

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 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
(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)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, par value \$0.001	NASDAQ

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein,
and will not be contained, to the best of registrant's knowledge, in definitive
proxy or information statements incorporated by reference in Part III of this
Form 10-K or any amendment to this Form 10-K. []

The aggregate market value of the voting stock (Common Stock) held by
non-affiliates as of March 22, 2001 was approximately \$130 million, based on
the closing sale price on the NASDAQ market exchange on that date. *

The number of shares outstanding of the Registrant's Common Stock was
43,844,089 as of March 22, 2001.

DOCUMENTS INCORPORATED BY REFERENCE:

Certain portions of registrant's proxy statement for the annual meeting to be
held on June 22, 2001 (the "Proxy Statement"), to be filed with the Securities
and Exchange Commission pursuant to Regulation 14A not later than 120 days after
the close of the Registrant's fiscal year, are incorporated by reference under
Part III of this Form 10-K.

Certain exhibits filed with the registrant's (i) Registration Statement
on Form S-1 (No. 333-85515) and (ii) Quarterly Report on Form 10-Q for the
quarter ended September 30, 2000 are incorporated by reference into Part IV of
this Form 10-K.

* Excludes the common stock held by executive officers, directors and
stockholders whose ownership exceeds 5% of the Common Stock outstanding at
March 22, 2001.

WIRELESS FACILITIES, INC.

FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000
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Item 1. Business

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," "expect," "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. Important factors which may cause actual results to differ materially from the forward-looking statements are described in the Section entitled "Risk Factors" in Item 1 in this Form 10-K, and other risks identified from time to time in our filings with the Securities and Exchange Commission, press releases and other communications.

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-K to conform such statements to actual results or to changes in our expectations.

Description of the business

Introduction

Wireless Facilities, Inc. is an independent provider of outsourced services for the wireless communications industry. We were incorporated in the state of New York on December 19, 1994, began operations in March 1995 and reincorporated in the state of Delaware in 1998. We completed our initial public offering on November 5, 1999.

We plan, design, deploy and manage wireless telecommunications networks. This work involves radio frequency engineering, site development, project management and the installation of radio equipment networks. We have also expanded our network management services, which involve day-to-day optimization and maintenance of wireless networks. As part of our strategy, we are technology and vendor independent. We believe that this aligns our goals with those of our customers and enables us to objectively evaluate and recommend specific products or technologies. We provide network design and deployment services to wireless carriers such as Verizon and AT&T affiliates Telecorp PCS and Triton PCS; equipment vendors such as Ericsson and Siemens and wireless data carriers, such as Sprint and XO Communications.

The wireless telecom industry has experienced rapid growth over the past few years and carriers have made large capital investments to expand their networks. As carriers deploy these networks, they have been faced with a proliferation in both the number and type of competitors. Due to this increasingly competitive environment, carriers must focus on satisfying customer demand for enhanced services, seamless and comprehensive coverage, better call quality, faster data transmission and lower prices. The proliferation in services has also caused carriers to experience challenges associated with managing complex networks and new technologies. These changes have put pressure on carriers and equipment vendors to allocate their resources effectively, which we believe has increasingly led them to outsource network planning, deployment and management.

Our services are designed to improve our customers' competitive position through the planning, deployment and management of their networks. We developed a methodology of planning and deploying wireless networks that allows us to deliver reliable, scalable network solutions. We offer our services primarily on a fixed-price basis with scheduled deadlines for completion times, that is, on a time-certain basis. We believe this enables our customers to more reliably forecast the costs and timing of network deployment and management. This allows our customers to focus on their core competencies and rely on us for planning, deploying and managing their networks.

Since 1995, we have completed projects for more than 130 customers, ranging in scope from the installation of a single cell site to multi-year, large-scale deployment contracts. We have expanded our operations internationally and during 2000, were engaged on projects in 54 countries. In addition to our U.S. operations, as of December 31, 2000, we had ongoing projects in countries including Argentina, Brazil, Canada, Chile, Czech Republic, France, Germany,

India, Japan, Kuwait, Mauritius, Mexico, Morocco, Poland, Russia, South Africa, Spain, Syria, Turkey, United Arab Emirates, the United Kingdom and Venezuela. In 2000, 28% of our revenues was derived from international operations.

Industry Background

Wireless networks are telecom systems built using radio equipment. The implementation of a wireless network involves several project phases, including planning, design and deployment. During the planning phase, decisions are made about the type of equipment to be used, where it will be located and how it will be configured. These decisions are based on a number of analytical considerations, including phone subscriber profiles and target markets, forecasts of call usage, radio engineering analysis and financial modeling and forecasting. The design phase follows, and involves the coordinated efforts of radio engineers, site development professionals and other technical disciplines. Potential equipment sites are identified, based on a range of variables including radio propagation characteristics, economics, site access, and construction feasibility.

Once a network design has been accepted, land or building rooftops must be bought or leased for towers or telecom equipment, including radio base stations, antennas and supporting electronics. This site development phase requires input from a number of specialists, including real estate, land use and legal professionals who work with local jurisdictions to get any necessary land use, zoning and construction permits. Next, construction and equipment installation must be performed. Finally, radio frequency engineers commission the new radio equipment, test it, integrate it with existing networks and tune the components to optimize performance.

Once placed in service, wireless networks must be continually updated, recalibrated, tuned and monitored for performance and faults. Traffic patterns change, trees or buildings may block radio signals and interference may be encountered from neighboring or competing networks or other radio sources. Usage patterns may change because of new rate plans, new features or increasing sales. Optimization is the process of tuning the network to take into account such changes, and often gives rise to maintenance tasks such as antenna changes, new equipment installations or the replacement of substandard or failed components.

Growth of the Wireless Telecom Industry

Wireless telecom has been one of the most rapidly growing technologies in the world, driven by the dramatic increase in wireless telephone usage, as well as demand for wireless Internet and other data services, also known as wireless broadband services. In March 2001, Dataquest/Gartner estimated that by 2005, the worldwide wireless subscriber base will grow to over 1.2 billion from 703 million in 2000. The demand for wireless Internet access and other data services has accelerated the adoption of new technologies such as those embodied in the emerging third-generation (3G) standard. High-speed fiber networks are being coupled with broadband wireless technologies to deliver enhanced telecom capabilities and features to new customers and markets.

Wireless carriers are under pressure to continuously upgrade their networks with new technologies and expand into new geographic regions in order to remain competitive and satisfy the demand for pervasive wireless service. Additionally, new carriers have entered the market as a result of deregulation, the issuance of new licenses and the demand for new services, fueling the development of new networks. As a result, carriers have been deploying new network equipment both in the U.S. and internationally. New technologies, such as broadband wireless, are helping to fuel demand for more advanced wireless equipment. In September 2000, Dataquest/Gartner estimated that the market for broadband wireless equipment in North America would grow from \$146.3 million in 1999 to \$1.45 billion in 2003, a compound annual growth rate of 77.6%.

Changes in the Wireless Telecom Industry

As carriers deploy their wireless networks, they face significant competition. Through privatization in the 1980s and deregulation in the 1990s, both domestically and internationally, the competitive landscape has changed for

wireless carriers. For carriers to differentiate themselves and remain competitive in this new environment, they have been required to deploy networks to:

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

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

New Challenges for Wireless Carriers and Equipment Vendors

Due to this increasingly competitive environment, carriers are focused on satisfying customer demand for enhanced services, seamless and comprehensive coverage, better quality, faster data transmission and lower prices. The proliferation of carriers and new technologies has created an environment where speed to market is an important component of a wireless carrier's success. Carriers are also faced with the challenge of managing increasingly complex networks and technologies. For example, the introduction of wireless Internet technologies and the growth in broadband wireless services requiring the transmission of large amounts of data creates additional new technological hurdles for carriers establishing or upgrading their networks. In this dynamic environment, customer acquisition and retention are key determinants of success. In our experience this has led carriers to increasingly prioritize their resources, focusing on revenue generating activities and outsourcing when they can do so effectively.

In our experience, the changing environment is also placing significant operational challenges on carriers. Carriers must make decisions about which geographic markets to serve and which services and technologies to offer. Staffing challenges and process implementations can present cost uncertainties and operational challenges for carriers to deploy and manage their networks. Additionally, networks are being deployed with equipment from unrelated vendors, posing system integration challenges. This situation is exacerbated by consolidation in the industry, which often entails the integration of distinct networks.

Equipment vendors are also facing numerous challenges as they develop new generations of equipment with increased features and functionality. Vendors must provide equipment that can be deployed within a carrier's existing network and integrate with equipment offered by other vendors. As a result of the rapid pace of technological change, we believe that equipment vendors have increasingly focused on offering competitive product solutions and outsourced services such as network design, deployment and management.

The Need for Outsourcing

We believe that carriers and equipment vendors are outsourcing network planning, deployment and management to focus on their core competencies and refine their competitive advantage. In our experience, wireless carriers and equipment vendors who are seeking outsourcing are looking for service providers who:

- . offer turnkey solutions;
- . are technology and vendor independent;
- . offer fixed-price, time-certain services;
- . have sufficient numbers of highly skilled, experienced employees capable of designing and deploying large-scale domestic and international projects; and
- . update, manage, optimize, monitor and maintain networks.

The WFI Solution

We provide outsourced services to telecom carriers and equipment vendors for the planning, design, deployment and ongoing optimization and management of wireless networks. We offer turnkey solutions on a fixed-price, time-certain basis. We have expertise with all major wireless technologies, and have deployed equipment supplied by a majority of the world's leading equipment vendors. We are better able to manage large-scale deployments for our customers, both domestically and internationally. Our project management process enables us to meet our customers' needs on time and within budget without compromising quality.

Turnkey Solutions. Traditionally, carriers engaged a number of firms or used internal personnel to build and operate their wireless networks. In this case, the carrier was responsible for the coordination and integration of the various groups and defined and implemented the process to be used. The end-to-end, or turnkey, approach that we offer allows the carrier to engage a single responsible party who is accountable for delivering and managing the network under a single contract. In contrast to traditional methods, we provide management services during each phase of the engagement, enabling us to efficiently schedule processes and resources, reducing the time and cost of network deployment and management. We provide our customers with a primary point of accountability and reduce the inefficiencies associated with coordinating multiple subcontractors. In addition, we eliminate the need for a carrier or equipment vendor to assemble, train and retain network deployment and management staff, resulting in cost savings. This allows carriers and vendors to focus their resources on revenue generating activities.

Technology and Vendor Independence for Both Mobile and Fixed Wireless Operations. We have experience in all major wireless technologies, including: conversion of analog, cellular systems to digital capability (CDMA, TDMA, GSM, and iDEN); deployment of digital PCS systems; migration to 3G network platforms to provide high speed wireless data internet capability, such as UMTS spectrum in Europe; and development of emerging broadband technologies in the MMDS and LMDS spectrums. Two critical components of our ability to meet and exceed customer expectations are our broad scope of services and our technology expertise and independence. We are continually keeping abreast of next generation technologies to maintain technology expertise. Consistent with our vendor independent policy, we have not aligned ourselves with the products of any particular vendor. We provide services to many of the largest wireless carriers and with engineering staff qualified and approved by nearly every major wireless equipment vendor. Our technology and vendor independence results in objective recommendations to the customer based on the full profile of the customer's needs.

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

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

Proven Methodology. Our project management process enables us to meet our customers' needs on a fixed-price, time-certain basis without compromising quality. We leverage our experience, obtained from implementing hundreds of projects, to reduce time to market for new projects. For example, project managers utilize our project management process to chart project progress and coordinate the integration of numerous specialized activities during the design and deployment of a network. We have dedicated staff employed to facilitate efficient feedback of information among the various specialized activities so that our project teams work quickly and effectively. Through this coordinated effort and the use of Dynamic Tracker, our project tracking software tool, we are able to optimize resource deployment and deliver solutions on time and within budget.

Depth and Scale. Our principal asset is our staff, 88% of whom work directly on customer projects. As of December 31, 2000, we had more than 680 engineers, 30% of whom have advanced degrees. Our technological expertise and industry knowledge has enabled us to form strong customer relationships with early stage telecom ventures, as well as established carriers and equipment vendors. During 2000, we were engaged on projects in 54 countries. In addition, we have established corporate resource centers in Mexico, Brazil, India, the United Kingdom and Sweden. We believe our presence in these countries facilitates our ability to customize our services to meet international customers' specific needs.

Strategy

Our objective is to be the global leader in telecom outsourcing. This means being the leading independent provider of complete outsourced telecom network services, including network planning; design; deployment; and management. The key elements of our strategy include:

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

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

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

standards for next generation telecom products by attending standard setting forums and making contributions to new standards.

Pursue opportunities for international growth. International markets represent a significant opportunity for future growth. We established corporate resource centers in Mexico and Brazil in 1998 and India and the United Kingdom in 1999 and have continued this expansion in 2000 by adding a corporate resource center in Sweden. We intend to increasingly execute international projects with local professional resources. Initially, our international revenues resulted from deployment contracts with multinational equipment vendors. However, as we continue to penetrate foreign markets, we expect to continue to capitalize on opportunities created by privatization, new licensees and the expansion of wireless local loop networks.

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

Capitalize on prior project experience. We have participated in the deployment of thousands of cell sites. The experience we have gained through these projects is reflected in our project management process and proprietary project management tools. This experience allows us to optimize the allocation of our resources and consistently meet our customers' needs on a fixed-price, time-certain basis without compromising quality. We will also seek to transfer our knowledge gained in international markets, such as the deployment of 3G technology in domestic markets. We will continue to refine our processes, methodologies and project management tools, matching them to new customer and technology requirements.

Continue to pursue strategic acquisitions. We intend to continue to pursue acquisitions that will supplement our technical expertise, allow us to acquire additional human resources or strategic customer relationships or expand our presence in key geographic markets where we could more effectively complete a project or gain access to new contracts. During 2000, we acquired seven businesses to strengthen our ability to provide ongoing network optimization and management services, extend our geographic reach, broaden our technical expertise and add professional resources.

Network Services

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

Pre-Deployment Planning Services: Telecom Strategy Group

We provide pre-deployment planning services for all steps involved in technology assessment, market analysis, and business plan development.

Market Analysis. The market team studies and analyzes the traffic patterns, population density, topography and propagation environment in each market under consideration. We have a well-developed capability in geographic information systems (GIS) services, which is used for network design as well as deployment. We have developed a proprietary methodology to assist customers in analysis of the competitive landscape for broadband services.

Technology Evaluation and Vendor Selection. The Advanced Technology Group, a group of experts in wireless telecom technologies and applications, assists customers in determining the best equipment for a particular project, analyzing the feasibility of a particular technology for a network plan and managing the bidding process from multiple equipment vendors. Consistent with our independence from vendors and technology, evaluation and selections are made to suit the customers profile of needs.

Strategic and Business Consulting. Our business consulting group utilizes its expertise and experience to analyze the financial, engineering, competitive market and technology issues applicable to a proposed technology or network deployment project. Drawing on the demographic analysis and preliminary network dimensioning performed by the market analysis team and benchmarks for deployment-related expenditures from our various functional groups, consultants create new business strategies or evaluate existing deployment strategies. Services include:

- . defining subscriber profiles and target markets, including competitive and regulatory analysis;
- . developing service offerings and marketing plans that drive usage forecasting;
- . network design and backbone configuration; and
- . business plan development and financial modeling.

These services are particularly important to start-up carriers that have limited resources and access to information for emerging technologies such as 3G and broadband wireless.

We have worked on a number of high profile business and technology planning projects in the wireless industry, covering a range of mobile broadband, and satellite technologies. Although the size of these projects is typically smaller in scope than design and deployment projects, they are strategically important to us because they represent opportunities to build relationships and credibility with customers during the planning phase as well as enhance our experiences with leading edge technologies. These services are offered on both a time and materials and fixed price basis.

Design and Deployment Services

We provide a range of services for the full design and deployment of wireless networks. Such services include:

Radio Frequency Engineering. Radio frequency engineers design each integrated wireless system to meet the customer's transmission requirements. These requirements are based upon a projected level of subscriber density and traffic demand and the coverage area specified by the operator's license or cost-benefit decisions. Our engineers perform the calculations, measurements and tests necessary to determine the optimal placement of the wireless equipment. In addition to meeting basic transmission requirements, the radio frequency network design must make optimal use of radio frequency and result in the highest possible signal quality for the greatest portion of subscriber usage within existing constraints. The constraints may be imposed by cost parameters, terrain, license limitations, interference with other operators, site availability, applicable zoning requirements and other factors.

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

Fixed Network Engineering. Most wireless calls are ultimately routed through a wireline network. As a result, the traffic from wireless networks must be connected with switching centers within wireline networks. We establish the most efficient method to connect cell sites to the wireline backbone, whether by microwave radio or by landline connections. Our engineers are involved in specifying, provisioning and implementing fixed network facilities. Additionally, the convergence of voice and data networks, specifically through broadband technologies, such as LMDS, MMDS and Fast Ethernet, has created a new

demand for specialized fixed network engineering skills. These skills include planning, design, capacity and traffic analysis for packet-switched and Internet protocol router-based network elements. Engineering teams are trained in specialized data networking and Internet protocol engineering issues.

Site Development. Site development experts study the feasibility of placing base stations in the area under consideration from a zoning perspective, negotiate leases and secure building permits, supervise and coordinate the civil engineering required to prepare the rooftop or tower site, manage multiple construction subcontractors and secure the proper electrical and telecom connections.

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

Network Management Services

Network management services are comprised of post-deployment radio frequency optimization services and network operations and maintenance services. In March 2000, we expanded our network management services by acquiring from Ericsson a network operations center located in Richardson, Texas, and we are currently providing centralized network monitoring and optimization services for several of our customers from this site.

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

Network Operations and Maintenance. For customers with ongoing outsourcing needs, we can assume responsibility for day-to-day operation and maintenance of their wireless networks. The relationship we develop with our customers for this type of outsourcing contract begins with a team of engineers and other professional and support staff matched to the customer's specific needs. We take into account such variables as grade of service and reliability requirements, equipment manufacturer certification and geographic layout of the system in question for determining the allocation of site maintenance and other responsibilities between our service team and the customer's own personnel. We provide staffing to perform the necessary services for ongoing optimization, operations, maintenance and repair of critical network elements, including base station equipment, mobile switching centers and network operating centers to the extent required by its customers. We also provide training services for the internal network staff of our customers.

The WFI Methodology

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

We have built upon past experiences in developing an analytical framework to provide scalable solutions to clients. While there are features unique to each project, there are often similarities among projects. The project management process is designed to bring the expertise developed during prior engagements to bear on each new project.

We continue to dedicate resources to maintaining and improving the project management process. At the conclusion of each engagement, incremental knowledge gained during the course of the project is incorporated into a knowledge database. We believe that the implementation and improvement of the project management process ultimately benefits clients. The methodology enables us to leverage technological and industry expertise to deliver reliable networks in a rapid fashion without sacrificing quality. We are committed to continually refine the project management process, customizing it for each new customer and for each new technology opportunity.

Sales and Marketing

We market and sell services through a direct sales force to wireless carriers and equipment vendors. As of December 31, 2000, we employed 25 full-time sales and marketing staff. Sales personnel work collaboratively with senior management, consulting and deployment personnel to develop new sales leads and secure new contracts. Each salesperson is expected to generate new sales leads and take responsibility as an account manager for specified accounts with existing customers. As account manager, the salesperson works with planning and deployment personnel assigned to that customer to identify opportunities for performing additional services for that customer.

Customers

We provide network design, deployment and management services to wireless carriers and equipment vendors. We are also actively targeting carriers deploying new wireless broadband networks. Additionally, we have provided services to satellite service providers and wireless tower companies. Since 1995, we have completed projects for more than 130 customers. As of December 31, 2000, we had ongoing projects in 54 countries. A representative list of our customers during 2000 includes Cingular, AT&T Wireless, Verizon, Ericsson, Sprint PCS, Triton PCS, Telecorp PCS, Siemens, Telcel, Metricom and XO Communications.

Employees

As of December 31, 2000, we employed 2,072 full time employees worldwide, including 1,822 in network and deployment services, 25 in sales and marketing, and 225 in general and administrative roles. None of our employees, with the exception of our Scandinavian employees, are represented by a labor union, and we have not experienced any work stoppages. We consider our employee relations to be satisfactory.

Competition

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

We believe that the principal competitive factors in our market include the ability to deliver results within budget and on time, reputation, accountability, project management expertise, industry experience and competitive pricing. In addition, expertise in new and evolving technologies, such as broadband wireless, has become increasingly important. We believe that the ability to integrate these technologies, as well as equipment from multiple vendors, gives us a competitive advantage as we can offer the best

technology and equipment to meet a customer's needs. We believe our ability to compete also depends on a number of additional factors which are outside of our control, including:

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

Industry Segment Information

Our operations are organized along service lines and include three reportable industry segments: Design and Deployment, Network Management, and Business Consulting. The following table sets forth the contribution of our industry segments to revenues and operating income for the fiscal year ended December 31, 2000 (in millions):

	Revenues	Operating Income
	-----	-----
Design and deployment	\$205.6	\$38.9
Network management	\$ 42.7	\$10.7
Business consulting	\$ 7.6	\$ 2.4
	-----	-----
Total	\$255.9	\$52.0
	=====	=====

Geographic Segment Information

In 2000 we realized approximately 28% of our revenues from projects outside of the U.S. Revenues for the year ended December 31, 2000 and long-term assets at December 31, 2000 derived by geographic segment are as follows (in millions):

	Revenues	Assets
	-----	-----
United States	\$ 183.7	\$ 71.5
Foreign	\$ 72.2	\$ 30.3
	-----	-----
Total	\$ 255.9	\$ 101.8
	=====	=====

Recent Events

On February 9, 2001, we executed an amended and restated credit agreement, which increased the aggregate commitment provided by our credit facility from \$50 million to \$100 million. The borrowings under this credit agreement are due in February 2004 and bear interest at either (i) the greater of the bank prime rate or the Federal Funds Rate plus .5%, plus a margin of 1.25%, the base rate margin, or (ii) at the London Interbank Offering Rate ("LIBOR") plus 2.25%, the LIBOR rate margin, at our discretion. Beginning with the third quarter of 2001, the base rate margin and the LIBOR rate margin will be determined based on certain financial ratios as of the end of the most recently ended fiscal quarter which will result in margins ranging from .75% to 1.50% and 1.75% to 2.50%, respectively. The credit facility is secured by substantially all of our assets. The agreement contains restrictive covenants, which, among other things, requires maintenance of certain financial ratios.

On February 23, 2001, we announced that we received notice of contract suspension and termination from Metricom, Inc., with regard to remaining RF engineering and deployment services for Metricom's data network buildout, which would have been provided during the first and second quarter of our fiscal 2001. Beyond the second quarter, we do not anticipate any material impact related to Metricom's notice of contract suspension and termination.

On March 2, 2001, the Company's Board of Directors approved a voluntary stock option cancel and regrant program for employees. The program provides employees with the opportunity to cancel all of their existing and outstanding stock options granted to them on or after September 30, 2000 and before March 30, 2001, and some or all of their existing and outstanding stock options granted to them prior to September 30, 2000, in exchange for a new option grant for an equal number of shares to be granted at a future date. The new options will be issued no earlier than six months and one day after the cancellation date, March 30, 2001, and the exercise price of the new options is to be based on the trading price of our common stock on the date of the new option grants. The exchange program is designed to comply with FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation."

Risk Factors

You should carefully consider the following risk factors and all other information contained in this Report on Form 10-K. Investing in our common stock involves a high degree of risk. Risks and uncertainties, in addition to those we describe below, that are not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following risks occur, our business could be harmed, the price of our common stock could

decline and you may lose all or part of your investment. See the note regarding forward-looking statements included at the beginning of Item 1. Business.

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

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

- . telecom market conditions and economic conditions generally;
- . the timing and size of network deployment by our carrier customers and the timing and size of orders for network equipment built by our vendor customers;
- . fluctuations in demand for our services;
- . the length of sales cycles;
- . reductions in the prices of services offered by our competitors; and
- . costs of integrating technologies or businesses.

The factors substantially within our control include:

- . changes in the actual and estimated costs and timing to complete fixed-price, time-certain projects;
- . the timing of expansion into new markets, both domestically and internationally; and
- . the timing and payments associated with possible acquisitions.

Due to these factors, quarterly revenues, expenses and results of operations could vary significantly in the future. You should take these factors into account when evaluating past periods, and, because of the potential variability due to these factors, you should not rely upon results of past periods as an indication of our future performance. In addition, we may from time to time provide estimates of our future performance. Such estimates are inherently uncertain and actual results are likely to deviate, perhaps substantially, from such estimates as a result of the many risks and uncertainties in our business, including those set forth in these risk factors. We undertake no duty to update such estimates if given. In addition, the long-term viability of our business could be negatively impacted if there were a downward trend in our revenues and results of operations. Because our operating results may vary significantly from quarter to quarter based upon the factors described above, results may not meet the expectations of securities analysts and investors, and this could cause the price of our common stock to decline significantly.

We have recently begun to experience a negative impact to our earnings and stock price as a result of the factors that may cause our quarterly results to fluctuate. We expect that this negative trend may continue for the foreseeable future, and at least through the second quarter of 2001. Due to the recent downturn in the financial markets in general, and specifically the slowdown in wireless telecommunications infrastructure spending, some of our customers have recently cancelled or suspended their contracts with us and many of our customers or potential customers have postponed entering into new contracts for our services. As a result, we expect our revenues and earnings to decline from previously estimated levels. In addition, unfavorable economic conditions are causing some of our customers to take longer to pay us for services we perform, increasing the average number of days that our sales are outstanding. Also due to the difficult financing and economic conditions, some of our customers may not be able to pay us for services that we have already performed. If we are not able to collect amounts due to us, we may be required to write-off or convert significant amounts of our accounts receivable. Because we are not able to reduce our costs as fast as our revenues may decline, our costs as a percentage of revenues may increase and, correspondingly, our net earnings may decline disproportionately to any decrease in revenues. If we restructure our business in an effort to minimize our expenses, we may incur associated charges. As a result of these and other factors, it has become extremely difficult to forecast our future revenues and earnings, and any predictions we make are subject to significant change and are very uncertain.

Our success is dependent on the continued growth in the deployment of wireless networks; and to the extent that such growth cannot be sustained our business may be harmed.

The wireless telecom industry has historically experienced a dramatic rate of growth both in the United States and internationally. Recently, however, many telecom carriers have been re-evaluating their network deployment plans in response to downturns in the capital markets, changing perceptions regarding industry growth and the adoption of new wireless technologies, and a general economic slowdown in the United States. It is difficult to predict whether these changes will result in a sustained downturn in the telecom industry. If the rate of growth slows and carriers reduce their capital investments in wireless infrastructure or fail to expand into new geographies, our business will be significantly harmed.

The uncertainty associated with rapidly changing telecommunications technologies may also impact the rate of deployment of wireless networks and the demand for our services. Telecommunications service providers face significant challenges in assessing consumer demand and acceptance of rapidly changing enhanced telecommunication capabilities. If telecommunications service providers perceive that the rate of acceptance of next generation telecommunications products will grow more slowly than expected, they may slow their development of next generation technologies. Any significant slowdown will reduce the demand for our services and adversely affect our financial results.

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

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

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

Some of our customers and potential customers are companies with limited or no operating histories and limited financial resources. These customers often must obtain significant amounts of financing to pay for their spectrum licenses, fund operations and deploy their networks. Other customers of ours rely upon outside financing to pay the considerable costs of deploying their networks. In either instance, we frequently work with such companies prior to their receipt of financing. If these companies fail to receive adequate financing or experience delays in receiving financing, particularly after we have begun working with them, our results of operations may be harmed.

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

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

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

We have derived, and believe that we will continue to derive, a significant portion of our revenues from a limited number of customers. We anticipate that our key customers will change in the future as current projects are completed and new projects begin. The services required by any one customer can be limited by a number of factors, including industry consolidation, technological developments, economic slowdown and internal budget constraints. None of our customers is obligated to purchase additional services and most of our customer contracts can be terminated without cause or penalty by the customer on notice to us of 90 days or less. As a result of these factors, the volume of work performed for specific customers is likely to vary from period to period, and a major customer in one period may not use our services in a subsequent period. Accordingly, we cannot be certain that present or future customers will not terminate their network service arrangements with us or significantly reduce or delay their contracts. Any termination, change, reduction or delay in our projects could seriously harm our business.

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

Recently, the wireless telecom industry has been characterized by significant consolidation activity. This consolidation may lead to a greater ability among equipment vendors and carriers to provide a full suite of network services, and could simplify integration and installation, which may lead to a reduction in demand for our services. Moreover, the consolidation of equipment vendors or carriers could have the effect of reducing the number of our current or potential customers, which could result in their increased bargaining power. This potential increase in bargaining power could create competitive pressures whereby a particular customer may request our exclusivity with them in a particular market and put downward pressure on the prices we charge for our services. Accordingly, we may not be able to represent some customers who wish to retain our services.

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

To the extent we continue to grow, our future success will depend on our ability to hire and retain additional highly skilled engineering, managerial, marketing and sales personnel. Competition for such personnel is intense, especially for engineers, and project managers and we may be unable to attract sufficiently qualified personnel in adequate numbers to meet the demand for our services in the future. In addition, as of December 31, 2000, 20% of our employees in the United States were working under H-1B visas. H-1B visas are a special class of nonimmigrant working visas for qualified aliens working in specialty occupations, including, for example, radio frequency engineers. We are aware that the Department of Labor has issued interim final regulations that place greater requirements on H-1B dependent companies, such as ours, and may restrict our ability to hire workers under the H-1B visa category in the future. In addition, immigration policies are subject to rapid change and any significant changes in immigration law or regulations may further restrict our ability to continue to employ or to hire new workers on H-1B visas and could harm our business.

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

A significant percentage of our revenue is derived from fixed priced contracts which are accounted for on a percentage-of-completion basis. The portion of our revenue from fixed price contracts accounted for approximately 70% of our revenues for the year ended December 31, 2000. With the percentage-of-completion method, in each period we recognize expenses as they are incurred and we recognize revenue based on a comparison of the current costs incurred for the project to the then estimated total costs of the project. Accordingly, the revenue we recognize in a given quarter depends on the costs we have incurred for individual projects and our then current estimate of the total remaining costs to complete individual projects. If in any period we significantly increase our estimate of the total costs to complete a project, we may recognize very little or no additional revenue with respect to that project. As a result, our gross margin in such period and in future periods may be significantly reduced and in some cases we may recognize a loss on individual projects prior to their completion. For example, in 1999 we revised the estimated costs to complete two large contracts which resulted in a reduction of gross margins of 9.9% in the first quarter of 1999 and 6.9% in the second quarter of 1999. To the extent that our estimates fluctuate over time or differ from actual requirements, gross margins in subsequent quarters may vary significantly from our estimates and could harm our business and financial results.

Similarly, the cancellation or modification of a contract which is accounted for on a percentage-of-completion basis may adversely affect our gross margins for the period during which the contract is modified or cancelled. Under certain circumstances, a cancellation or modification of a fixed-price contract could also result in us being required to reverse revenue that was recognized in a prior period, which could significantly reduce the amount of revenues recognized for the period in which the adjustment is made. For example, if we have a three year fixed price contract where the contract fee is \$1 million and the initial estimated costs associated with the contract are \$550,000, and if, during the first year we incur \$220,000 in costs related to the contract and correspondingly estimate that the contract is 40% complete, then under the percentage-of-completion accounting method we would recognize 40%, or \$400,000 in revenue during the first year of the contract. If, during the second year of the contract the project is terminated with 35% of the services deemed provided to the client, then the total revenue for the project would be adjusted downward to \$350,000, and the revenue recognizable during the second year would be the total revenue earned to date, the \$350,000 less the revenue previously recognized or \$400,000, resulting in a reversal of \$50,000 of revenue previously recognized. To the extent we experience adjustments such as those described above, our revenues and profit margins will be adversely affected.

Our business may be harmed if we maintain or increase our staffing levels in anticipation of one or more projects and underutilize our personnel because such projects are delayed, reduced or terminated.

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

Additionally, due to recent market conditions, we are faced with the challenge of managing the appropriate size of our workforce in light of projected demand for our services. If we maintain a workforce sufficient to support a resurgence in demand, then in the meantime our general and administrative expenses will be high relative to our revenues and our profitability will suffer. Alternatively, if we reduce the size of our workforce too quickly in response to any decrease in the demand for our services, then our ability to quickly respond to any resurgence in demand will be impaired. As a result, to the extent that we fail to successfully manage this challenge our financial results will be harmed.

Our short operating history and recent growth in expanding services limits our ability to forecast operating results.

We have generated revenues for only six years and, thus, we have only a short history from which to predict future revenues. This limited operating experience, together with the dynamic market environment in which we operate, including fluctuating demand for our services, reduces our ability to accurately forecast our quarterly and annual revenues. Further, we plan our operating expenses based primarily on these revenue projections. Because most of our expenses are incurred in advance of anticipated revenues, we may not be able to decrease our expenses in a timely manner to offset any unexpected shortfall in revenues. For further financial information relating to our business, see "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Operating Results."

If we are unable to effectively manage potential growth in the demand for our services our business will not operate efficiently and our results of operations will be negatively affected.

We have experienced a period of significant expansion that has placed a significant strain on our managerial, operational and financial resources. From January 1, 2000 to December 31, 2000, we increased our number of employees from 828 to 2,072. If demand for our new and existing services continues to grow, then in order to increase our revenues significantly, we will need to hire a substantial number of additional employees, including project management, engineering and direct sales and marketing personnel. The actual number of employees we will need to hire is not determinable and may fluctuate drastically depending on the size and number of new contracts we receive and any changes to the scope of our existing projects.

If we continue to grow at a rapid pace, we will need to manage the expansion of our operations and personnel. Specifically, we will be required to:

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

If we fail to address the issues above or if our business does not continue to grow, our business may be harmed.

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

The network services market is highly competitive and fragmented and is served by numerous companies. Many of these competitors have significantly greater financial, technical and marketing resources, generate greater revenues and have greater name recognition and experience than us. We do not know of any competitors that are dominant in our industry. For a further description of our competition, see "Business-- Competition."

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

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

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

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

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

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

Our success depends to a significant degree upon the continued contributions of our executive officers, both individually and as a group. See "Management-- Directors, Executive Officers and Key Employees", incorporated by reference herein, for a listing of such executive officers. Our future performance will be substantially dependent on our ability to retain and motivate them.

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

Our failure to manage risks associated with acquisitions could harm our business. An important component of our business strategy is to expand our presence in new or existing markets by acquiring additional businesses. During 2000, we acquired seven businesses. We are almost continuously engaged in discussions or negotiations regarding the acquisition of businesses or strategic investments in businesses, some potentially material in relation to our size. We may not be able to identify, acquire or profitably manage additional businesses or integrate successfully any acquired businesses without substantial expense, delay or other operational or financial problems. Acquisitions involve a number of risks, including:

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

We may not be successful in our efforts to integrate international acquisitions.

A key component of our business model is to expand our operations into international markets. We have accomplished this through the establishment of offices in Brazil, India and Mexico, among others, and through our recent acquisition of Questus Ltd. in the United Kingdom and Telia Academy and Telia Contracting in Sweden. International acquisitions pose a challenge to our business, as we must integrate operations despite differences in culture, language and legal environments. To date, we have limited experience with international acquisitions and face certain related risks, including:

- . difficulties in staffing, managing and integrating international operations due to language, cultural or other factors;
- . different, or conflicting regulatory or legal requirements;
- . foreign currency fluctuations; and
- . distractions of significant management time and attention.

Our failure to address these risks could inhibit or preclude our efforts to pursue international acquisitions.

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

From January 1, 2000 through December 31, 2000, we were engaged on projects in 54 countries, and we currently have operations overseas, including offices in Mexico, the United Kingdom, India, Brazil and Sweden. For the year ended December 31, 2000, international operations accounted for approximately 28% of our total revenues. We believe that the percentage of total revenues attributable to international operations will continue to be significant. We intend to expand our existing international operations and may enter additional international markets, which will require significant management attention and financial resources and could adversely affect our operating margins and earnings. In order to expand our international operations, we will need to hire additional personnel and develop relationships with potential international customers. To the extent that we are unable to do so on a timely basis, our growth in international markets would be limited, and our business would be harmed.

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

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

To date, we have encountered each of the risks set forth above in our international operations. If we are unable to expand and manage our international operations effectively, our business may be harmed.

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

The majority of our international sales are currently denominated in U.S. dollars. As a result of some of our recent acquisitions as well as the growth of our foreign operations, an increasing portion of our international sales are denominated in foreign currencies. Fluctuations in the value of the U.S. dollar and foreign currencies may make our services more expensive than local service offerings. This could make our service offerings less competitive than local service offerings, which could harm our business. To date, our experience with this foreign currency risk has predominately related to the Brazilian real and Mexican peso. We do not currently engage in currency hedging activities to limit the risks of exchange rate fluctuations. Therefore, fluctuations in the value of foreign currencies could have a negative impact on the profitability of our global operations, which would harm our business and financial results.

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

Our engagements often involve large scale, highly complex projects. Our performance on such projects frequently depends upon our ability to manage our relationship with our customers, effectively administer the project and deploy appropriate resources, both our own personnel and third party contractors, in a timely manner. Many of our engagements involve projects that are significant to the operations of our customers' businesses. Our failure to meet a customer's expectations in the planning or implementation of a project or the failure of our personnel or third party contractors to meet project completion deadlines

could damage our reputation, result in termination of our engagement and adversely affect our ability to attract new business. We frequently undertake projects in which we guarantee performance based upon defined operating specifications or guaranteed delivery dates. Unsatisfactory performance or unanticipated difficulties or delays in completing such projects may result in a direct reduction in payments to us, or payment of damages by us, which could harm our business.

As of December 31, 2000, executive officers and directors and their affiliates controlled 55.2% of our outstanding common stock and as a result are able to exercise control over all matters requiring stockholder approval.

As of December 31, 2000, executive officers and directors and their affiliates beneficially owned, in the aggregate, approximately 55.2% of our outstanding common stock. In particular, as of December 31, 2000, our Chairman, Massih Tayebi, and our Chief Executive Officer, Masood K. Tayebi, beneficially owned, in the aggregate, approximately 40.3% of the outstanding common stock. In addition, other members of the Tayebi family owned, as of December 31, 2000, in the aggregate, approximately 9.9% of our outstanding common stock. As a result, these stockholders are able to exercise control over matters requiring stockholder approval, such as the election of directors and approval of significant corporate transactions, which may have the effect of delaying or preventing a third party from acquiring control over us. These transactions may include those that other stockholders deem to be in their best interests and in which those other stockholders might otherwise receive a premium for their shares over their current prices. For further information regarding our stock ownership, see "Security Ownership of Certain Beneficial Owners and Management" incorporated by reference herein.

Our stock price may be particularly volatile because of the industry of our business.

The stock market in general has recently experienced extreme price and volume fluctuations. In addition, the market prices of securities of technology and telecom companies have been extremely volatile, and have experienced fluctuations that have often been unrelated to or disproportionate to the operating performance of such companies. These broad market fluctuations could adversely affect the price of our common stock. For further information regarding recent stock trends, see "Market for Registrant's Common Equity and Related Stockholder Matters".

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

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

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

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

Item 2. Properties

Our principal executive offices are located in approximately 93,000 square feet of office space in San Diego, California. The lease for such space expires in April 2010. Other executive offices are located in the following locations: Sao Paulo, Brazil; Mexico City, Mexico; New Delhi, India; Gothenberg, Sweden; Kalmar, Sweden; and in London, U.K. The leases on these offices are on a month to month basis. The Company also leases office space to support engineering services in Reston, Virginia; Cherry Hill, New Jersey; Blackwood, New Jersey; Los Angeles, California; San Jose, California; Sacramento, California; Scottsdale, Arizona; Santa Fe, New Mexico; Mexico City; London and Sao Paulo. The leases on these spaces expire at various times through April 2005.

In conjunction with asset acquisitions that occurred in 2000, we assumed the operating leases of additional office space in the following locations: Seattle, Washington; Chicago, Illinois; Houston, Texas; Denver, Colorado; Milwaukee, Wisconsin; and Portland, Oregon. The Company expects to continue its growth and will negotiate leased space to accommodate this growth as it occurs.

Item 3. Legal Proceedings

Subsequent to our initial public offering in November 1999, we received correspondence from certain former employees (or their stockbrokers) who presented stock certificates of a predecessor of WFI delivered in 1996 as part of an employee benefit plan. We did not register these shares in our books and records because we 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 our common stock issued to them for services rendered in 1996.

During the six months ended June 30, 2000, we completed settlements of litigation that we brought against six former employees who had sold or who had attempted to sell unregistered certificates purportedly representing 97,500 of our shares. We also settled similar demands for recognition by two other former employees without litigation. In each of these settlements we have 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, we 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 our common stock. The complaint seeks a declaration that the subject certificate is invalid due to the 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. We intend to vigorously pursue our action in California and to vigorously defend against the related action in Delaware.

The total number of shares represented by unregistered certificates delivered to employees (all in 1996 and early 1997) is approximately 532,500. We have settled or agreed to settle demands relating to 127,500 of such shares. We have received no other demands for recognition of shares represented by unregistered certificates other than the demand by Dr. Tafazolli. If we receive any other demands, we intend to consider the circumstances surrounding the issuance of the subject certificates in determining our response. We are therefore not certain at this time how many of the shares represented by unregistered certificates will be recognized.

As a result of the foregoing circumstances, we underreported the number of shares of our 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, our Chairman, and Masood K. Tayebi, our Chief Executive Officer, were the executive officers and directors of our 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 owned by them to WFI, share for share, for any shares represented by unregistered certificates which we recognize as issued and outstanding. Each has transferred to us one-half of the number of shares recognized during the year ended December 31, 2000, and each will transfer one-half of any and all shares recognized in the future as a result of similar circumstances.

Consequently, we have had no net increase in the number of outstanding shares of our common stock and we expect no impact on the financial statements in future periods as a result of recognizing unregistered certificates. Such surrender of outstanding shares held by the Tayebis is not expected to diminish materially the ownership interests of either of them in WFI.

We do not believe existing demands or future litigation associated with the unregistered certificates will have a material effect on our 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 we anticipate. Other outcomes could have a material adverse effect on our financial position or results of operations.

In October 2000, we were notified that Norm Korey, a former employee who was terminated by us, has asserted that he is owed certain commissions and stock options and severance pay from us. We were served with a formal arbitration demand relating to the matter in January 2001, and anticipate that limited discovery will ensue. We believe the claims of Mr. Korey are without merit and intend to defend any lawsuit asserting such claims.

In addition to the foregoing matters, from time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in this or other matters may arise from time to time that may harm our business.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder

Matters

(a)

Our common stock is listed on the NASDAQ National Market System, under the symbol "WFII" and has traded since November 5, 1999.

Our common stock began trading on the NASDAQ National Market System effective November 5, 1999. Prior to that date, there was no public market for our common stock. The following table sets forth for the periods indicated the high and low closing prices for the common stock, as reported by NASDAQ. Such quotation represents inter-dealer prices without retail markups, markdowns or commissions and may not necessarily represent actual transactions.

	High ----	Low ---
Fiscal Year Ending December 31, 2001		
First Quarter (through March 22, 2001)	\$ 44.19	\$ 6.13
Fiscal Year Ended December 31, 2000		
First Quarter	\$157.88	\$ 39.63
Second Quarter	\$ 93.63	\$ 32.75
Third Quarter	\$ 80.50	\$ 48.13
Fourth Quarter	\$ 62.66	\$ 31.94
Fiscal Year Ended December 31, 1999		
Fourth Quarter (from November 5, 1999)	\$ 65.50	\$ 39.25

On March 22, 2001, there were approximately 43,844,089 shares of Common Stock outstanding which were held by approximately 322 shareholders of record of our common stock.

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

On December 11, 2000, we issued an aggregate of 55,194 shares of common stock to two former shareholders of B. Communications International, Inc. ("BCI"). The shares were issued pursuant to two Warrant Agreements, dated January 4, 1999, between WFI and the former BCI shareholders as partial consideration for the acquisition of certain assets from BCI. The exercise price of \$4.16 per share was paid pursuant to a net exercise provision whereby 4,902 shares of common stock underlying the warrants, valued at \$51.00 per share, were issued as payment of the exercise price. The issuance of the securities in connection with these warrant exercises was deemed to be exempt from registration under the Securities Act of 1933, as amended by virtue of Section 4(2) and/or Regulation D promulgated thereunder. The recipients represented their intentions to acquire the securities for investment purposes only and not with a view to the distribution thereof. Each of the recipients received adequate information about the Company and the Company reasonably believed that each of the recipients was an "Accredited Investor", as such term is defined in the Securities Act of 1933, as amended.

(b)

On November 10, 1999, we completed an initial public offering of our Common Stock, \$0.001 par value per share. The managing underwriters in the offering were Credit Suisse First Boston, J.P. Morgan Chase and Co. and Thomas Weisel Partners LLC. The shares of Common Stock sold in our offering were registered under the Securities Act of 1933 pursuant to a Registration Statement on Form S-1, as amended (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 over-allotment option, were sold at a price to the public of \$15.00 per share. The offering resulted in gross proceeds of \$69.0 million, of which \$4.8 million was applied toward commissions to the underwriters. Expenses related to the offering were approximately \$2.3 million.

We have used the net the proceeds from the offering to (i) repay \$8.6 million of short-term debt and notes payable; (ii) fund \$40.0 million of acquisitions of assets or equity interests in other businesses; and (iii) support \$13.3 million of operations. No proceeds from the offering remain.

Item 6. Selected Financial Data

The following selected consolidated financial data should be read in conjunction with our consolidated financial statements and related notes thereto and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" which are included elsewhere in this report on Form 10-K.

