

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **March 31, 2019**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: **001-36827**

pdvWireless, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0745043
(I.R.S. Employer
Identification No.)

**3 Garret Mountain Plaza
Suite 401
Woodland Park, New Jersey**
(Address of principal executive offices)

07424
(Zip Code)

(973) 771-0300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$0.0001 par value	The NASDAQ Stock Market LLC	PDVW
(Title of each class)	(Name of Each Exchange on which registered)	(Trading symbol)

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the 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. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☒

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant based on the closing stock price of its common stock on the NASDAQ Capital Market on the last business day of its most recently completed second fiscal quarter, September 30, 2018, was \$167,213,767.00. For purposes of this computation only, all executive officers, directors and 10% or greater stockholders have been deemed affiliates of the registrant.

As of May 10, 2019, 14,763,050 shares of the registrant's common stock were outstanding.

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pdvWireless, Inc.
FORM 10-K
For the fiscal year ended March 31, 2019

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Various statements contained in this Annual Report on Form 10-K (the “Annual Report”), including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. Our forward-looking statements are generally, but not always, accompanied by words such as “estimate,” “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “should,” “will,” “may,” “plan,” “goal,” “can,” “could,” “continuing,” “ongoing,” “intend” or other words that convey the uncertainty of future events or outcomes. We have based these forward-looking statements on our current expectations and projections, and related assumptions, about future events and financial trends. While our management considers these expectations, projections and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. There can be no assurance that actual developments will be those anticipated by us. Actual results may differ materially from those expressed or implied in these statements as a result of significant risks and uncertainties, including, but not limited to:

- Our initiatives aimed at increasing the usability and capacity of our spectrum may not be successful on a timely basis, or at all, and will continue to require significant time and attention from our senior management team and our expenditure of significant resources.
- Even if our FCC initiatives are successful, we may not be successful in commercializing our spectrum assets to our targeted critical infrastructure and enterprise customers.
- We have no operating history with our proposed business plan, which makes it difficult to evaluate our prospects and future financial results, and our business activities, strategic approaches and plans may not be successful.
- We will need to secure additional financing to support our long-term business plans.
- We may not be able to correctly estimate our operating expenses or future revenues, which could lead to cash shortfalls, and require us to secure additional financing sooner than planned.
- Many of the third parties who have objected to our spectrum initiatives, or with whom we are competing against, have more resources, and greater political and regulatory influence, than we do.
- The value of our spectrum assets may fluctuate significantly based on supply and demand, as well as technical and regulatory changes.
- Spectrum is a limited resource, and we may not be able to obtain sufficient contiguous spectrum to support our spectrum initiatives or our planned business operations and future growth.
- The transfer of our TeamConnect and pdvConnect businesses and our related restructuring plans may result in higher costs and lower revenues than expected and cause us not to achieve the expected long-term operational benefits.
- Government regulations or actions taken by governmental bodies could adversely affect our business prospects, liquidity and results of operations.

These and other important factors, including those discussed under “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and except to the extent required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or otherwise.

PART I.

ITEM 1. BUSINESS

Overview

We are a wireless communications company focused on developing and commercializing our spectrum assets to enable our targeted critical infrastructure and enterprise customers to deploy private broadband networks, technologies and solutions. We are the largest holder of licensed spectrum in the 900 MHz band (896-901/935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, we hold approximately 60% of channels in the 900 MHz band in the top 20 metropolitan market areas in the United States. We are currently pursuing a regulatory proceeding at the Federal Communications Commission (“FCC”) that seeks to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions. At the same time, we are pursuing business opportunities with our targeted critical infrastructure and enterprise customers to build awareness and demand for our spectrum assets, assuming we achieve a favorable result with our FCC initiatives.

