances relating to the issuance and delivery of each such certificate. The Company is therefore not certain at this time how many of the subject shares will be recognized.

As a result of the foregoing circumstances, the Company underreported the number of shares of common stock outstanding during each of the years ended December 31, 1996 through December 31, 1999. The impact of the additional shares was not material to the financial statements for the years ended December 31, 1996 through December 31, 1999.

Massih Tayebi, the Company's Chief Executive Officer, and Masood Tayebi, the Company's President, were the executive officers and directors of the Company's predecessor entity during 1996, and collectively owned the substantial majority of outstanding shares of that entity during that time. They have agreed to transfer shares of common stock owned by them to the Company for cancellation, share for share, for any shares represented by unregistered certificates which are recognized by the Company as issued and outstanding. Each will transfer to the Company one-half of the number of shares recognized. Consequently, the Company expects no increase in the number of currently outstanding shares of the Company's common stock and no impact on the financial statements in future periods as a result of the Company recognizing any of the unregistered certificates. Such cancellation of outstanding shares held by the Tayebis is not expected to materially diminish the ownership interests of either of them in the Company.

The Company does not believe demands or litigation associated with the unregistered certificates will have a material effect on the Company's financial position or results of operations. However, there can be no guarantee that any litigation that might arise out of these circumstances can be settled or disposed of in the manner anticipated, and therefore no guarantee that other outcomes would not have a material adverse effect on the Company's financial position or results of operations.

Other than as described above, 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 that may harm the Company's business.

Item 2. Changes in Securities and Use of Proceeds

(a). 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 overallotment option, were sold at a price to the public of $15.00 per share. The offering resulted in gross proceeds of $69,000,000, of which $4,830,000 was applied toward commissions to the underwriters. Expenses related to the offering were approximately $2,250,000. After deducting the underwriter's commissions, the Company received net proceeds of approximately $64,170,000. As of March 31, 2000, the Company has used the net proceeds from the offering to (i) repay $2,535,210 of short-term debt, (ii) invest in interest-bearing, investment guide securities, and (iii) finance acquisitions. 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:

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.

Date: May 12, 2000	By:	/s/	MASSIH TAYEBI Massih Tayebi Chief Executive Officer and Director
	By:	/s/	THOMAS A. MUNRO Thomas A. Munro Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Document
27	Financial Data Schedule

5
1,000

3-MOS	3-MOS
DEC-31-1999	MAR-31-2000
JAN-01-1999	JAN-01-2000
MAR-31-1999	MAR-31-2000
34,322	24,907
37,965	29,551
47,544	70,942
(918)	(1,022)
0	0
112,113	128,328
6,903	11,157
(1,834)	(2,174)
134,992	177,168
30,595	42,576
0	0
0	0
0	0
40	41
101,399	131,147
134,992	177,168
15,028	43,333
15,028	43,333
9,204	25,330
3,267	8,746
75	31
57	156
337	170
2,158	9,744
571	3,923
1,587	5,821
0	0
0	0
0	0
1,587	5,821
0.06	0.14
0.05	0.12