(All amounts except per share data in millions)
Year Ended December 31,

Consolidated Statement of Operations Data:	1996	1997	1998	1999	2000
Revenues	\$15.4	\$22.7	\$51.9	\$ 92.7	\$255.9
Gross profit	\$ 8.6	\$10.9	\$23.8	\$ 38.4	\$115.8
Operating income	\$ 6.8	\$ 7.0	\$10.7	\$ 17.6	\$ 52.0
Net income	\$ 6.7	\$ 6.8	\$ 4.7	\$ 9.6	\$ 31.8
Net income per share					
Basic	\$0.24	\$0.24	\$0.17	\$ 0.33	\$ 0.76
Diluted	\$0.23	\$0.23	\$0.15	\$ 0.27	\$ 0.63
Weighted average shares					
Basic	28.5	28.7	28.4	29.1	41.8
Diluted	29.4	29.3	30.7	35.2	50.5
Consolidated Balance Sheet Data:					
Cash and Cash Equivalents	\$.3	\$.8	\$ 2.9	\$ 34.3	\$ 18.5
Working capital	\$ 6.6	\$ 9.2	\$ 7.7	\$ 91.4	\$103.7
Total assets	\$ 7.2	\$11.1	\$60.3	\$134.4	\$297.1
Total debt	\$ 0	\$ 0	\$16.0	\$ 2.7	\$ 37.7
Total stockholders equity	\$ 7.0	\$ 9.8	\$14.3	\$101.4	\$198.6

Item 7. 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," "expect," "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. Important factors which may cause actual results to differ materially from the forward-looking statements are described in the Section entitled "Risk Factors" in Item 1 in this Form 10-K, and other risks identified from time to time in our filings with the Securities and Exchange Commission, press releases and other communications.

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, assume 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-K to conform this statement to actual results or to changes in its expectations.

Overview

Wireless Facilities, Inc. offers network business consulting, network planning, design and deployment, and network operations and maintenance services to the wireless telecommunications industry. During the years ended December 31, 1999 and December 31, 2000, we increased 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 year ended December 31, 2000. For the year ended December 31, 2000, our business consulting, design and deployment, and network management segments contributed to 3%, 80% and 17% of our revenues, respectively. 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 year ended December 31, 2000, we performed work in 54 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 to 28% of our total revenues for the year ended December 31, 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 year ended December 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 also 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.

Due to the recent downturn in the financial markets in general, and specifically within the telecommunications industry, many of our customers are having trouble raising money in the capital markets to fund the expansion of their businesses, including telecom network deployments and upgrades. The recent volatility of the financial markets and slowdown in the U.S. economy has also intensified the uncertainty experienced by many of our customers, who are finding it increasingly difficult to predict demand for their products and services. As a result, many of our customers are slowing or postponing the deployment of new wireless networks and the development of new technologies and products, which has reduced the demand for our services. Some of our customers have recently cancelled or suspended their contracts with us and many of our customers or potential customers have postponed entering into new contracts for our services. As a result, we expect our revenues and earnings to decline from previously estimated levels. Also due to the difficult financing and economic conditions, some of our customers may not be able to pay us for services that we have already performed. If we are not able to collect amounts owed to us, we may be required to write-off or convert significant amounts of our accounts receivable. Because we are not able to reduce our costs as fast as our revenues may decline, our costs as a percentage of revenues may increase and, correspondingly, our net earnings may decline disproportionately to any decreases in revenues. As a result of these and other factors, it has become extremely difficult to forecast our future revenues and earnings, and we therefore cannot re-affirm estimates of our revenues or projections of our earnings that we have made in public statements prior to the date of this Annual Report on Form 10-K.

As a result of the revenue shortfall that we expect due to the foregoing factors, we are taking steps to reduce our level of expenditures. Additionally, we expect to continue to review our internal processes throughout 2001 and make further adjustments as necessary.

Results of Operations

Comparison of Results for the Year Ended December 31, 1999 to the Year Ended December 31, 2000

Revenues. Revenues increased 176% from \$92.7 million for the year ended December 31, 1999 to \$255.9 million for the year ended December 31, 2000. The \$163.2 million increase was primarily attributable to the addition of new contracts from our acquisitions completed during 2000, expanded scope on several large, existing contracts, and new contracts in our consulting and network management segments, which generated no revenues in the year ended December 31, 1999. Significant new contracts included contracts acquired through our fiscal year 2000 acquisitions of The Walter Group, the Dallas network operations center, and Davis Bay. Revenues also increased from two significant deployment contracts in the Mexican market serviced in the year ended December 31, 2000. Revenues from our international markets comprised 34% of our total revenues during the year ended December 31, 1999, compared to 28% of our total revenues during the year ended December 31, 2000.

Cost of Revenues. Cost of revenues increased 158% from \$54.3 million for the year ended December 31, 1999 to \$140.1 million for the year ended December 31, 2000, primarily due to increased staffing in support of new contracts. Gross profit was 41% of revenues for the year ended December 31, 1999 compared to 45% for the year ended December 31, 2000. The increase is primarily due to a more favorable mix of project revenues.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 186% from \$18.7 million for the year ended December 31, 1999 to \$53.5 million for the year ended December 31, 2000. As a percentage of revenues, selling, general and administrative expenses increased from 20% for the year ended December 31, 1999 to 21% for the year ended December 31, 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 our orientation, training and assignment processes.

Depreciation and Amortization Expense. Depreciation and amortization expense increased 390% from \$2.1 million for the year ended December 31, 1999 to \$10.3 million for the year ended December 31, 2000. The increase is primarily due to goodwill and other identifiable intangibles resulting from our recent acquisitions, which also contributed to our increase in revenues and overall operations.

Net Other Income (Expense). For the year ended December 31, 1999, net other expense was \$0.5 million compared to net other income of \$0.2 million for the year ended December 31, 2000. This increase totaling \$0.7 million was primarily attributable to interest earned on our investments in marketable securities from the proceeds of our November 1999 initial public offering and the reduction of net foreign currency losses, 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 42% for the year ended December 31, 1999, to 39% for the year ended December 31, 2000. The decrease is primarily attributable to increases in our foreign revenues from operations.

Comparison of Results for the Year Ended December 31, 1998 to the Year Ended December 31, 1999

Revenues. Revenues for the year ended December 31, 1999 increased 79% from \$51.9 for the year ended December 31, 1998 to \$92.7 for the year ended December 31, 1999. The \$40.8 million increase was primarily attributable to the addition of new contracts, offset by a reduction in revenue of \$5.0 million from the effects of revised cost estimates related to two fixed-price contracts. The revenue increase stemmed from the growth in our wireless data deployment activity, including a large, 26-city contract for Metricom, as well as large contracts in the WFI de Mexico subsidiary, and new deployment projects from our established clients in the PCS sector. The percentage growth experienced for the year ended December 31, 1999 was not typical and resulted from a small number of large contract awards.

Cost of Revenues. Cost of revenues increased 93% from \$28.1 million for the year ended December 31, 1998 to \$54.3 million for the year ended December 31, 1999, primarily due to increased staffing in support of new contracts. Gross margin was 46% of revenues for the year ended December 31, 1998 compared to 41% for the year ended December 31, 1999. Gross margin for the year ended December 31, 1999 was reduced primarily due to a reduction in revenue of \$5.0 million from the effects of revised cost estimates related to two fixed-price contracts.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 58% from \$11.8 million for the year ended December 31, 1998 to \$18.7 million for the year ended December 31, 1999. The increase was primarily attributable to increases in executive, administrative, sales and marketing personnel costs, as well as increases in purchases of expendable tools and systems in support of our growth. As a percentage of revenues, selling, general and administrative expenses decreased from 23% for the year ended December 31, 1998 to 20% for the year ended December 31, 1999, reflecting consolidation efficiencies following the Entel acquisition.

Depreciation and Amortization Expense. Depreciation and amortization expense increased 62% from \$1.3 million for the year ended December 31, 1998 to \$2.1 million for the year ended December 31, 1999. The increase was primarily due to amortization of goodwill and other identifiable intangibles resulting from the B. Communication International and C.R.D. acquisitions.

Net Other Income (Expense). For the year ended December 31, 1999, other expenses were \$0.5 million as compared to \$0.5 million for the year ended December 31, 1998. Interest income increased by \$0.5 million of which \$0.4 million was attributed to the investment of the proceeds from our initial public offering. This increase was offset by an increase in interest expense primarily due to higher utilization of the bank line of credit to support working capital needs, as well as foreign currency losses attributed to our expansion into Brazil.

Provision for Income Taxes. Our provisional income tax rate as a percentage of income before taxes decreased from 54% for the year ended December 31, 1998, to 42% for the year ended December 31, 1999. The decrease was primarily attributable to increases in our foreign revenues from operations.

Liquidity and Capital Resources

Our sources of cash liquidity included cash and cash equivalents, cash from operations, amounts available under credit facilities, and other external sources of funds. As of December 31, 2000, we had cash of \$18.5 million and \$24.9 million outstanding on our \$50 million line of credit. In February 2001, the aggregate commitment was increased from \$50 million to \$100 million.

Cash used in operations is primarily derived from our contracts in process and changes in working capital. Cash provided by operations was \$13.4 million for the year ended December 31, 1999 and cash used in operations was \$38.3 million for the year ended December 31, 2000.

Cash used in investing activities was \$42.9 million and \$14.7 million for the year ended December 31, 1999 and 2000, respectively. Investing activities for the year ended December 31, 1999 consisted primarily of the investment of IPO proceeds, cash paid for acquisitions and capital expenditures. Investing activities for the year ended December 31, 2000 consisted primarily of cash paid for acquisitions and investments of \$47.1 million and capital expenditures of \$5.7 million partially offset by proceeds totaling \$38.0 million received from sales of marketable securities. Acquisitions during the year ended December 31, 2000 included the purchase of assets or securities from The Walter Group, Comcor, Davis Bay, Questus, Telia Contracting, and Telia Academy, as well as the purchase of a network operations center, an investment in CommVerge, and an equity interest in Diverse Networks, Inc.

Cash provided by financing activities for the year ended December 31, 1999 was \$61.0 million which was primarily derived from the proceeds from sales of common stock in our November 1999 initial public offering. Other financing activities include proceeds from sales of preferred stock totaling \$15.0 million, which was offset by net repayments on borrowings totaling \$16.3 million. Cash provided by financing activities was \$37.5 million for the year ended December 31, 2000. Financing activities for this period primarily consisted of \$24.9 million from net borrowings under our line of credit and \$12.9 million from sales of common stock issued through our stock option and employee stock purchase plans.

At December 31, 2000, \$24.9 million was outstanding under our line of credit with a weighted average interest rate of 9.14%. In February 2001, we executed an amended and restated credit agreement, which increased the aggregate commitment under our line of credit to \$100 million, extended the maturity date to February 2004, and adjusted the interest rate so that borrowings bear interest at either (i) the greater of the bank prime rate or the Federal Funds Rate plus .5%, plus a margin of 1.25%, the base rate margin, or (ii) at the London Interbank Offering Rate ("LIBOR") plus a margin of 2.25%, the LIBOR rate margin, at our discretion. Beginning in the third quarter of 2001, the base rate margin and the LIBOR rate margin will be determined based on certain financial ratios as of the end of the most recently ended fiscal quarter which will result in margins ranging from .75% to 1.50% and 1.75% to 2.50%, respectively. 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 have no material cash commitments other than obligations under our credit facilities, promissory notes, 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 but before expenses). As of December 30, 2000, the proceeds were used as follows: (i) \$8.6 million was used to repay short-term debt and notes payable; (ii) \$40.0 million was used to acquire assets or equity interests in other businesses; and (iii) \$15.6 million net of reinvested interest and asset management fees was used in our operations.

We believe that our cash and cash equivalent balances and funds available under the existing line of credit will be sufficient to satisfy cash requirements for the next twelve months. Although we cannot accurately anticipate the effect of inflation on our operations, we do not believe that inflation has had, or is likely in the foreseeable future to have, a material impact on our net revenues or results of operations.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("Statement No. 133"). Statement No. 133, as amended by statement of Financial Accounting Standards No.137, requires companies to recognize all derivatives as either assets or liabilities with the instruments measured at fair value and became effective for the Company on January 1, 2001. The accounting for changes in fair value gains and losses depends on the intended use of the derivative and its resulting designation. We have not completed our determination of the impact of the adoption of Statement No. 133 on our consolidated financial position or results of operations.

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

We are 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 (i) cash flows from foreign operations in Mexico are generally reinvested locally in Mexico, (ii) foreign operations in Brazil are minimal, (iii) the British pound sterling is relatively stable against the U.S. dollar, and (iv) we do not believe that to do so is justified by the current exposure and the cost at this time. We are exposed to the impact of foreign currency fluctuations due to the operations of and intercompany transactions with our consolidated foreign subsidiaries. While these intercompany balances are eliminated in consolidation, exchange rate changes do affect consolidated earnings. At December 31, 2000, there was \$0.2 million, \$1.3 million and \$3.2 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 insignificant from Mexico, \$0.1 million from Brazil and \$0.3 million from the United Kingdom. In addition, we estimate that a 10% change in foreign exchange rates would have impacted reported operating profit for the year ended December 31, 2000 by approximately \$1.2 million. 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 December 31, 1999.

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 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 December 31, 2000, we held a \$50 million line of credit with a financial institution. At December 31, 2000, \$24.9 million was outstanding under this line of credit with a weighted average interest rate of 9.14%. Pursuant to an amended and restated credit agreement, our aggregate commitment was increased to \$100 million in February 2001. The credit facility is due in February 2004 and bears interest at either (i) the greater of the bank prime rate and the Federal Funds Rate plus .5%, plus a margin of 1.25%, the base rate margin, or (ii) at the London Interbank Offering Rate (LIBOR) plus 2.25%, the LIBOR rate margin, at our discretion. Beginning in the third quarter of 2001, the base rate margin and the LIBOR rate margin will be determined based on certain financial ratios as of the end of the most recently ended fiscal quarter which will result in margins ranging from .75% to 1.50% and 1.75% to 2.50%, respectively. The credit facility is secured by substantially all of our assets. The credit 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. A hypothetical 10% adverse change in the weighted average interest rate for 2000 would have reduced net income by approximately \$0.1 million.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements at December 31, 2000 and 1999 and the Report of KPMG LLP, Independent Accountants, are included in this report on Form 10-K on pages beginning F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and
Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item is incorporated by reference to the information under the captions "Election of Directors" and "Compliance with Section 16(a) of the Exchange Act" of the Registrant's definitive Proxy Statement and notice of our 2001 Annual Meeting of Stockholders which we will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

Item 11. Executive Compensation

The information required by this item is incorporated by reference to the information under the caption "Executive Compensation" of the Registrant's definitive Proxy Statement and notice of our 2001 Annual Meeting of Stockholders which we will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated by reference to the information under the caption "Security Ownership of Certain Beneficial Owners

and Management" of the Registrant's definitive Proxy Statement and notice of our 2001 Annual Meeting of Stockholders which we will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated by reference to the information under the caption "Certain Relationships and Related Transactions" of the Registrant's definitive Proxy Statement and notice of our 2001 Annual Meeting of Stockholders which we will file with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this report.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Financial Statements and financial statement schedules

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Independent Auditors' Report	F-1
Consolidated Balance Sheets as of December 31, 1999 and 2000	F-2
Consolidated Statements of Operations for the Years Ended December 31, 1998, 1999 and 2000	F-3
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 1998, 1999 and 2000	F-4
Consolidated Statement of Cash Flows for the Years Ended December 31, 1998, 1999 and 2000	F-6
Notes to Consolidated Financial Statements	F-8
Schedule II: Valuation and Qualifying Accounts	S-1

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

2. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit Number	Description of Document
3.1	Restated Certificate of Incorporation filed and effective on November 5, 1999.(1)
3.2	Bylaws in effect since November 5, 1999.(1)
4.1	Reference is made to Exhibits 3.1 and 3.2.
4.2	Speciman Stock Certificate.(1)
10.1	1997 Stock Option Plan.(1)
10.2	Form of Stock Option Agreement pursuant to the 1997 Stock Option Plan and related terms and conditions.(1)
10.3	1999 Equity Incentive Plan.(1)
10.4	Form of Stock Option Agreement pursuant to the 1999 Equity Incentive Plan.(1)
10.5	1999 Employee Stock Purchase Plan and related offering documents.(1)
10.6	R&D Building Lease by and between the Company and Sorrento Tech Associates as amended.(1)
10.7	Amended and Restated Credit Agreement by and among the Company, various banks and Credit Suisse First Boston dated as of February 9, 2001.*
10.8	Second Amended and Restated Investor Rights Agreement by and among the Company and certain stockholders of the Company dated as of September 17, 1999.(1)
10.9	Employment Offer Letter by and between the Company and Scott Fox dated as of April 9, 1999.(1)
10.10	Form of Indemnity Agreement by and between the Company and certain officers and directors of the Company.(1)
10.11	Amended Promissory Note from the Company to Masood K. Tayebi dated as of August 2, 1999.(1)
10.12	Amended Promissory Note from the Company to Massih Tayebi dated as of August 2, 1999.(1)
10.13	Amended Promissory Note from the Company to Sean Tayebi dated as of August 2, 1999.(1)
10.14	Form of Warrant Agreement by and between the Company and each of Scott Anderson and Scot Jarvis dated as of February 28, 1997.(1)
10.15	Form of Subscription and Representation Agreement by and between

the Company and each of Scott Anderson and Scot Jarvis dated as of February 28, 1997.(1)

- 10.16 Form of Warrant Agreement by and between the Company and each of Scott Anderson and Scot Jarvis dated as of February 1, 1998.(1)
- 10.17 Form of Bill of Sale and Assignment Agreement by and between the Company and each of Massih Tayebi and Masood K. Tayebi dated as of June 30, 1999.(1)
- 10.18 Assignment of Note by and among the Company, Masood K. Tayebi and Massih Tayebi dated as of June 30, 1999.(1)
- 10.19 Form of Promissory Note from each of Masood K. Tayebi and Massih Tayebi to the Company dated as of June 30, 1999.(1)
- 10.20 Form of Promissory Note from each of Masood K. Tayebi and Massih Tayebi to the Company dated as of June 30, 1999.(1)
- 10.21 Services Agreement by and between WFI de Mexico S. de R.L. de C.V. and Ericsson Telecom, S.A. de C.V. dated as of August 4, 1999.(1) +
- 10.22 Amended and Restated Master Services Agreement by and between the Company and TeleCorp Holding Communications, Inc., dated as of October 12, 1999.(1) +
- 10.23 Master Services Agreement by and between the Company and Nextel Partners Operating Corp. dated as of January 18, 1999.(1) +
- 10.24 Agreement by and between the Company and Siemens Aktiengesellschaft, Berlin and Mu'nchen, Federal Republic of Germany, represented by the Business Unit Mobile Networks.(1) +
- 10.25 Master Services Agreement by and between the Company and Triton PCS, Operating Company, L.L.C. dated as of January 19, 1998, as amended.(1) +
- 10.26 Microwave Relocation Services Agreement by and between Entel Technologies, Inc. and Triton PCS Operating Company, L.L.C. dated as of February 11, 1998.(1) +
- 10.27 Site Development Services Agreement by and between Entel Technologies, Inc. and Triton PCS, Inc. dated as of December 10, 1997.(1) +
- 10.28 Sales Agreement for Products and Services by and between the Company and Integrated Ventures, LLC dated as of April 19, 1999.(1) +
- 10.29 Settlement Agreement and Mutual General Release by and between the Company and Total Outsourcing, Inc dated as of June 30, 1999.(1)
- 10.30 Straight Note from Scott Fox and Kathleen W. Fox to the Company dated as of July 8, 1999.(1)
- 10.31 Master Services Agreement by and between the Company and Metricom, Inc. dated as of September 21, 1999.(1) +
- 10.32 Sublease Agreement by and between the Company and Franklin Templeton Corporate Services, Inc. dated as of April 14, 2000.(2)
- 10.33 2000 Nonstatutory Stock Option Plan.(2)
- 10.34 Form of Stock Option Agreement and Grant Notice used in connection with the 2000 Nonstatutory Stock Option Plan.(2)
- 21.1 List of subsidiaries.*
- 23.1 Independent Auditors' Report on Schedule and Consent.
- 24.1 Power of Attorney. Reference is made to the signature page to this Report on Form 10-K.
- (1) Filed as an exhibit to the Company's Registration Statement on Form S-1 (No. 333-85515), and incorporated herein by reference.
- (2) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, filed on November 14, 2000 and incorporated herein by reference.
- * Filed herewith
- + Certain confidential matters deleted pursuant to Order Granting Application for Confidential Treatment, issued in connection with the Registration Statement on Form S-1 (No. 333-85515) dated November 10, 1999.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed after September 30, 2000:

Current Report on Form 8-K filed October 25, 2000 reported earnings for the fiscal 2000 third quarter and named the following employees as executive officers: Farzad Ghassemi, Senior Vice President RF Engineering; Frankie Farjood, Vice President of Program Management; and Naomi Whitacre, Vice President of Human Resources. Additionally, we announced that Norman Korey,

President of International Operations, was no longer with WFI and no longer serving as an executive officer.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 29, 2001
Wireless Facilities, Inc.

By: /s/ Masood K. Tayebi, Ph.D.

Masood Tayebi Chief Executive Officer

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Massih Tayebi and Masood K. Tayebi, and each of them his attorneys-in-fact, each with the power of substitutes, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

Signature	Title	Date
/s/ Massih Tayebi, Ph.D. ----- Massih Tayebi	Chairman and Director	March 29, 2001
/s/ Masood K. Tayebi, Ph.D. ----- Masood K. Tayebi	Chief Executive Officer and Director (Principal Executive Officer)	March 29, 2001
/s/ Terry Ashwill ----- Terry Ashwill	Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2001
/s/ Scott Anderson ----- Scott Anderson	Director	March 29, 2001
/s/ Bandel Carano ----- Bandel Carano	Director	March 29, 2001
/s/ Scot Jarvis ----- Scot Jarvis	Director	March 29, 2001
/s/ William Hoglund ----- William Hoglund	Director	March 29, 2001

Independent Auditors' Report

The Board of Directors
Wireless Facilities, Inc.

We have audited the accompanying consolidated balance sheets of Wireless Facilities, Inc. and subsidiaries as of December 31, 1999 and 2000, and the related statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wireless Facilities, Inc. and subsidiaries as of December 31, 1999 and 2000, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

San Diego, California
February 2, 2001 except
as to the first paragraph
of Note 13, which is as of
February 9, 2001 and the second
paragraph of Note 13 which
is as of March 2, 2001

WIRELESS FACILITIES, INC.

Consolidated Balance Sheets

December 31, 1999 and 2000

(in millions, except par value)

Assets	1999	2000
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 34.3	18.5
Investments in marketable securities	38.0	--
Accounts receivable, net	32.6	119.1
Contract management receivables	14.0	20.8
Income taxes receivable	--	12.7
Other current assets	2.6	14.3
	-----	-----
Total current assets	121.5	185.4
Property and equipment, net	5.1	20.0
Goodwill, net	7.1	64.7
Other intangibles, net	0.4	17.1
Investments in unconsolidated affiliates	0.1	9.2
Other assets, net	0.2	0.7
	-----	-----
Total assets	\$ 134.4	297.1
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 5.5	15.1
Accrued expenses	6.0	17.6
Contract management payables	8.3	9.2
Billings in excess of costs and profits	5.2	0.9
Line of credit payable	--	24.9
Notes payable - current portion	--	1.7
Capital lease obligation - current portion	0.1	3.5
Income taxes payable	5.0	--
Net Deferred income tax liability	--	8.8
	-----	-----
Total current liabilities	30.1	81.7
Notes payable - net of current portion	0.9	0.6
Capital lease obligation - net of current portion	1.7	7.0
Common stock to be issued	--	8.6
Accrued rent	--	0.5
	-----	-----
Total liabilities	\$ 32.7	98.4
	-----	-----
Minority interest in subsidiary	\$ 0.3	0.1
Stockholders' equity:		
Common stock, \$.001 par value, 195.0 shares authorized; 39.7 and 43.3 shares issued and outstanding at December 31, 1999 and 2000, respectively	--	--
Additional paid-in capital	90.2	156.9
Retained earnings	11.2	43.0
Accumulated other comprehensive loss	--	(1.3)
	-----	-----
Total stockholders' equity	101.4	198.6
	-----	-----
Total liabilities and stockholders' equity	\$ 134.4	297.1
	=====	=====

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Consolidated Statements of Operations

Years ended December 31, 1998, 1999, and 2000

(in millions except per share amounts)

	1998	1999	2000
	-----	-----	-----
Revenues	\$ 51.9	92.7	255.9
Cost of revenues	28.1	54.3	140.1
	-----	-----	-----
Gross profit	23.8	38.4	115.8
Selling, general and administrative expenses	11.8	18.7	53.5
Depreciation and amortization	1.3	2.1	10.3
	-----	-----	-----
Operating income	10.7	17.6	52.0
	-----	-----	-----
Other income (expense):			
Interest income	0.2	0.7	2.1
Interest expense	(0.6)	(0.9)	(2.0)
Foreign currency loss	--	(0.3)	--
Equity loss in investment	(0.1)	--	--
Other income	--	--	0.1
	-----	-----	-----
Total other income (expense)	(0.5)	(0.5)	0.2
	-----	-----	-----
Income before income taxes and minority interest in income of subsidiary	10.2	17.1	52.2
Provision for income taxes	5.5	7.2	20.3
Minority interest in income of subsidiary	--	0.3	0.1
	-----	-----	-----
Net income	\$ 4.7	9.6	31.8
	=====	=====	=====
Net income per common share:			
Basic	\$ 0.17	\$ 0.33	\$ 0.76
Diluted	\$ 0.15	\$ 0.27	\$ 0.63
Weighted average common shares outstanding:			
Basic	28.4	29.1	41.8
Diluted	30.7	35.2	50.5

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.
Consolidated Statements of Stockholders' Equity
Years ended December 31, 1998, 1999 and 2000
(in millions)

	Convertible Preferred stock - Series A		Convertible Preferred stock - Series B		Common stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance, December 31, 1997	--	\$ --	--	\$ --	29.1	\$ --
Issuance of common stock	--	--	--	--	1.2	--
Issuance of Series A preferred stock	1.7	--	--	--	--	--
Stock-based compensation	--	--	--	--	--	--
S Corporation distributions	--	--	--	--	--	--
Net income from January 1, 1998 through August 6, 1998	--	--	--	--	--	--
Transfer of undistributed retained earnings to additional paid-in capital upon termination of S Corporation	--	--	--	--	--	--
Purchase of treasury stock	--	--	--	--	(3.3)	--
Net income from August 7, 1998 through December 31, 1998	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
Balance, December 31, 1998	1.7	--	--	--	27.0	--
Issuance of common stock	--	--	--	--	0.3	--
Issuance of Series B preferred stock	--	--	2.7	--	--	--
Stock-based compensation	--	--	--	--	--	--
Issuance of warrants in acquisition transactions	--	--	--	--	--	--
Purchase of treasury stock	--	--	--	--	--	--
Conversion of Series A and B preferred stock to common stock	(1.7)	--	(2.7)	--	7.8	--
Initial public offering of common stock, net	--	--	--	--	4.6	--
Retirement of treasury stock	--	--	--	--	--	--
Net income	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
Balance, December 31, 1999	--	--	--	--	39.7	--
Issuance of common stock for exercise of stock options	--	--	--	--	2.4	--
Issuance of common stock under employee stock purchase	--	--	--	--	0.2	--
Issuance of common stock in acquisition transactions	--	--	--	--	0.8	--
Issuance of common stock for exercise of warrants	--	--	--	--	0.2	--
Tax benefit from exercise of stock options	--	--	--	--	--	--
Net income	--	--	--	--	--	--
Foreign currency translation loss	--	--	--	--	--	--
Net unrealized investment losses	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----
Balance, December 31, 2000	--	\$ --	--	\$ --	43.3	\$ --
	=====	=====	=====	=====	=====	=====

(Continued)

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.
Consolidated Statements of Stockholders' Equity
Years ended December 31, 1998, 1999, and 2000
(in millions)

	Additional paid-in capital	Retained earnings	Treasury stock		Accumulated other comprehensive loss	Compre- hensive Income	Total
			Shares	Amount			
Balance, December 31, 1997	\$ 0.8	\$ 9.0	--	\$ --	--	\$ --	\$ 9.8
Issuance of common stock	0.8	--	--	--	--	--	0.8
Issuance of Series A preferred stock	21.0	--	--	--	--	--	21.0
Stock-based compensation	0.1	--	--	--	--	--	0.1
S Corporation distributions	--	(8.6)	--	--	--	--	(8.6)
Net income from January 1, 1998 through August 6, 1998	--	3.1	--	--	--	3.1	3.1
Transfer of undistributed retained earnings to additional paid-in capital upon termination of S Corporation	3.5	(3.5)	--	--	--	--	--
Purchase of treasury stock	--	--	3.3	(13.5)	--	--	(13.5)
Net income from August 7, 1998 through December 31, 1998	--	1.6	--	--	--	1.6	1.6
Comprehensive income	--	--	--	--	--	4.7	--
Balance, December 31, 1998	26.2	1.6	3.3	(13.5)	--	--	14.3
Issuance of common stock	0.6	--	--	--	--	--	0.6
Issuance of Series B preferred stock	15.0	--	--	--	--	--	15.0
Stock-based compensation	0.1	--	--	--	--	--	0.1
Issuance of warrants in acquisition transactions	0.1	--	--	--	--	--	0.1
Purchase of treasury stock	--	--	--	(0.2)	--	--	(0.2)
Conversion of Series A and B preferred stock to common stock	--	--	--	--	--	--	--
Initial public offering of common stock, net	61.9	--	--	--	--	--	61.9
Retirement of treasury stock	(13.7)	--	(3.3)	13.7	--	--	--
Net income	--	9.6	--	--	--	9.6	9.6
Comprehensive income	--	--	--	--	--	9.6	--
Balance, December 31, 1999	90.2	11.2	--	--	--	--	101.4
Issuance of common stock for exercise of stock options	9.5	--	--	--	--	--	9.5
Issuance of common stock under employee stock purchase plan	3.4	--	--	--	--	--	3.4
Issuance of common stock in acquisition transaction	37.7	--	--	--	--	--	37.7
Issuance of common stock for exercise of warrants	0.5	--	--	--	--	--	0.5
Tax benefit from exercise of stock options	15.6	--	--	--	--	--	15.6
Net income	--	31.8	--	--	--	31.8	31.8
Foreign currency translation loss	--	--	--	--	(0.3)	(0.3)	(0.3)
Net unrealized investment losses	--	--	--	--	(1.0)	(1.0)	(1.0)
Comprehensive income	--	--	--	--	--	\$30.5	--
Balance, December 31, 2000	\$156.9	\$ 43.0	--	\$ --	\$ (1.3)	--	\$198.6

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 1998, 1999, and 2000
(in millions)

	1998	1999	2000
	-----	-----	-----
Operating activities:			
Net income	\$ 4.7	9.6	31.8
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	1.5	2.5	10.7
Stock-based compensation	0.1	0.1	--
Accrued rent	--	--	0.5
Gain on sale of investment	--	(0.1)	--
Provision for deferred income taxes	1.3	(1.7)	9.1
Tax benefit from exercise of stock options	--	--	15.6
Minority interest in income of subsidiary	--	0.3	0.1
Equity earnings in unconsolidated affiliates	--	--	(0.1)
Changes in assets and liabilities, net of the effect of acquisitions:			
Accounts receivable, net	(12.1)	(7.2)	(84.3)
Contract management receivables	(24.2)	10.2	(6.8)
Other current assets	0.4	(2.2)	(12.3)
Other assets	--	(0.1)	(0.3)
Accounts payable	7.2	(4.9)	8.2
Accrued expenses	3.9	1.2	10.7
Contract management payables	9.3	(1.1)	0.9
Billings in excess of costs and profits	0.1	5.1	(4.4)
Income taxes receivable	3.9	1.6	(17.7)
Other long-term liabilities	--	0.1	--
Net cash (used in) provided by operating activities	----- (3.9)	----- 13.4	----- (38.3)
Investing activities:			
Capital expenditures	(0.7)	(3.2)	(5.7)
Investment in marketable securities	--	(38.0)	--
Cash paid for acquisitions, net of cash acquired	(3.3)	(1.7)	(38.1)
Cash paid for investments	(0.6)	(0.1)	(9.0)
Distributions from investments	--	0.1	38.0
Proceeds from disposition of property and equipment	--	--	0.1
Net cash used in investing activities	----- (4.6)	----- (42.9)	----- (14.7)
Financing activities:			
Proceeds from issuance of preferred stock	21.0	15.0	--
Proceeds from issuance of common stock	0.8	62.5	12.9
Stockholder distributions	(3.1)	--	--
Purchase of treasury stock	(13.5)	(0.2)	--
Net borrowings (repayment) under line of credit	3.0	(3.0)	24.9
Repayment of lease obligation	--	--	(1.3)
Repayment of officer notes receivable	--	--	0.6
Borrowings (repayment) from officer notes payable	3.8	(3.8)	--
Repayment of subordinated stockholder notes payable	--	(5.5)	--
Borrowings (repayment) of notes payable	(1.5)	(4.0)	0.4
Net cash provided by financing activities	----- 10.5	----- 61.0	----- 37.5
Effect of exchange rate on cash	----- 0.1	----- (0.1)	----- (0.3)
Net increase (decrease) in cash and cash equivalents	----- 2.1	----- 31.4	----- (15.8)
Cash and cash equivalents at beginning of year	----- 0.8	----- 2.9	----- 34.3
Cash and cash equivalents at end of year	----- \$ 2.9 =====	----- 34.3 =====	----- 18.5 =====

(continued)

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 1998, 1999, and 2000

(in millions)

	1998	1999	2000
	-----	-----	-----
Supplemental disclosures of noncash transactions:			
Fair value of assets acquired in acquisitions	\$ 8.8	3.4	88.6
Cash paid for acquisitions	(3.5)	(2.1)	(38.7)
Issuance of common stock for acquisitions	--	--	(37.7)
Issuance of notes payable for acquisition	(5.2)	(0.8)	(1.5)
Common stock to be issued	--	--	(8.6)
Issuance of warrants in acquisitions	--	(0.1)	--
	-----	-----	-----
Liabilities assumed in acquisitions	\$ 0.1	0.4	2.1
Property and equipment acquired under capital leases	--	1.8	10.0
Reduction of accounts receivable in exchange for investment securities	--	--	1.1
Decrease in fair value of investment securities available for sale	--	--	(1.0)
Reduction of note payable in lieu of consideration for exercise of warrants	--	--	0.5
Issuance of notes payable for stockholder distribution	5.5	--	--
Receipt of note for sale of investment	\$ --	0.2	--
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	\$ 0.1	1.3	1.8
Cash paid during the year for income taxes	\$ 0.4	5.6	9.6

See accompanying notes to consolidated financial statements.

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

(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 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. 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 site, to large multi-year turnkey contracts. These services are billed either on a time and materials basis or a fixed-price, time-certain basis.

In November 1999, WFI completed an initial public offering of 4.6 million shares of common stock. Prior to the initial public offering, there was no public market for WFI's common stock. The net proceeds of the offering, after deducting applicable underwriting discounts and offering expenses, were approximately \$61.9 million.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of WFI and its wholly-owned and majority-owned subsidiaries. WFI and its subsidiaries are collectively referred to herein as the "Company." As of December 31, 1998, the wholly-owned subsidiaries include Entel Technologies, Inc., WFI de Mexico, and 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 2000. 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., 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. The Company acquired Telia Contracting AB and Telia Academy AB in October 2000 and December 2000, respectively. Telia Contracting AB, a Swedish corporation located in Gothenburg, Sweden, is a global provider of network management consulting services with geographic emphasis in Asia, Scandinavia, South America, and Europe. Telia Academy AB, a Swedish limited liability corporation located in Kalmar, Sweden, is a provider of management training and consultancy services to the global telecommunications industry.

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.

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

(c) Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents were \$26.7 million and \$0 as of December 31, 1999 and 2000, respectively.

(d) Investment Securities

Investment securities, which the Company has the ability and intent to hold to maturity, are carried at amortized cost, which approximates market value. All held-to-maturity securities consisted of debt instruments that matured within one year at various dates through December 2000. Securities available for sale are carried at fair value with unrealized gains or losses reported in a separate component of accumulated other comprehensive income. Securities with remaining maturities longer than one year are classified as long-term. Management determines the appropriate classification of investments at the time of purchase and reevaluates such designation as of each balance sheet date.

(e) Property and Equipment, Net

Property and equipment consists primarily of computer equipment and is recorded at cost. Equipment acquired under capital leases is recorded at the present value of the future minimum lease payments. Depreciation and amortization are calculated using the straight-line method over the estimated useful life of each asset, which is one to three years for computer equipment and five years for furniture and office equipment. Equipment acquired under capital leases is amortized over the lease term or the estimated useful life of the asset, whichever is shorter. Improvements, which add to the useful life of an asset, are capitalized. Expenditures for maintenance and repairs are charged to operations.

(f) Goodwill, Net

Goodwill represents the excess of the purchase price over the fair value of assets purchased from acquired companies. Goodwill is amortized on a straight-line basis over its estimated period of benefit from five to twenty years. In determining the useful life of goodwill the Company considers several factors including industry technology, competition, demand and other economic factors. The carrying value of goodwill is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying businesses.

(g) Other Intangible Assets, Net

Other intangible assets at December 31, 2000 consist primarily of acquired customer relationships, acquired workforce, purchased technology, trade names, noncompete covenants and patents. Other intangible assets are recorded at cost and are amortized using the straight-line method over their expected useful lives from one to ten years. The Company reviews the carrying value of intangibles for impairment whenever events in circumstances indicate that the carrying amount may not be recoverable.

(h) Revenue Recognition

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

Revenue on fixed price contracts is recognized on the percentage-of-completion method based on the ratio of total costs incurred to date compared to estimated total costs to complete the contract. Estimates of costs to complete include material, direct labor, overhead, and allowable general and administrative expenses. These estimates are reviewed on a contract-by-contract basis, and are revised periodically throughout the life of the contract such that adjustments to profit resulting from revisions are made cumulative to the date of the revision.

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

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. Included in the accompanying consolidated balance sheets is "Billings in excess of costs and profits" which represents billings in excess of costs and profits recognized on uncompleted projects.

(i) Contract Management Receivables and Payables

During 1999 and 2000, the Company managed contracts whereby the Company paid for services rendered by third parties on behalf of customers. The Company passed these expenses through to the customers, who reimbursed the Company for the expenses plus a management fee. The management fee is included in revenues in the consolidated statement of operations. Amounts receivable from the customer or owed to third parties for the contract management activities are shown separately on the balance sheets to distinguish them from receivables and liabilities generated by the Company's own operations. The Company records no revenues or expenses for these amounts.

(j) Income Taxes

Through August 6, 1998, the Company was an S Corporation whereby income taxes were the individual responsibility of the stockholders. On August 7, 1998, in conjunction with the private placement and sale of Series A preferred stock, the Company elected to be taxed as a C Corporation under the Internal Revenue Tax Code.

The Company records deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(k) Common Stock Split

On February 22, 1999, the Company effected a 3-for-1 stock split of the Company's common stock. All per share and share data in the consolidated financial statements and notes to the consolidated financial statements have been retroactively restated to reflect this stock split.

(l) Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123 permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant or allows entities to apply the provisions of Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. Under APB Opinion No. 25, compensation expense is recognized as the difference, if any, between the current market price of the underlying stock and the exercise price on the date of grant. In accordance with SFAS No. 123, the Company has elected to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of SFAS No. 123.

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

(m) 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 periods. 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 millions):

	1998	1999	2000
	-----	-----	-----
Weighted average shares, basic	28.4	29.1	41.8
Dilutive effect of stock options	1.9	5.2	7.7
Dilutive effect of warrants	.4	.9	1.0
	-----	-----	-----
Weighted average shares, diluted	30.7	35.2	50.5
	=====	=====	=====

Options to purchase .3 million, .2 million, and 4.5 million shares of common stock, and notes payable convertible into 1.1 million, 0, and 0 shares at December 31, 1998, 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.

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

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

(o) Fair Value of Financial Instruments

SFAS No. 107, Disclosures about Fair Value of Financial Instruments, requires that fair values be disclosed for the Company's financial instruments. The carrying amounts of cash and cash equivalents, investments in marketable securities, accounts receivable, contract management receivables, income tax receivable, accounts payable, accrued expenses and contract management payables approximate fair value due to the short-term nature of these instruments. The carrying amounts reported for the Company's line of credit payable and notes payable approximate their fair value because the underlying instruments earn interest at rates comparable to current rates offered to the Company for instruments of similar terms and risk.

(p) Other Comprehensive Income

SFAS No. 130, Reporting Comprehensive Income, establishes rules for the reporting of comprehensive income and its components. Comprehensive income for the years ended December 31, 1998, and 1999 consisted of foreign currency translation adjustments. Comprehensive

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

income for the year ended December 31, 2000 consisted of unrealized losses on available-for-sale securities and foreign currency translation adjustments.

(q) Foreign Currency Translation

The financial statements of the Company's foreign subsidiaries where the functional currency has been determined to be the local currency are translated into United States dollars using current rates of exchange for assets and liabilities and rates of exchange that approximate the rates in effect at the transaction date for revenues, expenses, gains and losses. Foreign currency translation gains and losses are included in the accumulated other comprehensive income account in the stockholders' equity section of the consolidated balance sheets. The financial statements of the Company's Brazilian subsidiary are not maintained in the U.S. dollar, which has been determined to be the functional currency. Accordingly, the books of record of the Brazilian subsidiary have been remeasured into the U.S. dollar with gains and losses included in the consolidated statements of operations.

(r) Use of Estimates

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

(s) Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform to the 2000 presentation.

(2) Acquisitions

(a) Entel Technologies, Inc. ("Entel")

On February 27, 1998, the Company acquired all of the outstanding shares of stock of Entel, a Maryland wireless outsourcing company. Entel rendered site development and project management services to telecommunications providers in connection with site acquisition, construction management and microwave relocation projects throughout the United States. Consideration for the acquisition consisted of \$3.5 million in cash and \$5.2 million in notes payable to Entel shareholders. The excess purchase price paid over the fair value of tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$7.8 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 this acquired entity are included in the Company's consolidated financial statements from the acquisition date.

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

On January 4, 1999, the Company acquired BCI for \$2.9 million in cash, warrants and notes. BCI provided radio frequency engineering and cell site and switch technician services in the U.S. and Latin America. The excess purchase price paid over the fair value of tangible and identifiable intangible assets acquired was recorded as goodwill.

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Goodwill of \$1.2 million was recognized in the transaction and is being amortized over seven years. Acquired identifiable intangible assets of \$.5 million consist primarily of noncompete agreements and are being amortized over two 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.

(c) C.R.D., Inc. ("CRD")

On June 25, 1999, the Company acquired CRD for \$.5 million in cash, warrants, and assumption of debt. CRD installed and maintained cell site and microwave electronics. The excess purchase price paid over the fair value of tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$.3 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 this acquired entity are included in the Company's consolidated financial statements from the acquisition date.

(d) WFI de Mexico ("WFIM")

On September 18, 1998, the Company formed and acquired an 88% ownership interest in a Mexican subsidiary (WFIM). WFIM acquired all the assets of Cable and Wireless Services, S.C., a Mexican wireless communications company. Consideration for the acquisition consisted of \$.1 million in cash. The remaining 12% of WFIM's stock was held by directors and General Manager of WFIM pursuant to Restricted Stock Agreements which permit WFIM to repurchase and transfer such shares upon the occurrence of certain events.

On January 21, 2000, the Company acquired all but 2.5% of the minority ownership interest in WFIM 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 .4 million shares of common stock valued at \$18.2 million in exchange for shares in WFIM. The acquisition price was allocated first to reduce the General Manager's minority interest, with the excess of \$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. The Company accounted for this acquisition using the purchase method of accounting. Thus, results of operations and earnings previously allocated to minority owners are included in the Company's consolidated financial statements from the acquisition date.

(e) The Walter Group, Inc. ("TWG")

On January 11, 2000, the Company acquired TWG, a Washington corporation and a privately-held provider of management consulting and network development services to the wireless communications market. Consideration consisted of \$5.6 million in cash and approximately 95,000 shares of the Company's common 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 \$7.7 million was recognized in the transaction and is being amortized over ten years. Acquired identifiable intangible assets of \$1.6 million consist of noncompete covenants and an assembled workforce and are being amortized over two to five 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.

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(f) Network Operations Center

On March 13, 2000, the Company acquired the assets of a network operations center and business segment from Ericsson Inc. for \$6.3 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. Acquired identifiable intangible assets of \$3.4 million consist primarily of customer relationships and an assembled workforce and are being amortized over two to five years. The Company accounted for this acquisition 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.

(g) Comcor Advisory Services ("Comcor")

On April 25, 2000, the Company acquired the assets of 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 issued approximately 21,000 shares of the Company's common stock valued at \$1.8 million to Comcor shareholders for the acquisition. The excess purchase price paid over the fair value of the tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$6.6 million was recognized in the transaction and is being amortized over ten years. Acquired identifiable intangible assets of \$6.6 million consist primarily of an assembled workforce and are being amortized over five years. The Company accounted for this acquisition 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.

(h) Diverse Networks, Inc. ("DNI")

On May 24, 2000, the Company paid \$4.0 million in cash to acquire a 16.67% percent interest in DNI, a private company that provides network management and data center services. In conjunction with the acquisition, the Company received 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.

(i) Davis Bay, LLC

On June 26, 2000, the Company acquired the assets of Davis Bay, LLC, a Washington State limited liability company, for \$3.0 million in cash and approximately 49,000 shares of the Company's common stock valued at \$2.4 million.

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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 existing and potential future contracts secured by Davis Bay for the Company and executed within 18 months of the acquisition date. Earn-out payments, are paid quarterly over the life of the eligible contracts, in stock. These payments are capped at \$20.0 million. As of December 31, 2000, the Company recorded \$9.5 million in additional goodwill as a result of the earn-out provision consisting of approximately .2 million shares of the Company's common stock. The majority of these shares are issuable in the first quarter of 2001 and are recorded as a liability as of December 31, 2000. The excess purchase price paid over the fair value of the tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$11.6 million has been recognized as of December 31, 2000 related to the transaction, and is being amortized over ten years from the acquisition date. Acquired identifiable intangible assets of \$1.0 million consist of an assembled workforce and purchased technology and are being amortized over three to five years. 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.

(j) CommVerge Solutions, Inc.

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 \$5.0 million in cash and is accounted for using the cost method of accounting.

(k) Questus, Ltd.