Our Business Strategy

Our goal is to become the leading provider of broadband spectrum assets to critical infrastructure and enterprise customers. Assuming our FCC initiatives are successful, our spectrum assets will enable our customers to deploy broadband networks, technologies and solutions that are private, secure, reliable and cost-effective and at the same time allow them to achieve their modernization objectives and regulatory obligations. We intend to pursue this goal by pursuing the following business strategies:

1. *Increase the Efficiency and Capacity of Our Spectrum.* Our spectrum is our most valuable asset. While our current licensed spectrum can support narrowband and wideband wireless services, the most significant business opportunities we have identified require contiguous spectrum that allows for greater bandwidth than allowed by the current configuration of our spectrum. As a result, our first priority is to continue to pursue our initiatives at the FCC seeking to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to accommodate the deployment of broadband networks, technologies and solutions. In March 2019, the FCC unanimously adopted a Notice of Proposed Rulemaking (“NPRM”) in WT Docket No. 17-200 (the “900 MHz Proceeding”) that endorses our objective of creating a broadband opportunity in the 900 MHz band for critical infrastructure and other enterprise users. Please see the section titled “*Our FCC Initiatives*” below for a discussion of the evolution and status of our FCC initiatives.

2. *Facilitate the Deployment of Private Broadband Networks, Technologies and Solutions.* Complementing our regulatory initiatives, we are engaged in a number of business activities to begin commercializing our spectrum assets to our targeted critical infrastructure and enterprise customers, including:

A. *Identify and Evaluate Potential Use Cases and Customers.* Our team has engaged in an intensive research and outreach program to identify customers who would value deploying and operating private broadband networks, technologies and solutions utilizing our spectrum assets. As part of this process, we identified and evaluated possible use cases for these potential customers. Based on these efforts, we identified the electric utilities industry, and opportunities related to modernization of the utility smart grid, as our first focused customer group. We are engaged in discussions with electric utility companies who are investigating ways to fulfill their existing and future network and communication needs. A wide variety of both mobile and fixed use cases, including smart sensors and devices, appear to be well-suited to the coverage, penetration and capacity characteristics of the potential broadband spectrum we are seeking to acquire through our FCC initiatives. A number of our potential utility customers have put on the record as part of the 900 MHz Proceeding their needs and unique requirements for broadband networks, technologies and solutions that are privately owned, secure, reliable, high-performance and cost-effective.

B. *Develop an Effective Business Model.* In addition to identifying potential customers and use cases, our team is evaluating the appropriate business model for commercializing our spectrum assets, assuming our FCC initiatives are successful. Based on our analysis, and discussions with potential customers, we intend to lease our spectrum to customers for 20 year or longer terms. We also intend for our lease arrangements to include pricing escalators and long-term renewal options. We also expect that our customers will bear the costs of deploying and operating their private broadband networks, technologies and solutions. We will be responsible for the costs of securing the broadband licenses from the FCC, including the costs of acquiring sufficient spectrum to support broadband use and retuning incumbents to clear the spectrum. The timing and costs of our spectrum acquisition and retuning activities will be based on the terms of the Report and Order, if any, the FCC adopts in the 900 MHz Proceeding. We are also exploring opportunities to offer our customers value-added engineering and commercial services.

C. *Identify and Evaluate Available Technologies.* Our spectrum assets are located within the 3GPP global standard of Band 8 (also known as the E-GSM band, or 880 - 915 MHz paired with 925 - 960 MHz). Band 8 has been internationally approved and is currently being utilized with Long Term Evolution (“LTE”) broadband networks, technologies and solutions in a number of global regions, including in Japan, Taiwan, Singapore, South Korea, Hong Kong, the Netherlands and Sweden. As a result, we believe there is an ecosystem of existing LTE broadband devices and network components and solutions that can be adapted for

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use on the contiguous spectrum we are seeking to create in the 900 MHz Proceeding. Based on our test results, a number of these existing devices and network components and solutions would be well suited for the working environment of our targeted critical infrastructure and enterprise customers. In February 2019, we and the Department of Energy (“DOE”) National Renewable Energy Laboratory (the “NREL”) announced a project to analyze the performance of private LTE broadband networks in utility use cases utilizing our spectrum. The goal of the project is to help accelerate the development and validation of innovative approaches to enhance the resilience of electrical distribution systems. The DOE awarded the project “high-impact” status, which is awarded to projects that look to accelerate innovation in the private sector and to develop scalable technologies that satisfy the goals of the DOE’s Grid Modernization Initiative.