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 \$10.6 million in cash, approximately .2 million shares of the Company's common stock valued at \$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 intangible assets acquired was recorded as goodwill. Goodwill of \$14.0 million was recognized in the transaction and is being amortized over ten years. Acquired identifiable intangible assets of \$6.8 million consist primarily of customer relationships, purchased technology, and trade names and are being amortized over two to five years. 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.

(l) Telia Contracting AB

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 \$7.8 million in cash. The excess purchase price paid over the fair value of tangible and identifiable intangible assets acquired was recorded as goodwill.

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Goodwill of \$1.8 million was recognized in the transaction and is being amortized over ten years. Acquired identifiable intangible assets of \$5.5 million consist primarily of customer relationships, an assembled workforce and purchased technology and are being amortized over two to five years. 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.

(m) Telia Academy AB

On December 4, 2000, the Company acquired the assets of Telia Academy AB, a limited liability company organized under the laws of Sweden. Consideration consisted of \$2.2 million in cash. The excess purchase price paid over the fair value of tangible and identifiable intangible assets acquired was recorded as goodwill. Goodwill of \$1.2 million was recognized in the transaction and is being amortized over seven years. Acquired identifiable intangible assets of \$.7 million consist primarily of customer relationships and an assembled workforce and are being amortized over one to ten years. 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 following summary presents pro forma consolidated results of operations for the years ended December 31, 1998, 1999, and 2000 as if the 1998 and 1999 acquisitions described above had occurred at the beginning of the year ended December 31, 1998, and the 2000 acquisitions described above had occurred at the beginning of the year ended December 31, 1999, 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 amounts are in millions).

	1998	1999	2000
	----	----	----
Pro forma revenue	\$55.8	\$126.1	\$268.9
Pro forma operating income	\$11.2	16.4	\$ 48.2
Pro forma net income	\$ 4.9	\$ 8.7	\$ 28.7
Pro forma net income per common share:			
Basic	\$.17	\$.29	\$.68
Diluted	\$.16	\$.24	\$.57

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(3) Balance Sheet Details

The Consolidated Balance Sheets consist of the following at December 31, 1999 and 2000 (in millions):

	1999	2000
	-----	-----
Accounts receivable, net:		
Billed	\$ 24.0	75.1
Unbilled	9.5	44.9
	-----	-----
	33.5	120.0
Allowance for doubtful accounts	(0.9)	(0.9)
	-----	-----
Total accounts receivable, net	\$ 32.6	119.1
	=====	=====
Contract management receivables:		
Billed	\$ 3.4	6.0
Unbilled	10.6	14.8
	-----	-----
Total contract management receivables	\$ 14.0	20.8
	=====	=====
Property and equipment, net:		
Computer equipment	\$ 6.4	24.2
Furniture and office equipment	0.5	1.4
	-----	-----
	6.9	25.6
Accumulated depreciation and amortization	(1.8)	(5.6)
	-----	-----
Total property and equipment, net	\$ 5.1	20.0
	=====	=====
Goodwill, net:		
Goodwill	\$ 9.3	71.1
Accumulated amortization	(2.2)	(6.4)
	-----	-----
Total goodwill, net	\$ 7.1	64.7
	=====	=====
Other intangibles, net:		
Customer relationships	\$ --	10.2
Assembled workforce	--	3.9
Purchased technology	--	3.6
Trade names	--	1.1
Noncompete covenants	0.5	0.5
Other	0.1	0.8
	-----	-----
	0.6	20.1
Accumulated amortization	(0.2)	(3.0)
	-----	-----
Total other intangibles, net	\$ 0.4	17.1
	=====	=====

(4) Notes payable and other financing arrangements

(a) Credit Agreement

In August 1999, the Company executed a credit agreement with a group of financial institutions that provides for a revolving credit facility. Under the amended credit agreement at December 31, 2000, the aggregate commitment was \$50 million and the credit facility was due on August 17, 2002. At December 31, 2000, the Company had \$24.9 million outstanding under this credit facility with a weighted average interest rate of 9.14%. In February 2001, the Company executed an amended and restated credit agreement (see Note 13), which increased the aggregate commitment to \$100 million, extended the maturity date to February 2002, and adjusted the interest rate so that borrowings bear interest at either (i) the greater of the bank prime rate (9.5% at December 31, 2000) or the Federal Funds Rate plus .5% (5.9% at December 31, 2000) plus a margin of 1.25%, the base rate margin, (10.75% at December 31, 2000) or (ii) at the London Interbank Offering Rate ("LIBOR") plus 2.25%, the LIBOR rate margin, (8.25% at December 31, 2000) at the Company's discretion. Beginning in the third quarter of 2001, the base rate margin and the LIBOR rate margin will be determined on certain financial ratios as of the end of the most recently ended fiscal quarter which will result in margins ranging from .75% and 1.50% and 1.75% to 2.50%, respectively. The credit facility is secured by substantially all of the Company's assets. The agreement contains restrictive covenants, which, among other things, requires maintenance of certain financial ratios.

In December 1999, the financial institutions included in the credit agreement entered into an intercreditor agreement, which permits the execution of notes payable not to exceed \$1.0 million that are secured by substantially all of the Company's assets pursuant to the credit agreement. On February 24, 2000, the Company executed a \$1.0 million note payable under this agreement payable ratably through February 2005 at a 9% interest rate. At December 31, 2000, the Company had outstanding borrowings of \$.8 million under this note payable.

(b) Entel Note Payable

In consideration for the acquisition of Entel in 1998 (see Note 2), the Company issued three-year convertible notes payable for \$5.2 million. These notes incurred interest at 10% per annum and were due in March 2001. These notes were repaid in full during 1999.

(c) BCI Notes Payable

In January 1999, the Company issued notes payable in consideration for the BCI acquisition (see Note 2). These notes had a carrying value of \$.9 million at December 31, 1999. Interest was imputed on these notes at 9.62% and were due in January 2001. These notes were repaid in full during 2000.

(d) Officer Notes Payable

At December 31, 1998, the Company had unsecured notes payable to two officers of the Company totaling \$3.8 million. Interest was imputed on these loans at 5.5%. These loans were repaid in full in 1999.

(e) Questus Notes Payable

In consideration for the acquisition of Questus (see Note 2), the Company issued promissory notes to one selling shareholder totaling \$1.5 million, which are secured by a standing letter of credit. These notes are due on April 30, 2002; however, the selling shareholder may demand payment of the outstanding principal balance after March 1, 2001.

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These notes bear interest at LIBOR plus a margin of 1% (7% at December 31, 2000).

Maturities of notes payable outstanding at December 31, 2000 are as follows (in millions):

2001	\$ 1.7
2002	0.2
2003	0.2
2004	0.2

Total	\$ 2.3
	=====

(5) Lease Commitments

The Company leases certain equipment under capital leases with interest rates ranging from 3.3% to 11.7% that expire at various dates through 2005. The Company also leases certain facilities and equipment under operating leases having terms expiring at various dates through 2010. Future minimum lease payments under capital and operating leases as of December 31, 2000 are as follows (in millions):

	Capitalized leases	Operating leases
	-----	-----
Year ending December 31,		
2001	\$ 4.1	\$ 5.1
2002	4.0	3.6
2003	2.9	3.3
2004	0.5	3.1
2005	0.2	2.9
Thereafter	--	10.2
	-----	-----
Total minimum lease payments	11.7	\$ 28.2
		=====
Less amount representing interest	(1.2)	

Present value of capital lease obligations	10.5	
Less current portion	(3.5)	

Long-term capital lease obligations	\$ 7.0	
	=====	

Equipment recorded under capital leases was \$1.8 million and \$11.8 million, with accumulated amortization of \$0 and \$1.4 million as of December 31, 1999 and 2000, respectively.

Future minimum lease payments have not been reduced by future minimum sublease rentals of \$.8 million under operating leases. Rent expense under operating leases for the years ended December 31, 1998, 1999, and 2000 was \$.7 million, \$.9 million and \$3.8 million, respectively.

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The lease on the United States office facilities includes scheduled base rent increases over the term of the lease. The total amount of the base rent payments is being charged to expense on the straight-line method over the term of the lease. In addition to the base rent payment, the Company pays a monthly allocation of the building's operating expenses. The Company has recorded accrued rent to reflect the excess of rent expense over cash payments since inception of the lease.

(6) Income Taxes

Income before provision for income taxes for the years ended December 31, 1998, 1999, and 2000 is comprised of the following (in millions):

	1998	1999	2000
	-----	-----	-----
Domestic	\$ 10.2	10.5	30.7
Foreign	--	6.3	21.4
	-----	-----	-----
	\$ 10.2	16.8	52.1
	=====	=====	=====

Prior to August 7, 1998, the Company was an S Corporation whereby income taxes were the individual responsibility of the stockholders. The provision for income taxes for the years ended December 31, 1998, 1999 and 2000 is comprised of the following (in millions):

	1998	1999	2000
	-----	-----	-----
Current:			
Federal	\$ 3.4	5.7	1.7
State	0.8	0.8	0.4
Foreign	--	2.4	4.1
	-----	-----	-----
	4.2	8.9	6.2
	-----	-----	-----
Deferred:			
Federal	1.1	(1.6)	8.5
State	0.2	(0.3)	1.5
Foreign	--	0.2	4.1
	-----	-----	-----
	1.3	(1.7)	14.1
	-----	-----	-----
	\$ 5.5	7.2	20.3
	=====	=====	=====

A reconciliation of total income tax expense to the amount computed by applying the statutory federal income tax rate of 35% to income before income tax expense for the years ended December 31, 1998, 1999 and 2000 is as follows (in millions):

	1998	1999	2000
	-----	-----	-----
Income taxes at federal statutory rate	\$ 3.6	5.9	18.3
State taxes, net of federal tax benefit	0.6	0.3	1.2
Foreign taxes, net of federal tax benefit	--	0.7	0.5
Establishment of deferred income tax upon change from S Corporation to C Corporation	2.1	--	--
S Corporation earnings not subject to income tax	(1.2)	--	--
Other, net	0.4	0.3	0.3
	-----	-----	-----
	\$ 5.5	7.2	20.3
	=====	=====	=====

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 1999 and 2000 are as follows (in millions):

	1999	2000
	-----	-----
Deferred tax assets:		
Allowance for doubtful accounts	\$ 0.3	0.3
Bonus accruals	0.8	0.1
Vacation accruals	0.3	0.8
Property and equipment, principally due to differences in depreciation	0.5	--
Goodwill and other intangibles, principally due to differences in amortization	--	1.2
Net operating loss carryforward	--	4.4
Income tax credit carryforwards	--	4.6
Other	0.1	0.2
	-----	-----
	2.0	11.6
Valuation allowance	--	(4.1)
	-----	-----
Total deferred tax assets	2.0	7.5
	-----	-----
Deferred tax liabilities:		
Change from cash to accrual method of accounting for income taxes	(1.5)	(0.8)
Property and equipment, principally due to differences in depreciation	--	(2.1)
Unearned revenue	--	(9.2)
Foreign deferred tax liability	(0.2)	(4.2)
	-----	-----
Total deferred tax liability	(1.7)	(16.3)
	-----	-----
Net deferred tax asset (liability)	\$ 0.3	(8.8)
	=====	=====

At December 31, 2000, the Company had federal tax loss carryforwards of \$10.5 million and foreign tax credit carryforwards of \$4.1 million, which expire in 2020 and 2004, respectively. The Company also had minimum tax credit carryforwards of \$.5 million, which may be carried forward indefinitely.

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets that may not be realized due to the expiration of foreign tax credit carryforwards after consideration of stock option deductions available for tax return purposes. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based upon the level of historical taxable income and projections for future taxable income, management believes it is more likely than not the Company will realize the deferred tax assets, net of valuation allowance as of December 31, 2000.

Notes to Consolidated Financial Statements

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The total amount of undistributed earnings of foreign subsidiaries for income tax purposes was \$22.5 million at December 31, 2000. It is the Company's intention to reinvest undistributed earnings of its foreign subsidiaries and thereby indefinitely postpone their remittance. Accordingly, no provision has been made for foreign withholding taxes or United States income taxes which may become payable if undistributed earnings of foreign subsidiaries were paid as dividends to the Company. The additional taxes on that portion of undistributed earnings which is available for dividends are not practicably determinable.

(7) Stockholders' Equity

(a) Common Stock

In November 1999, the Company completed an initial public offering of 4.6 million shares of common stock. Prior to the initial public offering, there was no public market for the Company's common stock. The net proceeds of the offering, after deducting applicable underwriting discounts and offering expenses, were approximately \$61.9 million.

Immediately prior to the closing of the initial public offering, and effective upon the filing of the Company's restated certificate of incorporation, authorized capital stock consisted of 195.0 million shares of common stock, \$0.001 par value per share, and 5.0 million shares of preferred stock, \$0.001 par value per share.

(b) Preferred Stock

On August 8, 1998, the Company issued 1.7 million shares of Series A convertible preferred stock in a private placement for \$21.0 million. Series A preferred shares were convertible at the option of the holder into shares of common stock at an initial conversion rate of 1-to-1 (3-to-1 after the 3-for-1 common stock split). Conversion was automatic upon the closing of the Company's initial public offering above a specified price or upon approval by 2/3 of the Series A stockholders. No Series A convertible preferred stock dividends were declared. Upon closing of the Company's initial public offering, all outstanding shares of Series A preferred stock were converted into 5.1 million shares of common stock.

In February 1999, the Board of Directors authorized the issuance of up to 2.8 million shares of par value \$0.01 Series B preferred stock. Shortly thereafter, the Company sold 2.7 million Series B preferred shares for \$15.0 million, or \$5.50 per share. Series B preferred shares were convertible at the option of the holder into shares of common stock at the initial conversion rate of 1-to-1. Conversion was automatic upon the closing of a public offering above a specified price or upon approval of 2/3 of the Series B stockholders. Upon closing of the Company's initial public offering, all outstanding shares of Series B preferred stock were converted into 2.7 million shares of common stock.

(c) Treasury Stock

Treasury stock is recorded at cost. On August 5, 1998, the Company purchased 3.3 million shares of common stock for \$13.5 million. During 1999, the Company purchased an additional approximate 21,000 shares of common stock for \$.2 million. The treasury stock was retired during 1999.

December 31, 1999 and 2000

(e) Common Stock Warrants

In February 1997, the Company issued warrants to purchase .3 million shares of common stock to two Company directors. One-third of these warrants vest at the date of issuance, and then annually for the following two years. These warrants are exercisable at \$0.93 per share of common stock, which was the fair value of the stock at the date of issuance.

In February 1998, the Company issued warrants to purchase 1.2 million shares of common stock to two Company directors. One-third of these warrants vest at the date of issuance, and then annually for the following two years. These warrants are exercisable at \$1.58 per share of common stock, which was the fair value of the stock at the date of issuance.

A total of .9 million warrants were outstanding for these two directors at December 31, 1999 and 2000.

In connection with the acquisition of BCI in January 1999, the Company issued .2 million common stock warrants exercisable at \$4.16 per share. These warrants vest 25% on each of June 1, 1999, December 1, 1999, June 1, 2000, and December 1, 2000 and expire one year after their respective vesting date. In June 2000, these warrants were exchanged for new warrants with the same economic terms other than the addition of a net exercise provision. During 2000, the outstanding warrants related to the BCI acquisition were partially exercised using the net exercise provision contained in the warrants and the remaining .1 million warrants were exercised by reducing the outstanding balance of a note payable related to the acquisition.

(g) Stock Option Plans and Employee Stock Purchase Plan

Stock Option Plans

During the years ended 1996 and 1997, the Board of Directors approved the 1996 Stock Option Plan (the "1996 Plan") and the 1997 Stock Option Plan (the "1997 Plan"). During 1999, the Board of Directors approved the 1999 Equity Incentive Plan (the "1999 Plan"). During 2000, the Board of Directors approved the 2000 Non-statutory Stock Option Plan (the "2000 Plan"). All stock options under the 1996 Plan were fully vested at June 1, 1998, and were either exercised or cancelled as of December 31, 1998. Stock options granted under the 1997 Plan and 1999 Plan may be incentive stock options or non-statutory stock options and are exercisable for up to ten years following the date of grant. The Company ceased making grants under the 1997 Plan upon completion of its initial public offering. The 2000 Plan permits the grant of non-statutory stock options, which are exercisable for a period following the date of grant as determined by the Board of Directors, generally ten years. Stock option exercise prices for the 1997 Plan, 1999 Plan and 2000 Plan must be equal to or greater than the fair market value of the common stock on the grant date. A total of 7.5 million, 6.0 million, and 3.0 million shares of common stock have been authorized for issuance under the 1997 Plan, 1999 Plan and 2000 Plan, respectively.

In accordance with the provisions of SFAS No. 123, Accounting for Stock-Based Compensation, the Company applies APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its 1996 Plan, 1997 Plan, 1999 Plan and 2000 Plan. Accordingly, the Company recorded compensation expense totaling \$.1 million, \$.1 million, and \$0 for the years ended December 31, 1998, 1999, and 2000, respectively, related to options granted under the plans.

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Stock option transactions are summarized below:

	1996 Plan	Weighted average exercise price	1997 Plan	Weighted average exercise price	1999 Plan	Weighted average exercise price	2000 Plan	Weighted average exercise price
	-----	-----	-----	-----	-----	-----	-----	-----
Outstanding at January 1, 1998	658,500	\$ 0.01	890,400	\$ 1.39	--	\$ --	--	\$ --
Granted	--	--	3,464,139	2.51	--	--	--	--
Exercised	(591,000)	0.01	(7,200)	1.33	--	--	--	--
Canceled	(67,500)	0.01	(773,691)	2.30	--	--	--	--
	-----		-----		-----		-----	
Outstanding at December 31, 1998	--	--	3,573,648	2.26	192,487	47.44	--	--
Granted	--	--	4,288,890	9.74	--	--	--	--
Exercised	--	--	(305,312)	1.88	--	--	--	--
Canceled	--	--	(781,879)	5.03	--	--	--	--
	-----		-----		-----		-----	
Outstanding at December 31, 1999	--	--	6,775,347	6.74	192,487	47.44	--	--
Granted	--	--	--	--	5,977,752	52.81	1,725,419	45.00
Exercised	--	--	(2,357,930)	4.03	(274)	32.75	--	--
Canceled	--	--	(663,765)	11.51	(551,954)	54.70	(21,589)	48.90
	-----		-----		-----		-----	
Outstanding at December 31, 2000	--	\$ --	3,753,652	\$ 7.64	5,618,011	\$ 52.44	1,703,830	\$ 44.95
	=====		=====		=====		=====	

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

The following table summarizes information as of December 31, 2000 concerning options outstanding and exercisable:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining life	Weighted average exercise price	Weighted number exercisable	Weighted average exercise price
\$ 1.33 - 4.16	1,651,523	7.56	\$ 3.11	646,044	\$ 2.52
5.50 - 12.00	1,371,705	8.43	9.42	360,063	9.02
13.00 - 31.94	1,501,645	9.38	23.47	169,742	14.57
32.75 - 44.94	2,438,259	8.90	41.84	29,581	41.08
45.38 - 57.00	2,753,058	9.31	51.75	77,030	51.40
57.06 - 88.00	1,121,665	9.46	67.22	2,688	59.52
99.75 - 132.06	237,638	9.21	112.28	--	--
	-----			-----	
	11,075,493	8.87	\$ 36.10	1,285,148	\$ 9.87
	=====			=====	

Employee Stock Purchase Plan

In August 1999, the board adopted and the stockholders approved the 1999 Employee Stock Purchase Plan (the "Purchase Plan"). A total of .7 million shares of common stock have been authorized for issuance under the Purchase Plan. The Purchase Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Internal Revenue Service Code. The Purchase Plan commenced in November 1999 upon completion of the initial public offering.

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

Employees who participate in an offering may have up to 15% of their earnings for the period of that offering withheld pursuant to the Purchase Plan. The amount withheld is used at various purchase dates within the offering period to purchase shares of common stock. The price paid for common stock at each such purchase date will equal the lower of 85% of the fair market value of the common stock at the commencement date of that offering period or 85% of the fair market value of the common stock on the relevant purchase date. Employees may end their participation in the offering at any time during the offering period, and participation ends automatically on termination of employment. At December 31, 2000, .2 million shares of common stock have been issued under the Purchase Plan.

Accounting for Stock-Based Compensation

Under SFAS No. 123, the weighted average fair value of the options granted during 1998, 1999 and 2000 was \$0.72, \$7.83 and \$42.21, respectively, on the date of grant. The weighted average estimated fair values of shares granted under the Purchase Plan during 1998, 1999 and 2000 was \$0, \$0, and \$10.80, respectively. Fair value under SFAS No. 123 is determined using the Black-Scholes option-pricing model with the following assumptions:

	1998	1999	2000
Expected term:			
Stock options	6 years	5 years	5 years
Purchase plan	--	--	11 months
Interest rate	5.50%	5.75%	6.16%
Volatility	--	81%	123%
Dividends	--	--	--

Had compensation expense been recognized for stock-based compensation plans in accordance with SFAS No. 123, the Company would have recorded the following net income and net income per share amounts (in millions except per share amounts):

	1998	1999	2000
Pro forma net income	\$ 4.0	5.0	2.6
Pro forma income per common share:			
Basic	\$ 0.14	0.17	0.06
Diluted	\$ 0.13	0.14	0.05

(8) Employee Benefit Plan

In 1996, the Company implemented a savings plan pursuant to Section 401(k) of the Internal Revenue Code (the "Code"), covering substantially all employees. Participants in the plan may contribute a

percentage of compensation, but not in excess of the maximum allowed under the Code. The Company may make contributions at the discretion of its Board of Directors. The Company made no contributions in 1998, 1999 or 2000.

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

(9) Concentration of Credit Risk

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

The Company had sales to three separate customers which comprised 31%, 19% and 17% of the Company's total sales for the year ended December 31, 1998. At December 31, 1998, accounts receivable from these customers totaled \$2.1 million, \$2.0 million and \$2.1 million, respectively.

The Company had sales to three separate customers which comprised 14%, 11% and 10% of the Company's total sales for the year ended December 31, 1999. At December 31, 1999, accounts receivable from these customers totaled \$1.6 million, \$3.3 million, and \$2.8 million, respectively.

The Company had sales to three separate customers which comprised 22%, 9% and 9% of the Company's total sales for the year ended December 31, 2000. At December 31, 2000, accounts receivable from these customers totaled \$8.9 million, \$7.5 million and \$7.3 million, respectively.

(10) Segment Information

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

Prior to the year ended 1999, the Company provided only design and deployment service. In 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 minor. Revenue and operating income provided by the Company's industry segments for the years ended December 31, 1998, 1999, and 2000 are as follows (in millions):

	1998	1999	2000
	-----	-----	-----
Revenues:			
Design and deployment	\$ 51.9	86.9	205.6
Network management	--	4.5	42.7
Business consulting	--	1.3	7.6
	-----	-----	-----
Total revenues	\$ 51.9	92.7	255.9
	=====	=====	=====
Operating income:			
Design and deployment	\$ 10.7	16.2	38.9
Network management	--	1.1	10.7
Business consulting	--	0.3	2.4
	-----	-----	-----
Total operating income	\$ 10.7	17.6	52.0
	=====	=====	=====

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

Revenues generated by geographic segment for the years ended December 31, 1998, 1999, and 2000 are as follows (in millions):

	1998 -----	1999 -----	2000 -----
United States	\$ 39.7	61.1	183.7
Foreign	12.2	31.6	72.2
	-----	-----	-----
Total revenues	\$ 51.9 =====	92.7 =====	255.9 =====

Long-lived assets by geographic region for the years ended December 31, 1999, and 2000, which include property and equipment, goodwill, and other intangibles, are as follows (in millions):

	1999 -----	2000 -----
United States	\$ 12.3	71.5
Foreign	0.3	30.3
	-----	-----
Total long-lived assets	\$ 12.6 =====	101.8 =====

(11) Related Party Transactions

In August 1998, the Company repurchased a total of 3.2 million shares of common stock from two officers of the Company. In connection with the repurchase, the Company borrowed a total of \$13.5 million from the two officers. The Company repaid these loans in August 1998.

In August 1998, the Company paid a dividend to its stockholders. In connection with the dividend payment, the Company issued promissory notes for a total of \$5.5 million to two executives and one related stockholder. The notes carried interest at 5% per annum and were repaid in November 1999.

In August 1998, the Company sold 1.7 million shares of Series A convertible preferred stock to various investors at a purchase price of \$12.48 per share, of which 1.4 million were sold to entities affiliated with a director of the Company. The Series A shares were convertible into common stock at an initial conversion rate of 1-to-1, which was subsequently adjusted to 3-to-1 following the common stock split in February 1999. These shares were converted into common stock upon closing of the Company's initial public offering.

In February 1999, the Company sold 2.7 million shares of Series B convertible preferred stock to various investors at a purchase price of \$5.50 per share, of which 2.3 million were sold to entities affiliated with a director of the Company. In addition, .4 million shares were sold to entities which, combined, held greater than 5% of the Company's capital stock. The Series B convertible shares are convertible into common stock at a conversion ratio of 1-to-1. These shares were converted into common stock upon closing of the Company's initial public offering.

In June 1999, the Company sold its 25% ownership interest in Sierra Towers Investment Group, LLC ("Sierra") and a note receivable from Sierra to two officers of the Company in exchange for cash and a note payable to the Company. The note was repaid in September 2000.

During 1999 and 2000, the Company loaned \$.5 million and \$.2 million, respectively, to a general manager of the Company. The general manager is the brother of both the Chairman and the Chief Executive Officer of the Company. Amounts borrowed in 1999 and 2000 bear interest at 5.57% and 6.45% per year, respectively, and are due in December 2001.

In January 2000, the Company acquired a portion of the minority ownership interest in WFIM 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 the shares held by the General Manager.

WIRELESS FACILITIES, INC.

Notes to Consolidated Financial Statements

December 31, 1999 and 2000

The General Manager is the brother of both the Chairman and the Chief Executive Officer of the Company.

(12) Legal Matters

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

(13) Subsequent Events

On February 9, 2001, the Company executed an amended and restated credit agreement (see Note 4), which increased the aggregate commitment provided by the Company's credit facility from \$50 million to \$100 million.

On March 2, 2001, the Company's Board of Directors approved a voluntary stock option cancel and regrant program for employees. The program provides employees with the opportunity to cancel all of their existing and outstanding stock options granted to them on or after September 30, 2000 and before March 30, 2001, and some or all of their existing and outstanding stock options granted to them prior to September 30, 2000, in exchange for a new option grant for an equal number of shares to be granted at a future date. The new options will be issued no earlier than six months and one day after the cancellation date, March 30, 2001, and the exercise price of the new options is to be based on the trading price of the Company's common stock on the date of the new option grants. The exchange program is designed to comply with FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation."

(14) Quarterly Financial Data (Unaudited)

The following financial information reflects all normal and recurring adjustments that are, in the opinion of management, necessary for a fair statement of the results of the interim periods. Prior to becoming a public company, the Company did not prepare financial statements on a quarterly basis. Accordingly, revenue reported for fixed-price contracts for each quarter in the nine month period ended September 30, 1999 using the percentage-of-completion method was based on actual or estimated total contract costs available at the end of September 30, 1999 as opposed to estimates at the end of each quarter. For the quarter ended December 31, 1999, revenues from fixed-price contracts were reported based upon estimates of the total costs to complete the contract made during and at the end of the quarter. Summarized quarterly data for the years ended December 31, 1999 and 2000, is as follows (in millions, except per share data):

	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----
Fiscal year 1999				
Revenues	\$ 15.0	\$ 18.1	\$ 23.8	\$ 35.8
Cost of revenues	9.2	11.8	13.1	20.2
	-----	-----	-----	-----
Gross profit	5.8	6.3	10.7	15.6
Selling, general and administrative expenses	3.2	3.5	5.1	9.0
	-----	-----	-----	-----
Operating income	2.6	2.8	5.6	6.6
Total other (expense) income	(0.4)	(0.2)	(0.3)	0.4
	-----	-----	-----	-----
Income before income taxes and minority interest	2.2	2.6	5.3	7.0
Provision for income taxes	0.6	1.6	2.1	2.9
Minority interest in income of subsidiary	--	--	0.4	(0.1)
	-----	-----	-----	-----
Net income	\$ 1.6	\$ 1.0	\$ 2.8	\$ 4.2
	=====	=====	=====	=====
Net income per common share:				
Basic (1)	\$ 0.06	\$ 0.04	\$ 0.10	\$ 0.12
Diluted (1)	\$ 0.05	\$ 0.03	\$ 0.08	\$ 0.10
Fiscal year 2000				
Revenues	\$ 43.3	\$ 59.4	\$ 73.1	\$ 80.1
Cost of revenues	25.3	33.0	40.8	41.0
	-----	-----	-----	-----
Gross profit	18.0	26.4	32.3	39.1
Selling, general and administrative expenses	8.7	13.6	18.3	23.2
	-----	-----	-----	-----
Operating income	9.3	12.8	14.0	15.9
Total other (expense) income	0.5	0.5	0.2	(1.0)
	-----	-----	-----	-----
Income before income taxes and minority interest	9.8	13.3	14.2	14.9

Provision for income taxes	3.9	5.3	5.3	5.8
Minority interest in income of subsidiary	0.1	0.1	(0.1)	--
	-----	-----	-----	-----
Net income	\$ 5.8	\$ 7.9	\$ 9.0	\$ 9.1
	=====	=====	=====	=====
Net income per common share:				
Basic (1)	\$ 0.14	\$ 0.19	\$ 0.21	\$ 0.21
Diluted (1)	\$ 0.12	\$ 0.16	\$ 0.17	\$ 0.18

(1)Net income per share is computed independently for each quarter and the full year based on the respective average shares outstanding. Therefore, the sum of the quarterly net earnings per share amounts may not equal the annual amounts reported.

Schedule II

WIRELESS FACILITIES, INC.
Valuation and Qualifying Accounts (in millions)

Allowance for Doubtful Accounts	Balance at Beginning of Year	Current Year Provisions	Current Year Write-offs	Other Additions	Balance at End of Year
Year ended December 31, 1998	\$.1	\$.5	-	-	\$.6
Year ended December 31, 1999	\$.6	\$.4	\$.1	-	\$.9
Year ended December 31, 2000	\$.9	\$.1	\$.1	-	\$.9

See accompanying independent auditor's report

AMENDED AND RESTATED
CREDIT AGREEMENT

among

WIRELESS FACILITIES, INC.,

VARIOUS BANKS,

CREDIT SUISSE FIRST BOSTON,
as Sole Lead Arranger, Administrative Agent and Collateral Agent,

BANK ONE ARIZONA, N.A.,
as Syndication Agent

BANK OF AMERICA, N.A.,
as Documentation Agent

and

IMPERIAL BANK
as Managing Agent

Dated as of February 9, 2001

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ANNEXES

ANNEX A	Reaffirmation of Guaranty
ANNEX B	Amended and Restated Security Agreement

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of February 9, 2001 and entered into by and among Wireless Facilities, Inc. (the "Borrower"), a corporation organized and existing under the laws of Delaware, the financial institutions from time to time listed in Schedule 1 (together with permitted assignees and any Incremental Banks and their permitted assignees, each a "Bank" and, collectively, the "Banks"), Credit Suisse First Boston, a bank organized under the laws of Switzerland, acting through its New York Branch ("CSFB"), acting in the manner and to the extent described in Section 9 (in such capacity, together with any successor appointed hereunder, the "Administrative Agent"), CSFB, acting as collateral agent for the Secured Parties under the Security Documents (in such capacity, together with any successor appointed hereunder, the "Collateral Agent"), Bank One Arizona, N.A., acting as syndication agent for the Banks hereunder (the "Syndication Agent"), Imperial Bank acting as the managing agent for the Banks hereunder (the "Managing Agent"), and Bank of America, N.A., acting as documentation agent for the Banks hereunder (the "Documentation Agent").

WITNESSETH

WHEREAS, capitalized terms used herein have the meanings ascribed to those terms in subsection 1.1;

WHEREAS, Borrower and Imperial Bank as Administrative Agent, Collateral Agent, Documentation Agent and Bank (each as defined in the Original Credit Agreement) entered in a credit agreement dated as of August 18, 1999 (the "Original Credit Agreement").

WHEREAS, the Original Credit Agreement was amended as of October 15, 1999, December 22, 1999, May 5, 2000, August 21, 2000, September 15, 2000 and October 31, 2000 (as so amended and restated being the "Existing Credit Agreement") as a result of which, inter alia, Bank One Arizona became a Co-Agent and a Bank (each as defined in the Existing Credit Agreement).

WHEREAS, the Banks party to the Existing Credit Agreement (the "Existing Banks") have extended certain credit facilities to Borrower the proceeds of which have been used to provide financing for working capital and for other general corporate purposes;

WHEREAS, the Borrower desires the Existing Banks and New Banks agree to amend and restate the Existing Credit Agreement in its entirety:

(a) to extend credit facilities to Borrower in an aggregate principal amount of \$100,000,000 through a \$50,000,000 increase in the Total Commitments, the proceeds of which will be used for working capital and other general corporate purposes;

(b) to appoint CSFB as Sole Lead Arranger;

(c) to evidence the resignation of Imperial Bank and the appointment of CSFB as successor Administrative Agent and Collateral Agent;

(d) to evidence the resignation of Bank One Arizona, N.A. as Co-Agent (as defined in the Existing Credit Agreement) and to appoint Bank One Arizona, N.A. as Syndication Agent;

(e) to appoint Bank of America, N.A. as Documentation Agent;

(f) to amend the governing law to that of the State of New York; and

(g) to make certain other changes as more fully set forth herein.

WHEREAS, it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities of the parties under the Existing Credit Agreement and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the Obligations of Company outstanding thereunder; and

WHEREAS, it is the intent of Credit Parties to confirm that all Obligations of Credit Parties under the other Credit Documents shall continue in full force and effect and that, from and after the Effective Date, all references to the "Credit Agreement" contained therein shall be deemed to refer to this Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Borrower, Banks and Agents agree that, on the Effective Date, the Existing Credit Agreement shall be amended and restated in its entirety as follows:

SECTION 1. DEFINITIONS AND PRINCIPLES OF CONSTRUCTION.

1.1 Defined Terms. As used in this Agreement, the following terms

shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Accounts" shall mean any right to payment for goods sold, leased or rented, or to be sold, leased or rented, or for services rendered or to be rendered no matter how evidenced, including, without limitation, acceptances, accounts receivable, contract rights, chattel paper, drafts, general intangibles, instruments, notes, purchase orders and other forms of obligations and receivables.

"Additional Taxes" shall have the meaning provided in Section 3.6.

"Adjusted LIBOR" shall mean, with respect to each Interest Period for a LIBOR Loan, the rate per annum (rounded upward if necessary to the nearest one-sixteenth of one percent) equal to (i) the LIBOR for such Interest Period divided by (ii) 1.00 minus the Reserve Requirement Rate (expressed as a decimal fraction) for such Interest Period.

"Adjustment Date" means the date on which the financial statements for the Fiscal Quarter ending June 30, 2001 are delivered pursuant to Section 6.1(a).

"Administrative Agent" shall have the meaning provided in the first paragraph of this Agreement and shall include any successor to the Administrative Agent appointed pursuant to Section 9.7.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power (i) to vote 10% or more of the Securities having ordinary voting power for the election of directors of such other Person or (ii) to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. Neither the Administrative Agent nor any Bank shall be deemed Affiliates of the Borrower or any of its Subsidiaries, by virtue of the security interests granted under the Security Documents.

"Agent" means each of the Sole Lead Arranger, Syndication Agent, Administrative Agent, Documentation Agent, Managing Agent and Collateral Agent.

"Agreement" shall mean this Amended and Restated Credit Agreement, as further modified, restated, supplemented or amended from time to time.

"Amended and Restated Security Amendment" means the agreement dated as of February 9, 2001 in the form of Annex B hereto, executed and delivered by the Borrower and each Guarantor which is a Domestic Subsidiary on the Effective Date or executed and delivered by any additional Guarantor from time to time thereafter in accordance with Section 6.12, together with any collateral document executed and delivered from time to time to the extent required by Section 6.12 by any Material Foreign Subsidiary in form and substance satisfactory to the Collateral Agent reflecting the relevant foreign legal requirements to grant a First Priority security interest in such Material Foreign Subsidiary's assets, in each case as such may be amended, restated, supplemented or otherwise modified from time to time.

"Applicable Base Rate Margin" (y) prior to the Adjustment Date, 1.25% per annum, and (z) on and after the Adjustment Date, a percentage per annum determined by reference to the Senior Leverage Ratio as set forth below:

Senior Leverage Ratio (applicable only after the Adjustment Date)	Applicable Base Rate Margin
Greater than 1.75 : 1.00	1.50%
Greater than 1.50 : 1.00 and less than or equal to 1.75 : 1.00	1.25%
Greater than 1.25 : 1.00 and less than or equal to 1.50 : 1.00	1.00%
Less than 1.25 : 1.00	0.75%

After the Adjustment Date, the Applicable Base Rate Margin shall be determined by reference to the Senior Leverage Ratio as of the end of the most recently ended Fiscal Quarter for which the financial statements required by Section 6.1(a) have been delivered in accordance therewith; provided, however, that (x) no change in the Applicable Base Rate Margin

shall be effective until the date on which the Administrative Agent and each Bank receives such financial statements and a Compliance Certificate calculating such Senior Leverage Ratio in reasonable detail, and (y) the Applicable Base Rate Margin shall be 1.50% per annum for so long (but only for so long) as the Borrower has not submitted to the Administrative Agent and each Bank the information described in clause (x) of this proviso as and when required under Section 6.1(a).

"Applicable Lending Office" shall mean, with respect to each Bank, (i) such Bank's Base Rate Lending Office in the case of a Base Rate Loan and (ii) such Bank's LIBOR Lending Office in the case of a LIBOR Loan as set forth on Schedule 2.

"Applicable LIBOR Margin" means (y) prior to the Adjustment Date, 2.25% per annum and (z) on and after the Adjustment Date, a percentage per annum determined by reference to the Senior Leverage Ratio as set forth below:

Senior Leverage Ratio (applicable only after the Adjustment Date)	Applicable LIBOR Margin
Greater than 1.75 : 1.00	2.50%
Greater than 1.50 : 1.00 and less than or equal to 1.75 : 1.00	2.25%
Greater than 1.25 : 1.00 and less than or equal to 1.50 : 1.00	2.00%
Less than 1.25 : 1.00	1.75%

After the Adjustment Date, the Applicable LIBOR Margin shall be determined by reference to the Senior Leverage Ratio as of the end of the most recently ended Fiscal Quarter for which the financial statements required by Section 6.1(a) have been delivered in accordance therewith; provided,

however, that (x) no change in the Applicable LIBOR Margin shall be

effective until the date on which the Administrative Agent and each Bank receives such financial statements and a Compliance Certificate calculating such Senior Leverage Ratio in reasonable detail, and (y) the Applicable LIBOR Margin shall be 2.50% per annum for so long (but only for so long) as the Borrower has not submitted to the Administrative Agent and each Bank the information described in clause (x) of this proviso as and when required under Section 6.1(a).

"Applicable Commitment Fee Percentage" means 0.25% per annum; provided that, on and after the Adjustment Date, for so long (but only so long) as the Senior Leverage Ratio is greater than 1.75 : 1.00 as determined as of the end of the most recently ended Fiscal Quarter for which financial statements required by Section 6.1(a) have been delivered in accordance therewith, the Applicable Commitment Fee percentage shall mean 0.30% per annum.

"Approved Fund" means, with respect to any Bank that is a fund that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Bank or by an Affiliate of such investment advisor.

"Asset Disposition" shall have the meaning set forth in Section 3.3(b)(i).

"Assignee" shall have the meaning set forth in Section 10.5(a).

"Assignment and Acceptance" shall have the meaning set forth in Section 10.5(a).

"Authorized Representative" shall mean Massih Tayebi, Masood Tayebi, Thomas Munro, Terry Ashwill, or any other officer of the Borrower designated to serve as "Authorized Representative" in accordance with Section 1.2(n).

"Bank" shall have the meaning provided in the first paragraph of this Agreement.

"Bankruptcy Code" shall have the meaning provided in Section 8.5.

"Base Rate" shall mean, as of any date of determination, the rate determined by the Administrative Agent to be the greater of (i) the Prime Rate on that date and (ii) the Federal Funds Rate in effect on such day plus 1/2 of 1%. Any changes in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Rate, as applicable.

"Base Rate Lending Office" shall mean, with respect to each Bank, the office of such Bank specified as its "Base Rate Lending Office" opposite its name on Schedule 2 or such other office, Subsidiary or Affiliate of such Bank as such Bank may from time to time specify as such to the Borrower and the Administrative Agent.

"Base Rate Loan" shall mean any Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto and bearing interest at a rate determined by reference to the Base Rate.

"Borrowing" shall mean the borrowing of Loans of one Type (and, in the case of LIBOR Loans, at one interest rate) on a given date (or the conversion of a Loan or Loans of a Bank or Banks on a given date).

"Business Day" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be a legal holiday under the laws of the State of New York or a day on which banking institutions in the State of New York are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and funding and payments of principal and interest on, LIBOR Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between banks in Dollar deposits in the London interbank market.

"Capital Expenditures" means, for any period, the aggregate of all expenditures of any Person during such period that, in accordance with GAAP, are or should be included in "purchase of property and equipment" or similar items reflected in the statement of cash flows of such Person (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with GAAP and including capitalized lease obligations). Notwithstanding the foregoing, the term "Capital Expenditures" shall not include capital expenditures in respect of the reinvestment of Sale Proceeds or Insurance Proceeds made in accordance with Section 3.3(b)(i).

"Capital Lease" shall mean a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership

interests in a Person (other than a corporation), including, without limitation, partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"Closing Date" shall mean the date on which the initial Loans were made under the Existing Credit Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and filings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof supplemental thereto or substituted therefor.

"Collateral" shall mean all property (whether real, personal, tangible, intangible, existing or hereafter acquired) of any Credit Party that is pledged to, or over which a security interest is purported to be granted in favor of, the Collateral Agent under the Security Documents to secure the Obligations.

"Collateral Agent" shall have the meaning provided in the first paragraph of this Agreement and shall include any successor to the Collateral Agent appointed pursuant to Section 9.7.

"Commitment" shall mean for each Bank, at any time, the amount set forth opposite such Bank's name in Schedule 1 under the heading "Commitment" or in the applicable Assignment and Acceptance, in each case as such amount may from time to time be adjusted or reduced pursuant to the terms and conditions hereof.

"Commitment Fee" shall have the meaning provided in Section 3.1.

"Commitment Obligation" shall mean for each Bank (i) with respect to the period prior to the Effective Date, the commitments of Banks to make Loans or to acquire participations in Letters of Credit as set forth in subsection 2.1 of the Existing Credit Agreement, and (ii) on and after the Effective Date, the commitments of Banks to make Loans as set forth in Section 2.1(b) of this Agreement or to acquire participations in Letters of Credit as set forth in Section 2.1A.

"Compliance Certificate" shall have the meaning provided in Section 6.1(e).

"Consolidated Subsidiaries" shall mean, as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes in accordance with GAAP.

"Contingent Obligation" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary

obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the holder of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Convertible Subordinated Notes" means the convertible subordinated notes of the Borrower due not more than eight years from the date of issuance with a coupon not to exceed 7%, in an aggregate principal amount not to exceed \$250,000,000, subordinated in right of payment to the Obligations pursuant to documentation containing interest rates, maturities, amortization schedules, covenants, defaults, remedies, subordination provisions and other terms and conditions in form and substance satisfactory to the Administrative Agent.

"Credit Documents" shall mean this Agreement, each Note, each Notice of Borrowing, each Notice of Continuation, each Notice of Conversion, each Notice of Extension, each Compliance Certificate, each Security Document, Guaranty, the Intercreditor Agreement and all other documents, instruments or agreements executed and delivered by a Credit Party for the benefit of Agents, or any Bank in connection herewith, in each case as may be amended, restated, supplemented or otherwise modified from time to time.

"Credit Event" shall mean the execution, delivery and performance by the Borrower of this Agreement, the making of any Loan, the use of proceeds thereof and the issuance of Letters of Credit hereunder.

"Credit Exposure" shall mean, with respect to any Bank at any time, the sum of the outstanding principal amount of such Bank's Loans and its LC Exposure at such time.

"Credit Party" shall mean the Borrower and each Subsidiary of the Borrower from time to time executing and delivering a Credit Document.

"CSFB" shall mean Credit Suisse First Boston, a bank organized under the laws of Switzerland, acting through its New York Branch.

"Debt Security" shall mean any Security of a Person other than Capital Stock.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Documentation Agent" shall have the meaning provided in the first paragraph of this Agreement.

"Dollars" and the sign "\$" shall each mean freely transferable lawful money of the United States.

"Domestic Lending Office" for any Bank shall mean that Office specified opposite its name on Schedule 2.

"Domestic Subsidiary" shall mean a Subsidiary of Borrower organized under the laws of the United States of America or any state or territory thereof.

"EBIT" shall mean, for any period, the Net Income of the Borrower and its Consolidated Subsidiaries for such period, before interest expense and provision for taxes (other than sales of Inventory in the ordinary course of business), each as determined in conformity with GAAP.

"EBITDA" shall mean, for any period, the EBIT of the Borrower and its Consolidated Subsidiaries for such period adjusted by (i) adding thereto the amount of all amortization of intangibles and depreciation that were deducted in arriving at such EBIT for such period and (ii) subtracting therefrom the amount of all non-cash gains that were not excluded pursuant to the definition of "Net Income" for such period, each as determined in conformity with GAAP.

"Effective Date" shall have the meaning provided in Section 10.18.

"Eligible Assignee" shall mean (A) (i) a commercial bank organized under the laws of the United States or any state thereof; (ii) a savings and loan association or savings bank organized under the laws of the United States or any state thereof; (iii) a commercial bank organized under the laws of any other country or a political subdivision thereof; provided that (x) such bank is acting through a branch or agency located in the United States or (y) such bank is organized under the laws of a country that is a member of the Organization for Economic Cooperation and Development or a political subdivision of such country; and (iv) any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses including insurance companies, mutual funds and lease financing companies; and (B) any Bank and any Affiliate or Approved Fund of any Bank; provided that no Affiliate of Borrower shall be an Eligible Assignee.

"Equipment" shall mean, respect to a Person, all things other than Inventory that are movable and tangible and which are used or bought for use primarily in such Person's business.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement, and to any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA Affiliate" shall mean as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Code of which that Person is a member; and (iii) any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Code of which that Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above is a member. Any former ERISA Affiliate of Borrower or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of Borrower or any such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of Borrower or such Subsidiary and with respect to liabilities arising after such period for which Borrower or such Subsidiary could be liable under the Code or ERISA

"Event of Default" shall have the meaning provided in Section 8.

"Existing Banks" shall have the meaning assigned to that term in the Recitals to this Agreement.

"Existing Credit Agreement" shall have the meaning assigned to that term in the Recitals to this Agreement.

"Existing Letters of Credit" shall have the meaning assigned to that term in Section 2.1A.

"Existing Loans" shall mean, with respect to any Existing Bank, the Loans under, and as defined in, the Existing Credit Agreement held by such Existing Bank immediately prior to the Effective Date and which Loans remain outstanding immediately after the Effective Date.

"Federal Funds Rate" shall mean, on any day, the rate per annum (rounded upward if necessary to the nearest one-hundredth of one percent) equal to the weighted average of the rate on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Administrative Agent on such day on such transactions as reasonably determined by the Administrative Agent. Each change in the interest rate on a Base Rate Loan which results from a change in the Federal Funds Rate shall become effective on the day on which the change in the Federal Funds Rate becomes effective.

"Financial Covenants" shall mean the covenants provided in Sections 7.8 to 7.10, inclusive.

"Financial Statements" shall have the meaning provided in Section 4.2(f).

"First Priority" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Lien is the only Lien to which such Collateral is subject, other than Permitted Liens.

"Fiscal Quarter" shall mean a fiscal quarter ended on the last day of March, June, September or December.

"Fiscal Year" shall mean a fiscal year ended on December 31.

"Foreign Subsidiary" shall mean each Subsidiary of Borrower which is not a Domestic Subsidiary.

"GAAP" shall mean, subject to the limitations on the application thereof set forth in Section 1.2(c), generally accepted accounting principles as in effect as of the date of determination thereof in the United States.

"Governmental Authority" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Governmental Authorization" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"Governmental Regulation" shall mean any: (i) United States, state or foreign law, rule or regulation (including, without limitation, Regulation D); and (ii) interpretation, application, directive or request applying to a class of lenders, including any Bank, of or under any United States, state or foreign law, rule or regulation (whether or not having the force of law) by any court or by any governmental, central banking, monetary or taxing authority charged with the interpretation or administration of such law, rule or regulation.

"Guarantor" shall mean each current and future Subsidiary of the Borrower except that in the case of Foreign Subsidiaries, only Material Foreign Subsidiaries shall be Guarantors and then only if, and to the extent, there are no actual or potential adverse tax consequences under any Government Regulation in effect at the time of determination, it being understood that no Material Foreign Subsidiary will be a Guarantor as of the Effective Date.

"Guaranty" shall mean each guaranty entered into from time to time by any Guarantor including each of (i) the guarantees entered into by Wireless Facilities, Inc./Entel and WFI Network Management Services Corp. dated August 18, 1999 and August 21, 2000 respectively, as amended, restated, supplemented or otherwise modified from time to time including, without limitation, by each Reaffirmation of Guaranty, (ii) the guarantees entered into by WFI NMC Corp. and WFI NMC LLP of even date herewith, and (iii) each guaranty substantially in the form of Exhibit K or Exhibit

L, as appropriate, entered into from time to time by future Subsidiaries of the Borrower pursuant to Section 6.12.

"Hedging Agreement" shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"Highest Lawful Rate" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Bank which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

"Indebtedness" shall mean, as to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money and notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money, (ii) the deferred purchase price of property or services (other than accrued expenses and current trade accounts payable incurred in the ordinary course of business) which is due more than six months after incurrence of the obligation or is evidenced by a note or other similar written instrument in accordance with GAAP would be shown on the liability side of the balance sheet of such Person, (iii) the face amount of all letters of credit issued for the account of such Person and all drafts drawn thereunder, (iv) all obligations under conditional sale or other title retention agreements relating to property purchased by such Person, (v) all liabilities secured by any Lien on any property owned by such Person, whether or not such liabilities have been assumed by such Person or are non-recourse to the credit of that Person provided that if such liabilities are non-recourse to the credit of that Person, then the amount of Indebtedness with respect to such liability will not exceed the fair market value of the property securing such liability, (vi) the aggregate amount required to be capitalized under leases under which such Person is the lessee, (vii) all indebtedness, obligations or other liabilities of such Person in respect of interest rate and currency protection agreements (e.g., swaps, caps and collars), net of indebtedness, obligations or other liabilities owed to such Person by its counterparties in respect of such agreements (provided such net indebtedness, obligations and liabilities are greater than zero) and (viii) all Contingent Obligations of such Person in respect of any indebtedness, obligations or liabilities of any other Person of the type referred to in clauses (i) through (vii) of this definition. For purposes of calculating indebtedness, obligations and liabilities under interest rate and currency protection agreements such calculation shall be made in accordance with market convention at the time of such calculation or, should an Event of Default have occurred and be continuing, in accordance with the definition of "Market Quotation" set forth in the Interest Rate and Currency Exchange Agreement of the International Swap Dealers Association, Inc. as in effect on the date hereof.

"Insurance Proceeds" shall have the meaning set forth in Section 3.3(b)(i).

"Intercreditor Agreement" shall mean the agreement of even date herewith between the Borrower, the Collateral Agent, Imperial Bank and Bank One Leasing Corporation in form and substance satisfactory to the Administrative Agent.

"Interest Determination Date" shall mean with respect to any LIBOR Loan the second Business Day prior to the commencement of any Interest Period relating to such LIBOR Loan.

"Interest Expense" shall mean with respect to any period, the sum (without duplication) of the following (in each case, eliminating all items required to be eliminated in the course of the preparation of consolidated financial statements of the Borrower in accordance with GAAP): (i) all interest in respect of Indebtedness (including subordinated Indebtedness) of the Borrower and its Subsidiaries (including imputed interest on Capital Leases) deducted in determining Net Income for such period, together with all interest capitalized or deferred during such period and not deducted in determining Net Income for such period, and (ii) all debt discount and expense amortized or required to be amortized in the determination of Net Income for such period.

"Interest Period" shall have the meaning provided in Section 2.9.

"Inventory" shall mean, with respect to a Person, all of such Person's goods, merchandise and other personal property which are held for sale or lease, including those held for display or demonstration or out on lease or consignment or to be furnished under a contract of service or are raw materials, work in process or materials used or consumed in such Person's business, and shall include all property rights, patents, plans, drawings, diagrams, schematics, assembly and display materials relating thereto.

"Issuing Banks" means CSFB and Imperial Bank, in their capacities as the issuers of Letters of Credit as requested hereunder, and their respective successors in such capacity as provided in Section 2.1A(i). A reference to the "Issuing Bank" in respect of a particular Letter of Credit shall be to such of the Issuing Banks which issued, or has been requested by the Borrower pursuant to Section 2.1A(i) to issue, such Letter of Credit. The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Landlord Consent and Estoppel" means, with respect to any Leasehold Property, a letter, certificate or other instrument in writing from the lessor under the related lease, pursuant to which, among other things, the landlord consents to the granting of a Mortgage on such Leasehold Property by the Credit Party tenant, such Landlord Consent and Estoppel to be in form and substance acceptable to the Collateral Agent on behalf of the Banks in its reasonable discretion, but in any event sufficient for the Collateral Agent to obtain a title policy with respect to such Mortgage.

"Landlord Personal Property Collateral Access Agreement" means a Landlord Collateral Access Agreement substantially in the form of Exhibit H or otherwise reasonably acceptable to the Collateral Agent, in either case, with such amendments or modifications as may thereafter be approved by Collateral Agent.

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements made by the Issuing Banks that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Bank at any time shall be its pro rata portion of the total LC Exposure at such time.

"Leasehold Property" means at any time, any leasehold interest owned by Borrower or any of its Subsidiaries as lessee under any lease of real property, other than any such leasehold interest designated from time to time by Collateral Agent in its sole discretion as not being required to be included in the Collateral.

"Letter of Credit" means any standby or documentary letter of credit issued pursuant to this Agreement.

"LIBOR" shall mean, for any Interest Period, the rate per annum determined by Administrative Agent at approximately 11:00 a.m., London time, on the Interest Rate Determination Date by reference to the British Bankers' Association Interest Settlement Rates for deposits in Dollars (as set forth by any service selected by Administrative Agent which has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying rates) for a period equal to such Interest Period, provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, "LIBOR" shall be the interest rate per annum determined by Administrative Agent equal to the rate per annum at which deposits in Dollars are offered for such Interest Period by Administrative Agent to leading banks in the London interbank market in London, England at approximately 11:00 a.m., London time, on the Interest Determination Date.

"LIBOR Lending Office" shall mean, with respect to each Bank, the office of such Bank specified as its "LIBOR Lending Office" opposite its name on Schedule 2 or such other office, Subsidiary or Affiliate of such Bank as such Bank may from time to time specify as such to the Borrower and the Administrative Agent.

"LIBOR Loan" shall mean any Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto and bearing interest at a rate determined by reference to LIBOR.

"Lien" shall mean (i) any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing) and (ii) in the case of Securities, any purchase option, call or similar right of a third party with respect to such Securities.

"Loan" and "Loans" mean (i) the Loans made by Banks to Borrower pursuant to Section 2.1 of the Existing Credit Agreement which remain outstanding as of the Effective Date and (ii) any Loans made by Banks to Borrower pursuant to Section 2.1(b) of this Agreement.

"Loan Maturity Date" shall mean the earlier of (i) February 9, 2004 and (ii) the date that all Loans shall become due and payable in full pursuant to the terms hereof, whether by acceleration or otherwise.

"Managing Agent" shall have the meaning provided in the first paragraph of this Agreement.

"Margin Stock" shall have the meaning provided in Regulation T, U or X of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Material Adverse Effect" shall mean an event or occurrence (i) the effect of which could reasonably be expected to have a material adverse effect on or change in the business, operations, property, assets, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, taken as a whole, (ii) which adversely affects the ability of any Credit Party to perform its material obligations under the Transaction Documents to which it is a party, (iii) which materially adversely affects the enforceability of any Transaction Document, (iv) which materially adversely affects the rights and remedies of the Administrative Agent, the Collateral Agent or any Bank under the Transaction Documents or (v) which materially adversely affects the Collateral or the priority of the Collateral Agent's Liens.

"Material Foreign Subsidiary" means, at any date, each Foreign Subsidiary directly owned by the Borrower or a Domestic Subsidiary which, individually or together with its Subsidiaries, (x) owned at least two and a half percent (2.5%) of the consolidated assets of the Borrower and its Subsidiaries as of the end of the immediately prior Fiscal Quarter or (y) as of the last day of any Fiscal Quarter, generated at least two and a half percent (2.5%) of the consolidated revenues of the Borrower and its Subsidiaries for the fiscal period consisting of the four (4) Fiscal Quarters most recently ended on that date; provided that Foreign Subsidiaries that do not constitute Material

Foreign Subsidiaries shall not, in the aggregate, either (x) own ten percent (10.0%) or more of the consolidated assets of the Borrower and its Subsidiaries as of the end of the immediately prior Fiscal Quarter or (y) as of the last day of any Fiscal Quarter, have generated ten percent (10.0%) or more of the consolidated revenues consisting of the four (4) Fiscal Quarters most recently ended on that date.

"Material Real Estate Asset" means (i) any fee-owned Real Estate Asset acquired by Borrower or any of its Subsidiaries after the Effective Date having a fair market value in excess of \$1,000,000 as of the date of the acquisition thereof or (ii) any other Real Estate Asset (including Leasehold Property) that the loss of use thereof would reasonably be expected to have a Material Adverse Effect.

"Mortgage" means a mortgage, deed of trust or similar instrument, in form reasonably satisfactory to the Collateral Agent, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Net Income" shall mean, for any period, the amount set forth on the consolidated statement of operations of the Borrower and its Subsidiaries for such period opposite the line item entitled "Net income (loss)" minus (a) the income (or loss) of any Person (other than a Subsidiary of Borrower) in which any other Person (other than Borrower or any of its Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to Borrower or any of its Subsidiaries by such Person during such period, (b) the income of any Subsidiary of Borrower to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, (c) any after-tax gains or losses attributable to Asset Dispositions or returned surplus assets of any Plan, and (d) (to the extent not included in clauses (a) through (c) above) any net extraordinary gains or net extraordinary losses".

"Net Proceeds of Capital Stock" shall mean, for any period, proceeds (net of all customary costs and out-of-pocket expenses in connection therewith, including, without limitation, customary placement, underwriting and brokerage fees and expenses) received by the Borrower or any Subsidiary during such period, from the sale of all Capital Stock.

"Net Proceeds of Debt Issuances" shall mean, for any period, proceeds (net of all customary costs and out-of-pocket expenses in connection therewith, including, without limitation, customary placement, underwriting and brokerage fees and expenses) received by the Borrower or any Subsidiary during such period from the issuance of Debt Securities other than the proceeds from the issuance of Indebtedness that is permitted to be incurred pursuant to Section 7.4.

"New Bank" shall mean any Person who becomes a Bank under this Agreement as of the Effective Date.

"Note" shall have the meaning provided in Section 2.5.

"Notice of Borrowing" shall have the meaning provided in Section 2.3.

"Notice of Continuation" shall have the meaning provided in Section 2.6(c).

"Notice of Conversion" shall have the meaning provided in Section 2.6(c).

"Notice Office" shall mean the office of the Administrative Agent located at Eleven Madison Avenue, New York, New York, 10010, Attention: Agency Group, telecopier number 212-325-8304, with a copy to Eleven Madison Avenue, New York, New York, 10010, Attention: Andrea Chicas telecopier number 212-325-8304, or such other office or offices as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Notice to Request Letter of Credit" shall have the meaning provided in Section 2.1A(b)

"Obligations" shall mean all amounts owing to the Administrative Agent, the Collateral Agent, any Issuing Bank or any Bank pursuant to the terms of this Agreement or any other Transaction Document or any Hedging Agreement (including, without limitation, with respect to a Hedge Agreement, obligations owed thereunder to any person who was a Bank or an Affiliate of a Bank at the time such Hedge Agreement was entered into by any Credit Party.

"Originator" shall have the meaning provided in Section 10.5(d).

"Participant" shall have the meaning provided in Section 10.5(d).

"Payment Account" shall mean such account as the Administrative Agent may hereafter from time to time designate in writing as such to the Borrower and the Banks.

"Payment Office" shall mean (i) the office of Administrative Agent located at 11 Madison Avenue, New York, New York 10010 or (ii) such other office of Administrative Agent as may from time to time hereafter be designated as such in a written notice delivered by Administrative Agent to Borrower and each Bank.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA or any successor thereto.

"Permitted Investments" shall mean:

(i) investments listed in Schedule 4;

(ii) (a) securities issued directly or unconditionally guaranteed or insured by the United States or any agency or instrumentality thereof (provided the full faith and credit of the United States is pledged in support thereof) having maturities within one year from the date of acquisition thereof; (b) commercial paper issued by any Person incorporated in the United States, which commercial paper is rated at least A-1 (or equivalent) by Standard & Poor's Ratings Service ("S&P") or at least P-1 (or equivalent) by Moody's Investors Service, Inc. ("Moody's"), in each case having maturities within 270 days from the date of acquisition thereof; (c) time deposits and certificates of deposit of any commercial bank incorporated in the United States having capital and surplus in excess of \$500,000,000 and having maturing no more than one year from the date of acquisition; (d) repurchase agreements entered into by a Person with a bank or trust company or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States of America in which such Person shall have a perfected first-priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations; (e) obligations of any state of the United States of America or any political subdivision thereof, the interest with respect to which is exempt from federal income taxation under Section 103 of the Code,

having a long-term rating of at least AA- or Aa-3 by S&P or Moody's, respectively, and maturing within one year from the date of acquisition thereof; and (f) investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least \$500,000,000 and the portfolios of which are limited to investments of the character described in the foregoing subdivisions (a) through (e);

(iii) extensions of credit in the nature of Accounts arising from the sale or lease of goods or services in the ordinary course of the Borrower's or its Subsidiaries' business;

(iv) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(v) investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of; and other disputes with, customers or suppliers arising in the ordinary course of the Borrower's or its Subsidiaries' business;

(vi) acquisitions of assets or Capital Stock to the extent permitted under Section 7.2;

(vii) loans and advances to officers, directors, employees and consultants made in the ordinary course of business, not in excess of \$5,000,000 in the aggregate during the term of this Agreement;

(viii) loans, advances, purchases and acquisitions of Capital Stock or Securities or other interests in or to any Subsidiary which is a Guarantor not in excess of \$10,000,000 in the aggregate during the term of this Agreement and which in any event, to the extent constituting Indebtedness, comply with the requirements of Section 7.4(j);

(ix) loans, advances, purchases and acquisitions of Capital Stock or Securities or other interests in any Subsidiary which is not a Guarantor, not in excess of \$2,000,000 in the aggregate during the term of this Agreement and which in any event, to the extent constituting Indebtedness, comply with the requirements of Section 7.4(j), provided that such transaction is in the strategic best interest of the Borrower and its Subsidiaries; and

(x) intercompany payables which: (a) are owed by any Subsidiary which is not a Guarantor to the Borrower or a Subsidiary which is a Guarantor; (b) arise by the payment of expenses in respect of the secondment of employees and related costs; (c) remain on intercompany account for periods not in excess of 250 days from the date of such payment by Borrower or a Subsidiary which is a Guarantor, as applicable and such that the aggregate outstanding amount of all such intercompany payables shall not at any time exceed \$10,000,000; and (d) comply with the requirements of Section 7.4.

"Permitted Liens" shall have the meaning provided in Section 7.1

"Person" shall mean any individual, partnership, limited liability company, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" shall mean any multiemployer plan or single-employer plan as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of), or at any time during the five calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribute of), the Borrower, any Subsidiary thereof or any ERISA Affiliate.

"Pledge Agreement" shall mean each of (i) the stock pledge agreement of even date herewith entered into by the Borrower and certain of its Subsidiaries granting a First Priority security interest to the Collateral Agent in respect of (x) all the Capital Stock of each of their Domestic Subsidiaries and 65% of the Capital Stock of their Material Foreign Subsidiaries (including as of the Effective Date, WFI de Mexico, S. de R. L. de C.V.) and (y) all the Capital Stock of each future Subsidiary to the extent required pursuant to Section 6.12, (ii) the UK Share Charge and (iii) any additional stock pledge agreement entered into from time to time by Borrower or any Subsidiary of Borrower pursuant to the requirements of Section 6.12 including, without limitation, each collateral document entered into by the Borrower or any Domestic Subsidiary reflecting the relevant foreign legal requirements to grant a First Priority security interest in respect of 65% of the Capital Stock of each Material Foreign Subsidiary, and 65% of the Capital Stock of each future Material Foreign Subsidiary to the extent required pursuant to Section 6.12, in each case, in form and substance satisfactory to the Collateral Agent.

"Prime Rate" shall mean the rate which CSFB announces from time to time as its prime lending rate in effect at its principal office in New York City, the Prime Rate to change when and as such Prime lending rate changes. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. CSFB or any other Bank may make commercial loans or other loans at rates of interest at, above or below the Prime Rate.

"Pro Forma Basis" means, with respect to compliance with any test or covenant hereunder during any relevant period, compliance with such covenant or test after giving effect to any proposed acquisition or other action which requires compliance on a pro forma basis (including pro forma adjustments arising out of events which are directly attributable to a specific transaction, are factually supportable and are expected to have a continuing impact, in each case determined on a basis consistent with Article 11 of Regulation S-X of the Securities Act and as interpreted by the Staff of the Securities and Exchange Commission which (to the extent consistent therewith) may include cost savings resulting from head count reductions, closure of facilities and similar restructuring charges or integration activities or other adjustments certified by a financial officer of Borrower, together with such other pro forma adjustments as may be reasonably acceptable to the Administrative Agent) using, for purposes of determining such compliance, the historical financial statements of all entities or assets so acquired or to be acquired and the consolidated financial statements of Borrower and its Subsidiaries which shall be reformulated as if such acquisition or

other action, and any other acquisitions which have been consummated during the period, and any Indebtedness or other liabilities incurred in connection with any such acquisition had been consummated at the beginning of such period and assuming that such Indebtedness bears interest during any portion of the applicable measurement period prior to the relevant acquisition at the weighted average of the interest rates applicable to outstanding Loans during such period, and otherwise in conformity with such procedures as may be agreed upon between the Administrative Agent and Borrower, all such calculations to be in form and substance reasonably satisfactory to the Administrative Agent.

"Purchase Money Indebtedness" shall mean Indebtedness (i) in a maximum aggregate principal amount in any Fiscal Year which when aggregated with: (a) all other Capital Expenditures and (b) the aggregate amount of all Indebtedness with respect to Capital Leases incurred or entered into in such Fiscal Year does not exceed the amounts permitted under section 7.7 of this Agreement for such Fiscal Year, (ii) incurred (or assumed) by the Borrower solely to acquire Equipment or to make software or leasehold improvements for use in the Borrower's business, (iii) the amount of which does not exceed the lesser of the cost or fair market value of the Equipment that is acquired with the proceeds of such Indebtedness and (iv) for which the lender thereof has recourse only to the Equipment that is acquired with the proceeds of such Indebtedness and the proceeds of such Equipment.

"Purchase Money Liens" shall mean Liens granted by the Borrower (i) securing Purchase Money Indebtedness, (ii) that encumber only the Equipment that is acquired with the proceeds of Purchase Money Indebtedness and the proceeds of such Equipment and (iii) that are created contemporaneously with the purchase of Equipment that is acquired with the proceeds of Purchase Money Indebtedness.

"Reaffirmation of Guaranty" shall mean each agreement in the form of Annex A entered into by the relevant Guarantor in respect of each Guaranty existing on the Effective Date.

"Real Estate Asset" means, at any time of determination, any interest (fee, leasehold or otherwise) then owned by Borrower or any of its Subsidiaries in any real property.

"Record Document" means, with respect to any Leasehold Property, (i) the lease evidencing such Leasehold Property or a memorandum thereof, executed and acknowledged by the owner of the affected real property, as lessor, or (ii) if such Leasehold Property was acquired or subleased from the holder of a Recorded Leasehold Interest, the applicable assignment or sublease document, executed and acknowledged by such holder, in each case in form sufficient to give such constructive notice upon recordation and otherwise in form reasonably satisfactory to Administrative Agent.

"Recorded Leasehold Interest" means a Leasehold Property with respect to which a Record Document has been recorded in all places necessary or desirable, in Administrative Agent's reasonable judgment, to give constructive notice of such Leasehold Property to third-party purchasers and encumbrancers of the affected real property.

"Register" shall have the meaning provided in Section 10.5(c).

"Regulation D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulatory Change" means, with respect to any Bank or any Issuing Bank, as applicable, any change after the date of this Agreement in any Governmental Regulation, including, without limitation, the introduction of a new Governmental Regulation or the rescission of an existing Governmental Regulation.

"Relevant Documents" means the (i) credit agreement dated as of December 22, 1999 between the Borrower and Imperial Bank and the security agreement between the same parties of even date therewith; and (ii) the lease agreement dated May 24, 2000 between the Borrower and Banc One Capital Leasing Corporation and the security agreement dated May 26, 2000 between the same parties.

"Replacement Notice" shall have the meaning provided in Section 3.3(b)(i).

"Reportable Event" shall mean an event described in Section 4043(b) of ERISA with respect to a Plan as to which the 30-day notice requirement has not been waived by the PBGC.

"Required Banks" shall mean, at any time, Banks holding more than 50% of the then aggregate unpaid principal amount of the Loans or, if no such principal amount is then outstanding, Banks holding more than 50% of the Total Commitment.

"Reserve Requirement Rate" shall mean, for any Interest Period, the aggregate of the rates, effective as of the Interest Determination Date for such Interest Period, at which:

(i) reserves (including any marginal, emergency, supplemental, special or other reserves) are required to be maintained during such Interest Period under Regulation D against "Eurocurrency liabilities" (as such term is used in Regulation D) by member banks of the Federal Reserve System; and

(ii) any additional reserves are required to be maintained by any Bank by reason of any Regulatory Change against (x) any category of liabilities which includes deposits by reference to which LIBOR is to be determined or (y) any category of any of credit or other assets with include LIBOR Loans.

A LIBOR Loan shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements to the extent reserves are required to be maintained during such Interest Period under Regulation D against "Eurocurrency Liabilities" without benefits of credit for proration, exceptions or offsets that may be available from time to time to the applicable Bank. The rate of interest on LIBOR Loans shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement Rate.

"Sale Proceeds" shall have the meaning provided in Section 3.3(b)(i).

"Scheduled Indebtedness" shall have the meaning provided in Section 5.12(a).

"Secured Parties" shall have the meaning provided in the Amended and Restated Security Agreement.

"Security" shall have the meaning set forth in section 2(1) of the Securities Act of 1933, as amended.

"Security Document" shall mean each agreement, instrument, certificate, financing statement or other document described in Schedule 3 hereto (including, without limitation, the Amended and Restated Security Agreement, the Pledge Agreements and the UK Share Charge), and all other instruments, documents and agreements delivered by any Credit Party pursuant to this Agreement or any of the other Credit Documents in order to grant to Collateral Agent, for the benefit of Secured Parties, a Lien on any real, personal or mixed property of that Credit Party as security for the Obligations, in each case as amended, restated, supplemented or otherwise modified from time to time.

"Senior Debt" shall mean all consolidated Indebtedness of the Borrower and its Subsidiaries for borrowed money, including, without limitation, all off-balance sheet Indebtedness; provided that the term "Senior Debt" shall exclude -----
all Subordinated Debt.

"Senior Leverage Ratio" shall have the meaning provided in Section 7.9.

"Sole Lead Arranger" shall have the meaning provided in the first paragraph of this Agreement.

"Solvent" means, with respect to any Person, that as of the date of determination both (i) (a) the sum of such Person's debt (including contingent liabilities) does not exceed all of its property, at a fair valuation; (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liabilities on such Person's then existing debts as they become absolute and matured; (c) such Person's capital is not unreasonably small in relation to its business or any contemplated or undertaken transaction; and (d) such Person does not intend to incur, or believe that it will incur, debts beyond its ability to pay such debts as they become due; and (ii) such Person is "solvent" within the meaning given that term and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"Subordinated Debt" shall mean the Convertible Subordinated Notes or any other Indebtedness of Borrower otherwise permitted under this Agreement and which is subordinated in form and substance acceptable to the Banks, to Indebtedness under this Agreement or the Notes.

"Subsidiary" shall mean, as to any Person, (1) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time.

"Syndication Agent" shall have the meaning provided in the first paragraph of this Agreement.

"Taxes" shall have the meaning provided in Section 3.6.

"Total Commitment" shall mean, at any time, the sum of the Commitments of each of the Banks.

"Total Debt" shall mean, as at any date of determination, the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries (including, without limitation, Subordinated Indebtedness) at such date, determined on a consolidated basis in accordance with GAAP.

"Transaction Documents" shall mean the Credit Documents.

"Type" shall mean any type of Loan determined with respect to the interest option applicable thereto, i.e., a Base Rate Loan or a LIBOR Loan.

"UCC" shall mean the Uniform Commercial Code (or any similar or equivalent legislation, if any) as from time to time in effect in the relevant jurisdiction.

"UK Share Charge" means the English law share charge of even date herewith entered into by the Borrower in respect of its shares in Wireless Facilities International, Ltd.

"Unfunded Current Liability" of any Plan means the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year, determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 412 of the Code.

"United States" and "U.S." shall each mean the United States of America.

"Unutilized Commitment" shall mean, for any Bank, at any time, the Commitment of such Bank at such time less (i) the aggregate principal amount of all Loans made by such Bank and then outstanding and (ii) the LC Exposure of such Bank at such time.

"Wholly Owned Subsidiary" shall mean a partnership, limited liability company, joint venture, corporation, association, trust or other enterprise whose ownership and/or management and control is entirely held by another Person.

1.2 Principles of Construction.

(a) All references to sections, schedules and exhibits are to sections, schedules and exhibits in or to this Agreement unless otherwise specified.

(b) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) All accounting terms not specifically defined herein shall be construed in accordance with GAAP in effect from time to time; provided, that -----

all accounting terms used in the Financial Covenants (and all defined terms used in the Financial Covenants) shall have the meaning given to such terms (and defined terms) under GAAP as in effect on the date hereof applied on a basis consistent with those used in preparing the audited financial statements delivered to the Administrative Agent pursuant to Sections 4.2(f) and 6.1(b). In the event of any change after the date hereof in GAAP, and if such change would result in the inability to determine compliance with the Financial Covenants based upon the Borrower's regularly prepared financial statements by reason of the preceding sentence on a basis consistent with the determination of the Financial Covenants prior to such change in GAAP; then the parties hereto agree to endeavor, in good faith, to agree upon an amendment to this Agreement that would adjust the Financial Covenants in a manner that would not affect the substance thereof, but would allow compliance therewith to be determined in accordance with the Borrower's financial statements after giving effect to such change in GAAP on a basis substantially similar to that in effect prior to such change in GAAP. It is understood that the agreement set forth in the preceding sentence is intended to permit amendments to facilitate the parties' ability to determine compliance with the Financial Covenants and the Banks have no obligation, express or implied, to agree to any amendment that would modify the obligations of the Borrower or adversely affect the rights of the Banks hereunder.

(d) References in the Transaction Documents to any of the "Borrower", a "Credit Party", the "Collateral Agent", the "Agents" or the "Banks" shall be construed so as to include their respective successors and permitted assigns.

(e) References in the Transaction Documents to a "law" shall be construed to mean any law, including common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty or other legislative or regulatory measure, in each case of any jurisdiction.

(f) References in the Transaction Documents to a statute shall be construed as a reference to such statute as amended or reenacted from time to time.

(g) A time of day is, unless otherwise stated, a reference to New York time.

(h) Unless otherwise specified, any reference in the Transaction Documents to another agreement shall be construed as a reference to that other agreement as the same may have been, or may from time to time be, amended, restated, supplemented or otherwise modified.

(i) The headings of the several sections and subsections of the Transaction Documents are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of any Transaction Document.

(j) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including", the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including".

(k) Unless otherwise expressly provided, any reference to any action of the Administrative Agent, the Collateral Agent or any other Agent or Bank by way of consent, approval or waiver shall be deemed modified by the phrase "in its/their reasonable discretion".

(l) This Agreement and the other Transaction Documents are the result of and have been reviewed by counsel to the Administrative Agent, the Collateral Agent, the Banks, each Credit Party and the Borrower, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agents merely because of the Agents or the Banks involvement in their preparation.

(m) All words importing any gender shall be deemed to include the other genders.

(n) If the President or the Chief Financial Officer of the Borrower delivers a written notice designating one or more persons to serve as Authorized Representatives, such designation shall become effective, and such persons shall be treated as Authorized Representatives under the Transaction Documents, at the commencement of business on the second Business Day following the day on which such notice is received by the Administrative Agent. The Administrative Agent, the Collateral Agent, the other Agents and the Banks shall be entitled to rely, without investigation, on any action taken under the Transaction Documents by a person who, at the time such action is taken, is an Authorized Representative.

SECTION 2. AMOUNT AND TERMS OF CREDIT.

2.1 The Revolving Credit Advances.

(a) Existing Loans. Borrower acknowledges and confirms that each

Existing Bank holds Existing Loans in the respective principal amounts outstanding as of the Effective Date

before giving effect to the application of Loans made on the Effective Date set forth opposite its name on Schedule 12 annexed hereto.

(b) Subject to and upon the terms and conditions set forth herein, and in reliance upon the representations and warranties set forth herein, each Bank severally agrees, at any time and from time to time prior to the Loan Maturity Date, to make revolving credit advances (any such revolving credit advances made by any Bank a "Loan" and Loans made by any Bank or by all the Banks, as the context requires, the "Loans") to the Borrower, which Loans (a) shall, at the

option of the Borrower be Base Rate Loans or LIBOR Loans, provided that, except as otherwise specifically provided in Section 2.10(b), all Loans comprising the same Borrowing shall at all times be of the same Type and (b) may be prepaid and reborrowed in accordance with the provisions hereof; provided, however, that (i)

the Credit Exposure of any Bank shall at no time exceed the Commitment of such Bank at such time and (ii) the sum of the Credit Exposures of all Banks shall at no time exceed the Total Commitment. More than one Borrowing may occur on the same date, but there shall not at any time be more than a total of 7 Borrowings outstanding. Each Bank's Commitment shall expire on the Loan Maturity Date and all Loans and other amounts owed hereunder with respect to Loans and Commitment of such Bank shall be paid in full no later than such date. The proceeds of the Loans requested on the Effective Date shall be applied by the Administrative Agent first to repay in full the Existing Loans and all other amounts owed to the Existing Banks under the Existing Credit Agreement (whether or not presently due and payable, and including all interest and fees accrued to the Effective Dates). After the Effective Date all Loans hereunder shall be held by the Banks as set forth on Schedule 1.

2.1A Letters of Credit.

(a) General. Borrower acknowledges and confirms that Schedule 13

annexed hereto sets forth each letter of credit issued under the Existing Credit Agreement and outstanding as of the Effective Date (collectively, the "Existing

Letters of Credit"). Borrower hereby represents, warrants, agrees, covenants and

(a) reaffirms that it is not aware of any defense, set off, claim or counterclaim against any Agent or Bank in regard to its Obligations in respect of such Existing Letters of Credit and (b) reaffirms its obligation to reimburse the Issuing Bank for honored drawings under such Existing Letters of Credit in accordance with the terms and conditions of this Agreement and the other Credit Documents applicable to Letters of Credit issued hereunder. Based on the foregoing, Borrower and each Bank agrees that each Existing Letter of Credit shall, as of the Effective Date, be deemed for all purposes of this Agreement to be a Letter of Credit issued hereunder by Imperial Bank as Issuing Bank on the Effective Date. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time prior to the Loan Maturity. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain

Conditions. To request the issuance of a Letter of Credit (or the amendment,

renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to such one of the Issuing Banks as it nominates and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice (a "Notice to Request Letter of Credit") in the Form of

Exhibit E requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day) whether such Letter of Credit is to be a standby letter of credit or a documentary letter of credit, the date on which such Letter of Credit is to expire (which shall comply with paragraph (b) of this Section 2.1A), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed \$10,000,000 and (ii) the sum of the total aggregate principal amount of outstanding Loans plus the LC Exposure shall not exceed the Total Commitments.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to

the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Loan Maturity Date; provided, that any

Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (ii) above).

(d) Participations. By the issuance of a Letter of Credit (or an

amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Banks, the Issuing Bank hereby grants to each Bank, and each Bank hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Bank's pro rata portion of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Bank hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Bank's pro rata portion of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section 2.1A, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Bank acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit in accordance with this Agreement or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement

in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 1:00 p.m., New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., New York City time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m., New York City time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that

the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Sections 2.1 or 2.3 that such payment be financed with a Base Rate Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Base Rate Loan; provided further that if such payment is not

financed with a Base Rate Loan, the Administrative Agent will extend a Base Rate Loan in the amount of such LC Disbursement. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Bank of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Bank's pro rata portion thereof. Promptly following receipt of such notice, each Bank shall pay to the Administrative Agent its pro rata portion of the payment then due from the Borrower, in the same manner as provided in Section 2.4 with respect to Loans made by such Bank (and Section 2.4 shall apply, mutatis mutandis, to the payment obligations of the Bank), and the

Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Banks. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the relevant Issuing Bank or, to the extent that Banks have made payments pursuant to this paragraph to reimburse the relevant Issuing Bank, then to such Banks and the relevant Issuing Bank as their interests may appear. Any payment made by a Bank pursuant to this paragraph to reimburse the relevant Issuing Bank for any LC Disbursement (other than the funding of Base Rate Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse

LC Disbursements as provided in paragraph (e) of this Section 2.1A shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Banks nor the Issuing Banks, nor any of their Affiliates, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment

thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of any Issuing Bank; provided

that the foregoing shall not be construed to excuse any Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or wilful misconduct on the part of any Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly

following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or

delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Banks with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC

Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to Base Rate Loans; provided

that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section 2.1A, then Section 2.8(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the relevant Issuing Bank, except that interest accrued on and after the date of payment by any Bank pursuant to paragraph (e) of this Section to reimburse the relevant Issuing Bank shall be for the account of such Bank to the extent of such payment.

(i) Replacement of the Issuing Bank. Each Issuing Bank may be replaced

at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Banks of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 3.1(c). From and after the effective date of any such replacement, (i) the successor Issuing

Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be

continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Banks (or, if the maturity of the Loans has been accelerated, Banks with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent for the benefit of the Banks, an amount in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash

collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in Section 8.5. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank and pro-rata to any Bank that has funded participations therein for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Banks with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

2.2 Minimum Amount of Each Borrowing. The aggregate principal amount

of each Borrowing of Base Rate Loans hereunder shall be not less than \$500,000 and integral \$100,000 in excess thereof. The aggregate principal amount of each Borrowing of LIBOR Loans hereunder shall be not less than \$1,000,000 and integral multiples of \$500,000 in excess thereof.

2.3 Notice of Borrowing. Whenever the Borrower desires to make a

Borrowing of Loans hereunder, it shall give the Administrative Agent at its Notice Office prior written notice by no later than 1:00 p.m. New York time, (a) in the case of a Base Rate Loan, on the Business Day prior to the date such Loan is to be made and (b) in the case of a LIBOR Loan, on the third Business Day prior to the date such Loan is to be made. Each notice requesting a Borrowing (each a "Notice

of Borrowing") shall be signed by an Authorized Representative and shall be in

the form of Exhibit A, appropriately completed to specify the aggregate principal amount of the Loans to be made pursuant to such Borrowing, the date of such Borrowing (which shall be a Business Day), whether the Loans being made pursuant to such Borrowing are to be maintained initially as Base Rate Loans or LIBOR Loans and, if LIBOR Loans, the initial Interest Period to be applicable thereto. A Notice of Borrowing shall be deemed to have been given on a certain day only if given before 1:00 p.m. New York time on such day. The Administrative Agent shall promptly give each Bank notice of such proposed Borrowing, of such Bank's proportionate share thereof and of the other matters required to be specified in the Notice of Borrowing. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be comprised of Base Rate Loans. If no Interest Period is specified with respect to any requested LIBOR Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

2.4 Disbursement of Funds. No later than 1:00 p.m. New York time on

the date specified in each Notice of Borrowing, each Bank will make available, through such Bank's Applicable Lending Office, its pro rata portion of such

Borrowing requested to be made on such date in Dollars and in immediately available funds at the Payment Account of the Administrative Agent, and the Administrative Agent will make available to the Borrower at its Payment Office the aggregate of the amounts so made available by the Banks. Unless the Administrative Agent has been notified by any Bank on or prior to a date of Borrowing that such Bank does not intend to make available to the Administrative Agent such Bank's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Bank has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Bank the Administrative Agent shall be entitled to recover such corresponding amount from such Bank on demand. If such Bank does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Bank or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to, (a) if recovered from such Bank, the cost to the Administrative Agent of acquiring overnight Federal funds and (b) if recovered from the Borrower, the then applicable rate for Base Rate Loans or LIBOR Loans, as the case may be. Nothing in this Section 2.4 shall be deemed to relieve any Bank from its obligation to make Loans hereunder or to prejudice any rights which the Borrower may have against any Bank as a result of any failure by such Bank to make Loans hereunder.

2.5 Notes. The Borrower's obligation to pay the principal of, and

interest on, all the Loans made by each Bank shall at the request of such Bank (in writing to the Borrower with a copy to the Administrative Agent) be evidenced by a promissory note duly executed and delivered to such Bank by the Borrower substantially in the form of Exhibit B with blanks appropriately completed in conformity herewith (each a "Note" and, collectively, the "Notes").

The Note issued to each Bank shall (a) be payable to the order of such Bank and be dated the Effective Date, (b) be

in a stated principal amount equal to the Commitment of such Bank and be payable in the principal amount of the Loans evidenced thereby, (c) mature, with respect to each Loan evidenced thereby, on the Loan Maturity Date, (d) bear interest as provided in the appropriate clause of Section 2.8 in respect of the Base Rate Loans and LIBOR Loans, as the case may be, evidenced thereby and (e) be entitled to the benefits of the Transaction Documents. Each Bank will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will, prior to any transfer of any of its Note, endorse on the reverse side thereof the outstanding principal amount of the Loans evidenced thereby. Failure to make any such notation shall not affect the Borrower's obligations in respect of such Loans.

2.6 Conversions and Continuations.

(a) The Borrower shall have the option to convert on any Business Day all or a portion of the outstanding principal amount of the Loans made pursuant to one or more Borrowings of one or more Types of Loan into a Borrowing of another Type of Loan, provided that (i) except as otherwise provided in Section

2.10(b), LIBOR Loans may be converted into Base Rate Loans only on the last day of the Interest Period applicable to the LIBOR Loans being converted and no such partial conversion of LIBOR Loans shall reduce the outstanding principal amount of LIBOR Loans made pursuant to a single Borrowing to less than \$1,000,000, (ii) Base Rate Loans may only be converted into LIBOR Loans if no Default or Event of Default is in existence on the date of the conversion, (iii) Base Rate Loans may only be converted into LIBOR Loans in a minimum amount of \$1,000,000 and integral multiples of \$500,000 in excess thereof and (iv) no conversion pursuant to this Section 2.6 shall result in a greater number of Borrowings than is permitted under Section 2.1.

(b) The Borrower shall have the option to continue all or a portion (which portion shall not be less than the minimum aggregate principal amount or integral multiple in excess thereof specified in Section 2.2) of the outstanding principal amount of LIBOR Loans made pursuant to one or more Borrowings as LIBOR Loans after the last day of the then current Interest Period, provided that no

Default or Event of Default exists on the date of continuation.

(c) Each such conversion shall be effected by the Borrower by giving the Administrative Agent at its Notice Office prior to 1:00 p.m. New York time at least three Business Days' prior notice in the form of Exhibit C (each a "Notice of Conversion") signed by an Authorized Representative specifying the

Loans to be so converted and, if Base Rate Loans are to be converted into LIBOR Loans, the initial Interest Period to be applicable thereto. Each such continuation shall be effected by the Borrower by giving the Administrative Agent at its Notice Office prior to 1:00 p.m. New York time at least three Business Days' prior notice in the form of Exhibit D (each a "Notice of

Continuation") signed by an Authorized Representative specifying the LIBOR Loans

(or portions) to be so continued and the subsequent Interest Period applicable thereto. The Administrative Agent shall promptly give each Bank notice of any such proposed conversion or continuation affecting any of its Loans.

2.7 Pro Rata Borrowings. All Borrowings of Loans under this Agreement

shall be incurred from the Banks pro rata on the basis of their Commitments. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Bank to make its Loans hereunder.

2.8 Interest.

(a) Subject to Section 2.8(c), the Borrower agrees to pay interest in respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to the Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall be the sum of the Base Rate in effect from time to time plus the Applicable Base Rate

Margin.

(b) Subject to Section 2.8(c), the Borrower agrees to pay interest in respect of the unpaid principal amount of each LIBOR Loan from the date the proceeds thereof are made available to the Borrower until the maturity thereof (whether by acceleration or otherwise) at a rate per annum which shall, during each Interest Period applicable thereto, be the sum of the Adjusted LIBOR for such Interest Period plus the Applicable LIBOR Margin.

(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable by the Borrower hereunder shall bear interest at a rate per annum equal to 2.0% per annum in excess of the Base Rate in effect from time to time. During the continuance of an Event of Default (other than an Event of Default arising from the failure of the Borrower to pay the principal of, or interest on, any Loan or any other amount when due), each Loan and other amount payable by the Borrower hereunder shall bear interest at a rate per annum equal to 2.0% per annum in excess of the interest rate in effect therefor immediately prior to the occurrence of such Event of Default.

(d) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day of each Fiscal Quarter, (ii) in respect of each LIBOR Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three-month intervals after the first day of such Interest Period and (iii) in respect of each Loan, on any prepayment (on the amount prepaid), on any scheduled payment, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) On each Interest Determination Date, the Administrative Agent shall determine the interest rate for the LIBOR Loans for which such determination is being made and shall promptly notify the Borrower and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.9 Interest Periods. At the time it gives any Notice of Borrowing,

Notice of Conversion or Notice of Continuation in respect of the making of or conversion into, or continuation of any LIBOR Loan (in the case of the initial Interest Period applicable thereto), the Borrower shall have the right to elect, by giving the Administrative Agent notice thereof, the interest period (each an "Interest Period") applicable to such LIBOR Loan, which Interest Period shall,

at the option of the Borrower, in the case of a LIBOR Loan, be a one, two, three or six month period, provided that: (a) all LIBOR Loans comprising a Borrowing shall at all times have the same Interest Period except as otherwise required by Section 2.10(b); (b) the initial Interest Period for any LIBOR Loan shall commence on the date of Borrowing of such Loan (including the date of any conversion thereof into a Loan of a different Type) and each Interest Period occurring thereafter in respect of such Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires; (c) if any Interest Period relating to a LIBOR Loan begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month; (c) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; and (d) no Interest Period shall extend beyond the Loan Maturity Date. If upon the expiration of any Interest Period applicable to a LIBOR Loan, the Borrower has failed to deliver to the Administrative Agent a Notice of Continuation in accordance with Section 2.6(c) for such LIBOR Loan, the Borrower shall be deemed to have elected to convert such Loan into a Base Rate Loan effective as of the expiration date of such current Interest Period.