D. Build and Support the Utility Broadband Alliance (“UBBA”). In February 2019, we announced that we and a diverse group of utility companies, technology innovators and industry leaders had formed UBBA. UBBA aims to assist its members in planning and deploying secure, reliable and resilient private broadband networks to support the transforming electrical grid. The founding members of UBBA represent utility industry organizations positioned at the forefront of advancing grid modernization, including Ameren, Burns & McDonnell, Cisco Systems, Inc., Encore Networks, Inc., Ericsson, Inc., Federated Wireless, Inc., General Electric, Motorola Solutions, Inc., Multi-Tech Systems, Inc., National Grid, Sierra Wireless, Inc., and Southern Linc. As of May 1, 2019, including us, UBBA had 16 members. We intend to continue to support UBBA, and help it continue to increase its membership and its influence with utilities.

E. Build Support with Federal and State Agencies. Our targeted critical infrastructure customers are highly regulated by both federal and state agencies. Electrical utilities, for example, are regulated by federal agencies ranging from the Department of Energy, the Department of Homeland Security, the Federal Energy Regulatory Commission and the national Institute of Standards and Technologies. We are working with each of these agencies to educate them about the security, reliability and priority access benefits that private broadband LTE networks, technologies and solutions can offer utilities. We are also working with a number of state agencies and commissions who regulate electrical utilities, and who have a strong influence over electric utility buying decisions. Our goal with these state agencies and commissions is to gain their support for utilities being allowed to pass the capital costs of leasing our spectrum assets and deploying private broadband LTE networks, technologies and solutions to ratepayers, including at a customary rate of return for the electric utility company.

F. Selectively Purchase Additional Spectrum. We have completed, and intend to continue to pursue, a limited number of spectrum acquisitions to support our realignment efforts and to acquire the spectrum assets we will need to obtain broadband licenses from the FCC, assuming our FCC initiatives are successful. We intend to continue to prioritize our spectrum acquisitions in major metropolitan areas. We also intend to pursue spectrum acquisitions opportunistically and selectively to avoid unduly increasing the cost of the spectrum assets we acquire.

3. Identify and Evaluate New Opportunities. The wireless communications industry is highly competitive, and subject to rapid regulatory, technological and market changes. A key part of our business strategy is to continually monitor changes in the wireless industry and to evaluate how these changes could enable us to maximize the value of our spectrum assets. Additionally, although we are initially focusing on the utilities industry, we have identified other customer groups, including ports, railroads, oil and gas facilities and mining operations, where we believe there are both customer demand and a good fit for the private broadband networks, technologies and solutions that our future spectrum assets could support.

4. Leverage the Experience and Relationships of Our Executive Team. Our senior executive team has a long, proven track record in the network and mobile communications industry, including founding and building Nextel into a nationwide wireless carrier before selling it to Sprint for a stand-alone value of approximately \$36 billion. Our executives helped build Nextel by pursuing a number of FCC initiatives to enhance Nextel’s existing spectrum assets and by identifying an underserved market segment, and despite the competition, creating a better solution for potential customers in this market segment. We intend to leverage the experience of our executive team to achieve our regulatory spectrum goals and to identify and execute on our business strategies and opportunities.

Our Spectrum Assets

We are the largest holder of FCC-licensed spectrum in the 900 MHz band (896-901/935-940 MHz), with a nationwide footprint in the contiguous United States, plus Hawaii, Alaska and Puerto Rico. In the 900 MHz band, the FCC has allocated approximately 10 MHz of spectrum, sub-divided into 40 10-channel blocks of contiguous channels alternating between blocks designated for the operation of Specialized Mobile Radio (“SMR”) commercial systems and blocks designated for private land mobile systems for business users (“B/ILT”), with the FCC’s rules also enabling B/ILT licenses to be converted to SMR use. Subsequently, the FCC conducted overlay auctions on the SMR designated blocks that awarded geographic based licenses on a Major Trading Area (“MTA”) basis while affording operational protection to incumbent, site-based licensees in those areas. Certain MTA licenses were not purchased at auction or have been returned to the FCC. In addition, the FCC has never auctioned the 20 blocks of B/ILT spectrum, and in some parts of the U.S., no users have requested site-based licenses utilizing this spectrum. As a result, the FCC is currently holding 900 MHz spectrum in inventory in some parts of the U.S.