2.10 Increased Costs, Illegality, etc.

(a) In the event that any Bank or any Issuing Bank, as applicable, shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on any basis provided for in the definition of LIBOR; or

(ii) at any time, that such Bank or the Issuing Bank, as applicable, shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any LIBOR Loan or Letter of Credit because of (A) the occurrence or existence of any Regulatory Change and/or (B) other circumstances arising after the date of this Agreement affecting such Bank, Issuing Bank or the interbank Eurodollar market or the position of such Bank or Issuing Bank in such market; or

(iii) at any time, that the making or continuance of any LIBOR Loan or the issuance of a Letter of Credit has been made (A) unlawful by any law or governmental rule,

regulation or order, (B) impossible by compliance by such Bank or Issuing Bank with any governmental request (whether or not having force of law) or (C) impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Bank or Issuing Bank (or, in the case of clause (i) above, the Administrative Agent) shall promptly give notice (by telephone confirmed in writing) to the Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks). Thereafter (x) in the case of clause (i) above, LIBOR Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Banks that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion or Notice of Continuation given by the Borrower with respect to LIBOR Loans which have not yet been incurred (including by way of conversion or continuation) shall be deemed rescinded by the Borrower, (y) in the case of clause (ii) above, the Borrower shall pay to such Bank or Issuing Bank, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Bank or Issuing Bank in its sole discretion shall determine) as shall be required to compensate such Bank or Issuing Bank for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Bank or Issuing Bank, showing the basis for the calculation thereof submitted to the Borrower by such Bank or Issuing Bank shall, absent manifest error, be final and conclusive and binding on all the parties hereto) and (z) in the case of clause (iii) above, take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(ii), the Borrower may, and at any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(iii), the Borrower shall, either (i) if the affected LIBOR Loan is then being made initially or pursuant to a conversion, cancel said Borrowing or conversion by giving the Administrative Agent notice by telephone (confirmed in writing) of the cancellation on the same date that the Borrower was notified by the Bank or the Administrative Agent pursuant to Section 2.10(a)(ii) or (iii), or (ii) if the affected LIBOR Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Bank to convert such LIBOR Loan into a Base Rate Loan or Loans, provided that, if more than one Bank is affected at any time, then all affected Banks must be treated the same pursuant to this Section 2.10(b).

(c) If any Bank determines at any time that any Regulatory Change will have the effect of increasing the amount of capital required or expected to be maintained by such Bank based on the existence of such Bank's or Issuing Bank's Commitment Obligation hereunder or its obligations hereunder, then the Borrower shall pay to such Bank or Issuing Bank, upon its written demand therefor, such additional amounts as shall be required to compensate such Bank or Issuing Bank for the increased cost to such Bank or Issuing Bank as a result of such increase of capital. In determining such additional amounts, each Bank will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, provided that such Bank's or Issuing Bank's determination of compensation owing under this Section 2.10(c) shall, absent manifest error, be final

and conclusive and binding on all the parties hereto. Each Bank and each Issuing Bank, upon determining that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Borrower, which notice shall show the basis for calculation of such additional amounts, although the failure to give any such notice shall not release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 2.10(c).

2.11 Compensation. The Borrower shall compensate each Bank, upon its

written request (which request shall set forth the basis for requesting such compensation and shall, absent manifest error, be final and conclusive and binding on all the parties hereto), for all reasonable losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Bank to fund its LIBOR Loans) which such Bank may sustain: (a) if for any reason (other than a default by such Bank or the Administrative Agent) a Borrowing of, or conversion from or into, or continuation of, LIBOR Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion or Notice of Continuation (whether or not withdrawn by the Borrower or deemed rescinded pursuant to Section 2.10(a)); (b) if any repayment (including any prepayment made pursuant to Sections 3.2 or 3.3) or conversion of any of its LIBOR Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (c) if any prepayment of LIBOR Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (d) as a consequence of (i) any other default by the Borrower to repay its Loans when required by the terms of this Agreement or the Note of such Bank or (ii) any action taken pursuant to Section 2.10(b) or (iii) the operation of and/or any action taken pursuant to Section 2.1 (including, without limitation, any loss, expense or liability incurred: (x) by any Existing Bank by reason of the liquidation or reemployment of deposits or other funds required by such Existing Bank to fund its Existing LIBOR Loans, and (y) by any New Bank by reason of the employment of deposits or other funds required by such New Bank to fund its New LIBOR Loans deemed made on the Effective Date).

SECTION 3. FEES AND PAYMENT.

3.1 Fees.

(a) The Borrower agrees to pay to the Administrative Agent for distribution to each Bank a commitment fee (a "Commitment Fee") for the period from the Closing Date until the Loan Maturity Date (or such earlier date as the Total Commitment shall have been terminated) computed at a rate equal to the Applicable Commitment Fee Percentage on the daily average Unutilized Commitment of such Bank. Accrued Commitment Fee shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December of each year, commencing with March 2001, and on the Loan Maturity Date or upon such earlier date as the Commitment Obligation for such Bank has been terminated.

(b) The Borrower shall pay to the Administrative Agent, for its own account, such fees as may be agreed to from time to time in a separate letter agreement between the Borrower and the Administrative Agent.

(c) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Bank (y) a participation fee with respect to its participations in standby Letters of Credit, which shall accrue at a rate equal to the Applicable LIBOR Margin on the average daily amount of such Bank's LC Exposure in respect of standby Letters of Credit (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Bank's Commitment terminates and the date on which such Bank ceases to have any LC Exposure and (z) a participation fee with respect to its participations in documentary Letters of Credit at a rate per annum to be agreed between the Borrower and Required Banks, and (ii) to each Issuing Bank a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon between the Borrower and such Issuing Bank on the average daily amount of its LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as such Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing with March 2001; provided that all such fees shall be

payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to any Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

3.2 Reduction of Commitments; Voluntary Prepayments. (a) The Borrower

may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that

is an integral multiple of \$5,000,000 and not less than \$5,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 3.2(b), the sum of the Credit Exposure would exceed the Total Commitments. The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under this Section 3.2(a) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Banks of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Banks in accordance with their respective Commitments.

(b) The Borrower shall have the right to prepay the Loans, without premium or penalty, in whole or in part from time to time on the following terms and conditions: (a) the Borrower shall give the Administrative Agent at its Notice Office at least three Business Days' prior notice in the case of LIBOR Loans and one Business Day's prior notice in the case of Base Rate Loans of its intent to prepay the applicable Loans, the amount of such prepayment and the Types of Loans to be prepaid and, in the case of LIBOR Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Administrative Agent shall promptly transmit to each

Bank (b) each prepayment shall be in an aggregate principal amount of at least \$1,000,000, provided that no partial prepayment of LIBOR Loans made pursuant to any Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than \$1,000,000; (c) prepayments of LIBOR Loans made pursuant to this Section 3.2 may only be made on the last day of an Interest Period applicable thereto; and (d) each prepayment in respect of any Loans made pursuant to a Borrowing shall be applied among such Loans in order of maturity.

3.3 Mandatory Prepayments and Reduction of Commitments.

(a) On any day on which the aggregate of the Credit Exposures of all the Banks exceeds the Total Commitments as then in effect, the Borrower shall immediately prepay principal of the Loans in an amount equal to such excess.

(b) In the event the Borrower or any of its Subsidiaries:

(i) (1) sells, leases or subleases, assigns, conveys, transfers or otherwise disposes of any of its assets (an "Asset Disposition") other than -----

(x) inventory or licenses granted in the ordinary course of business or (y) obsolete or worn out property or (z) any such other assets to the extent that the Sale Proceeds (as defined below) in respect of such other assets sold in any single transaction or related series of transactions is equal to \$750,000 or less and less than \$5,000,000 in aggregate during the term of this Agreement or (2) receives insurance proceeds as a result of the loss of, or damage to, any of its assets ("Insurance Proceeds") and, in the case of clause (1) or (2), either -----

(x) the result of which is that Borrower is no longer in compliance with the covenants contained herein or (y) Borrower does not deliver to the Administrative Agent within five Business Days thereof written notice (a "Replacement Notice") signed by an Authorized Representative of its intent to -----

use a specified portion (which may be 100%) of the proceeds of such Asset Disposition ("Sale Proceeds") or Insurance Proceeds to purchase or otherwise -----

acquire replacement assets or repair assets within (A) 60 days in the case of personal property or (B) 180 days in the case of real property;

(ii) delivers to the Administrative Agent a Replacement Notice but does not purchase or otherwise acquire replacement assets or repair assets within 60 days or 180 days, as the case may be, of its receipt of Sale Proceeds or Insurance Proceeds;

(iii) delivers to the Administrative Agent a Replacement Notice but does not use all of the amount specified therein to purchase or otherwise acquire replacement assets or repair assets within said 60-day period or 180-day period, as the case may be;

(iv) receives Net Proceeds of Debt Issuance;

then,

(i) in the case of clauses (b)(i), (b)(ii) and (b)(v) the Loans shall be prepaid (with the Loans of each Bank repaid on a pro rata basis) by an amount equal to 75% of the (y) Sale Proceeds (net of the reasonable costs of such disposition and the marginal increase in taxes, if any, which may result to the Borrower as a result of the Asset Disposition which gave rise to such

Sale Proceeds), or (z) the Insurance Proceeds (net of the reasonable costs of the Borrower in collecting such Insurance Proceeds);

(ii) in the case of clause (b)(iii), the Loans shall be repaid (with the Loans of each Bank repaid on a pro rata basis) by an amount equal to 75% of the unused Sale Proceeds (net of a pro rata portion (based on unused Sale Proceeds over total Sale Proceeds) of the reasonable costs of such Asset Disposition and a pro rata portion (based on unused Sale Proceeds over total Sale Proceeds) of the marginal increase in taxes, if any, which may result to the Borrower as a result of the Asset Disposition which gave rise to such Sale Proceeds) or 75% of the unused Insurance Proceeds (net of a pro rata portion (based on unused Insurance Proceeds over total Insurance Proceeds) of the reasonable costs of collecting such Insurance Proceeds); and

(iii) in the case of clause (b)(iv), the Loans shall be repaid (with the Loans of each Bank repaid on a pro rata basis) by an amount equal to 100% of the Net Proceeds of Debt Issuance.

(c) With respect to each prepayment of Loans required by Section 3.3(a), the Borrower may designate the Types of Loans which are to be prepaid and, in the case of LIBOR Loans, the specific Borrowing or Borrowings pursuant to which such LIBOR Loans were made, provided that: (i) if any prepayment of LIBOR Loans made pursuant to a single Borrowing shall reduce the outstanding Loans made pursuant to such Borrowing to an amount less than \$1,000,000, such outstanding Loans shall immediately be converted into Base Rate Loans; and (ii) each prepayment of any Loans made pursuant to a Borrowing shall be applied among such Loans in order of maturity. In the absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

3.4 Principal Repayment. The outstanding principal balance of all

Loans shall be paid on the Loan Maturity Date.

3.5 Method and Place of Payment. Except as otherwise specifically

provided herein, all payments under this Agreement or any Note shall be made to the Administrative Agent for the account of the Bank or Banks or Issuing Bank entitled thereto not later than 1:00 p.m. New York time on the date when due and shall be made in Dollars in immediately available funds at the Payment Account of the Administrative Agent. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

3.6 Net Payments. All payments made by the Borrower hereunder or

under any Note will be made without setoff, counterclaim or other defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding, except as provided below, any tax imposed on or measured by the net income of a Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in

which the principal office or Applicable Lending Office of such Bank is located) and all interest, penalties or similar liabilities with respect thereto (collectively, "Taxes"). The Borrower shall also reimburse each Bank, upon the

written request of such Bank, for taxes imposed on or measured by the net income of such Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office or Applicable Lending Office of such Bank is located as such Bank shall determine are payable by such Bank in respect of amounts paid to or on behalf of such Bank pursuant to the preceding sentence (collectively, "Additional Taxes").

If any Taxes or Additional Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes and Additional Taxes as may be necessary so that every payment of all amounts due hereunder or under any Note, after withholding or deduction for or on account of any Taxes and Additional Taxes, will not be less than the amount provided for herein or in such Note. The Borrower will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes or Additional Taxes is due pursuant to applicable law certified copies of tax receipts evidencing such payment by the Borrower. The Borrower will indemnify and hold harmless each Bank, and reimburse such Bank upon its written request, for the amount of any Taxes and/or Additional Taxes so levied or imposed and paid by such Bank.

SECTION 4. CONDITIONS PRECEDENT. -----

4.1 Conditions to Existing Loans. The conditions to the making of the

Existing Loans have been satisfied.

4.2 Conditions to Effectiveness of this Agreement. The effectiveness

of this Amended and Restated Credit Agreement and the obligation of each Bank to make its initial Loans on or after the Effective Date is subject to the satisfaction of the conditions set forth in Section 4.3 and to the satisfaction of the following conditions:

(a) To the extent requested by a Bank, there shall have been delivered to the Administrative Agent for the account of such Bank a Note executed by the Borrower in the amount, maturity and as otherwise provided herein;

(b) The Administrative Agent shall have received a certificate, dated the Effective Date, signed by the President or any Vice President of each Credit Party and attested to by the Secretary or any Assistant Secretary of each Credit Party in the form of Exhibit F or Exhibit G as applicable, with appropriate

insertions, together with copies of the Articles or Certificate of Incorporation and Bylaws of such Credit Party and the resolutions of such Credit Party referred to in such certificate together with a good standing certificate from the Secretary of State of its jurisdiction of formation or incorporation and each other state in which such Credit Party is qualified as a foreign Person to do business each dated a recent date prior to the Effective Date (authorizing the execution, delivery and performance of the Credit Documents to which it is a party to be executed prior to the Effective Date);

(c) All corporate and legal proceedings and all instruments and agreements in connection with the transactions contemplated in this Agreement and the other Transaction Documents shall be satisfactory in form and substance to the Banks, and the Administrative Agent

shall have received all information and copies of all documents and papers, including records of corporate proceedings and governmental approvals, if any, which any Bank reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities;

(d) To the extent not otherwise satisfied pursuant to Credit Documents and filings made prior to the Effective Date pursuant to the Existing Credit Agreement, Collateral Agent shall have received evidence satisfactory to it that each Credit Party shall have taken or caused to be taken all such actions, executed and delivered or caused to be executed and delivered all such agreements, documents and instruments, and made or caused to be made all such filings and recordings (other than the filing or recording of items described in clauses (iii), (iv) and (v) below) that may be necessary or, in the reasonable opinion of Collateral Agent, desirable in order to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and (upon such filing and recording) perfected First Priority security interest in the Collateral. Such actions shall include the following:

(i) Schedules to Security Documents. Delivery to Administrative

Agent of accurate and complete schedules to all of the applicable Security Documents.

(ii) Stock Certificates, Instruments and Certificates of Title.

Delivery to Collateral Agent of (a) certificates (which certificates shall be accompanied by irrevocable undated stock powers, duly endorsed in blank and otherwise satisfactory in form and substance to Collateral Agent) representing all capital stock or other equity interests pledged pursuant to the Security Documents, (b) all promissory notes or other instruments (duly endorsed, where appropriate, in a manner satisfactory to Collateral Agent) evidencing any Collateral and (c) except as otherwise set forth in the Security Documents, certificates of title, indicating thereon the Lien created under the Security with respect to any item of equipment covered by a certificate of title issued under a statute of any state requiring such indication of such security interest as a condition of perfection thereof;

(iii) Lien Searches and UCC Termination Statements. Delivery to

Collateral Agent of (a) the results of a recent search, by a Person reasonably satisfactory to Collateral Agent, of all effective UCC financing statements and fixture filings and all judgment and tax lien filings which may have been made with respect to any personal or mixed property of any Credit Party, together with copies of all such filings disclosed by such search, and (b) UCC termination statements duly executed by all applicable Persons for filing in all applicable jurisdictions as may be necessary to terminate any effective UCC financing statements or fixture filings disclosed in such search (other than any such financing statements or fixture filings in respect of Liens permitted to remain outstanding pursuant to the terms of this Agreement);

(iv) UCC Financing Statements and Fixture Filings. Delivery to

Collateral Agent of UCC-1 and UCC-3 financing statements and, where appropriate, fixture filings, duly executed by each applicable Credit Party with respect to all personal and mixed property Collateral of such Credit Party, for filing in all jurisdictions as may be necessary or, in the opinion of Collateral Agent, desirable to perfect the security interests created in such Collateral pursuant to the Security Documents;

(v) PTO Cover Sheets, Etc. Delivery to Collateral Agent of all

cover sheets or other documents or instruments required to be recorded with the PTO or the United States Copyright Office, as applicable, in order to create or perfect Liens in respect of any U.S. patents, federally registered trademarks or copyrights, or applications for any of the foregoing, included among the Collateral; and

(vi) Opinions of Local Counsel. To the extent reasonably

requested by Collateral Agent, delivery to Collateral Agent of an opinion of counsel under the laws of each jurisdiction in which any Credit Party or any material personal or mixed property Collateral is located with respect to the creation and perfection of the security interests in favor of Collateral Agent in such Collateral and such other matters governed by the laws of such jurisdiction regarding such security interests as Collateral Agent may reasonably request, in each case in form and substance reasonably satisfactory to Collateral Agent;

(e) The Administrative Agent shall be satisfied that, after giving effect to the making of the initial Loans on or after the Effective Date and the application of the proceeds thereof by (or on behalf of) the Borrower, the Borrower shall have outstanding no Indebtedness other than the Loans and Scheduled Indebtedness;

(f) Each Bank shall have received: (i) a copy of the consolidated and consolidating balance sheets of the Borrower and its Consolidated Subsidiaries, if any, at December 31, 1999, and copies of the related consolidated and consolidating statements of operations and stockholders' equity and related consolidated statement of cash flows of the Borrower and, in the case of the statement of operations and stockholders' equity, its Consolidated Subsidiaries, if any, for the Fiscal Year then ended (together with the financial notes thereto, the "Financial Statements"), together, in the case of the consolidated

financial statements, with an unqualified certification by an independent certified public accountant of recognized national standing and reasonably satisfactory and (ii) a copy of the consolidated balance sheets of the Borrower and its Consolidated Subsidiaries, if any, at September 30, 2000, and copies of the related consolidated statements of operations and stockholders' equity and related consolidated statement of cash flows of the Borrower and, in the case of the statement of operations and stockholders' equity, its Consolidated Subsidiaries, if any, for the nine month period then ended;

(g) The Administrative Agent shall have received originally executed copies of the favorable written opinions of Cooley Godward LLP, Piper Marbury Rudnick & Wolfe LLP, Skadden, Arps, Slate, Meagher & Flom, Gonzales, Calvillo & Forestieri each in the respective forms set out in Exhibit M and as to such other matters as the Administrative Agent may reasonably request and addressed to the Agents and the Banks and otherwise in form and substance reasonably satisfactory to Administrative Agent and dated the Effective Date;

(h) [not used]

(i) The Borrower shall have paid to the Administrative Agent all fees due on the Effective Date in accordance with Section 3.1(a) and in accordance with the letter agreement

referenced in Section 3.1(b) and all costs and expenses owing to the Administrative Agent, the Banks and the Administrative Agent's counsel through the Effective Date;

(j) The Administrative Agent shall have received originals executed by all parties thereto of the Credit Documents not previously executed;

(k) The organizational structure of Borrower and its Subsidiaries shall be as set forth on Schedule 11 and the capital structure and ownership of Borrower and its Subsidiaries shall be reasonably satisfactory to the Administrative Agent in all respects and as set forth on Schedule 11;

(l) Each Credit Party shall have obtained all Government Authorizations and all consents of other Persons, in each case that are necessary in connection with the transactions contemplated by the Credit Documents and the continued operation of the business conducted by Borrower and its Subsidiaries, and each of the foregoing shall be in full force and effect, in each case other than those the failure to obtain or maintain which, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

(m) Borrower shall have delivered to Administrative Agent an Authorized Representative's Certificate, in form and substance satisfactory to Administrative Agent, to the effect that immediately prior to the Effective Date, no event has occurred and is continuing that would constitute a Default or Event of Default under the Existing Credit Agreement;

(n) On the Effective Date, Administrative Agent shall have received a Certificate dated the Effective Date, in form satisfactory to the Administrative Agent and with appropriate attachments, in each case demonstrating that, after giving effect to the consummation of the transactions contemplated by the Credit Documents, Borrower and its Subsidiaries will be Solvent.

(o) Administrative Agent shall have received a certificate from Borrower's insurance broker or other evidence satisfactory to it that all insurance required to be maintained pursuant to Section 6.3 is in full force and effect and that Collateral Agent, on behalf of Secured Parties, and Secured Parties have been named as additional insured and Collateral Agent, on behalf of Secured Parties, as loss payee thereunder to the extent required under Section 6.3.

All the Notes, certificates and other documents and papers referred to in this Section 4.2, unless otherwise specified, shall be delivered to the Administrative Agent and the Collateral Agent at the Agent's Notice Office for the account of each of the Banks and, except for the Notes, in sufficient counterparts for each of the Banks, and shall be satisfactory in form and substance to the Banks.

4.3 All Credit Events. The obligation of each Bank to make any Loan

and of the Issuing Bank to issue any Letter of Credit hereunder is subject, at the time of each Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

(a) At the time of each Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Transaction Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event (except to the extent that a representation and warranty speaks specifically of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date);

(b) Prior to each Credit Event the Administrative Agent shall have received a Notice of Borrowing with respect thereto meeting the requirements of Sections 2.3 or 2.1A(b) as applicable; and

(c) The Borrower shall have certified in the Notice of Borrowing or the Notice to Request Letter of Credit, as applicable, that, after giving effect to the proposed Borrowing, no Default or Event of Default shall have occurred and be continuing.

The Borrower's acceptance of the benefits of each Credit Event shall constitute a representation and warranty by the Borrower to the Administrative Agent and each of the Banks that all the conditions specified in Section 4.3 exist as of that time.

SECTION 5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Agents, Banks and Issuing Banks to enter into this Agreement and to make the Loans and issue the Letters of Credit, the Borrower makes the following representations, warranties and agreements as of the date of this Agreement, Effective Date and the date of each Credit Event, which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans:

5.1 Status. Each Credit Party (a) is a duly organized and validly

existing corporation in good standing under the laws of the jurisdiction of its incorporation, (b) has the power and authority to own its property and assets and to transact the business in which it is engaged and (c) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

5.2 Corporate Power Execution and Delivery; Enforceability. Each

Credit Party has the corporate power to execute, deliver and perform the terms and provisions of each of the Transaction Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Transaction Documents to which it is a party. Each Credit Party has duly executed and delivered each of the Transaction Documents to which it is a party, and each of such Transaction Documents to which it is a party constitutes its legal, valid and binding obligation enforceable in accordance with its terms (except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)).

5.3 No Violation. Neither the execution, delivery or performance by

any Credit Party of the Transaction Documents to which such Person is a party nor compliance by it with the terms and provisions thereof, nor the use of the proceeds of the Loans, (a) will contravene any material provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality binding upon such Credit Party, (b) will conflict or be inconsistent with or result in any material breach of any of the terms, covenants, conditions or provisions of, or constitute a material default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of any Credit Party pursuant to the terms of, any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which such Credit Party is a party or by which it or any of its property or assets is bound or to which it may be subject or (c) will violate any provision of the articles of incorporation or bylaws of any Credit Party.

5.4 Approvals. To the best of Borrower's knowledge having made due

enquiry, no Government Authorization or other order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made or provided for prior to the Effective Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person is required to authorize, or is required in connection with, (a) the execution, delivery and performance by any Credit Party of any Transaction Document or (b) the legality, validity, binding effect or enforceability of any such Transaction Document.

5.5 Financial Statements; Financial Condition; Undisclosed

Liabilities; etc.

(a) The Financial Statements, the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries, at September 30, 2000, and the related consolidated statements of operations and stockholders' equity and related statement of cash flows of the Borrower and its Consolidated Subsidiaries, for the nine-month period, as the case may be, ended on such date and heretofore furnished to the Banks present fairly (i) the consolidated financial condition of the Borrower and its Consolidated Subsidiaries at December 31, 1999 and the consolidated results of the operations of the Borrower and its Consolidated Subsidiaries for the Fiscal Year ended December 31, 1999, (ii) the financial condition of each Consolidated Subsidiary of the Borrower at December 31, 1999 and the results of the operations of each Consolidated Subsidiary of the Borrower for the Fiscal Year ended December 31, 1999, in each case determined on a nonconsolidated basis, and (iii) the financial condition of the Borrower and its Subsidiaries at September 30, 2000 and the results of the operations of the Borrower and its Consolidated Subsidiaries for the nine-month period ended September 30, 2000. All such financial statements have been prepared in accordance with GAAP except, in the case of the financial statements for the nine-month period ended on September 30, 2000, for (x) normal year-end audit adjustments and (y) the failure to use consolidation principles and full footnote disclosure.

(b) Since December 31, 1999, there has been no Material Adverse Effect.

(c) Except as fully reflected in the financial statements described in Section 5.5(a), there are no liabilities or obligations with respect to the Borrower or any of its Subsidiaries

of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would be material to the Borrower and its Subsidiaries taken as a whole. The Borrower does not know of any basis for the assertion against the Borrower or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not fully reflected in such financial statements which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.6 Litigation. There are no actions, suits or proceedings pending

or, to the best knowledge of the Borrower, threatened (a) with respect to any Transaction Document or (b) that could reasonably be expected to have a Material Adverse Effect.

5.7 True and Complete Disclosure. All factual information (taken as a

whole) heretofore or contemporaneously furnished by or on behalf of any Credit Party in writing to the Administrative Agent or any Bank (including, without limitation, all information contained in the Transaction Documents) for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of any Credit Party in writing to the Administrative Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

5.8 Use of Proceeds; Margin Regulations; Letters of Credit. All Loans

shall be applied by the Borrower for working capital requirements and general corporate purposes and acquisitions of assets and capital stock permitted under Section 7.2. Neither the making of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System. Letters of Credit will be issued only to support ordinary course business operations.

5.9 Tax Returns and Payments. Each Credit Party has filed all tax

returns required to be filed by it and has paid all income taxes payable by it which have become due pursuant to such tax returns and all other taxes and assessments payable by it which have become due, other than those not yet delinquent and except for those contested in good faith and for which adequate reserves have been established in accordance with GAAP and those for which the failure to do so would cause a Material Adverse Effect. The Borrower has paid, or has provided adequate reserves (in the good faith judgment of the management of the Borrower) for the payment of, all federal and state income taxes applicable for all prior Fiscal Years and for the current Fiscal Year to the date hereof.

5.10 Compliance with ERISA. Each Plan is in substantial compliance

with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; none of the Borrower, any Subsidiary thereof or any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(1), 515, 4062, 4063, 4064, 4069, 4201

or 4204 of ERISA or expects to incur any liability under any of the foregoing sections with respect to any such Plan; no proceedings have been instituted to terminate any Plan; no condition exists which presents a material risk to the Borrower, any Subsidiary thereof or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no Lien imposed under the Code or ERISA on the assets of the Borrower, any Subsidiary thereof or any ERISA Affiliate exists or is likely to arise on account of any Plan; and the Borrower and its Subsidiaries may terminate contributions to any other employee benefit plans maintained by them without incurring any material liability to any Person interested therein.

5.11 Capitalization. Aside from those listed in the attached Schedule

5, as of the Effective Date, the Borrower does not have outstanding any securities convertible into or exchangeable for its Capital Stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of or any calls, commitments or claims of any character relaxing to, its Capital Stock.

5.12 Scheduled Information.

(a) Schedule 6 correctly sets forth, as of the Effective Date all holders of Indebtedness (other than Loans and Letters of Credit) of the Borrower and its Subsidiaries (with the outstanding principal balance of each such Indebtedness where the outstanding principal amount of such item of Indebtedness exceeds \$100,000. All such Indebtedness listed in Schedule 6 (other than the first item being Existing Loans) is to remain outstanding after the Effective Date and is referred to herein as "Scheduled Indebtedness".

(b) Part A of Schedule 7 correctly sets forth, as of the Effective Date, all Liens (other than Liens granted pursuant to the Security Documents) securing any Indebtedness of the Borrower and its Subsidiaries and Part B of Schedule 7 correctly sets forth as of the Effective Date all other Liens over any property (real, personal, tangible, intangible or existing) of the Borrower and its Subsidiaries.

(c) Schedule 8 correctly sets forth a listing as of the Effective Date of all insurance maintained by the Borrower and its Subsidiaries.

(d) Schedule 9 correctly sets forth as of the Effective Date the address and location of each Real Estate Asset owned by the Borrower and its Subsidiaries as of the Effective Date and, if applicable, the name and address of the landlord thereof.

5.13 Compliance with Statutes, etc. To the best of Borrower's

knowledge the Borrower and each Subsidiary is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliance as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.14 Labor Relations. To the best of Borrower's knowledge, neither the

Borrower nor any Subsidiary is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no significant unfair labor practice complaint pending against the Borrower or any Subsidiary or, to the best knowledge of the Borrower, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Borrower or any Subsidiary or, to the best knowledge of the Borrower, threatened against it, (b) no significant strike, labor dispute, slowdown or stoppage pending against the Borrower or any Subsidiary or, to the best knowledge of the Borrower, threatened against it and (c) to the best knowledge of the Borrower, no union representation question existing with respect to the employees of the Borrower or any Subsidiary such questions or activities which and, to the best knowledge of the Borrower, no union organizing activities are taking place, except such questions or activities which (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

5.15 Patents, Licenses, Franchises and Formulas. The Borrower owns all

the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its and its Subsidiaries' business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, could not reasonably be expected to have a Material Adverse Effect.

5.16 Subsidiaries. Other than those listed in the attached Schedule

10, the Borrower does not have any Subsidiaries. Each Foreign Subsidiary which is a Material Foreign Subsidiary is identified as such on Schedule 10 or if not so as of the Effective Date, has been promptly notified to the Administrative Agent.

5.17 Investment Company Act. No Credit Party is an "investment

company" within the meaning of the Investment Company Act of 1940, as amended.

5.18 Public Utility Holding Company Act. No Credit Party is a "holding

company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6. AFFIRMATIVE COVENANTS.

The Borrower covenants and agrees that until the Commitment Obligations have terminated and the Loans and all other amounts evidenced by the Notes together with interest, and all other obligations incurred hereunder and thereunder, are paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed:

6.1 Information Covenants. The Borrower will furnish to each Bank and

the Administrative Agent:

(a) Quarterly Financial Statements. Within 45 days after the close of

each quarter in each Fiscal Year of the Borrower, the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such quarter and the related consolidated statement of operations and stockholders' equity for such quarter and for the elapsed portion of the Fiscal Year ended with the last day of such quarter, and, in each case, setting forth comparative figures for the related periods in the prior Fiscal Year, all of which shall be in form acceptable to the Administrative Agent and certified by the Borrower's director of finance, subject to normal year-end audit adjustments.

(b) Annual Financial Statements. Within 90 days after the close of

each Fiscal Year of the Borrower, the audited consolidated and unaudited consolidating balance sheets of the Borrower and its Consolidated Subsidiaries as at the end of such Fiscal Year and the related audited consolidated and unaudited consolidating statements of operations and stockholders' equity and related audited consolidated statements of cash flows for such Fiscal Year, in each case setting forth comparative figures for the preceding Fiscal Year, and certified, in the case of the consolidated financial statements, by independent certified public accountants of recognized national standing selected by the Borrower and reasonably satisfactory to the Administrative Agent. No such certification shall be qualified as to (i) going concern, or (ii) any limitation in the scope of the audit.

(c) Management Letters. Promptly after the Borrower's receipt

thereof, a copy of any "management letter" received by the Borrower from its certified public accountants.

(d) Budgets. Within 90 days after the first day of each Fiscal Year

of the Borrower, a budget in form satisfactory to the Administrative Agent (including budgeted statements of income and retained earnings, and sources and uses of cash and balance sheets) prepared by the Borrower for each of the four Fiscal Quarters of such Fiscal Year accompanied by the statement of the chief financial officer of the Borrower to the effect that, to the best of his or her knowledge, the budget is a reasonable estimate for the period covered thereby.

(e) Compliance Certificates. At the time of the delivery of the

financial statements provided for in Section 6.1(a) and (b), a certificate of an Authorized Representative in the form attached hereto as Exhibit I (each, a "Compliance Certificate").

(f) Notice of Default or Litigation. Promptly, and in any event

within four Business Days after an officer of the Borrower obtains knowledge thereof notice of (i) the occurrence of any event which constitutes a Default or Event of Default, (ii) any litigation or governmental proceeding pending against the Borrower or any of its Subsidiary which could reasonably be expected to have a Material Adverse Effect.

(g) [Not Used]

(h) Other Reports and Filings. Promptly, copies of (i) all financial information and proxy materials, sent by the Borrower to its security holders acting in such capacity and (ii) all regular and periodic reports and all registration statements and prospectuses, if any, which the Borrower or any of its Subsidiaries shall file with the Securities and Exchange Commission or any governmental agencies substituted therefor.

(i) Other Information. From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

6.2 Books, Records and Inspections. The Borrower will keep, and will cause each of its Subsidiaries to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. The Borrower will permit officers and designated representatives of the Administrative Agent or any Bank to visit and inspect, under guidance of officers of the Borrower and in compliance with Borrower's standard security procedures any of the properties of the Borrower or any Subsidiary and to examine and audit the books of record and account of the Borrower or any Subsidiary and discuss the affairs, finances and accounts of the Borrower or any Subsidiary with, and be advised as to the same by, its and their officers, all at such reasonable times, and upon 48 hours notice, and intervals and to such reasonable extent as the Administrative Agent or such Bank may request.

6.3 Maintenance of Property, Insurance. The Borrower will, and will cause each of its Subsidiaries to, (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are maintained by companies similarly situated to the Borrower and its Subsidiaries, but in any event not less than as described in Schedule 8 and (c) furnish to each Bank, upon written request, full information that is responsive to such request as to the insurance carried. The provisions of this Section 6.3 shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the security documents that require the maintenance of insurance. The Borrower shall ensure that each insurance policy maintained by the Borrower and each Subsidiary names the Collateral Agent as lender loss payee and the Administrative Agent, the Collateral Agent and the Banks as additional insureds.

6.4 Corporate Franchises. The Borrower will do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and its Subsidiaries' material rights, franchises, licenses and patents; provided, however, that nothing in this Section 6.4 shall prevent the withdrawal by the Borrower or any of its Subsidiaries of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a Material Adverse Effect.

6.5 Compliance with Statutes, etc. The Borrower will, and will cause each of its Subsidiaries to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and

restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.6 ERISA. As soon as possible and, in any event, within 10 Business

Days after the Borrower or any ERISA Affiliate knows or has reason to know any of the following, the Borrower will deliver to each of the Banks a certificate of an Authorized Representative setting forth details as to such occurrence and such action, if any, which the Borrower or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by the Borrower, the ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a Lien under ERISA; that proceedings may be or have been instituted to terminate a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; or that the Borrower, any Subsidiary thereof or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(1) of ERISA.

6.7 End of Fiscal Years; Fiscal Quarters. The Borrower shall cause

(a) each of its and each of its Subsidiaries' fiscal years to end on December 31 and (b) each of its and each of its Subsidiaries' Fiscal Quarters to end on the last day of March, June, September, and December.

6.8 Performance of Obligations. The Borrower will, and will cause

each of its Subsidiaries to, perform all its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.9 Use of Proceeds: Margin Regulations. The proceeds of each Loan

shall be used by the Borrower and any Subsidiary which is a Guarantor for working capital and general corporate purposes and acquisitions of assets and Capital Stock permitted under Section 7.2. Notwithstanding anything to the contrary contained in this Section 6.9, no part of the proceeds of any Loan will be used by the Borrower or any such Guarantor to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock.

6.10 Control. The management of the Borrower shall at all times be

reasonably satisfactory to the Administrative Agent, it being acknowledged that management consisting of Masood Tayebi, Massih Tayebi, Thomas Munro and Terry Ashwill is so satisfactory.

6.11 Landlord Personal Property Collateral Access Agreement. To the

extent required by the Collateral Agent, within thirty (30) days of the Effective Date use reasonable efforts to procure the delivery to the Collateral Agent of a Landlord Personal Property Collateral Access Agreement executed and delivered by the landlord of each of the first three properties identified on Schedule 9. To the extent reasonably required by the Collateral Agent in respect of material Leasehold Property acquired after the date hereof use reasonable efforts to procure the delivery to the Collateral Agent of a Landlord Personal Property Collateral Access Agreement.

6.12 Subsidiaries. In the event that, after the Effective Date, any

Person becomes a Subsidiary of Borrower, Borrower shall promptly (i) deliver to Collateral Agent certificates (accompanied by irrevocable undated stock powers, duly endorsed in blank and otherwise satisfactory in form and substance to Collateral Agent) representing the Capital Stock of such Subsidiary, which shall be pledged to the Collateral Agent pursuant to a Pledge Agreement and shall deliver to Collateral Agent such other additional agreements or instruments, each in form and substance reasonably satisfactory to the Collateral Agent, as may be necessary or desirable to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and perfected First Priority security interest in all of the Capital Stock of such Subsidiary (but limited in the case of all Foreign Subsidiaries to only 65% of each Material Foreign Subsidiary), (ii) cause such Subsidiary (but limited in the case of all Foreign Subsidiaries to Material Foreign Subsidiaries and then only if, and to the extent there are no actual or potential adverse tax consequences) to become a Guarantor by execution and delivery to the Administrative Agent of a Guaranty in the form of Exhibit K or L as appropriate, and a grantor under the Amended and Restated Security Agreement (except in the case of a Foreign Subsidiary to the extent that there are not actual or potential adverse tax consequences) and (iii) take all such other actions and execute and deliver, or cause to be executed and delivered, all such other documents, instruments, agreements, and certificates reasonably requested by the Collateral Agent (subject to the express limitations set forth in this section 6.12). With respect to each such Subsidiary, Borrower shall promptly send to Administrative Agent written notice setting forth with respect to such Subsidiary (i) the date on which such Subsidiary became a Subsidiary of Borrower, and (ii) all of the data required to be set forth in Schedules 10 and 11 with respect to all Subsidiaries of Borrower, and such

written notice shall be deemed to supplement Schedules 10 and 11 for all purposes hereof.

6.13 Material Real Estate Assets. In the event that Borrower or any of

its Subsidiaries acquires a Material Real Estate Asset, then the Borrower or such Subsidiary, contemporaneously with acquiring such Material Real Estate Asset, shall take all such actions and execute and deliver, or cause to be executed and delivered, all such mortgages, documents, instruments, agreements, opinions and certificates as may be reasonably requested by Collateral Agent or Syndication Agent with respect to each such Material Real Estate Asset to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest in or lien on such Material Real Estate Asset. Without prejudice to the generality of the foregoing, in order to create in favor of Collateral Agent, for the benefit of Secured Parties, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest in Material Real Estate Assets, Collateral Agent shall receive from the Borrower or, as the case may be, the applicable Subsidiary:

(i) a fully executed and notarized Mortgage, in proper form for recording in all appropriate places in all applicable jurisdictions, encumbering such Material Real Estate Asset (each, a "Mortgaged Property");

(ii) in the case of each Mortgaged Property that is a Leasehold Property, a Landlord Consent and Estoppel and, if applicable, evidence that such Leasehold Property is a Recorded Leasehold Interest;

(iii) an opinion of counsel (which counsel shall be reasonably satisfactory to Collateral Agent) in the state in which a Mortgaged Property is located with respect to the enforceability of the form(s) of Mortgages to be recorded in such state and such other matters as Collateral Agent may reasonably request, in each case in form and substance reasonably satisfactory to Collateral Agent;

(iv) ALTA mortgagee title insurance policies or unconditional commitments therefor issued by a title company with respect to such Mortgaged Property in an amount not less than the fair market value of such Mortgaged Property, together with a title report issued by a title company with respect thereto, and copies of all recorded documents listed as exceptions to title or otherwise referred to therein, each in form and substance reasonably satisfactory to Collateral Agent, and evidence that all premiums, recording charges and other sums required in connection with the issuance of all such title policies have been paid in full by the Borrower, or as the case may be, the applicable Subsidiary;

(v) evidence of flood insurance with respect to each flood hazard property that is located in a community that participates in the National Flood Insurance Program, in each case in compliance with any applicable regulations of the Board of Governors of the Federal Reserve System, in form and substance reasonably satisfactory to Collateral Agent; and

(vi) ALTA surveys of the Mortgaged Property, to the extent available.

In addition to the foregoing, Borrower shall, at the request of Required Banks, deliver, from time to time, to Collateral Agent such appraisals as are required by law or regulation of Real Estate Assets with respect to which Collateral Agent has been granted a Lien.

SECTION 7. NEGATIVE COVENANTS.

The Borrower covenants and agrees that until the Commitment Obligations have terminated and the Loans and all other amounts evidenced by the Notes, together with interest, and all other obligations incurred hereunder and thereunder, are paid in full and all Letters of Credit have expired or terminated and all LC Disbursements have been reimbursed:

7.1 Liens. The Borrower will not, nor will it permit any of its

Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any of its property or assets (real or personal, tangible or intangible), whether now owned or hereafter acquired, provided that

the provisions of this Section 7.1 shall not prevent the creation, incurrence, assumption or existence of the following (all of which are "Permitted Liens"):

(a) Liens for taxes, fees, assessments, levies or other governmental charges not yet delinquent, or Liens for taxes, fees, assessments, levies or other governmental charges being contested in good faith and by appropriate proceedings for which adequate reserves have been established;

(b) Liens in respect of property or assets imposed by law, which were incurred in the ordinary course of business, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business and (i) which do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Borrower and its Subsidiaries or (ii) which are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien and (iii) in the case of inchoate and unperfected workers', mechanics' or similar liens, attach only to Equipment, Fixtures and/or real estate; or (iv) in the case of carriers, warehousemen's, suppliers', or other similar possessory liens, secure liabilities in an outstanding aggregate amount not in excess of \$100,000.00 at any one time and attach only to Inventory;

(c) Liens described in Section 5.12(b);

(d) Liens created pursuant to the Security Documents;

(e) Pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation;

(f) Purchase Money Liens;

(g) Liens on Equipment, software or leasehold improvements (including proceeds thereof and accessions thereto) leased by the Borrower pursuant to operating leases and Capital Leases entered into in the ordinary course of business incurred solely for the purpose of financing the lease of such Equipment;

(h) Liens in favor of customs authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, liens in favor of securities intermediaries, rights of setoff or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a creditor depository institution or securities intermediary;

(j) Liens for taxes or assessments or other government taxes not yet due and payable;

(k) Pledges or deposits of money securing bids, tender, contracts, (other than contracts for the payment of money) or leases to which Borrower is a party as lessee made in the ordinary course of business;

(l) [not used]

(m) Deposits securing, or in lieu of surety, appeal or customs bonds in proceedings to which Borrower is a party;

(n) Zoning restrictions, easements, licenses, or other restrictions on the use of any real estate or other minor irregularities in title (including leasehold title) thereto, so long as same do not materially impair the use, value or marketability of such real estate;

(o) Liens incurred in connection with the extension, renewal, refunding, refinancing, modification, amendment or restatement of the Indebtedness secured by Liens of the type described in clauses (c), (f) and (g) above, provided that any replacement Lien arising as a result of any such extension, renewal, refunding, refinancing, modification, amendment or restatement shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed, refunded, refinanced, modified, amended or restated does not increase; and

(p) Liens granted in favor Imperial Bank pursuant to that security agreement dated December 22, 1999 and Liens granted in favour of Banc One Capital Leasing Corporation pursuant to that security agreement dated May 26, 2000, but only to the extent that they are subject to the Intercreditor Agreement limiting the Indebtedness secured by the respective security agreement on a pari passu basis with the Secured Parties to \$1,000,000 in the case of Imperial Bank and \$10,000,000 in the case of Banc One Capital Leasing Corporation.

7.2 Consolidation, Merger, Acquisitions, Sale of Assets, etc. The

Borrower will not, and nor will it permit any of its Subsidiaries to, wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of Inventory, materials and Equipment in the ordinary course of business) of any Person, except that (a) the Borrower may make acquisitions with non-cash consideration or with a cash component of the purchase price of no more than \$10,000,000, with respect to any single acquisition or related series of acquisitions and up to \$40,000,000 in any single Fiscal Year; (b) the Borrower may grant licenses to others or make sales of Inventory in the ordinary course of its business; (c) subject to Section 3.3(b), the Borrower may, in the ordinary course of business, sell property which is uneconomic or obsolete; (d) Capital Expenditures shall be permitted to the extent not in violation of Section 7.7; (e) any Subsidiary of the Borrower may merge into the Borrower or another Wholly Owned Subsidiary which is a Guarantor, provided, that Borrower or such Wholly Owned Subsidiary which is a Guarantor, as applicable, shall be the continuing or surviving Person; and (f) Borrower and/or its Subsidiaries may make other acquisitions of property, assets, or stock so long as the conditions set forth below are satisfied.

(i) If Borrower or a Subsidiary desires to acquire all or substantially all of the assets or Capital Stock of any Person (the "Target") -----
with a cash component of the purchase price of more than \$10,000,000, or if the aggregate cash components of purchase prices would exceed \$40,000,000 in any single Fiscal Year, the following conditions must be satisfied and in each case upon written approval of Administrative Agent, (such acquisition, a "Permitted Acquisition"); -----

(A) Agent shall receive at least ten (10) Business Day's prior written notice of the intended closing date of such proposed acquisition, which notice shall include a reasonably detailed description of such proposed acquisition and a report setting forth all financial and related information concerning the proposed acquisition as Administrative Agent then may reasonably request in such form, manner and detail as then reasonably requested by Administrative Agent; including updated versions of the most recently delivered projections covering the one (1) year period commencing on the date of such Permitted Acquisition and otherwise prepared in accordance with the Borrower's projections (the "Acquisition Projections") and based upon historical financial -----
data of a recent date satisfactory to Administrative Agent, taking into account such Permitted Acquisition;

(B) such acquisition shall be consensual and shall have been approved by the Target's board of directors (i.e., it is not a "hostile" acquisition);

(C) such acquisition shall comprise a business, or those assets of a business, of the type engaged in by Borrower and its Subsidiaries as of the Effective Date or a business related or ancillary thereto, and which business would not subject Administrative Agent or any Bank to regulatory or third party approvals in connection with the exercise of its rights and remedies under this Agreement or any other Credit Documents other than approvals applicable to the exercise of such rights and remedies with respect to Borrower prior to such proposed Acquisition;

(D) at the time of such proposed acquisition and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing;

(E) Administrative Agent shall have received at least three (3) Business Days' prior to the intended closing date of such acquisition or on the date of their intended execution (if required or permitted to be executed prior to such acquisition being consummated whichever is the earlier), copies of all documents, instruments and agreements substantially in the form to be executed by Borrower or any of its Subsidiaries evidencing, governing or relating to such acquisition (the "Acquisition Documents"), and Administrative Agent shall be -----
satisfied therewith and with any change in the organization structure of Borrower and its Subsidiaries resulting therefrom;

(F) at or prior to the closing of any acquisition, (I) Administrative Agent shall have received such documents and instruments as may be necessary to grant or confirm to Collateral Agent a First Priority perfected Lien (to the extent required under the other provisions of this agreement and subject to Permitted Encumbrances) on or security interest in the Capital

Stock, all assets or the line of business so acquired by, and not merged into, Borrower or a Subsidiary (II) if the Capital Stock of the Target is acquired by, and not merged into, Borrower or any other Subsidiary, Target to the extent required under the other provisions of this agreement and shall have executed a Guaranty of all of the Obligations of Borrower hereunder subject to any appropriate limitations as Administrative Agent shall determine in its discretion, (III) Borrower shall have executed in favor of Administrative Agent an Assignment of Representations, Warranties, Covenants, Indemnities and Rights in respect of Borrower's or any other applicable Subsidiary's rights under the applicable acquisition agreement, and (IV) Borrower or any other applicable Subsidiary and the Target shall have executed such other documents and taken such additional actions as may be reasonably required by Administrative Agent in connection therewith;

(G) Concurrently with delivery of the notice referred to in clause (A) above, Borrower shall have delivered to Administrative Agent, in form and substance satisfactory to Administrative Agent a pro forma consolidated and consolidating balance sheet, income statement and cash flow statement of Borrower and its Consolidated Subsidiaries (the "Acquisition Pro Forma"), based

on recent financial statements, which shall be complete and shall fairly present in all material respects the assets, liabilities, financial condition and results of operations of Borrower and its Consolidated Subsidiaries in accordance with GAAP consistently applied, but taking into account such acquisition and the funding of all Loans in connection therewith, and such Acquisition Pro Forma shall reflect that:

(I) At the time of the closing of such acquisition, Borrower is in compliance with all financial covenants set forth in this Agreement on a pro forma basis, giving effect to such acquisition as of the then most recently concluded fiscal month end of Borrower for which financial reports are then available (which must be within sixty (60) days prior to the date of consummation of such acquisition), on both a historical and prospective basis, for the respective twelve (12) months periods both preceding and succeeding such fiscal month end, as reflected on the Acquisition Pro Forma for each of such fiscal periods;

(II) At the time of the closing of such acquisition, on a pro forma basis, after factoring in the Target's share of historical overhead, debt service and similar costs allocated to Borrower's Subsidiaries over the twelve (12) months ending as of the most recently concluded month of Borrower prior to the acquisition for which financial statements are available (which must be within sixty (60) days' prior to the date of consummation of such Acquisition), the Target on a stand alone basis, has a positive EBITDA; and

(III) On a pro forma basis, no Event of Default shall have occurred and be continuing or would result after giving effect to such acquisition and Borrower would have been in compliance with the financial covenants contained in this Agreement for the Compliance Certificate most recently delivered to Administrative Agent prior to the consummation of such Permitted Acquisition (giving effect to such Permitted Acquisition and all Loans funded in connection therewith as if made on the first day of such period);

(H) no additional Indebtedness, Contingent Obligations or other liabilities shall be incurred, assumed or otherwise be reflected on a consolidated and consolidating

balance sheet of Borrower and its Consolidated Subsidiaries and Target after giving effect to such acquisition, except (I) Loans made hereunder or other Scheduled Indebtedness or Indebtedness permitted under section 7.4, and (II) ordinary course trade payables, performance bonds, accrued expenses, unsecured Indebtedness and assumed real and personal property leases of the Target to the extent no Default or Event of Default shall have occurred and be continuing or would result after giving effect to such acquisition and the total amount of any assumed real and personal property leases of the Target when combined with existing real and personal property leases of Borrower and its Subsidiaries shall not exceed the permitted amounts set forth in this Agreement.

7.3 Dividends. The Borrower will not declare or pay any dividends, or

return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its Capital Stock now or hereafter outstanding (or any options or warrants issued by the Borrower with respect to its Capital Stock), or set aside any funds for any of the foregoing purposes. Notwithstanding the foregoing, the Borrower may declare or pay dividends comprised solely of its Capital Stock to holders of that class of Capital Stock, and the Borrower may repurchase its Capital Stock from directors and officers.

7.4 Indebtedness. The Borrower will not, and shall not permit any of

its Subsidiaries to, directly or indirectly contract, create, incur, guarantee, assume or suffer to exist any Indebtedness, except (a) Indebtedness of the Borrower or its Subsidiaries incurred under the Transaction Documents, (b) Scheduled Indebtedness, (c) so long as no Default has occurred and is continuing at the time such Indebtedness is incurred or would result from the making thereof, Purchase Money Indebtedness, (d) accrued expenses and current trade accounts payable incurred in the ordinary course of business, and obligations under trade letters of credit in the ordinary course of business, which are to be repaid in full not more than one year after the date on which such Indebtedness is originally incurred to finance the purchase of goods by the Borrower, (e) obligations under letters of credit in the ordinary course of business in support of obligations incurred in connection with worker's compensation, unemployment insurance and other social security legislation, (f) Indebtedness with respect to Capital Leases to the extent permitted by Section 7.7, (g) any other Indebtedness not exceeding \$3,000,000 in aggregate principal amount at any one time outstanding, (h) Indebtedness from Imperial Bank not to exceed \$1,000,000 pursuant to that Note dated December 22, 1999 executed by Borrower in favor of Imperial Bank, (i) Indebtedness with respect to the Convertible Subordinated Notes, (j) Indebtedness which constitutes a Permitted Investment pursuant to item (viii), (ix) or (x) of the definition of Permitted Investment; provided all such Indebtedness referred to in this clause (j), (i)

shall be subordinated in right of payment to the payment in full of the obligations pursuant to the terms of the applicable promissory note or an intercompany subordination agreement, that in any such case, is reasonably satisfactory to the Administrative Agent and (ii) shall be evidenced by a promissory note which is subject to a first Priority Lien in favor of the Collateral Agent pursuant to a Collateral Document; and (k) extensions, renewals, refundings, modifications, amendments and restatements of any of the items of Indebtedness described in clauses (a), (b), (c), (e), (f), (g), (h), (i) and (j) above, provided that the principal amount thereof is not increased and the terms thereof are not modified to impose more burdensome terms upon the Borrower.

7.5 Advances, Investments and Loans. The Borrower will not, and shall

not permit any of its Subsidiaries to, directly or indirectly lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or Securities of, or any other interest in, or make any capital contribution to, any other Person, except that the Borrower may make Permitted Investments and Permitted Acquisitions.

7.6 Transactions with Affiliates. The Borrower will not, and shall

not permit any of its Subsidiaries to, directly or indirectly enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Borrower (including, without limitation, any Subsidiary of the Borrower which is not a Guarantor) or any Subsidiary thereof, other than on terms and conditions substantially as favorable to the Borrower or any Subsidiary thereof as would be obtainable by the Borrower or any Subsidiary thereof at the time in a comparable arm's-length transaction with a Person other than an Affiliate, and other than the financing of employee stock options. Notwithstanding the foregoing, the Borrower will not, and shall not permit any of its Subsidiaries to enter into any transaction or transfer any assets to Wireless Facilities, Inc./Entel. Borrower will not permit Wireless Facilities, Inc./Entel to enter into any transactions with any Person or acquire any assets, rights or liabilities or carry on any business, other than, in each case, the continued ownership or the disposal to Borrower or any of its Subsidiaries (on terms complying with the first sentence of this Section 7.6) of certain limited and nonmaterial intellectual property rights owned as of the Effective Date.

7.7 Capital Expenditures. The Borrower will not, and shall not permit

any of its Subsidiaries to, directly or indirectly make any Capital Expenditure during any Fiscal Year if, as a result thereof, the aggregate amount of such expenditures for such Fiscal Year would exceed \$20,000,000 for the Fiscal Year ending December 31, 2000 and \$35,000,000 for any other Fiscal Year (excluding Capital Expenditures occurring as a result of a "Permitted Acquisition").

Further, and as a sublimit in respect of the preceding sentence, the Borrower shall not permit any of its (i) Foreign Subsidiaries in Europe and (ii) Foreign Subsidiaries in Mexico to make any Capital Expenditures during any Fiscal Year if, as a result thereof, the aggregate amount of such expenditures for such Fiscal Year would exceed \$5,000,000 in the aggregate for all Foreign Subsidiaries in Europe and \$5,000,000 in the aggregate for all Foreign Subsidiaries in Mexico. Provided, in each case above, such amount for any Fiscal

Year shall be increased by an amount equal to fifty per cent (50%) of the excess, if any, of such amount for the previous Fiscal Year (as adjusted in accordance with this proviso) over the actual amount of Capital Expenditure for such previous Fiscal Year.

7.8 Quick Ratio. The Borrower will not permit the ratio of (a) the

sum of (i) its cash, (ii) its Permitted Investments of the type described in clause (ii) of the definition thereof, (iii) its billed and unbilled Accounts to (b) the sum of the total current liabilities determined in accordance with GAAP and, to the extent not included therein, the Loans and all amounts owing under the Relevant Documents, at any time to be less than 1.00:1.00.

7.9 Maximum Senior Debt to EBITDA. The Borrower will not permit the

ratio (the "Senior Leverage Ratio") of Senior Debt as of the last day of any Fiscal Quarter to EBITDA for the four Fiscal Quarter period ending on such date to exceed 2.00:1.00.

7.10 Minimum Fixed Charge Coverage Ratio. The Borrower will not permit

the ratio, determined as of the last day of each fiscal quarter, of (a) EBITDA, less any dividends or other distributions paid to any shareholder or Affiliate of the Borrower, less any Capital Expenditures made (other than Capital Expenditures funded with the proceeds of Loans), less cash taxes, in each case for the four complete Fiscal Quarters ended on such day, to (b) the sum of (i) the aggregate amount of scheduled principal payments on Total Debt (other than the Loans) and the portion of Capital Lease obligations outstanding on such date which by the terms of any instrument or agreement relating thereto is due on demand or within one year from the time of determination, in each case at the last day of such fiscal quarter, and (ii) the Borrower's and its Subsidiaries, consolidated interest expense, calculated for the four complete fiscal quarters ended on such last day of such fiscal quarter, to be less than 1.50 to 1.00.

With respect to any period during which any Permitted Acquisition occurs or any business of any other Person is acquired by Borrower or any of its Subsidiaries as permitted pursuant to the terms hereof, for purposes of determining compliance with the financial covenants set forth in sections 7.9 and 7.10, EBITDA shall be calculated with respect to such periods and such Permitted Acquisition or business on a Pro Forma Basis.

7.11 Limitation on Voluntary Payments and Modifications of

Indebtedness; Modifications of Certificate of Incorporation, Bylaws and Certain

Other Agreements; etc. The Borrower will not, and shall not permit any

Subsidiary to, without the prior written consent of the Required Banks: (a) make any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Scheduled Indebtedness or any Subordinated Debt of the Borrower (including, without limitation, the Convertible Subordinated Notes) or (b) amend or modify, or permit the amendment or modification of, any material provision of any Scheduled Indebtedness or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any of the foregoing or (c) amend, modify or change its articles of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or bylaws, or any agreement entered into by it, with respect to its Capital Stock, or enter into any new agreement with respect to its Capital Stock, in each case, if the effect of such would be adverse to any Credit Party, the Agents or the Banks.

7.12 Business. The Borrower will not, and shall not permit any of its

Subsidiaries to, engage (directly or indirectly) in any business other than the business in which it is engaged on the Closing Date or any business related or incidental thereto.

7.13 Disposal of Subsidiary Interests. Except as required under the

Security Documents and except for any sale of 100% of the Capital Stock, partnership interests or other equity Securities of any of its Subsidiaries in compliance with the provisions of Section 3.3, Borrower shall not:

(i) directly or indirectly sell, assign, pledge or otherwise encumber or dispose of any shares of Capital Stock, partnership interests or other equity Securities of any of its directly owned Subsidiaries, except to qualify directors if required by applicable law or to another Subsidiary of Borrower which is a Guarantor; or

(ii) permit any of its Subsidiaries directly or indirectly to sell, assign, pledge or otherwise encumber or dispose of any shares of Capital Stock, partnership interests or other equity Securities of any of its Subsidiaries (including such Subsidiary), except to Borrower, another Subsidiary of Borrower which is a Guarantor (subject to the restrictions on such disposition otherwise imposed herein under), or to qualify directors if required by applicable law.

7.14 Hedging Agreements. The Borrower will not, and will not permit

any of its Subsidiaries to, enter into any Hedging Agreement, other than Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any Subsidiary which is a Guarantor is exposed in the conduct of its business or the management of its liabilities.

SECTION 8. EVENTS OF DEFAULT

Upon the occurrence of any of the following specified events (each an "Event of Default"):

8.1 Payments. The Borrower shall (a) default in the payment when due of any principal of any Loan or any Note or any reimbursement obligation in respect of any LC Disbursement or (b) default, and such default shall continue unremedied for two or more Business Days, in the payment when due of any interest on any Loan or any Note or any fees or any other amounts owing hereunder or under any Transaction Document; or

8.2 Representations, etc. Any representation, warranty or statement made by or on behalf of any Credit Party herein or in any other Transaction Document or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

8.3 Covenants. The Borrower shall (a) default in the due performance or observance by it of any term, covenant or agreement contained in Section 6.1(f)(i) or Section 7; or (b) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 6.1(a), (b) and (d) and such default shall continue unremedied for a period of 10 Business Days from the occurrence of such default; or (c) default in the due performance or observance by it of any other term, covenant or agreement (other than those referred to in Sections 8.1 and 8.2 and

clauses (a) and (b) of this Section 8.3) contained in this Agreement and such default shall continue unremedied for a period of 30 days after the occurrence of such default; or

8.4 Cross Default; Cross Acceleration. The Borrower or any Subsidiary

shall (a) default in any payment of any Indebtedness (other than the Notes) in an individual or aggregate principal amount of \$4,000,000 or more or beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Indebtedness was created or (b) default in the observance or performance of any agreement or condition relating to any Indebtedness in the individual or principal amounts referred to in clause (a) above (other than the Notes) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity; or any Indebtedness of the Borrower shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or there shall be a default under the terms of the Relevant Documents; or

8.5 Bankruptcy, etc. The Borrower or any Subsidiary shall commence a

voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "Bankruptcy Code") or an involuntary case is commenced against the Borrower

or any Subsidiary, and the petition is not controverted within 10 Business Days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower or any Subsidiary or the Borrower or any Subsidiary commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or any Subsidiary, or there is commenced against the Borrower or any Subsidiary any such proceeding which remains undismissed for a period of 60 days, or the Borrower or any Subsidiary is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any Subsidiary suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Borrower or any Subsidiary makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower or any Subsidiary for the purpose of effecting any of the foregoing; or the Borrower or any Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due; or any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of the Borrower or any Subsidiary and is not released, vacated or fully bonded within 60 days after its issue or levy; or

8.6 ERISA. Any Plan shall fail to maintain the minimum funding

standard required for any plan year or part thereof or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code; any Plan is, shall have been or is likely to be terminated or the subject of termination proceeding under ERISA; any Plan shall have an Unfunded Current Liability; or the Borrower or any ERISA Affiliate has incurred or is likely

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to incur a material liability to or on account of a Plan under Section 409, 502(i), 502(1), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4971 or 4975 of the Code, or the Borrower has incurred or is likely to incur a material liability pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) which provide benefits to retired employees (other than as required by Section 601 of ERISA); there shall result from any such event or events the imposition of a Lien upon the assets of the Borrower, the granting of a security interest, or a liability or a material risk of incurring a liability, which Lien, security interest or liability, in the opinion of the Required Banks, will have a Material Adverse Effect; or

8.7 Security Documents. The Security Documents or any provision

thereof shall cease to be in full force and effect, or shall cease to give the Collateral Agent the First Priority Liens, rights, powers and privileges purported to be created thereby, or the Borrower or any other Person obligated under any Security Document (other than the Collateral Agent) shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to such Security Document beyond the period of grace therein; or

8.8 Judgments. One or more judgments or decrees shall be entered

against the Borrower or any of its Subsidiaries involving in the aggregate for the Borrower or any of its Subsidiaries a liability (not paid or fully covered by insurance) of \$4,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 60 days after the entry thereof.

Then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent may and, upon the written request of the Required Banks, shall by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Agent, any Bank or the holder of any Note to enforce its claims against the Borrower (provided, that, if an Event of Default specified in Section 8.5 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Borrower as specified in clauses (a) and (b) below shall occur automatically without the giving of any such notice): (a) declare the Commitment Obligations terminated, whereupon the Commitment Obligation of each Bank shall forthwith terminate immediately without any other notice of any kind; (b) declare the principal of and any accrued interest in respect of all Loans and the Notes and all obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and (c) exercise any and all of the rights and remedies available to the Administrative Agent, the Collateral Agent and the Banks under the Transaction Documents, at law (including, without limitation, the UCC) or equity.

SECTION 9. AGENTS.

9.1 Appointment of Agents. CSFB is hereby appointed Sole Lead

Arranger hereunder. Bank One Arizona, N.A. is hereby appointed as Syndication Agent hereunder. Imperial Bank is hereby appointed Managing Agent hereunder. Each Bank and each Issuing Bank hereby authorizes Lead Arranger, Syndication Agent and Managing Agent to act as its agents in accordance with the terms hereof and the other Credit Documents. CSFB is the Administrative Agent (for

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purposes of this Section 9, the term "Administrative Agent" shall also include

CSFB in its capacity as Collateral Agent pursuant to the Security Documents) hereunder and under the other Credit Documents and each Bank hereby authorizes Administrative Agent to act as its agent in accordance with the terms hereof and the other Credit Documents. Bank of America, N.A. is hereby appointed Documentation Agent hereunder, and each Bank hereby authorizes Documentation Agent to act as its agent in accordance with the terms hereof and the other Credit Documents. Each Agent hereby agrees to act upon the express conditions contained herein and the other Credit Documents, as applicable. The provisions of this Section 9 are solely for the benefit of Agents and Banks and no Credit Party shall have any rights as a third party beneficiary of any of the provisions thereof. In performing its functions and duties hereunder, each Agent shall act solely as an agent of Banks and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for any Credit Party, the Borrower or any of its Subsidiaries. Each of Sole Lead Arranger, Syndication Agent and Documentation Agent, without consent of or notice to any party hereto, may assign any and all of its rights or obligations hereunder to any of its Affiliates. As of the date of the first Credit Event after the Effective Date, all the respective obligations of (i) CSFB in its capacity as Sole Lead Arranger, (ii) Bank of America, N.A., in its capacity as Documentation Agent, (iii) Bank One Arizona, N.A., in its capacity as Syndication Agent and (iv) Imperial Bank in its capacity as Managing Agent, shall terminate.

9.2 Powers and Duties. Subject to the final sentence of Section 9.1

hereof, each Bank and each Issuing Bank irrevocably authorizes each Agent to take such action on such Bank's behalf and to exercise such powers, rights and remedies hereunder and under the other Credit Documents as are specifically delegated or granted to such Agent by the terms hereof and thereof, together with such powers, rights and remedies as are reasonably incidental thereto. Each Agent shall have only those duties and responsibilities that are expressly specified herein and the other Credit Documents. Each Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees. No Agent shall have, by reason hereof or any of the other Credit Documents, a fiduciary relationship in respect of any Bank; and nothing herein or any of the other Credit Documents, expressed or implied, is intended to or shall be so construed as to impose upon any Agent any obligations in respect hereof or any of the other Credit Documents except as expressly set forth herein or therein.

9.3 General Immunity.

(a) No Responsibility for Certain Matters. No Agent shall be

responsible to any Bank or any Issuing Bank for the execution, effectiveness, genuineness, validity, enforceability, collectibility or sufficiency hereof or any other Credit Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statements or in any financial or other statements, instruments, reports or certificates or any other documents furnished or made by any Agent to Banks or by or on behalf of any Credit Party to any Agent or any Bank in connection with the Credit Documents and the transactions contemplated thereby or for the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Obligations, nor shall any Agent be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained in any of

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the Credit Documents or as to the use of the proceeds of the Loans or as to the existence or possible existence of any Event of Default or Default.

(b) Exculpatory Provisions. No Agent nor any of its officers,

partners, directors, employees or agents shall be liable to Banks or Issuing Banks for any action taken or omitted by any Agent under or in connection with any of the Credit Documents except to the extent caused by such Agent's gross negligence or willful misconduct. Each Agent shall be entitled to refrain from any act or the taking of any action (including the failure to take an action) in connection herewith or any of the other Credit Documents or from the exercise of any power, discretion or authority vested in it hereunder or thereunder unless and until such Agent shall have received instructions in respect thereof from Required Banks (or such other Banks as may be required to give such instructions under Section 10.13) and, upon receipt of such instructions from Required Banks (or such other Banks, as the case may be), such Agent shall be entitled to act or (where so instructed) refrain from acting, or to exercise such power, discretion or authority, in accordance with such instructions. Without prejudice to the generality of the foregoing, (i) each Agent shall be entitled to rely, and shall be fully protected in relying, upon any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, and shall be entitled to rely and shall be protected in relying on opinions and judgments of attorneys (who may be attorneys for Borrower and its Subsidiaries), accountants, experts and other professional advisors selected by it; and (ii) no Bank shall have any right of action whatsoever against any Agent as a result of such Agent acting or (where so instructed) refraining from acting hereunder or any of the other Credit Documents in accordance with the instructions of Required Banks (or such other Banks as may be required to give such instructions under Section 10.13).

9.4 Agents Entitled to Act as Bank. The agency hereby created shall

in no way impair or affect any of the rights and powers of, or impose any duties or obligations upon, any Agent in its individual capacity as a Bank hereunder. With respect to its participation in the Loans, each Agent in its individual capacity, shall have the same rights and powers hereunder as any other Bank and may exercise the same as if it were not performing the duties and functions delegated to it hereunder, and the term "Bank" shall, unless the context clearly otherwise indicates, include each Agent in its individual capacity. Any Agent in its individual capacity, and its Affiliates may accept deposits from, lend money to and generally engage in any kind of banking, trust, financial advisory or other business with Borrower or any of its Affiliates as if it were not performing the duties specified herein, and may accept fees and other consideration from Borrower or any of its Affiliates for services in connection herewith and otherwise without having to account for the same to Banks.

9.5 Banks' Representations, Warranties and Acknowledgment. Each Bank

and each Issuing Bank represents and warrants that it has made its own independent investigation of the financial condition and affairs of Borrower and its Subsidiaries in connection with the making of Loans hereunder and that it has made and shall continue to make its own appraisal of the creditworthiness of Borrower and its Subsidiaries. No Agent shall have any duty or responsibility, either initially or on a continuing basis, to make any such investigation or any such appraisal on behalf of Banks or Issuing Banks or to provide any Bank with any credit or other information with respect thereto, whether coming into its possession before the making of the Loans or at any time

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or times thereafter, and no Agent shall have any responsibility with respect to the accuracy of or the completeness of any information provided to Banks or Issuing Banks.

9.6 Right to Indemnity. Each Bank, in proportion of its Commitment to

the Total Commitments, severally agrees to indemnify each Agent, to the extent that such Agent is required hereunder to be, and shall not have been, reimbursed by any Credit Party, for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent in exercising its powers, rights and remedies or performing its duties hereunder or under the other Credit Documents or otherwise in its capacity as such Agent in any way relating to or arising out hereof or the other Credit Documents; provided, no Bank shall be liable for any portion of such

liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct. If any indemnity furnished to any Agent for any purpose shall, in the opinion of such Agent, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished; provided,

in no event shall this sentence require any Bank to indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement in excess of such Bank's proportionate share thereof; and provided further, this sentence shall not be deemed to require any Bank to

indemnify any Agent against any liability, obligation, loss, damage, penalty, action, judgment, suit, cost, expense or disbursement described in the proviso in the immediately preceding sentence.

9.7 Successor Administrative Agent. Administrative Agent may resign

at any time by giving thirty (30) days' prior written notice thereof to Banks, Issuing Banks and Borrower, and Administrative Agent may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to Borrower and Administrative Agent and signed by Required Banks. Upon any such notice of resignation or any such removal, Required Banks shall have the right, upon five Business Days' notice to Borrower, to appoint a successor Administrative Agent. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Administrative Agent and the retiring or removed Administrative Agent shall promptly (i) transfer to such successor Administrative Agent all sums, Securities and other items of Collateral held under the Security Documents, together with all records and other documents necessary or appropriate in connection with the performance of the duties of the successor Administrative Agent under the Credit Documents, and (ii) execute and deliver to such successor Administrative Agent such amendments to financing statements, and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Administrative Agent of the security interests created under the Security Documents, whereupon such retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring or removed Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder. For purposes of this Section 9.7, any reference to "Administrative Agent" also shall be deemed to be and include a reference to "Collateral Agent." It

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is expressly agreed by the parties hereto the provisions of Section 9 and 10.1 of the Existing Credit Agreement shall inure to the benefit of Imperial Bank as to any actions taken by it while it was Administrative Agent and Collateral Agent thereunder.

9.8 Collateral Documents and Guaranty.

(a) Agent under Security Documents and Guaranties. Each Bank hereby

authorizes Collateral Agent, on behalf of and for the benefit of Secured Parties, to be the agent for and representative of Banks and all other Secured Parties with respect to the Collateral, the Security Documents and the Intercreditor Agreement and to enter into the Security Documents and the Intercreditor Agreement. Each Bank hereby authorizes Administrative Agent, on behalf of and for the benefit of Banks, to be the agent for and representative of Banks with respect to each Guaranty. Subject to Section 10.13, without further written consent or authorization from Banks, each of Administrative Agent and Collateral Agent, as applicable, may execute any documents or instruments necessary to (i) release any Lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted hereby or to the release of which Required Banks (or such other Banks as may be required to give such consent under Section 10.13) have otherwise consented or (ii) release a Guarantor from any Guaranty pursuant to the terms of the Guaranty or with respect to the release of which Required Banks (or such other Banks as may be required to give such consent under Section 10.13) have otherwise consented.

(b) Right to Realize on Collateral and Enforce Guaranty. Anything

contained in any of the Credit Documents to the contrary notwithstanding, each Credit Party, Administrative Agent, Collateral Agent and each Bank hereby agree that (i) no Bank shall have any right individually to realize upon any of the Collateral or to enforce any Guaranty, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by Administrative Agent or Collateral Agent, as applicable, on behalf of Banks in accordance with the terms hereof, and (ii) in the event of a foreclosure by Collateral Agent on any of the Collateral pursuant to a public or private sale, Collateral Agent or any Bank may be the purchaser of any or all of such Collateral at any such sale and each of Administrative Agent and Collateral Agent, as agent for and representative of Banks (but not any Bank or Banks in its or their respective individual capacities unless Required Banks shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by Collateral Agent at such sale.

SECTION 10. MISCELLANEOUS.

10.1 Payment of Expenses, Indemnification, etc. The Borrower shall:

(a) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses (i) of the Administrative Agent and/or Collateral Agent (including, without limitation, reasonable attorney's fees) in connection with the preparation, execution and delivery of this Agreement and the other Transaction Documents and the documents and instruments referred to herein and therein, (ii) incurred by the Issuing Bank in connection with

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the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) of the Administrative Agent and each Bank incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Credit Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all attorney costs and the cost of independent public accountants and other outside experts retained by the Administrative Agent or any Bank. For the purposes of this Section 10.1(a) and for Section 10.1(b), "Debtor Relief Laws" means the

Bankruptcy Code of the United States of America and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally, and "Attorney Costs" means and includes all fees and disbursements of

any law firm or other external counsel and the allocated cost of internal legal services and all disbursements of internal counsel;

(b) pay all out-of-pocket costs and expenses of the Administrative Agent and the Collateral Agent (including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent or the Collateral Agent) in connection with (i) any amendment, waiver or consent relating to any Transaction Document and (ii) the enforcement of any Transaction Document and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent and the Collateral Agent);

(c) (i) pay the audit fees incurred by the Administrative Agent (or any Person retained by the Agent) in connection with periodic examinations of the books and records of the Borrower and its Subsidiaries conducted at the request of the Agent; and (ii) during the continuance of an Event of Default pay the audit fees incurred by the Administrative Agent (or any Person) in connection with periodic examinations of the books and records of the Borrower and its Subsidiaries conducted at the request of the Required Banks;

(d) pay and hold the Administrative Agent and the Collateral Agent harmless from and against all filing and recording fees required to perfect the Liens granted under the Security Documents;

(e) pay and hold the Administrative Agent, the Collateral Agent, each Bank and each Issuing Bank harmless from and against any and all present and future stamp and other similar taxes with respect to the foregoing matters and save each of the Banks and Issuing Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to the Administrative Agent, the Collateral Agent, such Bank or such Issuing Bank) to pay such taxes;

(f) indemnify each Agent, each Bank and each Issuing Bank, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements incurred by any of them as a result of, or arising out of, or in any way

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related to, or by reason of, any investigation, litigation or other proceeding (whether or not the Administrative Agent, the Collateral Agent, any Bank or any Issuing Bank is a party thereto) related to the entering into and/or performance of this Agreement or any other Transaction Document or any Loans or Letters of Credit hereunder (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) or the use of the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein or in any other Transaction Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding any such liabilities, obligations, losses, etc., to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified); and

(g) whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify, save and hold harmless each Agent, each Bank and their respective Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the "Indemnitees") from and

against: (i) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee by any Person (other than the Administrative Agent or any Bank) relating directly or indirectly to a claim, demand, action or cause of action that such Person asserts or may assert against any Credit Party, any Affiliate of any Credit Party or any of their respective officers or directors; (ii) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations and the resignation or removal of the Administrative Agent or the replacement of any Bank) be asserted or imposed against any Indemnitee, arising out of or relating to, the Credit Documents, any predecessor credit or loan documents, the Commitments, the use or contemplated use of the proceeds of any Loan, or the relationship of any Credit Party, the Administrative Agent and the Banks under this Agreement or any other Credit Documents; (iii) any administrative or investigative proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (i) or (ii) above; and (iv) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including Attorney Costs) that any Indemnitee suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, whether or not arising out of the negligence of an Indemnitee, and whether or not an Indemnitee is a party to such claim, demand, action, cause of action or proceeding; provided that no

Indemnitee shall be entitled to indemnification for any claim caused by its own gross negligence or willful misconduct or for any loss asserted against it by another Indemnitee.

10.2 Right of Set-off. In addition to any rights now or hereafter

granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, the Administrative Agent, each Bank and each Issuing Bank are hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by the Administrative Agent, such Bank and such Issuing Bank (including, without limitation, by branches and agencies of the Administrative Agent or such Bank or such Issuing Bank wherever located) to or for the credit or the account of the Borrower

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against and on account of the Obligations and liabilities of the Borrower to the Administrative Agent or such Bank or such Issuing Bank under this Agreement or under any of the other Transaction Documents, including, without limitation, all interests in Obligations purchased by such Bank pursuant to Section 10.7(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Transaction Document, irrespective of whether or not the Administrative Agent or such Bank or such Issuing Bank shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured. Notwithstanding the foregoing provisions of this Section 10.2, if at any time the Commitment Obligations and Loans are secured by real property, no Bank or Issuing Bank shall exercise a right of setoff, banker's lien or counterclaim or take any court or administrative action to enforce any provision of the Transaction Documents if such action would constitute an "action" within the meaning of Section 726 of the California Code of Civil Procedure without obtaining the prior consent of the Required Banks, and any attempted exercise by any Bank or Issuing Bank of any such action without first obtaining such consent shall be null and void. The provisions of the preceding sentence are solely for the benefit of the Administrative Agent, the Banks and the Issuing Banks and the Borrower shall have no rights therein.

10.3 Notices. Except as otherwise expressly provided herein, all

notices and other communications provided for hereunder shall be in writing (including facsimile) and mailed, telecopied or delivered:

if to the Borrower, to:

Wireless Facilities, Inc.
Bridge Pointe Corporate Centre,
4810 Eastgate Mall, San Diego, CA 92121

Attention: Terry Ashwill,
Chief Financial Officer
Telephone: (858) 228-2236
Facsimile: (858) 228-2040

with a copy to:

Katherine Wardle
Treasury
Telephone: (858) 228-2392
Fax: (858) 228-2040

if to any Bank or any Issuing Bank, at its Domestic Lending Office specified opposite its name on Schedule 2; and

if to the Administrative Agent, at its Notice Office;

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or, as to the Borrower or the Administrative Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier, as the case may be, or sent by telecopier upon receipt of confirmation by the sending party, except that notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent.

10.4 Successors and Assigns. This Agreement shall be binding upon and

inure to the benefit of the parties hereto and their respective successors and assigns except that the Borrower may not assign its rights or obligations hereunder without the prior consent of all of the Banks and the Issuing Banks.

10.5 Assignments, Participations, Etc.

(a) Any Bank may, with the written consent of the Borrower (at all times other than during the existence of an Event of Default) and the Administrative Agent (and, in the case of an assignment of all or a portion of any Bank's obligations in respect of its LC Exposure, the Issuing Banks), which consents shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Borrower or the Administrative Agent shall be required in connection with any assignment and delegation by a Bank to an Affiliate of such Bank or to another Bank) all, or any ratable part of all, of the Loans, the Commitment Obligations and the other rights and/or obligations of such Bank under the Transaction Documents, in a minimum amount of \$5,000,000; provided, however, that the Borrower and the

Administrative Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Eligible Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information (including, without limitation, such forms, certificates or other evidence, if any, with respect to United States federal income tax withholding matters as the Administrative Agent may request) with respect to the Eligible Assignee, shall have been given to the Borrower and the Administrative Agent by such Bank and the Eligible Assignee; (ii) such Bank and its Eligible Assignee shall have delivered to the Borrower and the Administrative Agent an Assignment and Acceptance in the form of Exhibit J ("Assignment and Acceptance")

and (iii) the Eligible Assignee has paid to the Administrative Agent a processing fee in the amount of \$3,500.

(b) From and after the date that the Administrative Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance (including the consent of the Borrower pursuant to Section 10.5 (a)) and payment of the above-referenced processing fee, (i) the Eligible Assignee thereunder shall be a party hereto and, to the extent that rights and obligations under the Transaction Documents have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under this Agreement, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Transaction Documents. The portion of the Commitments allocated to each Eligible Assignee shall reduce such Commitments of the assigning Bank pro tanto.

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(c) The Register. (i) Administrative Agent shall maintain, at its address

referred to in Section 10.3, a register for the recordation of the names and
addresses of Banks and the Commitments of and Loans and LC Disbursements owing
to each Bank from time to time (the "Register"). The Register shall be available

for inspection by the Borrower at any reasonable time and from time to time upon
reasonable prior notice.

(ii) Administrative Agent shall record in the Register the
Commitments and the Loans from time to time of each Bank and each repayment or
prepayment in respect of the principal amount of the Loans of each. Any such
recordation shall be prima facie evidence thereof, absent manifest error;
provided that failure to make any such recordation, or any error in such
recordation, shall not affect any Bank's Commitments or the Obligations in
respect of any applicable Loans.

(iii) Each Bank shall record on its internal records (including any
Notes held by such Bank) the amount of each Loan made by it and each payment in
respect thereof. Any such recordation shall be prima facie evidence thereof,
absent manifest error; provided that failure to make any such recordation, or
any error in such recordation, shall not affect any Bank's Commitments or
Obligations in respect of any applicable Loans; and provided, further, that in
the event of any inconsistency between the Register and any Bank's records, the
recordations in the Register shall govern.

(iv) The Borrower, Administrative Agent, Banks and the Issuing Banks
shall deem and treat the Persons listed as Banks in the Register as the holders
and owners of the corresponding Commitments and Loans listed therein for all
purposes hereof, and no assignment or transfer of any such Commitment or Loan
shall be effective, in each case unless and until an Assignment Agreement
effecting the assignment or transfer thereof shall have been accepted by
Administrative Agent and consented to, if applicable, by the Borrower pursuant
to Section 10.5(a) hereof and any assignment fees have been paid as provided in
Section 10.5(a). Prior to such recordation, all amounts owed with respect to
the applicable Commitment or Loan shall be owed to the Bank listed in the
Register as the owner thereof, and any request, authority or consent of any
Person who, at the time of making such request or giving such authority or
consent, is listed in the Register as a Bank shall be conclusive and binding on
any subsequent holder, assignee or transferee of the corresponding Commitments
or Loans.

(v) The Borrower hereby designates CSFB to serve as its agent
solely for purposes of maintaining the Register as provided in this Section
10.5(c), and the Borrower hereby agrees that, to the extent CSFB serves in such
capacity, CSFB and its officers, directors, employees, agents and affiliates
shall have the benefit of the indemnity under Section 10.1.

(d) Any Bank may at any time sell to one or more commercial banks or other
Persons not Affiliates of the Borrower (a "Participant") participating interests

in any Loans made by such Bank, the Commitment Obligations of such Bank and/or
the other interests of such Bank (the "Originator") hereunder and under the
other Transaction Documents; provided, however, that (i) the Originator's

obligations under this Agreement shall remain unchanged, (ii) the Originator
shall remain solely responsible for the performance of such obligations, (iii)
the Borrower, the Collateral

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Agent and the Administrative Agent shall continue to deal solely and directly with the Originator in connection with the Originator's rights and obligations under the Transaction Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in Section 10.13. In the case of any such participation, the Participant shall be entitled to the benefit of Section 2.10, 2.11, 3.6 and 10.1 as though it were also a Bank hereunder, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Board or U.S. Treasury Regulation 31 CFR 203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law, provided that payment made by a Borrower to or for the account of any Bank in respect of a Loan made by such Bank to such Borrower shall satisfy such Borrower's payment obligation in respect of such Loan to the extent of such payment regardless of any encumbrance created pursuant to this Section 10.5(e).

10.6 Special Purpose Funding Vehicle. Notwithstanding anything to the

contrary contained herein, any Bank (a "Granting Bank") may grant to a special purpose funding vehicle (a "SPC"), identified as such in writing from time to

time by the Granting Bank to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Bank would otherwise be obligated to make to the Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any

SPC to make any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Bank shall be obligated to make such loan pursuant to the terms hereof and (iii) the Borrower, Collateral Agent and the Administrative Agent shall continue to deal solely and directly with the Granting Bank, including, without limitation, in connection with amendments, consents or waivers sought hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Bank). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 10.6 any SPC may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Bank or to any financial institutions (consented to by the

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Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This section may not be amended without the written consent of the SPC.

10.7 No Waiver; Remedies Cumulative. No failure or delay on the part

of the Administrative Agent, the Collateral Agent or any Bank or the holder of any Note in exercising any right, power or privilege hereunder or under any other Transaction Document and no course of dealing between the Borrower, the Collateral Agent, the Administrative Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Transaction Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Transaction Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent, the Collateral Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent, the Collateral Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

10.8 Payments Pro Rata.

(a) The Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations of the Borrower hereunder, it shall distribute such payment to the Banks pro rata
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based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Banks agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Transaction Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans or any fee due hereunder, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total amount of such Obligation then owed and due to such Bank bears to the total amount of such Obligation then owed and due to all the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the Borrower to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided,

however, that if all or any portion of such excess amount is thereafter

recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

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10.9 Calculations; Computations.

(a) The financial statements to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with GAAP consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Banks); provided, however, that, except as otherwise specifically provided herein, all computations determining compliance with Section 7 shall utilize accounting principles and policies in conformity with those used to prepare the Financial Statements.

(b) All computations of interest and fees hereunder shall be made on the basis of a year of 360 days (except that interest computed by reference to Base Rate when Base Rate is based on Prime Rate, shall be computed on the basis of a year of 365 days (or 366 days in a leap year)) for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable.

10.10 Governing Law; Submission to Jurisdiction; Venue; Waiver.

(a) APPLICABLE LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW), BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF.

(b) CONSENT TO JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY CREDIT PARTY ARISING OUT OF OR RELATING HERETO OR ANY OTHER CREDIT DOCUMENT, OR ANY OF THE OBLIGATIONS, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH CREDIT PARTY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS (AND ANY APPELLATE COURTS THEREFROM); (ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE CREDIT PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.3; (iv) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (v) AGREES THAT AGENTS AND BANKS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION.

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(c) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES

ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER CREDIT DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE BANK/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.10(c) AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.11 Obligation to Make Payments in Dollars. The obligation of the

Borrower to make payment in Dollars of the principal of and interest on the Notes and any other amounts due hereunder or under any other Transaction Document to the Payment Account of the Administrative Agent as provided in Section 3.5 shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Administrative Agent at its Payment Account on behalf of the Banks or holders of the Notes of the full amount of Dollars expressed to be payable in respect of the principal of and interest on the Notes and all other amounts due hereunder or under any other Transaction Document. The obligation of the Borrower to make payments in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of the principal of and interest on the Notes and any other amounts due under any other Transaction Document, and shall not be affected by judgment being obtained for any other sums due under this Agreement or under any other Transaction Document.

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10.12 Counterparts; Faxed Signature. This Agreement may be executed in

any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent. This Agreement may be executed by facsimile signature and each such signature shall be treated in all respects as having the same effect as an original signature.

10.13 Amendment or Waiver. Neither this Agreement nor any other

Transaction Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Required Banks and the Agent; provided, however, that

no such change, waiver, discharge or termination shall, without the consent of each Bank, (i) extend any scheduled payment date or the final maturity of any Loan or Note, or reduce the rate or extend the time of payment of interest or fees thereon, or reduce the principal amount thereof, or increase the Commitment of any Bank over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitment shall not constitute a change in the terms of any Commitment Obligation of any Bank), (ii) release all or substantially all of the Collateral under any Security Document except as shall be otherwise provided in any Transaction Document, (iii) amend, modify or waive any provision of this Section 10.13 or Section 9.6, 10.1, 10.2, 10.4, 10.7 or 10.8(b), (iv) reduce the percentage specified in the definition of Required Banks or (v) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement.

10.14 Severability. In case any provision in or obligation under this

Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.15 Survival. All indemnities set forth herein including, without

limitation, in Sections 2.10, 2.11, 3.6, 9.6 and 10.1 shall survive the execution and delivery of this Agreement and the Notes and the making and repayment of the Loans.

10.16 Domicile of Loans. Each Bank may transfer and carry its Loans

at, to or for the account of any office, Subsidiary or Affiliate of such Bank.

10.17 Usury Savings Clause. Notwithstanding any other provision

herein, the aggregate interest rate charged with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder

EXECUTION

if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of Banks and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Bank contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Bank's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrower.

10.18 Effectiveness. This Amended and Restated Credit Agreement shall

become effective on the date (the "Effective Date") under the Existing Credit

Agreement are made on or before February 9, 2000 on which the later of the following occurs (i) the Borrower and each of the Agents and Banks and Issuing Banks shall have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Administrative Agent at its Notice Office or, in the case of the Banks and Issuing Banks, shall have given to the Administrative Agent telephone (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it, and (ii) the conditions precedent set forth in Section 4.2 shall be satisfied or waived in accordance with the terms hereof and (iii) the initial Loans in an amount sufficient to repay the Existing Loans and all other amounts owing (whether or not presently due and payable, and including all interest and fees accrued to the Effective Date). The Administrative Agent will give the Borrower, each Bank and each Issuing Bank prompt written notice of the occurrence of the Effective Date.

EXECUTION

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

WIRELESS FACILITIES, INC.

By: /s/ Terry Ashwill

Name: Terry Ashwill
Title: CFO

CREDIT SUISSE FIRST BOSTON
as Sole Lead Arranger, Administrative Agent,
Collateral Agent, an Issuing Bank and a Bank

By: /s/ Robert Hetu

Name: Robert Hetu
Title: Director

By: /s/ Lalita Advani

Name: Lalita Advani
Title: Assistant Vice President

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BANK OF AMERICA, N.A.
as Documentation Agent and a Bank

By: /s/ Richard M. Stakke

Name: Richard M. Stakke
Title: Managing Director

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EXECUTION

BANK ONE ARIZONA, N.A.
as Syndication Agent and a Bank

By: /s/ Robert L. Cummings

Name: Robert L. Cummings
Title: Vice President

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EXECUTION

IMPERIAL BANK
as Managing Agent, an Issuing Bank and a Bank

By: /s/ Michael Barrier

Name: Michael Barrier
Title: Senior Vice President

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SCHEDULE 1
TO CREDIT AGREEMENT

COMMITMENTS/LOANS AS OF EFFECTIVE DATE AFTER MAKING OF INITIAL LOANS

Name of Bank -----	Commitment -----	Loans -----
Credit Suisse First Boston	\$ 25,000,000	\$10,000,000
Imperial Bank	\$ 25,000,000	\$10,000,000
Bank of America, N.A	\$ 25,000,000	\$10,000,000
BankOne, Arizona, N.A	\$ 25,000,000	\$10,000,000
Total	\$100,000,000	\$40,000,000

316543-New York Server 5A

Schedule 1

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SCHEDULE 2
TO CREDIT AGREEMENT

APPLICABLE LENDING OFFICES

Bank	Base Rate Lending Office	LIBOR Lender Office
Credit Suisse First Boston	Credit Suisse First Boston 11 Madison Avenue New York, NY 10010 Attention: Agency Group Telephone: 212-325-4940 Telecopier: 212-325-8304	Credit Suisse First Boston 11 Madison Avenue New York, NY 10010 Attention: Agency Group Telephone: 212-325-4940 Telecopier: 212-325-8304
Imperial Bank	Imperial Bank 701 B Street, Suite 600 San Diego, CA 92101 Attention: Michael Berrier Telephone: (619) 338-1512 Telecopier: (619) 234-2234	Imperial Bank 701 B Street, Suite 600 San Diego, CA 92101 Attention: Michael Berrier Telephone: (619) 338-1512 Telecopier: (619) 234-2234
Bank of America, N.A.	Bank of America 101 N. Tryon St. NCI - 001 - 15 - 03 Charlotte, NC 28255 Attn: Carole Greene Tel. 704-386-9875 Fax. 704-409-0069	Bank of America 101 N. Tryon St. NCI - 001 - 15 - 03 Charlotte, NC 28255 Attn: Carole Greene Tel. 704-386-9875 Fax. 704-409-0069
BankOne Arizona, N.A.	BankOne Arizona, N.A. 201 North Central Ave. 21st Floor Phoenix, AZ 85004 Attention: Michael McCann Telephone: (602) 221-2830 Telecopier: (602) 221-1259	BankOne, Arizona, N.A. 201 North Central Ave. 21st Floor Phoenix, AZ 85004 Attention: Michael McCann Telephone: (602) 221-2830 Telecopier: (602) 221-1259

SCHEDULE 3
TO CREDIT AGREEMENT

SECURITY DOCUMENTS

1. Amended and Restated Security Agreement executed by the Borrower and the Guarantors
2. California UCC-1 Financing Statement executed by the Borrower in respect of the Security Agreement dated August 18, 1999
3. California UCC-3 Financing Statement to be executed by the Borrower and Imperial Bank in respect of the Security Agreement, as amended and restated by the Security Agreement Amendment and the Pledge Agreement.
4. Arizona, California, Delaware, New Jersey and Virginia UCC-1 Financing Statements to be executed by the Borrower in respect of the Amended and Restated Security Agreement and the Pledge Agreement.
5. California, Delaware and Texas UCC-1 Financing Statements to be executed by WFI Network Management Services Corp. in respect of the Amended and Restated Security Agreement Amendment and the Pledge Agreement.
6. California, Delaware and Texas UCC-1 Financing Statements to be executed by WFI NMC Corp. in respect of the Amended and Restated Security Agreement Amendment and the Pledge Agreement.
7. California, Delaware and Texas UCC-1 Financing Statements to be executed by WFI NMC LP in respect of the Amended and Restated Security Agreement Amendment and the Pledge Agreement.
8. California and Delaware UCC-1 Financing Statements to be executed by Wireless Facilities, Inc./Entel in respect of the Amended and Restated Security Agreement Amendment.
9. Guarantees
10. Reaffirmations of Guarantees
11. Pledge Agreements (including the UK Share Charge).