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We hold, on average, approximately 60% of the 399 channels in the 900 MHz band in the top 20 metropolitan market areas in the United States, which covers approximately 70% of the U.S. population. Our holdings include almost every 900 MHz SMR MTA geographic license in all but a few markets in the U.S., as well as certain converted B/ILT licenses in most major markets. We acquired our 900 MHz spectrum and certain related equipment from Sprint in September 2014 for \$100 million, which we paid in the form of \$90 million in cash and \$10 million in shares of our common stock.

Our FCC Initiatives

Joint Petition. In November 2014, we and the Enterprise Wireless Alliance (“EWA”) submitted a Joint Petition for Rulemaking (the “Joint Petition”) with the FCC proposing a realignment of a portion of the 900 MHz band to create a 6 MHz broadband authorization, while retaining 4 MHz for continued narrowband operations. The EWA is a trade association representing the spectrum interests of a broad range of business enterprise, critical infrastructure and commercial service providers. In response to the Joint Petition, the FCC issued a public notice requesting comments from interested parties and asked a number of questions about the proposal. A number of parties, including several incumbent licensees, filed comments with the FCC expressing their views, including both support and opposition. In May 2015, we and the EWA filed proposed rules with the FCC related to our Joint Petition recommending procedural and technical operating parameters and processes related to the administration and technical sequencing of the proposed realignment of the 900 MHz band. Our proposed rules included the requirement for the broadband operator to provide comparable facilities to incumbent licensees, to pay the costs of their realignment, and to utilize available filtering technologies to protect incumbents adjacent to the proposed broadband portion of the 900 MHz band. The FCC issued a public notice on the proposed rules and received comments from interested parties.

Notice of Inquiry. In August 2017, the FCC issued a Notice of Inquiry (“NOI”) announcing that it had commenced a proceeding to examine whether it would be in the public interest to change the existing rules governing the 900 MHz band to increase access to spectrum, improve spectrum efficiency and expand flexibility for a variety of potential uses and applications, including broadband and other advanced technologies and services. The FCC requested interested parties, including us, to comment on a number of questions related to three potential options for the 900 MHz band: (i) retaining the current configuration of the 900 MHz band, but increasing operational flexibility, (ii) reconfiguring a portion or all of the 900 MHz band to support broadband and other advanced technologies and services, or (iii) retaining the current 900 MHz band licensing and eligibility rules. Because the FCC requested information on multiple options for the 900 MHz band, the NOI effectively superseded the Joint Petition and other pending proposals that involved the 900 MHz band. We and EWA filed a joint response to the FCC’s NOI in October 2017 and reply comments in November 2017.

Notice of Proposed Rulemaking. On March 14, 2019, the FCC unanimously adopted the NPRM that endorsed our objective of creating a broadband opportunity in the 900 MHz band for critical infrastructure and other enterprise users. The NPRM generally proposes our recommended band plan concept and technical rules. Importantly, the proposed technical rules include our recommended equipment specifications that will enable the deployment and use of available, globally standardized broadband LTE networks, technologies and solutions.

In the NPRM, the FCC has proposed three criteria for an applicant to secure a broadband license in a particular county within the U.S.: (i) the applicant must hold all 20 blocks of geographic SMR licenses in the county; (ii) the applicant must reach agreement to relocate all incumbents in the broadband segment on a 1:1 voluntary channel exchange or demonstrate that the incumbents will be protected from interference; and (iii) the applicant must agree to return to the FCC all rights to geographic and site-based spectrum in the county in exchange for the broadband license.