SCHEDULE 4
TO CREDIT AGREEMENT

INVESTMENTS
[Included in Definition of Permitted Investments]

Investment	Balance at 12/31/00	Percentage Owned
Hybrid Path Communications LLC	\$100,459	7.5% at time of investment (251 Shares)
Diverse Networks. ("DNT")	\$4,031,301	16.67%
Comm Verge Solutions	\$5,000,004	1,184,835 shares of Series B (25% of Series B in issue, 6.1% of total common stock, Series A and Series B).
American Radio Telecom ("ART")	\$104,776	100% (101,606 shares)
Wireless Facilities International ("WFIL"), Ltd.	\$32,362,430	100%
WFI de Mexico, S. de R.L. de C.V.	\$10,747,008	97.2%

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EXECUTION

SCHEDULE 5
TO CREDIT AGREEMENT

SECURITIES CONVERTIBLE INTO OR
EXCHANGEABLE FOR CAPITAL STOCK
[Section 5.11]

Stock Options held by Employees	11,009,624 options to purchase common stock in total
Scot Jarvis	warrants exercisable for 450,000 Common
Scott Anderson	warrants exercisable for 450,000 Common
Daria Chaisson	warrants exercisable for 1020 Common
Erroll Chaisson	warrants exercisable for 980 Common

SCHEDULE 6
TO CREDIT AGREEMENT

INDEBTEDNESS
[Section 5.12(a)]

(All Indebtedness of the Borrower and its Subsidiaries)

Creditor	12/29/00 Balance
Imperial Bank, outstandings under Existing Credit Agreement (deemed replaced with Loans hereunder on the Effective Date)	\$24,851,545
Imperial Bank, Note Payable (remaining principal balance of \$1 million term loan)	\$ 833,333
Mike Ralph (Questus, Ltd. Acquisition Note)	\$ 1,500,000
CSI Capital Lease Obligation	\$ 6,195,196
Enterprise Capital Lease Obligation	\$ 173,710
Banc One Capital Lease Obligation	\$ 2,972,859
Lucent Capital Lease Obligation	\$ 1,190,454

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Schedule 6

EXECUTION

SCHEDULE 7
TO CREDIT AGREEMENT

LIENS
[Section 5.12(b)]

[BEING UPDATED]

PART A

1. California UCC Financing Statements.

Identification No.:	Secured Party:	Date Filed:
-----	-----	-----
0006260346	Imperial Bank 701 B Street, Suite 600 San Diego, CA 92101-8120 (Blanket Lien)	02/28/00
0020160679	Banc One Leasing Corporation 1111 Polans Pkwy. Suite A-3 Columbus, OH 43240 (Blanket Lien)	07/13/00

PART B

None

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SCHEDULE
TO CREDIT AGREEMENT

INSURANCE
[Section 5.12(c)]

See Attached Description of Summary of Insurance.

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Schedule 8

EXECUTION

Wireless Facilities, Inc.

Summary of Insurance

March 22, 2001

Presented By

Marsh Risk & Insurance Services
4445 Eastgate Mall, suite 300
San Diego, CA 92121-1979
Tel: (858) 552-4200
Fax: (858) 552-4299
License #0437153
www.marshweb.com

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EXECUTION

Summary of Insurance

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X Workers' Compensation 15

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THIS SUMMARY IS INTENDED AS A BRIEF OVERVIEW OF COVERAGES ONLY. PLEASE REFER TO YOUR POLICY FOR SPECIFIC DETAILS, TERMS AND CONDITIONS.

Summary of Insurance

Named Insureds

- . Wireless Facilities, Inc.
- . Entel Technologies, Inc.
- . WFI Network Management Services Corporation (Delaware Corporation)
- . WFI Network Management Company, LP (Texas Company)
- . Wireless Facilities Latin America LTDA (Brazilian Corporation)
- . WFI de Mexico, S.A. de C.V. (Mexico Corporation)
- . WFI de Mexico, S.R.L. de C.V. (Mexican LLC)
- . Wireless Facilities International, Ltd. (U.K. Corporation)
- . WFI UK, Ltd. (U.K. Corporation)
- . And per Organizational Chart dated 11/15/00

And All Wholly Owned or Financially Controlled Organizations, Firms or Corporations (including Subsidiaries thereof) and Organizations, Firms or Corporations of Which the Named Insured(s) has assumed or exercised management control, all now existing, which may hereafter exist, or have existed.

Summary of Insurance

Property Insurance

Insurance Company
St. Paul Fire & Marine Insurance Company
AM Best Rating: A+ XV

Policy Number
TE06101777

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Limits of Insurance & Property Covered
Blanket Personal Property\$10,084,404
Blanket Business Income/Extra Expense\$5,000,000
Blanket Computer Equipment, Data & MediaIncluded
and Extra Expense
Earthquake Sprinkler Leakage - California only\$5,000,000
Property in Transit - Worldwide\$500,000

Deductible
Property\$5,000
Portable Computer\$2,500
Earthquake Sprinkler Leakage\$50,000

Annual Premium\$28,303

Coverage Extensions

- . Special Form Coverage
- . \$2,000,000 Newly Acquired or Constructed Buildings
- . \$1,000,000 Personal Property at Newly Acquired Locations
- . \$500,000 Any Unnamed Location - Including RF Test Equipment,
Property on Exhibit, and Salesmen's Samples

Summary of Insurance

Property Coverage

Coverage Extensions (cont.)

- . \$100,000 Accounts Receivable
- . \$100,000 Valuable Papers & Records
- . \$25,000 Pollution Cleanup
- . \$1,000,000 Off Premises Utilities Interruption
- . \$25,000 Fine Arts
- . Agreed Amount/Waiver of Coinsurance
- . Replacement Cost Coverage
- . Selling Price Clause
- . Building Ordinance included
- . \$500,000 Fire Legal Liability
- . Boiler and Machinery Included

Exclusions

- . Per Policy Form
- . Y2K

Summary of Insurance

Property Information Statement of Values 2000 - 2001

	Location	Business Personal Property & EDP (Includes R&D)	Business Income Incl. Extra Expense
1.	9805 Scranton Road San Diego, CA 92121-1765	\$8,000,000	\$5,000,000
2.	1840 Michael Faraday Drive, Suite 200 Reston, VA 20190	\$1,505,000	Included
3.	701 Presidential Drive Richardson, TX 75081	\$579,404	Included
TOTAL		\$10,084,404	\$5,000,000

Signed Dated

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EXECUTION

Summary of Insurance

Commercial General Liability

Insurance Company
St. Paul Fire & Marine Insurance Company
AM Best Rating: A+ XV

Policy Number
TE06101777

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Policy Form
Occurrence; Defense Costs in Addition to Policy Limits

Limits of Insurance
General Aggregate\$2,000,000
Products - Completed Operations Aggregate\$2,000,000
Personal & Advertising Injury\$1,000,000
Each Occurrence\$1,000,000
Medical Expense - Any One Person\$10,000

Annual Premium
Non-Auditable (Estimated Sales \$400MM)\$119,861

Coverage Extensions

- . Automatic Coverage for Newly Acquired Organizations - 90 Days
- . Blanket Contractual Liability
- . Broad Form Named Insured
- . Cancellation Notice - 60 Days (10 Days for Nonpayment)

Summary of Insurance

Commercial General Liability

Coverage Extensions (cont.)

- . Employee Benefit Administration Liability
- . Claims Made Form
- . \$1,000,000 Each Wrongful Act
- . \$3,000,000 Aggregate Limit
- . \$1,000 Deductible
- . Employees as Additional Insureds
- . Fellow Employee Exclusion deleted
- . Non-Owned Watercraft Liability - Under 26 feet in length
- . Blanket Vendors as Additional Insureds
- . Blanket Additional Insureds - Lessors of Premises or Equipment
- . Worldwide Liability - Suits Brought in U.S. and Canada

Exclusions

- . Per Policy Form
- . Employment Practices Liability
- . Intellectual Property

Claims Made Notification

This policy contains a CLAIMS-MADE provision which applies to claims under the Employee Benefit Liability coverage. Claims under this policy must be submitted by you the insurer during the policy period for coverage to apply. Be aware that late reporting could result in a disclaimer of coverage letter from the insurer.

Summary of Insurance

Business Automobile

Insurance Company
St. Paul Fire & Marine Insurance Company
AM Best Rating: A+ XV

Policy Number
TE06101777

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Limits of Insurance
Liability - Any One Accident or Loss\$1,000,000
Uninsured/Underinsured Motorists\$1,000,000
Medical Payments\$5,000
Comprehensive Deductible\$1,000
Collision Deductible\$1,000

Annual Premium
Adjustable at Audit\$50,414

Coverage Extensions

- . Broad Form Named Insured
- . Cancellation Notice - 60 Days (10 Days for Nonpayment)
- . Employees as Additional Insureds
- . Non-Owned and Hired Automobile Liability
- . Hired Automobile Physical Damage
- . Limit Per VehicleActual Cash Value
- . Deductible\$1,000Comprehensive \$1,000Collision
- . Lessors as Additional Insured

Exclusions

- . Per Policy Form

Summary of Insurance

International Insurance

Insurance Company
St. Paul Fire & Marine Insurance Company
AM Best Rating: A+ XV

Policy Number
TE06101957

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Coverage
General Liability
General Aggregate\$2,000,000
Personal & Advertising Injury\$1,000,000
Products & Completed Operations Aggregate\$2,000,000
Premises Damage\$250,000
Medical Expense\$10,000
Per Occurrence\$1,000,000

Employee Benefits Liability
Per Occurrence\$1,000,000
Aggregate\$3,000,000
Deductible\$1,000

Voluntary Workers Compensation/Employers Liability Benefits: State of Hire
Employers Liability\$1,000,000
Repatriation Expense\$250,000

Contingent Automobile Liability
Bodily Injury & Property Damage Liability\$1,000,000

Summary of Insurance

International Insurance

Property
Any Unscheduled Location\$300,000

Deductible\$1,000

Annual Premium\$6,968

Summary of Insurance

Umbrella Liability

Insurance Company
National Union Fire Insurance Company (AIG)
AM Best Rating: A++ XV

Policy Number
BE7407927

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Limits of Insurance
General Aggregate\$35,000,000
Each Occurrence\$35,000,000
Product/Completed Operations Aggregate\$35,000,000

Self-Insured Retention
Per Occurrence if no Underlying CoverageNone

Excess of Primary
Commercial General Liability
Business Automobile Liability
Employer's Liability
Employee Benefit Administration Liability
International General Liability, Auto Liability, Employers Liability

Annual Premium
Minimum & Deposit\$63,387

Policy Form
Umbrella Form - Occurrence, Defense in Addition to Policy Limits

Summary of Insurance

Umbrella Liability

Coverage Extensions

- . Broad Form Named Insured
- . Cancellation Notice - 60 Days (10 Days for Nonpayment)

Exclusions

- . Per Policy Form
- . Aircraft Products
- . Asbestos
- . Care, Custody & Control - Real and Personal Property
- . Employment Practices Liability
- . Pollution - Hostile Fire Exception
- . Punitive Damages
- . Professional Liability Exclusion

Summary of Insurance

Admitted Mexico Commercial General Liability

Insurance Company
Seguros Commercial America

Policy Number
TBD

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Policy Form
Occurrence; Defense Costs in Addition to Policy Limits

Limits of Insurance
General Aggregate\$2,000,000
Products - Completed Operations Aggregate\$2,000,000
Each Occurrence\$1,000,000

Annual Premium\$1,500
Based on \$5,000,000 revenue
Revenue to be adjusted

Summary of Insurance

Crime

Insurance Company
Gulf Insurance Company
AM Best Rating: A+ IX

Policy Number
GA00716156

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Limits of Insurance	
Employee Dishonesty	\$1,000,000
Money & Securities -Loss Inside	\$1,000,000
Money & Securities -Loss Outside	\$1,000,000
Depositor's Forgery	\$1,000,000
Computer Fraud	\$1,000,000

Deductible (Does not apply to Employee Benefit Plans)	\$15,000
--	----------

Annual Premium	\$6,735
----------------	---------

Extensions of Coverage

- . ERISA Endorsements
- . Worldwide Coverage
- . Broad Form Named Insured
- . 60 Days Notice of Cancellation

Covered Plans

Any Employee Benefit Plan required By ERISA to be bonded

Exclusions

- . Per Policy Form

Summary of Insurance

Fiduciary Liability

Insurance Company
Gulf Insurance Company
AM Best Rating: A+ IX

Policy Number
GA00716169

Policy Period
12:01 am, January 16, 2001 to December 16, 2001

Policy Form
Claims Made

Limits of Insurance
Aggregate \$1,000,000

Deductible NIL

Retroactive Date 12/16/99

Benefit Plans Covered
All plans on file with the company

Coverage Extensions
. Employee Benefit Administration Liability

Annual Premium \$1,746

Summary of Insurance

Workers' Compensation and Employer's Liability

Insurance Company

Safety National

AM Best Rating: A VIII

Policy Number

LDC0000126

Policy Period

December 16, 2000 to December 16, 2001

Coverage and Limits of Insurance

Coverage A - Workers' Compensation - Statutory

Coverage B - Employer's Liability

Bodily Injury by Accident: Each Accident \$1,000,000

Bodily Injury by Disease: Each Employee \$1,000,000

Bodily Injury by Disease: Policy Limit \$1,000,000

Aggregate Limit

\$5,000,000

Deductible

\$150,000

Rates

Per \$100 Payroll; Standard Rates Filed with Each State

Premium (Including State Assessments)

Adjustable at Audit

\$200,579

Payment Plan: 20% down plus 9 monthly installments

Experience Modifications

2000

California

TBD

NCCI

.78

Workers' Compensation and Employer's Liability

- Coverage Extensions and Conditions
 - . Cancellation Notice - 30 Days
 - . Other States Coverage - Excluding ND, OH, WV, WY
 - . U.S. Longshoreman's and Harbor Workers' Act
 - . Voluntary Compensation
 - . Stop Gap

- Exclusions
 - . Per Policy Form

Summary of Insurance

Errors & Omissions Liability

Insuring Company
Steadfast Insurance Company
AM Best Rating: A+ XV

Policy Number
EOC356521201

Policy Period
12:01 a.m., September 1, 2000, to September 1, 2001

Limits of Insurance
Each Claim \$5,000,000
Aggregate - Each Policy Period \$5,000,000

Deductible
Each and Every Claim \$50,000

Retroactive Date 7/13/95

Premium \$120,484

Extended Reporting Period Twelve (12) months at 100%
of the total premium.

Endorsements

- . Amendment of Exclusion A
- . Automatic Acquisition Endorsement - for Entities that do not exceed \$32,000,000 in revenue
- . Construction Management Exclusion
- . Contingent BI/PD Endorsement
- . Punitive Damages Endorsement
- . Subsidiary Endorsement
- . Telecommunication, Information Technology, and Multimedia Endorsement
- . Worldwide Endorsement

SCHEDULE 9
TO CREDIT AGREEMENT

LEASED REAL
PROPERTY

[Section 6.11]

Address - - - - -	Landlord - - - - -
Bridge Pointe Corporate Centre 4810 Eastgate Mall San Diego, CA 92121	Franklin Templeton Companies 2000 Alameda De La Pulgas #200A San Mateo, CA 94402
1840 Michael Faraday Dr., Suite 101, 240 Reston, VA 20190	Chevy Chase Lane Company 2 Wisconsin Circle Chevy Chase, MD 20815
1840 Michael Faraday Dr., Suite 200 Reston, VA 20190	General Dynamics 100 Ferguson Drive Mountainview, CA 94039
701 Presidential Drive Area 134 Richardson, TX 75081	Aetna Life Insurance 820 N. Glenville Road Richardson, TX 75081
141 South Black Horse Place, Suite 204 Blackwood, NJ 08012	Leasing Agent: Blackwood Medical Center c/o Needleman Management Co. 1060 N. Kings Highway, Suite 250 Cherry Hill, NJ 08034 Att: Howard Needleman
6613 N. Scottsdale Rd. #200 Phoenix, AZ 85250	TTT Rental Properties P.O. Box 1965 Tracy, CA 95378 Expires 2/28/01
8432 Rovana Circle Sacramento, CA 95828	Leasing Agent: DDS Rental Account 125 Thunderbird Ct. Novato, CA 94949 Att: Tom Chaps
Musset No. 10 Reforma Polanco, C.P. 11550 Mexico, D.F.	Emilia Diaz Noriega Renan 18, Dpto 304 Colonia Anzures, C.P. 11590 Mexico, D.F.
Newton 286, Colonia Polanco C.P. 11560, Mexico D.F. Mexico	Descartes, S.A. de C.V. Hamburgo 75, p.c., Colonia Juarez C.P. 06600, Mexico D.F. Contact: Mireya Juarez Attorney: Alejandro Espinosa Duran
Alameda Santos, 1800, 8o. Andar, 8B Cerqueira Cesar, 01418-200 Sao Paulo, Brazil	Leasing Agent:
74 North Street Guildford, Surrey GU14AW United Kingdom	Leasing Agent:

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Schedule 9

EXECUTION

SUBSIDIARIES
[Section 5.16]

The entities named in Schedule 11 other than Wireless Facilities, Inc. constitute all of the Subsidiaries of Wireless Facilities, Inc.

The following is a list of all of the Material Foreign Subsidiaries as of the Effective Date:

- (1) WFI de Mexico S. de R.L. de C.V.; and
- (2) Wireless Facilities International Limited

The following constitute all of the direct Subsidiaries of Wireless Facilities, Inc. as of the Effective Date:

- (1) WFI FSC, Inc.;
- (2) WFI Network Management Services Corp.;
- (3) Wireless Facilities, Inc./Entel;
- (4) Wireless Facilities Latin America LTDA;
- (5) Wireless Facilities International Limited
- (6) WFI UK Ltd.
- (7) WFI de Mexico, S. de R.L. de C.V.; and
- (8) WFI de Mexico, S.A. de C.V.

The following constitute all of the Subsidiaries of WFI de Mexico, S.A. de C.V. as of the Effective Date:

- (1) WFI Asesoria En Telecomunicaciones, S.C. de C.V.; and
- (2) WFI Asesoria En Administracion S.C. de C.V.

The sole Subsidiary of WFI Network Management Services Corp. as of the Effective Date is WFI NMC Corp.

The sole Subsidiary of WFI NMC Corp. as of the Effective Date is WFI NMC LP.

The following constitute all of the Subsidiaries of Wireless Facilities International Limited as of the Effective Date:

- (1) Wireless Facilities International Germany GmbH;
- (2) Wireless Facilities Telekomunikasyon Servis Ltd. Sit.; and
- (3) Questus Limited
- (4) Wireless Facilities International Spain S.L.

The following constitute all of the Subsidiaries of Questus Limited as of the Effective Date:

Questus Scandinavia AB; and
Questus GmbH.

The sole Subsidiary of Questus Scandinavia AB as of the Effective Date is WFI Scandinavia AB.

SCHEDULE 11
TO CREDIT AGREEMENT

ORGANIZATIONAL/CAPITAL STRUCTURE; OWNERSHIP

Jurisdictions of Organization and Qualification

Name	Type of Organization	Jurisdiction of Organization	Jurisdiction of Qualification	Authorized Capital Stock	Capital Stock in Issue	FEIN
Wireless Facilities, Inc.	Corporation	Delaware	Arizona	195,000,000 of Common Stock	43,337,707 of Common Stock	13-3818604
			Arkansas			
			California			
			Connecticut	5,000,000 of Preferred Stock	No Preferred Stock	
			Colorado			
			District of Columbia			
			Delaware (state of incorporation)			
			Florida			
			Georgia			
			Hawaii			
			Idaho			
			Illinois			
			Indiana			
			Iowa			
Kentucky						
Louisiana						
Maine						
Maryland						
Massachusetts						
Michigan						

Name	Type of Organization	Jurisdiction of Organization	Jurisdiction of Qualification
			Mississippi Missouri Nebraska Nevada New Hampshire New Mexico New York New Jersey North Carolina Oklahoma Oregon Pennsylvania South Carolina Texas Utah Virginia Washington
WFI Network Management Services Corp.	Corporation	Delaware	Texas
WFI FSC, Inc.	Corporation	Barbados	Barbados
Wireless Facilities, Inc./Entel.	Corporation	Delaware	Inactive
WFI UK Ltd.	Corporation	UK	EU
Wireless Facilities International Limited	Corporation	UK	EU
WFI NMC LP	Limited Partnership	Delaware	Texas
WFI NMC Corp.	Corporation	Delaware	Delaware
Wireless Facilities International Spain S.L.	Corporation	Spain	EU
Wireless Facilities International Germany GmbH	Corporation	Germany	EU

Name	Authorized Capital Stock	Capital Stock in Issue	FEIN
WFI Network Management Services Corp.	1,000,000 Common	1000 Common	33-0896808
WFI FSC, Inc.	100 Common	100 Common	98-0231870
Wireless Facilities, Inc./Entel.	1500 Common	12 Common	52-1924331
WFI UK Ltd.	1000 Shares	1000 Shares	3983956
Wireless Facilities International Limited	1000 Shares	900 Shares	3877285
WFI NMC LP	1000 Common	1000 Common	33-093-7529
WFI NMC Corp.	1000 Common	1000 Common	33-0937682
Wireless Facilities International Spain S.L.	400	400	
Wireless Facilities International Germany GmbH	Share Capital is in nominal amount of EUROS 25,000,000	Share capital contribution is fully paid in cash	

Name	Type of Organization	Jurisdiction of Organization	Jurisdiction of Qualification
Wireless Facilities Latin America LTDA	Corporation	Brazil	Brazil
Wireless Facilities Telekomunikasyon Servis Ltd Sit.	Corporation	Turkey	Turkey
Questus Limited	Corporation	UK	EU
Questus Scandinavia AB	Corporation	Sweden	Sweden
WFI Scandinavia AB	Corporation	Sweden	Sweden
WFI de Mexico, S. de R.L. de C.V.	Limited Liability Company	Mexico	Mexico
Questus GmbH	Corporation	Austria	Austria
WFI Asesoria En Telecomunicaciones S.C. de C.V.	Corporation	Mexico	Mexico
WFI Asesoria En Administracion S.C. de C.V.	Corporation	Mexico	Mexico
WFI de Mexico, S.A. de C.V.	Corporation	Mexico	Mexico

Name	Authorized Capital Stock	Capital Stock in Issue	FEIN
Wireless Facilities Latin America LTDA	250,000 Quotas	250,000 Quotas	
Wireless Facilities Telekomunikasyon Servis Ltd Sit.	2,560 Shares	2,560 Shares	
Questus Limited	207,768 Units	207,768 Units	2948181
Questus Scandinavia AB	4,000 Shares	1,000 Shares	N/A
WFI Scandinavia AB	100,000 SEK	1,000 SEK	N/A
WFI de Mexico, S. de R.L. de C.V.	2	2	N/A
Questus GmbH	500	500	N/A
WFI Asesoria En Telecomunicaciones S.C. de C.V.	Partner's Interests: \$10,000 Mex. Pesos	Partner's Interest: \$10,000 Mex. Pesos	N/A
WFI Asesoria En Administracion S.C. de C.V.	Partner's Interests: \$5,000 Mex. Pesos	Partner's Interest: \$5,000 Mex. Pesos	N/A
WFI de Mexico, S.A. de C.V.	9,800 Series B Common Stock; 200 Series A Common	9,050 Series B Common Stock & 750 Series B Treasury stock; 200 Series A Treasury stock	N/A

SCHEDULE 12
TO CREDIT AGREEMENT

EXISTING COMMITMENTS/EXISTING LOANS

Name of Bank -----	Commitment -----	Existing Loans -----
Imperial Bank	\$25,000,000	\$16,040,636.50
BankOne, Arizona, N.A	\$25,000,000	\$16,040,636.50
	-----	-----
Total	\$50,000,000	\$ 38,081,273
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SCHEDULE 13
TO CREDIT AGREEMENT

EXISTING LETTERS OF CREDIT

Issuing Bank ----- (and Standby LC Reference No.)	Amount (\$) -----	Issue Date -----	Expiry Date -----	Beneficiary -----
Imperial Bank (0SF00001415)	\$375,000	8/30/00	8/29/01	Michael E. Ralph
Imperial Bank (0SF00001416)	\$375,000	8/30/00	8/29/01	Michael E. Ralph
Imperial Bank (0SF00001417)	\$375,000	8/30/00	8/29/01	Michael E. Ralph
Imperial Bank (0SF00001418)	\$375,000	8/30/00	8/29/01	Michael E. Ralph

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Schedule 13

EXECUTION

NOTICE OF BORROWING

[Date]

Credit Suisse First Boston, as Administrative Agent
for the Banks party to
the Credit Agreement
referred to below

Credit Suisse First Boston
Eleven Madison Avenue
New York, New York 10010
Attention: Agency Group

Ladies and Gentlemen:

The undersigned, Wireless Facilities, Inc., refers to the Amended and Restated Credit Agreement, dated as of _____, 2001 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among, inter alios, the undersigned, certain Banks parties thereto and you, as Administrative Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.3 of the Credit Agreement, that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.3 of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is _____.

(ii) The aggregate principal amount of the Proposed Borrowing is \$_____.

(iii) The Proposed Borrowing is to consist of [Base Rate Loans] [LIBOR Loans].

[(iv) The initial Interest Period for the Proposed Borrowing is _____ months.](1)

[[iv]] [(v)] Following the Proposed Borrowing, the total number of Borrowings of LIBOR Loans will be_____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 5 of the Credit Agreement are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on and as of such date (except to the extent that a representation and warranty speaks specifically of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date);

- - - - -
(1) To be included for a Proposed Borrowing of LIBOR Loans

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof; and

(C) the aggregate of the Credit Exposures of the Banks after giving effect to the Proposed Borrowing will not exceed the Total Commitments.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

cc: [_____]

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EXECUTION

NOTE

\$ _____, [New York] _____, 20__

FOR VALUE RECEIVED, WIRELESS FACILITIES, INC., a corporation organized and existing under the laws of Delaware (the "Borrower"), hereby promises to pay to the order of [] (the "Bank"), for the account of its Applicable Lending Office (as defined in the Credit Agreement referred to below), in lawful money of the United States of America in immediately available funds, at the office of Credit Suisse First Boston (the "Agent") located at [] on the Loan Maturity Date (as defined in the Credit Agreement) the principal sum of [] United States dollars \$[] or, if less, the unpaid principal amount of all Loans (as defined in the Credit Agreement) made by the Bank pursuant to the Agreement.

The Borrower promises also to pay interest on the unpaid principal amount of each Loan in like money at said office from the date such Loan is made until paid at the rates and at the times provided in the Credit Agreement.

This Note is one of the Notes referred to in the Amended and Restated Credit Agreement, dated as of _____, 2001, among, inter alios, the Borrower, the Bank, the other financial institutions party thereto and the Administrative Agent and the Collateral Agent (as it may be amended, restated, supplemented or otherwise modified through the date hereof and from time to time thereafter, the "Credit Agreement") and is entitled to the benefits thereof. This Note is secured by the Security Documents (as defined in the Credit Agreement). As provided in the Credit Agreement, this Note is subject to voluntary and mandatory prepayment, in whole or in part, and Loans may be converted from one Type (as defined in the Credit Agreement) into another Type to the extent provided in the Credit Agreement.

In case an Event of Default (as defined in the Credit Agreement) shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

NOTICE OF CONVERSION

[Date]

Credit Suisse First Boston, as Administrative Agent
for the Banks parties to
the Credit Agreement
referred to below

Credit Suisse First Boston
Eleven Madison Avenue
New York, New York 10010
Attention: Agency Group

Ladies and Gentlemen:

The undersigned, Wireless Facilities, Inc., refers to the Amended and Restated Credit Agreement, dated as of _____, 2001 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among, inter alios, the undersigned, certain Banks parties thereto and you, as Administrative Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a conversion of Loans under the Credit Agreement, and in that connection sets forth below the information relating to such conversion (the "Proposed Conversion") as required by Section 2.6 of the Credit Agreement:

(i) The Business Day of the Proposed Conversion is _____,

(ii) The aggregate principal amount of the Proposed Conversion is

\$ _____.

(iii) The Loans (or portions thereof) to be converted (the

"Converted Loans") are [Base Rate [LIBOR] Loans made pursuant to a Borrowing made on _____, _____.

(iv) Following the Proposed Conversion, the Converted Loans will be

[Base Rate] [LIBOR] Loans(1) [, and, if the Converted Loans are to be LIBOR Loans, the initial Interest Period applicable thereto is _____ months.]

- - - - -
(1) To be included if Base Rate Loans (or portions thereof) are being converted to LIBOR Loans.

(v) Following the Proposed Conversion, the total number of Borrowings of LIBOR Loans will be _____ and the aggregate principal amount of each such Borrowing will equal or be greater than \$_____.

The undersigned hereby certifies that no Default or Event of Default has occurred and is continuing, or would result from the Proposed Conversion.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

cc: [_____]

Loans.

NOTICE OF CONTINUATION

[Date]

Credit Suisse First Boston, as Administrative Agent for the Banks parties to the Credit Agreement referred to below

Credit Suisse First Boston
Eleven Madison Avenue
New York, New York 10010
Attention: Agency Group

Ladies and Gentlemen:

The undersigned, Wireless Facilities, Inc., refers to the Amended and Restated Credit Agreement, dated as of _____, 2001 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among, inter alios, the undersigned, certain Banks parties thereto and you, as Administrative Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a continuation of LIBOR Loans under the Credit Agreement, and in that connection sets forth below the information relating to such continuation (the "Proposed Continuation") as required by Section 2.6 of the Credit Agreement:

(i) The Business Day of the Proposed Continuation is _____,
_____.

(ii) The aggregate principal amount of the Proposed Continuation is
\$ _____.

(iii) The LIBOR Loans (or portions thereof) to be continued as LIBOR Loans (the "Continued Loans") were made pursuant to a Borrowing made on _____, _____.

(iv) The Interest Period for the Continued Loans is _____ months.

(v) Following the Proposed Continuation, the total number of Borrowings of LIBOR Loans will be _____ and the aggregate principal amount of each such Borrowing will equal or be greater than \$____.

The undersigned hereby certifies that no Default or Event of Default has occurred and is continuing, or would result from the Proposed Continuation.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

cc: [_____]

[Date]

[] as Issuing Bank
[]
[]
Attention: []

Credit Suisse First Boston, as Administrative Agent
for the Banks party to
the Credit Agreement
referred to below

Ladies and Gentlemen:

The undersigned, Wireless Facilities, Inc., refers to the Amended and Restated Credit Agreement, dated as of _____, 2001 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among, inter alios, the undersigned, certain Banks parties thereto and you, as Administrative Agent and Collateral Agent for such Banks, and hereby gives you notice, irrevocably, pursuant to Section 2.1A of the Credit Agreement, that the undersigned hereby requests the Issuing Bank named above to issue a Letter of Credit under the Credit Agreement, and in that connection sets forth below the information relating to such Letter of Credit (the "Proposed Issuance") as required by Section 2.1A of the Credit Agreement:

1. Date of issuance of Letter of Credit: _____, 200__
2. Face amount of Letter of Credit: \$_____
3. Expiration date of Letter of Credit: _____, 200__
4. Name and address of beneficiary:
5. Account Party: _____
6. Attached hereto is:
 - a. the verbatim text of such proposed Letter of Credit
 - b. a description of the proposed terms and conditions of such Letter of Credit, including a precise description of any documents to be presented by the beneficiary which, if presented by the beneficiary prior to the expiration date of such Letter of Credit, would require the Issuing Bank to make payment under such Letter of Credit.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Issuance:

(A) the representations and warranties contained in Section 5 of the Credit Agreement are correct, before and after giving effect to the Proposed Issuance and to the application of the proceeds thereof, as though made on and as of such date (except to the extent that a representation and warranty speaks specifically of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date);

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Issuance or from the application of the proceeds thereof;

(C) the LC Exposure after giving effect to the Proposed Issuance will not exceed \$10,000,000; and

(D) the aggregate of the Credit Exposures of the Banks after giving effect to the Proposed Issuance will not exceed the Total Commitments.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

cc: [_____]

WIRELESS FACILITIES, INC.

OFFICER'S CERTIFICATE

I, the undersigned, [President] [Vice President], of WIRELESS FACILITIES, INC. a corporation organized and existing under the laws of Delaware (the "Borrower"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 4.2(b) of the Amended and Restated Credit Agreement, dated as of _____, 2001, among, inter alios, the Borrower, the Banks party thereto and Credit Suisse First Boston, as Administrative Agent and Collateral Agent (such Credit Agreement, as it may be amended, restated, supplemented or otherwise modified through the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein capitalized terms used in this Certificate have the meanings assigned to those terms in the Credit Agreement.

2. The persons named below have been duly elected, have duly qualified as and at all times since [please advise of date of Terry Ashwill's employment] (to and including date hereof) have been officers of the Borrower, holding the respective offices below set opposite their names, and the signatures below set opposite their names are their genuine signatures.

Name(1) -----	Office -----	Signature -----
------------------	-----------------	--------------------

3. Attached hereto as Exhibit A is a copy of the Articles of Incorporation of the Borrower as filed in the Office of the Delaware Secretary of State on [_____] together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the Bylaws of the Borrower as in effect on the date the resolutions described in paragraph 5 below were adopted, together with all amendments thereto adopted through the date hereof.

5. Attached hereto as Exhibit C is a true and correct copy of resolutions duly adopted by the Board of Directors of the Borrower, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect. Except as attached hereto as Exhibit C, no resolutions have been adopted by the Board of Directors of the Borrower which deal with the execution, delivery or performance of any of the Credit Documents.

6. On the date hereof, the representations and warranties contained in Section 5 of the Credit Agreement are true and correct, both before and after giving effect to each Borrowing to be incurred on the date hereof and the application of the proceeds thereof.

(1) Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this certificate.

7. On the date hereof, no Default or Event of Default has occurred and is continuing or would result from the Borrowings to be incurred on the date hereof or from the application of the proceeds thereof.

8. I know of no proceeding for the dissolution or liquidation of the Borrower or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [_____] day of [_____] , 2001.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

WIRELESS FACILITIES. INC.

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of WIRELESS FACILITIES, INC., DO
HEREBY CERTIFY that:

1. [Insert name of Person making the above certifications] is the
duly elected and qualified [_____] of the Borrower and the
signature on the attached Officer's Certificate is [his][her] genuine
signature.

2. The certifications made by [name] in items 2, 3, 4 and 5 on the
attached Officer's Certificate are true and correct.

3. I know of no proceeding for the dissolution or liquidation of the
Borrower or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [_____] day of
[_____], 2001.

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: Secretary

[SUBSIDIARY]

OFFICER'S CERTIFICATE

I, the undersigned, [President] [Vice President], of [SUBSIDIARY NAME] (the "Subsidiary"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Section 4.2(b) of the Amended and Restated Credit Agreement, dated as of [_____], among, inter alios, WIRELESS FACILITIES, INC. (the "Borrower"), the Banks party thereto and Credit Suisse First Boston, as Agent and Collateral Agent (such Credit Agreement, as it may be amended, restated, supplemented or otherwise modified through the date of this Certificate, being herein called the "Credit Agreement"). Unless otherwise defined herein capitalized terms used in this Certificate have the meanings assigned to those terms in the Credit Agreement.

2. The persons named below have been duly elected, have duly qualified as and at all times since [please advise of date of Terry Ashwill's employment] (to and including date hereof) have been officers of the Subsidiary, holding the respective offices below set opposite their names, and the signatures below set opposite their names are their genuine signatures.

Name(1)	Office	Signature
-----	-----	-----

3. Attached hereto as Exhibit A is a copy of the [documents establishing] the Subsidiary as filed in the [jurisdiction of its establishment] on [date], together with all amendments thereto adopted through the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of the [Bylaws] of the Subsidiary as in effect on the date the resolutions described in paragraph 5 below were adopted, together with all amendments thereto adopted through the date hereof.

5. Attached hereto as Exhibit C is a true and correct copy of resolutions duly adopted by the Board of Directors of the Subsidiary, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect. Except as attached hereto as Exhibit C, no resolutions have been adopted by the Board of Directors of the Subsidiary which deal with the execution, delivery or performance of any of the Credit Documents.

6. On the date hereof, the representations and warranties contained in Section 5 of the Credit Agreement are true and correct, both before and after giving effect to each Borrowing to be incurred on the date hereof and the application of the proceeds thereof.

 (1) Include name, office and signature of each officer who will sign any Credit Document, including the officer who will sign the certification at the end of this certificate.

7. On the date hereof, no Default or Event of Default has occurred and is continuing or would result from the Borrowings to be incurred on the date hereof or from the application of the proceeds thereof.

8. I know of no proceeding for the dissolution or liquidation of the Subsidiary or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [_____] day of [_____] , 2001.

[SUBSIDIARY NAME]

By _____
Name:
Title:

[SUBSIDIARY NAME]

SECRETARY'S CERTIFICATE

I, the undersigned, Secretary of [SUBSIDIARY NAME], DO HEREBY CERTIFY that:

1. [Insert name of Person making the above certifications] is the duly elected and qualified [_____] of the Subsidiary and the signature on the attached Officer's Certificate is [his][her] genuine signature.

2. The certifications made by [name] in items 2, 3, 4 and 5 on the attached Officer's Certificate are true and correct.

3. I know of no proceeding for the dissolution or liquidation of the Subsidiary or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this [_____] day of January, 2001.

[SUBSIDIARY NAME]

By _____
Name: _____
Title: Secretary

LANDLORD'S CONSENT

[Date]

[Landlord]

Gentleman/Ladies:

As you may be aware, Wireless Facilities, Inc. (the "Tenant") under that certain [insert description of the Lease] (as amended, modified or supplemented from time to time, the "Lease") of the premises commonly known as [____], [____], [____] [CA] (the "Premises"), has entered into that certain Credit Agreement, dated as of August 18, 1999 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Tenant, the banks described therein (the "Banks") and Credit Suisse First Boston in its capacity as administrative agent (in such capacity, together with its successors, the "Agent") and collateral agent (in such capacity, together with its successors, the "Collateral Agent") on behalf the Banks.

To secure its obligations to the Agent, the Collateral Agent and the Banks under the [Credit Agreement] [Guaranty], the Tenant has entered into a Security Agreement, dated as of [____], (as amended, modified or supplemented from time to time, the "Security Agreement"), with the Collateral Agent, pursuant to which the Tenant has granted the Collateral Agent a security interest over certain collateral more particularly described therein, including, without limitation, its contract rights (including its rights under the Lease), its inventory and its equipment (collectively, the "Collateral").

In order to advance funds to the Tenant under the Credit Agreement, the Collateral Agent needs the following assurances from you:

(1) You consent to the granting of the security interest in the Lease to the Collateral Agent;

(2) You will send the Collateral Agent at its office located at [____], Attention: [____] (or such other address as the Collateral Agent provides you in writing) a copy of any notice of default under (or termination of) the Lease (each, a "Default Notice") and allow the Collateral Agent an additional period of time equal to the grace period already permitted under the Lease in order to cure any such default;

(3) You will permit the Collateral Agent to cure any default under the Lease if the Tenant fails to do so, and, further, you will permit the Collateral Agent to assume all of the Tenant's rights and obligations under the Lease, including, without limitation, the right to enter and possess the leased premises and, subject to the terms of the Lease, assign the Lease or sublet the leased premises at some future date;

(4) You will apply any sums of money paid to you by the Collateral Agent only to debts owing under the Lease as described in the Default Notice, and not to set off such sums against other debts owed to you by the Tenant; and

(5) You consent to the granting of a security interest in all of the personal property of the Tenant located now or in the future on the Premises (the "Personal Property"), including any part of the Personal Property that is now or is hereafter located or installed on or affixed to the Premises or that is or may be deemed to be fixtures. You agree that all of the Personal Property, whether or not affixed to or located or installed on the Premises, constitutes and shall remain personal property and shall not become installed or located on or affixed to the Premises or any other real estate. You hereby expressly waive

and disclaim to the fullest extent allowed by applicable law all right, title and interest in or to any and all of the Personal Property. You further agree that the Collateral Agent or its representatives may enter upon the Premises for the purpose of detaching, removing, repossessing and otherwise exercising any or all of its or their rights or remedies with respect to the Personal Property without interference by, or liability, accountability or reimbursement to, you or any other person or entity claiming through or as a successor to or on behalf of you.

If you are in agreement with the terms of this letter, we would appreciate your signing the enclosed copies of this letter and returning one to us and one to the Collateral Agent in the enclosed envelopes at your earliest convenience.

Thank you for your assistance in this matter.

CREDIT SUISSE FIRST BOSTON,
Collateral Agent

By _____
Title: _____

AGREED TO AND ACCEPTED BY:

[LANDLORD]

By: _____
Title: _____

Date: _____

COLLATERAL DESCRIPTION

(1) All Contracts of Debtor; (2) all Inventory of Debtor; (3) all Equipment of Debtor; (4) all computer programs of the Debtor and all proprietary information of the Debtor; (5) all other Goods, General Intangibles, Chattel Paper, Documents, Instruments and Investment Property of Debtor; and (6) all Proceeds and products of any and all of the foregoing.

Capitalized terms used in this Collateral Description shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Chattel Paper" shall mean, as of any date of determination, "chattel paper" as such term is defined in the UCC as in effect on such date.

"Contracts" shall mean all contracts and agreements between the Debtor and one or more additional parties.

"Documents" shall mean, as of any date of determination, "documents" as such term is defined in the UCC as in effect on such date.

"Equipment" shall mean, as of any date of determination, "equipment" as such term is defined in the UCC as in effect on such date, now or hereafter owned by Debtor and, in any event, shall include, but shall not be limited to, all machinery, equipment, furnishings, fixtures and vehicles now or hereafter owned by the Debtor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"General Intangibles" shall mean, as of any date of determination, "general intangibles" as such term is defined in the UCC as in effect on such date.

"Goods" shall mean, as of any date of determination, "goods" as such term is defined in the UCC as in effect on such date.

"Instrument" shall mean, as of any date of determination, "instrument" as such term is defined in the UCC as in effect on such date.

"Inventory" shall mean, as of any date of determination, "inventory" as such term is defined in the UCC as in effect on such date, now or hereafter owned by Debtor and, in any event, shall include, but shall not be limited to, all raw materials, work-in-process, and finished inventory of the Debtor of every type or description and all documents of title covering such inventory.

"Investment Property" shall mean, as of any date of determination, "investment property" as such term is defined in the UCC as in effect on such date.

"Proceeds" shall mean, as of any date of determination, "proceeds" as such term is defined in the UCC as in effect on such date.

"UCC" shall mean the Uniform Commercial Code.

COMPLIANCE CERTIFICATE

[Date]

Credit Suisse First Boston, as Administrative Agent for the Banks parties to the Credit Agreement referred to below

Credit Suisse First Boston

[_____]

Attention: [_____]

Ladies and Gentlemen:

I, the undersigned, Authorized Representative of Wireless Facilities, Inc., a Delaware corporation (the "Borrower"), pursuant to Section 6.1(e) of the Amended and Restated Credit Agreement, dated as of [_____], 2001 by and among, inter alios, the Borrower, the Banks party thereto and Credit Suisse First Boston as Administrative Agent and Collateral Agent (such Credit Agreement, as it may be amended, restated, supplemented or otherwise modified through the date of this Compliance Certificate, being herein called the "Credit Agreement"; unless otherwise defined herein capitalized terms used in this Compliance Certificate have the meanings assigned to those terms in the Credit Agreement), have attached hereto the quarterly financial statements of the Borrower for the Fiscal Quarter ended [___], [____](the "Test Date"), and DO HEREBY CERTIFY that the Borrower [is] [is not] in compliance with the Financial Covenants according to the following calculations:

(1)[A.] Capital Expenditures:

- | | |
|--|-----------|
| (1) Capital expenditures made during Fiscal Year | \$[_____] |
| (2) Excess (deficit) of \$20,000,000 for Fiscal Year ending December 31, 2000, and of \$35,000 for any other Fiscal Year, over (1) | \$[_____] |
| (3) 50% of excess (deficit) carried forward from immediately preceding Fiscal Year | |

[A.][B.] Quick Ratio:

- | | |
|---|----------------|
| (1) Cash at Test Date | \$[_____] |
| (2) Permitted Investments of the type described in clause (ii) of the definition thereof at the Test Date | \$[_____] |
| (3) Billed and Unbilled Accounts at Test Date | \$[_____] |
| (5) Total of (1) through (3) | \$[_____] |
| (6) Total Current Liabilities at Test Date | \$[_____] |
| (7) Actual Ratio ((5) to (6)) | \$[_____]:1.00 |
| (8) Covenant Ratio | 1.00:1.00 |

- - - - -

(1) To be included if the Test Date is the last day of a Fiscal Year.

(9) (7) is [less][greater] than (8)

[B.][C.] Senior Debt to EBITDA:

- (1) Senior Debt on Test Date \$[_____]
- (2) EBITDA for four quarters ending on Test Date. \$[_____]
- (3) Actual Ratio ((1) to (2)) [_____]:]
- (4) Covenant Amount 2.00:1
- (5) (3) is [greater] [less] than 4

[C.][D.] Fixed Charge Coverage:

- (1) EBITDA for four quarters ending on Test Date \$[_____]
- (2) Cash Dividends for four quarters ending on Test Date \$[_____]
- (3) Cash Distributions to Shareholders/Affiliates for four quarters ending on Test Date \$[_____]
- (4) Unfunded Capital Expenditures for four quarters ending on Test Date \$[_____]
- (5) Cash taxes paid for four quarters ending on Test date \$[_____]
- (6) (1) minus (2), (3), (4), and (5) \$[_____]
- (7) Aggregate scheduled principal payments on Total Debt in one year period following Test Date \$[_____]
- (8) Capital Lease obligations due within one year from Test Date \$[_____]
- (9) Interest Expense for four quarters ending on Test Date \$[_____]
- (10) Sum of (7), (8), and (9) \$[_____]
- (11) Actual Ratio (6) to (10) [_____]:1
- (12) Covenant Ratio 1.50:1
- (13) (11) is [less] [greater] than (12)

IN WITNESS WHEREOF, I have hereunto set my hand this [_____] day
of [_____] [____].

WIRELESS FACILITIES, INC.

By _____
Name: _____
Title: _____

cc: [_____]

347024-New York Server 4A

Exhibit I Page 3

EXECUTION

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Credit Agreement, dated as of [____], 2001, by and among, inter alios, Wireless Facilities, Inc. (the "Borrower"), the Banks from time to time party thereto and Credit Suisse First Boston, as Administrative Agent and Collateral Agent for such Banks (such Credit Agreement, as it may be amended, restated, supplemented or otherwise modified through the date hereof and as it may be further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used herein and defined in the Credit Agreement are used herein as so defined.

[____] ("Assignor") and [____] ("Assignee") hereby make and enter into this assignment and acceptance agreement (this "Assignment and Acceptance") as of [____] [____].

1. The Assignor hereby sells and assigns to the Assignee without recourse and without representation or warranty (other than as expressly provided herein), and the Assignee hereby purchases and assumes from the Assignor, that interest in and to all of the Assignor's rights and obligations under the Credit Agreement which represents the percentage interest specified in Item 4 of Annex I (the "Assigned Share") of the Commitments and Loans under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitment and the outstanding principal balance of the Loans will be as set forth in Item 4 of Annex I.

2. The Assignor (a) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any other instrument or document furnished pursuant thereto; and (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Guarantor, the Borrower or any of its Subsidiaries (the "Credit Parties") the performance or observance by any Credit Party of its obligations under the Credit Documents to which it is a party or any other instrument or document furnished pursuant thereto.

3. The Assignee (a) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (b) agrees that it will, independently and without reliance upon the Administrative Agent, the Collateral Agent, the Assignor or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents; (c) appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Administrative Agent and the Collateral Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (d) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Bank.

4. Following the execution of this Assignment and Acceptance by the Assignor and the Assignee, an executed original hereof (together with all attachments) will be delivered to the Administrative Agent. Unless a later date is specified in Item 5 of Annex I hereto, this Assignment and Acceptance shall become effective on the first date on which each of the following conditions is satisfied: (a) this Assignment and Acceptance shall have been executed and delivered by the Assignor and Assignee and a fully executed original shall have been delivered to the Administrative Agent, (b) the consents described in 10.5(a) of the Credit Agreement shall have been obtained, and (c) the Agent shall have received the \$3,500 processing and recordation fee referred to in Section 10.5(a) of the Credit Agreement (such effective date or, so long as the conditions described above have been satisfied, such later date as specified in Item 5 of Annex I hereto (the "Settlement Date")).

5. As of the Settlement Date, (a) the Assignee shall become a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance shall have the rights and obligations of a Bank thereunder and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights (other than any indemnities) and be released from its obligations under the Credit Documents.

6. It is agreed that the Assignee shall be entitled to all interest on the Assigned Share of the Loans at the rates specified in Item 6 of Annex I which accrue on and after the Settlement Date, such interest to be paid by the Agent directly to the Assignee. It is further agreed that all payments and prepayments of principal made on the Assigned Share of the Loans which occur on and after the Settlement Date will be paid directly by the Agent to the Assignee. Upon the Settlement Date, the Assignee shall pay to the Assignor an amount specified by the Assignor in writing which represents the Assigned Share of the principal amount of the Loans which are outstanding on the Settlement Date and which are being assigned hereunder. The Assignor and the Assignee shall make all appropriate adjustments in payments under the Credit Agreement for periods prior to the Settlement Date directly between themselves on the Settlement Date.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[ASSIGNOR], as Assignor

By _____
Name: _____
Title: _____

[ASSIGNEE], as Assignee

By _____
Name: _____
Title: _____

Acknowledged and Agreed this
[_____] day of [_____]

CREDIT SUISSE FIRST BOSTON, as Administrative Agent

By _____
Name: _____
Title: _____

*[WIRELESS FACILITIES, INC.]

By _____
Name: _____
Title: _____

- - - - -
* To be included unless an Event of Default has occurred and is continuing.

ANNEX I TO ASSIGNMENT AND ACCEPTANCE

1 Borrower: Wireless Facilities, Inc.

2. Name and Date of Credit Agreement:

Amended and Restated Credit Agreement, dated as of [____], 2001, by and among, inter alios, Wireless Facilities, Inc., the Banks from time to time party thereto, and Credit Suisse First Boston, as Agent and Collateral for such Banks.

3. Date of Assignment and Acceptance: [____], [____].

4. Amounts (as of date of item #3 above):

- A. Total Commitment \$[_____]
- B. Assigned Share of Total Commitment [____]%
- C. Amount of Assigned Share of Total Commitment \$[_____]
- D. Aggregate Amount of Loans Outstanding \$[_____]
- E. Assigned Share of Loans \$[_____]
- F. Amount of Assigned Share of Loans \$[_____]

5. Settlement Date: [____], [____].

6. Rate(s) of Interest to the Assignee:

[As set forth in the Credit Agreement]

7. Assignee Notice Information:

[____]
[____]
[____]

Attention: [____]
Telephone: [____]
Telecopier: [____]
Reference: [____]

8. Assignee Payment Instructions:

Base Rate Lending Office:

[____]
[____]

ABA#: [____]
Account Name: [____]
Account#: [____]
Reference: [____]

LIBOR Lending Office:

[____]
[____]

ABA#: [_____]
Account Name: [_____]
Account#: [_____]
Reference: [_____]

DOMESTIC SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY, dated as of [_____] (as amended, restated, supplemented or otherwise modified from time to time, this "Guaranty"), made by [], a [] corporation (the "Guarantor"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as hereinafter defined) shall be used herein as so defined.

WITNESSETH:

WHEREAS, Wireless Facilities, Inc., a Delaware corporation (the "Borrower"), the Banks and Credit Suisse First Boston, as administrative agent (the "Agent") and collateral agent (the "Collateral Agent"), have entered into an Amended and Restated Credit Agreement, dated as of [_____] 2001 (as amended, restated, supplemented or otherwise modified through the date hereof and from time to time thereafter, the "Credit Agreement"), providing for the making of Loans as contemplated therein;

WHEREAS, the Guarantor is a Wholly-Owned Subsidiary of the Borrower,

WHEREAS, it is an ongoing condition to the making of Loans under the Credit Agreement that the Guarantor shall execute and deliver this Guaranty; and

WHEREAS, the Guarantor will obtain benefits as a result of the Loans made to the Borrower under the Credit Agreement and, accordingly, desires to execute and deliver this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Banks and hereby covenants and agrees with the Agent, the Collateral Agent and each Bank as follows:

7. The Guarantor irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal of and interest on any Note issued under the Credit Agreement and of all other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Borrower now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement or any other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrower (all such principal, interest, obligations and liabilities, collectively, the "Guaranteed Obligations"). All payments by the Guarantor under this Guaranty shall be made on the same basis as payments by the Borrower under Sections 3.5 and 3.6 of the Credit Agreement.

8. The Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty and notice of any liability to which it may apply;

(2) presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by the Agent, the Collateral Agent or any Bank against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor);

(3) all rights and benefits that the Guarantor may have, now or at any time hereafter under, and any defense, right of setoff, claim or counterclaim whatsoever (other than payment and performance in full of all of the Guaranteed Obligations) arising under, California Civil Code Sections 2809, 2810, 2815, 2819, 2820, 2821, 2839, 2845, 2847, 2848, 2849, 2850 and 2855, and California Code of Civil Procedure Sections 580a, 580b, 580d and 726, and all successor sections; and

(4) all rights to require the Agent, the Collateral Agent or any Bank to marshal assets or to pursue any other remedy in the Agents, the Collateral Agent's or any Bank's power.

No other provision of this Guaranty shall be construed as limiting the generality of any of the covenants and waivers set forth in this Section 2. In accordance with subsection 16(a) below, this Guaranty shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of New York, without regard to conflicts of laws principles. Subsection 2(c) is included solely out of an abundance of caution, and shall not be construed to mean that any of the above-referenced provisions of California law are in any way applicable to this Guaranty or to any of the Guaranteed Obligations.

9. The Agent, the Collateral Agent and any Bank may at any time and from time to time without the consent of, or notice to the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(1) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(2) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(3) exercise or refrain from exercising any rights against the Borrower or others or otherwise act or refrain from acting;

(4) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower other than the Banks and the Guarantor;

(5) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Agent, the Collateral Agent or the Banks regardless of what liabilities or liabilities of the Borrower remain unpaid;

(6) consent to or waive any breach of, or any act, omission or default under, any of the Credit Documents, or otherwise amend, modify or supplement any of the Credit Documents or any of such other instruments or agreements; and/or

(7) act or fail to act in any manner referred to in this Guaranty which may deprive the Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty.

10. The obligations of the Guarantor under this Guaranty are absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any action or inaction by the Agent, the Collateral Agent or any Bank as contemplated in Section 3 of this Guaranty; or (b) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor. This Guaranty is a primary obligation of the Guarantor.

11. If and to the extent that the Guarantor makes any payment to the Agent, the Collateral Agent, any Bank or to any other Person pursuant to or in respect of this Guaranty, any claim which the Guarantor may have against the Borrower by reason thereof shall be subject and subordinate to the prior payment in full of the Guaranteed Obligations.

12. In order to induce the Banks to make the Loans pursuant to the Credit Agreement, the Guarantor makes the following representations, warranties and agreements:

(1) The Guarantor (i) is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation, (ii) has the power and authority to own its property and assets and to transact the business in which it is engaged and (iii) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. The Guarantor has no Subsidiaries.

(2) The Guarantor has the corporate power to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Credit Documents. The Guarantor has duly executed and delivered each of the Credit Documents to which it is party, and each of such Credit Documents constitutes or, in the case of each such other Credit Document when executed and delivered, will constitute, its legal, valid and binding obligation enforceable in accordance with its terms (except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)).

(3) Neither the execution, delivery or performance by the Guarantor of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (a) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (b) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of the Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject or (c) will violate any provision of the articles of incorporation or bylaws of the Guarantor.

(4) To the best knowledge of Guarantor, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the Closing Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person is required to authorize, or is required in connection with, (a) the execution, delivery and performance of any Credit Document to which the Guarantor is a party or (b) the legality, validity, binding effect or enforceability of any such Credit Document.

(5) There are no actions, suits or proceedings pending or, to the best knowledge of the Guarantor, threatened (i) with respect to any Credit Document or (ii) that could reasonably be expected to have a Material Adverse Effect.

(6) All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Guarantor in writing to any Bank (including, without limitation, all information contained herein) for purposes of or in connection with this Guaranty or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Guarantor in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

(7) The Guarantor has filed all tax returns required to be filed by it and has paid all income taxes payable by it which have become due pursuant to such tax returns and all other taxes and assessments payable by it which have become due, other than those not yet delinquent and except for those contested in good faith and for which adequate reserves have been established in

accordance with GAAP and those for which the failure to do so would cause a Material Adverse Effect. The Guarantor has paid, or has provided adequate reserves (in the good faith judgment of the management of the Guarantor) for the payment of, all federal and state income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

(8) Each Plan is in substantial compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent or in reorganization; no Plan has an Unfunded Current Liability, and no Plan has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of the Code; none of the Guarantor or any ERISA Affiliate has incurred any material liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or expects to incur any liability under any of the foregoing sections with respect to any such Plan; no proceedings have been instituted to terminate any Plan; no condition exists which presents a material risk to the Guarantor or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no Lien imposed under the Code or ERISA on the assets of the Guarantor or any ERISA Affiliate exists or is likely to arise on account of any Plan; and the Guarantor may terminate contributions to any other employee benefit plans maintained by it without incurring any material liability to any Person interested therein.

(9) As of the date hereof, the authorized Capital Stock of the Guarantor consists of [] common shares, with [] shares currently issued and outstanding, all of which are registered in the name of the Borrower. All such outstanding shares have been duly and validly issued, are fully paid and non-assessable. The Guarantor does not have outstanding any securities convertible into or exchangeable for its Capital Stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its Capital Stock.

(10) To the best knowledge of the Guarantor, the Guarantor is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliance as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(11) To the best knowledge of the Guarantor, the Guarantor is not engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (i) no significant unfair labor practice complaint pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it, before the National Labor Relations Board, and no significant grievance or significant arbitration proceeding arising out of or under any collective bargaining agreement is so pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it, (ii) no significant strike, labor dispute, slowdown or stoppage pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it and (iii) to the best knowledge of the Guarantor, no union representation question existing with respect to the employees of the Guarantor and, to the best knowledge of the Guarantor, no union organizing activities are taking place, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(12) To the best knowledge of the Guarantor, the Guarantor owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, could not reasonably be expected to have a Material Adverse Effect.

(13) The Guarantor is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(14) The Guarantor is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

13. The Guarantor covenants and agrees that on and after the date hereof and until the termination of the Commitments and the repayment in full of the Loans and Notes, together with interest, fees and all other Obligations incurred under the Credit Documents:

(1) Promptly, and in any event within four Business Days after an officer of the Guarantor obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or Event of Default, (ii) any litigation or governmental proceeding pending against the Guarantor which could reasonably be expected to have a Material Adverse Effect.

(2) [not used]

(3) Promptly, copies of (i) all financial information and proxy materials, sent by the Guarantor to its security holders acting in such capacity and (ii) all regular and periodic reports and all registration statements and prospectuses, if any which the Guarantor shall file with the SEC or any governmental agencies substituted therefor.

(4) From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

(5) The Guarantor will keep proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. The Guarantor will permit officers and designated representatives of the Agent or any Bank to visit and inspect, under guidance of officers of the Guarantor, any of the properties of the Guarantor, and to examine the books of record and account of the Guarantor and its Subsidiaries and discuss the affairs, finances and accounts of the Guarantor with, and be advised as to the same by, its officers, all at such reasonable times and intervals and to such reasonable extent as the Agent or such Bank may request.

(6) The Guarantor will (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are described in Schedule 8 of the Credit Agreement, and (c) furnish to each Bank, upon written request, full information as to the insurance carried. The provisions of this Subsection shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the security documents that require the maintenance of insurance. The Guarantor shall ensure that each insurance policy maintained by the Guarantor names the Collateral Agent as loss payee and the Agent, the Collateral Agent and the Banks as additional insureds.

(7) The Guarantor will do all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in this Subsection shall prevent the withdrawal by the Guarantor of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a Material Adverse Effect.

(8) The Guarantor will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliance as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(9) As soon as possible and, in any event, within 10 days after the Guarantor or any ERISA Affiliate knows or has reason to know any of the following, the Guarantor will deliver to each of the Banks a certificate of an Authorized Representative setting forth details as to such occurrence and such action, if any, which the Guarantor or such ERISA Affiliate is required

or proposes to take, together with any notices required or proposed to be given to or filed with or by the Guarantor, the ERISA Affiliate, the PBGC, a Plan participant or the Plan Administrator with respect thereto: that a Reportable Event has occurred; that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has an Unfunded Current Liability giving rise to a Lien under ERISA; that proceedings may be or have been instituted to terminate a Plan; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; or that the Guarantor or any ERISA Affiliate will or may incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4201 or 4204 of ERISA or with respect to a Plan under Section 4971 or 4975 of the Code or Section 409 or 502(i) or 502(1) of ERISA.

(10) The Guarantor shall cause (i) each of its fiscal years to end on December 31 and (ii) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

(11) The Guarantor will perform all its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(12) [not used]

(13) Except as provided in the Credit Agreement, the Guarantor will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its property or assets (real or personal, tangible or intangible), whether now owned or hereafter acquired.

(14) Except as provided in the Credit Agreement, the Guarantor will not wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of Inventory, materials and Equipment in the ordinary course of business) of any Person.

(15) The Guarantor will not declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its Capital Stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its Capital Stock), or set aside any funds for any of the foregoing purposes, or purchase or otherwise acquire for a consideration any shares of any class of its Capital Stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its Capital Stock), except that the Guarantor may pay dividends or make distributions to the Borrower.

(16) Except as provided in the Credit Agreement, the Guarantor will not contract, create, incur, assume or suffer to exist any Indebtedness.

(17) Except as provided in the Credit Agreement, the Guarantor will not lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person.

(18) The Guarantor will not enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Guarantor, other than on terms and conditions substantially as favorable to the Guarantor as would be obtainable by the Guarantor at the time in a comparable arm's-length transaction with a Person other than an Affiliate.

(19) Except as provided in the Credit Agreement, the Guarantor will not make any expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with GAAP and including capitalized lease obligations).

(20) The Guarantor will not (i) make any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Scheduled Indebtedness or any Subordinated Debt or (ii) amend or modify, or permit the amendment or modification of, any material provision of any Scheduled Indebtedness or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any of the foregoing or (iii) amend, modify or change its articles of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or bylaws, or any agreement entered into by it, with respect to its Capital Stock, or enter into any new agreement with respect to its Capital Stock in each case, if the effect of such would be adverse to any Credit Party, the Agent or any bank, Collateral Agent.

(21) The Guarantor will not, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on its ability to (i) pay dividends or make any other distributions on its Capital Stock or any other interest or participation in its profits owned by the Borrower, or pay any Indebtedness owed to the Borrower or another Subsidiary of the Borrower, (ii) make loans or advances to the Borrower or (c) transfer any of its properties or assets to the Borrower, except for such encumbrances or restrictions existing under or by reasons of (x) applicable law, (y) this Guaranty and (z) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Guarantor.

(22) Except as provided in the Credit Agreement, the Guarantor shall not issue any Capital Stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, Capital Stock, except for (i) transfers and replacements of then outstanding shares of Capital Stock and (ii) stock splits, stock dividends and similar issuances which do not decrease the percentage ownership of the Borrower in any class of the Capital Stock of the Guarantor.

(23) Except as provided in the Credit Agreement, the Guarantor will not engage (directly or indirectly) in any business other than the business in which it is engaged on the date hereof or any business related or incidental thereto.

14. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of the Agent, the Collateral Agent or any Bank in exercising any right, power or privilege hereunder and no course of dealing between the Guarantor, the Agent, the Collateral Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Agent, the Collateral Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent, the Collateral Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

15. This Guaranty shall be binding upon the Guarantor and its successors and assigns.

16. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except as provided in Section 10.13 of the Credit Agreement.

17. The Guarantor acknowledges that it has received an executed (or conformed) copy of the Credit Agreement and is familiar with the contents thereof. The Guarantor represents and warrants that it is fully aware of the financial condition of the Borrower, and the Guarantor delivers

this Guaranty based solely upon its own independent investigation of the Borrower's financial condition and in no part upon any representation or statement of the Agent, the Collateral Agent or any Bank with respect thereto. The Guarantor further represents and warrants that it is in a position to and hereby does assume full responsibility for obtaining such additional information concerning the Borrower's financial condition as the Guarantor may deem material to the Guaranteed Obligations, and the Guarantor is not relying upon or expecting the Agent, the Collateral Agent or any Bank to furnish it any information in its possession concerning the Borrower's financial condition or concerning any circumstances bearing on the existence or creation, or the risk of nonpayment or nonperformance of the Guaranteed Obligations. The Guarantor hereby waives any duty on the part of each of the Agent, the Collateral Agent or any Bank to disclose to the Guarantor any facts it may now or hereafter know about the Borrower, regardless of whether any such Person has reason to believe that any such facts materially increase the risk beyond that which the Guarantor intends to assume, or has reason to believe that such facts are unknown to the Guarantor. The Guarantor hereby knowingly accepts the full range of risk encompassed within a contract of continuing guaranty which includes, without limitation, the possibility that the Borrower will contract for additional indebtedness for which the Guarantor may be liable hereunder after the Borrower's financial condition or ability to pay its lawful debts when they fall due has deteriorated.

18. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest, or other notice of any kind to the Guarantor or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) up to, but not exceeding, \$[10,000,000] in the aggregate and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Guarantor against and on account of the obligations of the Guarantor to such Bank under this Guaranty, irrespective of whether or not such Bank shall have made any demand hereunder and although said obligations, or any of them, shall be contingent or unmatured.

19. All notices and other communications provided for hereunder shall be in writing (including facsimile) and mailed, telecopied or delivered:

if to the Guarantor, to:

[Name of Guarantor]
c/o Wireless Facilities, Inc.
Bridge Pointe Corporate Centre
4810 Eastgate Mall
San Diego, CA 92121
Attention: Mr. Terry Ashwill
Telephone: (858) [228-2236]
Facsimile: (858) [228-2001]

if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule 2 to the Credit Agreement; and

if to the Agent, at its Notice Office;

or, as to the Guarantor or the Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each other party, at such other address as shall be designated by such party in a written notice to the Guarantor and the Agent. All such notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier, as the case may be, or sent by telecopier, except that notices and communications to the Agent shall not be effective until received by the Agent.

20. If claim is ever made upon the Agent, any Bank or the holder of any Note for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of

(a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Borrower), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of any Note or other instrument evidencing any liability of the Borrower, and the Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

21. Any acknowledgment or new promise, whether by payment or principal or interest or otherwise and whether by the Borrower or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Agent, the Collateral Agent, any Bank or the holder of any Note shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

22. (a) THIS GUARANTY AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW), BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF.

(1) CONSENT TO JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST THE GUARANTOR ARISING OUT OF OR RELATING HERETO OR ANY OTHER CREDIT DOCUMENT, OR ANY OF THE OBLIGATIONS, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK, AND THE GUARANTOR, BY EXECUTING AND DELIVERING THIS AGREEMENT, THE GUARANTOR, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY: (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS (AND ANY APPELLATE COURTS THEREFROM); (ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE GUARANTOR AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 13; (iv) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN AN SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (v) AGREES THAT AGENTS AND BANKS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST BANKS IN THE COURTS OF ANY OTHER JURISDICTION.

(2) THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE GUARANTOR, THE AGENT, THE COLLATERAL AGENT AND THE BANKS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Agent, the Collateral Agent, the Banks and the Guarantor each acknowledge that this waiver is a material inducement to enter into a business relationship, that each has already relied on the waiver in entering into this Guaranty and the other Credit Documents to which such Person is a party, and that each will continue to rely on the waiver in their related future dealings. The Agent, the Collateral Agent, the Banks and the Guarantor further warrant and represent that each has reviewed this waiver with its legal counsel, and that each, knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT

MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SUBSECTION AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY OR TO ANY OTHER CREDIT DOCUMENT. In the event of litigation, this Guaranty may be filed as a written consent to a trial by the court.

23. The obligation of the Guarantor to make payment in Dollars of any Guaranteed Obligations due hereunder shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Agent at its Payment Office on behalf of the Banks or holders of the Notes of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations. The obligation of the Guarantor to make payment in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations, and shall not be affected by judgment being obtained for any other sums due under this Guaranty.

24. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Guarantor and the Agent.

25. Subject to Section 20, in case any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

26. It is the desire and intent of the Guarantor, the Banks, the Agent and the Collateral Agent that this Guaranty shall be enforced against the Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of the Guarantor under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of the Guarantor shall be deemed to be reduced and the Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

"GUARANTOR"
[INSERT NAME OF SUBSIDIARY]

Accepted and Agreed to:

CREDIT SUISSE FIRST BOSTON
as Agent for the Banks

By _____
Name: _____
Title: _____

By: _____
Name:
Title:

FOREIGN SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY, dated as of [] (as amended, restated, supplemented or otherwise modified from time to time, this "Guaranty"), made by [], a [country domicile] [entity structure] (the "Guarantor"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as hereinafter defined) shall be used herein as so defined.

WITNESSETH:

WHEREAS, Wireless Facilities, Inc., a Delaware corporation (the "Borrower"), the Banks and Credit Suisse First Boston, as administrative agent (the "Agent") and collateral agent (the "Collateral Agent"), have entered into an Amended and Restated Credit Agreement, dated as of [], 2001 (as amended, restated, supplemented or otherwise modified through the date hereof and from time to time thereafter, the "Credit Agreement"), providing for the making of Loans as contemplated therein,

WHEREAS, the Guarantor is a Wholly-Owned Subsidiary of the Borrower;

WHEREAS, it is an ongoing condition to the making of Loans under the Credit Agreement that the Guarantor shall have execute and deliver this Guaranty; and

WHEREAS, the Guarantor will obtain benefits as a result of the Loans made to the Borrower under the Credit Agreement and, accordingly, desires to execute and deliver this Guaranty in order to satisfy the condition described in the preceding paragraph;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to the Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby makes the following representations and warranties to the Banks and hereby covenants and agrees with the Agent, the Collateral Agent and each Bank as follows:

1. The Guarantor irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of the principal of and interest on any Note issued under the Credit Agreement and of all other obligations and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Borrower now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement or any other Credit Document and the due performance and compliance with the terms of the Credit Documents by the Borrower (all such principal, interest, obligations and liabilities, collectively, the "Guaranteed Obligations"). All payments by the Guarantor under this Guaranty shall be made on the same basis as payments by the Borrower under Sections 3.5 and 3.6 of the Credit Agreement.

27. The Guarantor hereby waives, to the fullest extent permitted by law:

(1) notice of acceptance of this Guaranty and notice of any liability to which it may apply;

(2) presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by the Agent, the Collateral Agent or any Bank against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor);

(3) all rights and benefits that the Guarantor may have, now or at any time hereafter under, and any defense, right of setoff, claim or counterclaim whatsoever (other than payment and performance in full of all of the (Guaranteed Obligations) arising under, California Civil Code Sections 2809, 2810, 2815, 2819, 2820, 2821, 2839, 2845, 2847, 2848, 2849, 2850 and 2855, and California Code of Civil Procedure Sections 580a, 580b, 580d and 726, and all successor sections; and

(4) all rights to require the Agent, the Collateral Agent or any Bank to marshal assets or to pursue any other remedy in the Agent's, the Collateral Agent's or any Bank's power.

No other provision of this Guaranty shall be construed as limiting the generality of any of the covenants and waivers set forth in this Section 2. In accordance with subsection 16(a) below, this Guaranty shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of New York, without regard to conflicts of laws principles. Subsection 2(c) is included solely out of an abundance of caution, and shall not be construed to mean that any of the above-referenced provisions of California law are in any way applicable to this Guaranty or to any of the Guaranteed Obligations.

28. The Agent, the Collateral Agent and any Bank may at any time and from time to time without the consent of, or notice to the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(1) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew or alter, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(2) sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(3) exercise or refrain from exercising any rights against the Borrower or others or otherwise act or refrain from acting;

(4) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower other than the Banks and the Guarantor,

(5) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Agent, the Collateral Agent or the Banks regardless of what liabilities or liabilities of the Borrower remain unpaid;

(6) consent to or waive any breach of, or any act, omission or default under, any of the Credit Documents, or otherwise amend, modify or supplement any of the Credit Documents or any of such other instruments or agreements; and/or

(7) act or fail to act in any manner referred to in this Guaranty which may deprive the Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty.

29. The obligations of the Guarantor under this Guaranty are absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever, including, without limitation: (a) any action or inaction by the Agent, the Collateral Agent or any Bank as contemplated in Section 3 of this Guaranty; or (b) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor. This Guaranty is a primary obligation of the Guarantor.

30. If and to the extent that the Guarantor makes any payment to the Agent, the Collateral Agent, any Bank or to any other Person pursuant to or in respect of this Guaranty, any

claim which the Guarantor may have against the Borrower by reason thereof shall be subject and subordinate to the prior payment in full of the Guaranteed Obligations.

31. In order to induce the Banks to make the Loans pursuant to the Credit Agreement, the Guarantor makes the following representations, warranties and agreements:

(1) The Guarantor (i) is a duly organized and validly existing [entity type] in good standing under the laws of the jurisdiction of its establishment, (ii) has the power and authority to own its property and assets and to transact the business in which it is engaged and (iii) is duly qualified as a foreign corporation and in good standing in each jurisdiction where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. The Guarantor has no Subsidiaries.

(2) The Guarantor has the power to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each of such Credit Documents. The Guarantor has duly executed and delivered each of the Credit Documents to which it is party, and each of such Credit Documents constitutes or, in the case of each such other Credit Document when executed and delivered, will constitute, its legal, valid and binding obligation enforceable in accordance with its terms (except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)).

(3) Neither the execution, delivery or performance by the Guarantor of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (a) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality, (b) will conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the property or assets of the Guarantor pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other material agreement, contract or instrument to which the Guarantor is a party or by which it or any of its property or assets is bound or to which it may be subject or (c) will violate any provision of the documents establishing the Guarantor.

(4) To the best knowledge of the Guarantor, no order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made prior to the Closing Date), or exemption by, any governmental or public body or authority, or any subdivision thereof, or any other Person is required to authorize, or is required in connection with, (a) the execution, delivery and performance of any Credit Document to which the Guarantor is a party or (b) the legality, validity, binding effect or enforceability of any such Credit Document.

(5) There are no actions, suits or proceedings pending or, to the best knowledge of the Guarantor, threatened (i) with respect to any Credit Document or (ii) that could reasonably be expected to have a Material Adverse Effect.

(6) All factual information (taken as a whole) heretofore or contemporaneously furnished by or on behalf of the Guarantor in writing to any Bank (including, without limitation, all information contained herein) for purposes of or in connection with this Guaranty or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Guarantor in writing to any Bank will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

(7) The Guarantor has filed all tax returns required to be filed by it and has paid all income taxes payable by it which have become due pursuant to such tax returns and all other

taxes and assessments payable by it which have become due, other than those not yet delinquent and except for those contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting practices in the country in which it is domiciled and those for which the failure to do so would cause a Material Adverse Effect. The Guarantor has paid, or has provided adequate reserves (in the good faith judgment of the management of the Guarantor) for the payment of, all income taxes applicable for all prior fiscal years and for the current fiscal year to the date hereof.

(8) [Include if the Guarantor is a corporation:] As of the date hereof, the authorized Capital Stock of the Guarantor consists [_____] common shares, with [_____] shares currently issued and outstanding, all of which are registered in the name of the Borrower. All such outstanding shares have been duly and validly issued, are fully paid and non-assessable. The Guarantor does not have outstanding any securities convertible into or exchangeable for its Capital Stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its Capital Stock.

(9) [Complete if the Guarantor is not a corporation:] Borrower's ownership of the Guarantor consists of Borrower's ownership of all authorized, duly and validly issued [partnership interests/shares, etc.].

(10) To the best knowledge of the Guarantor, the Guarantor is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies in the jurisdictions in which Guarantor operates, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(11) To the best knowledge of the Guarantor, the Guarantor is not engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (i) no significant strike, labor dispute, slowdown or stoppage pending against the Guarantor or, to the best knowledge of the Guarantor, threatened against it and (ii) to the best knowledge of the Guarantor, no union representation question existing with respect to the employees of the Guarantor and, to the best knowledge of the Guarantor, no union organizing activities are taking place, except (with respect to any matter specified in clause (i) or (ii) above, either individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect.

(12) The Guarantor owns all the patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to obtain which, as the case may be, could not reasonably be expected to have a Material Adverse Effect.

(13) The Guarantor is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(14) The Guarantor is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

32. The Guarantor covenants and agrees that on and after the date hereof and until the termination of the Commitments and the repayment in full of the Loans and Notes, together with interest, fees and all other Obligations incurred under the Credit Documents:

(1) Promptly, and in any event within four Business Days after an officer of the Guarantor obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or Event of Default, (ii) any litigation or governmental proceeding pending against the Guarantor which could reasonably be expected to have a Material Adverse Effect.

(2) [not used]

(3) Promptly, copies of (i) all financial information and proxy materials, sent by the Guarantor to its security holders acting in such capacity and (ii) all regular and periodic reports and all registration statements and prospectuses, if any which the Guarantor shall file with the SEC or any governmental agencies substituted therefor.

(4) From time to time, such other information or documents (financial or otherwise) as any Bank may reasonably request.

(5) The Guarantor will keep proper books of record and account in which full, true and correct entries in conformity with generally accepted accounting practices in the country in which it is domiciled and all requirements of law shall be made of all dealings and transactions in relation to its business and activities. The Guarantor will permit officers and designated representatives of the Agent or any Bank to visit and inspect, under guidance of officers of the Guarantor, any of the properties of the Guarantor, and to examine the books of record and account of the Guarantor and its Subsidiaries and discuss the affairs, finances and accounts of the Guarantor with, and be advised as to the same by, its officers, all at such reasonable times and intervals and to such reasonable extent as the Agent or such Bank may request.

(6) The Guarantor will (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted, (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks as are described in Schedule 8 of the Credit Agreement, and (c) furnish to each Bank, upon written request, full information as to the insurance carried. The provisions of this Subsection shall be deemed to be supplemental to, but not duplicative of, the provisions of any of the security documents that require the maintenance of insurance. The Guarantor shall ensure that each insurance policy maintained by the Guarantor names the Collateral Agent as loss payee and the Agent, the Collateral Agent and the Banks as additional insureds.

(7) The Guarantor will do all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents; provided, however, that nothing in this Subsection shall prevent the withdrawal by the Guarantor of its qualification as a foreign corporation in any jurisdiction where such withdrawal could not reasonably be expected to have a Material Adverse Effect.

(8) The Guarantor will comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property (including applicable statutes, regulations, orders and restrictions relating to environmental standards and controls), except such noncompliances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

The Guarantor shall cause (i) each of its fiscal years to end on December 31 and (ii) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

(9) The Guarantor will perform all its obligations under the terms of each mortgage, indenture, security agreement and other debt instrument by which it is bound, except such non-performances as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(10) [not used]

(11) Except as provided in the Credit Agreement, the Guarantor will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its property or assets (real or personal, tangible or intangible), whether now owned or hereafter acquired.

(12) Except as provided in the Credit Agreement, the Guarantor will not wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or

convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of Inventory, materials and Equipment in the ordinary course of business) of any Person.

(13) The Guarantor will not declare or pay any dividends, or return any capital, to its stockholders or authorize or make any other distribution, payment or delivery of property or cash to its stockholders as such, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for a consideration, any shares of any class of its Capital Stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its Capital Stock), or set aside any funds for any of the foregoing purposes, or purchase or otherwise acquire for a consideration any shares of any class of its Capital Stock now or hereafter outstanding (or any options or warrants issued by the Guarantor with respect to its Capital Stock), except that the Guarantor may pay dividends or make distributions to the Borrower.

(14) Except as provided in the Credit Agreement, the Guarantor will not contract, create, incur, assume or suffer to exist any Indebtedness.

(15) Except as provided in the Credit Agreement, the Guarantor will not lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person.

(16) The Guarantor will not enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Guarantor, other than on terms and conditions substantially as favorable to the Guarantor as would be obtainable by the Guarantor at the time in a comparable arm's-length transaction with a Person other than an Affiliate.

(17) Except as provided in the Credit Agreement, the Guarantor will not make any expenditure for fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with GAAP and including capitalized lease obligations).

(18) The Guarantor will not (1) make any voluntary or optional payment or prepayment on or redemption or acquisition for value of (including, without limitation, by way of depositing with the trustee with respect thereto money or securities before due for the purpose of paying when due) any Scheduled Indebtedness or any Subordinated Debt or (ii) amend or modify, or permit the amendment or modification of, any material provision of any Scheduled Indebtedness or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating to any of the foregoing or (iii) amend, modify or change its articles of incorporation (including, without limitation, by the filing or modification of any certificate of designation) or bylaws, or any agreement entered into by it, with respect to its Capital Stock, or enter into any new agreement with respect to its Capital Stock in each case, if the effect of such would be adverse to any Credit Party, the Collateral Agent, the Agent or any Bank.

(19) The Guarantor will not, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on its ability to (i) pay dividends or make any other distributions on its Capital Stock or any other interest or participation in its profits owned by the Borrower, or pay any Indebtedness owed to the Borrower or another Subsidiary of the Borrower, (ii) make loans or advances to the Borrower or (c) transfer any of its properties or assets to the Borrower, except for such encumbrances or restrictions existing under or by reasons of (x) applicable law, (y) this Guaranty and (z) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Guarantor.

(20) Except as provided in the Credit Agreement, the Guarantor shall not decrease the percentage ownership of the Guarantor by the Borrower. The Guarantor shall not issue any Capital Stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, Capital Stock, except for (i) transfers and replacements of then outstanding shares of Capital Stock and (ii) stock splits, stock dividends and similar issuances

which do not decrease the percentage ownership of the Borrower in any class of the Capital Stock of the Guarantor.

(21) Except as provided in the Credit Agreement, the Guarantor will not engage (directly or indirectly) in any business other than the business in which it is engaged on the date hereof or any business related or incidental thereto.

33. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of the Agent, the Collateral Agent or any Bank in exercising any right, power or privilege hereunder and no course of dealing between the Guarantor, the Agent, the Collateral Agent or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Agent, the Collateral Agent or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Agent, the Collateral Agent or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

34. This Guaranty shall be binding upon the Guarantor and its successors and assigns.

35. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except as provided in Section 10.13 of the Credit Agreement.

36. The Guarantor acknowledges that it has received an executed (or conformed) copy of the Credit Agreement and is familiar with the contents thereof. The Guarantor represents and warrants that it is fully aware of the financial condition of the Borrower, and the Guarantor delivers this Guaranty based solely upon his own independent investigation of the Borrower's financial condition and in no part upon any representation or statement of the Agent, the Collateral Agent or any Bank with respect thereto. The Guarantor further represents and warrants that it is in a position to and hereby does assume full responsibility for obtaining such additional information concerning the Borrower's financial condition as the Guarantor may deem material to the Guaranteed Obligations, and the Guarantor is not relying upon or expecting the Agent, the Collateral Agent or any Bank to furnish it any information in its possession concerning the Borrower's financial condition or concerning any circumstances bearing on the existence or creation, or the risk of nonpayment or nonperformance of the Guaranteed Obligations. The Guarantor hereby waives any duty on the part of each of the Agent, the Collateral Agent or any Bank to disclose to the Guarantor any facts it may now or hereafter know about the Borrower, regardless of whether any such Person has reason to believe that any such facts materially increase the risk beyond that which the Guarantor intends to assume, or has reason to believe that such facts are unknown to the Guarantor. The Guarantor hereby knowingly accepts the full range of risk encompassed within a contract of continuing guaranty which includes, without limitation, the possibility that the Borrower will contract for additional indebtedness for which the Guarantor may be liable hereunder after the Borrower's financial condition or ability to pay its lawful debts when they fall due has deteriorated.

37. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default each Bank is hereby authorized at any time or from time to time, without presentment, demand, protest, or other notice of any kind to the Guarantor or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) up to, but not exceeding, \$[10,000,000] in the aggregate and any other Indebtedness at any time held or owing by such Bank (including, without limitation, by branches and agencies of such Bank wherever located) to or for the credit or the account of the Guarantor against and on account of the obligations of the Guarantor to such Bank under this Guaranty, irrespective of whether or not such Bank shall have made any demand hereunder and although said obligations, or any of them, shall be contingent or unmatured.

38. All notices and other communications provided for hereunder shall be in writing (including facsimile) and mailed, telecopied or delivered:

if to the Guarantor, to:
[Guarantor Name]
c/o Wireless Facilities, Inc.
Bridge Pointe Corporate Centre,
4810 Eastgate Mall
San Diego, CA 92121

Attention Mr. Terry Ashwill
Telephone: (858) [228-2236]
Facsimile: (858) [228-2001]

if to any Bank, at its Domestic Lending Office specified opposite its name on Schedule 2 to the Credit Agreement; and

if to the Agent, at its Notice Office;

or, as to the Guarantor or the Agent, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each other party, at such other address as shall be designated by such party in a written notice to the Guarantor and the Agent. All such notices and communications shall, when mailed, telecopied or sent by overnight courier, be effective when deposited in the mails, delivered to the overnight courier, as the case may be, or sent by telecopier, except that notices and communications to the Agent shall not be effective until received by the Agent.

39. If claim is ever made upon the Agent, any Bank or the holder of any Note for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Borrower), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of any Note or other instrument evidencing any liability of the Borrower, and the Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee.

40. Any acknowledgment or new promise, whether by payment or principal or interest or otherwise and whether by the Borrower or others (including the Guarantor), with respect to any of the Guaranteed Obligations shall, if the statute of limitations in favor of the Guarantor against the Agent, the Collateral Agent, any Bank or the holder of any Note shall have commenced to run, toll the running of such statute of limitations, and if the period of such statute of limitations shall have expired, prevent the operation of such statute of limitations.

41. (a) THIS GUARANTY AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW), BUT OTHERWISE WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF.

(1) CONSENT TO JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST THE GUARANTOR ARISING OUT OF OR RELATING HERETO OR ANY OTHER CREDIT DOCUMENT, OR ANY OF THE OBLIGATIONS, MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK, AND THE GUARNANTOR BY EXECUTING AND DELIVERING THIS AGREEMENT, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY: (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE

NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS (AND ANY APPELLATE COURTS THEREFROM); (ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE GUARANTOR AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 13; (iv) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (iii) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (v) AGREES THAT AGENTS AND BANKS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST BANKS IN THE COURTS OF ANY OTHER JURISDICTION. (1)

(2) THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG THE GUARANTOR, THE AGENT, THE COLLATERAL AGENT AND THE BANKS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS RELATED THERETO. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Agent, the Collateral Agent, the Banks and the Guarantor each acknowledge that this waiver is a material inducement to enter into a business relationship, that each has already relied on the waiver in entering into this Guaranty and the other Credit Documents to which such Person is a party, and that each will continue to rely on the waiver in their related future dealings. The Agent, the Collateral Agent, the Banks and the Guarantor further warrant and represent that each has reviewed this waiver with its legal counsel, and that each, knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SUBSECTION AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTY OR TO ANY OTHER CREDIT DOCUMENT. In the event of litigation, this Guaranty may be filed as a written consent to a trial by the court.

42. The obligation of the Guarantor to make payment in Dollars of any Guaranteed Obligations due hereunder shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any currency other than Dollars, except to the extent such tender or recovery shall result in the actual receipt by the Agent at its Payment Office on behalf of the Banks or holders of the Notes of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations. The obligation of the Guarantor to make payment in Dollars as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in Dollars of the amount, if any, by which such actual receipt shall fall short of the full amount of Dollars expressed to be payable in respect of any such Guaranteed Obligations, and shall not be affected by judgment being obtained for any other sums due under this Guaranty.

43. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Guarantor and the Agent.

44. Subject to Section 20, in case any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

45. It is the desire and intent of the Guarantor, the Banks, the Agent and the Collateral Agent that this Guaranty shall be enforced against the Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of the Guarantor under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of the Guaranteed Obligations of the Guarantor shall be deemed to be reduced and the Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable law.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

"GUARANTOR"

[INSERT NAME OF SUBSIDIARY]

By: _____
Name: _____
Title: _____

Accepted and Agreed to:

CREDIT SUISSE FIRST BOSTON
as Agent for the Banks

By: _____
Name: _____
Title: _____

LIST OF SUBSIDIARIES

Wireless Facilities, Inc./Entel, a Delaware corporation
WFI de Mexico, S. de R.L. de C.V., a Mexican corporation
Wireless Facilities Latin America, Ltda, a Brazilian commercial
limited liability company
WFI Network Management Services Corp., a Delaware corporation
WFI FSC, Inc., a Barbados corporation
WFI UK Ltd., a United Kingdom corporation
Wireless Facilities International, Ltd., a United Kingdom corporation
WFI NMC LP, a Delaware limited partnership
WFI NMC Corp., a Delaware corporation
WFI Spain S.L., a Spanish corporation
Wireless Facilities International Germany GmbH, a German corporation
WFI Telekomunikasyon Servis Ltd., a Turkish corporation
Questus, Ltd., a United Kingdom corporation
Questus Scandinavia AB, a Swedish corporation
WFI Scandinavia AB, a Swedish corporation
Questus GmbH, an Austrian corporation
WFI Asesoria En Telecomunicaciones SC de CV, a Mexican corporation
WFI Asesoria En Administracion SC de CV, a Mexican corporation
WFI Services de Mexico, S.A. de C.V., a Mexican corporation
WFI India Pvt. Ltd., an Indian corporation

Independent Auditors' Report on Schedule and Consent

The Board of Directors
Wireless Facilities, Inc.

The audits referred to in our report dated February 2, 2001, except as to the first paragraph of Note 13, which is as of February 9, 2001 and the second paragraph of Note 13, which is as of March 2, 2001, included the related financial statement schedule as of December 31, 2000, and for each of the years in the three-year period ended December 31, 2000, included in the 2000 Annual Report on Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We consent to incorporation by reference in registration statement Nos. 333-90455 and 333-54818 on Form S-8 and No. 333-53014 on Form S-3 of Wireless Facilities, Inc. of our report dated February 2, 2001, except as to the first paragraph of Note 13, which is as of February 9, 2001 and the second paragraph of Note 13, which is as of March 2, 2001, relating to the consolidated balance sheets of Wireless Facilities, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2000 and the financial statement schedule, which report appear in the December 31, 2000, annual report on Form 10-K of Wireless Facilities, Inc.

San Diego, California
March 26, 2001