The FCC requested comments from incumbents and other interested parties on a number of important topics in the NPRM that will have a material impact on the timing and costs of obtaining a broadband license. As noted above, the broadband applicant must hold all 20 blocks of geographic SMR licenses in the county. In certain areas, some of the SMR spectrum is being held in inventory by the FCC. In the NPRM, the FCC requested comments on how a broadband applicant could acquire the FCC’s inventory of geographic SMR allocated spectrum. Specifically, in considering whether to make its inventory of geographic SMR spectrum available to the broadband applicant, the FCC has asked whether it should do so only if the applicant meets a threshold number of its own geographic SMR licenses. The FCC also questions how to mitigate a windfall that might thereby be attributed to the broadband applicant by the FCC’s action. We will need to address this issue, both in this context and in the context of exchanging narrowband for broadband spectrum. We believe we have identified public interest arguments to justify such an action by the FCC as it will enable critical infrastructure and enterprise customers to deploy broadband networks, technologies and solutions.

The NPRM also proposes a market-driven, voluntary exchange process for clearing the broadband spectrum. An applicant seeking a broadband license for a particular county will need to demonstrate that it has entered into agreements with incumbents or that it can protect their narrowband operations from interference. All incumbents must be accounted for before the broadband applicant can file an application with the FCC. As the FCC recognized in the NPRM, this requirement, without some mechanism for preventing holdouts, could allow a single incumbent with a license for a single channel to thwart the FCC’s objective of creating a 900 MHz broadband opportunity in any county.

In the NPRM, the FCC has requested comments on different approaches to address the holdout situation. One approach is based on a “success threshold” whereby once the potential broadband licensee has reached voluntary agreements with incumbents

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holding a prescribed percentage of channels in the broadband segment, remaining incumbents would become subject to mandatory relocations. In this and other approaches set forth in the NPRM, the potential broadband licensee would be responsible for providing comparable facilities and paying the reasonable costs of relocation. The NPRM proposes to exempt from mandatory relocation “complex systems,” those with 65 or more integrated sites. There are only a small number of complex systems in the country in the broadband segment proposed by the FCC, and all of them are operated by utilities or other critical infrastructure entities.

The Association of American Railroads (“AAR”) holds a nationwide geographic license for six non-contiguous B/ILT channels in the 900 MHz band, three of which are located within the FCC’s proposed broadband segment. The spectrum is used by freight railroads for Advanced Train Control System (“ATCS”) operations. We have recognized from the outset the importance of reaching agreement with the railroads about their relocation and have worked with them throughout the FCC process. We and the AAR are in agreement about the optimal solution. However, this proposed solution will require an exemption from the relocation rules proposed by the FCC in the NPRM. We are continuing to coordinate our activities at the FCC with the AAR in support of securing the required exemption from the FCC.

The NPRM also seeks comment on several different auction approaches for counties where the broadband segment cannot be cleared of incumbents, including overlay auctions that, again, would trigger mandatory relocation rights for the auction winner with the obligation of providing comparable facilities and paying reasonable relocation costs. We believe the challenge of any proposed approach is achieving the appropriate balance between protecting incumbents’ rights to a minimally disruptive relocation process, and not preventing the deployment of broadband technologies on a timely and cost-effective basis.

While the NPRM proposes a 6 MHz broadband segment, it also asks for comment on a realignment of the entire 900 MHz band to create a 10 MHz broadband channel, citing suggestions from Southern California Edison and Duke Energy that this larger channel would better address their broadband needs.

The full text of the NPRM, and the comments and related correspondence filed in the 900 MHz Proceeding, are available on the FCC’s public website at <https://www.fcc.gov/document/900-mhz-notice-of-proposed-rule-making>. Comments to the NPRM are due on June 3, 2019 and reply comments will be due on July 2, 2019. At the end of the reply comment period, the FCC’s next step could be the issuance of a Report and Order, a request for additional information, a decision to close the proceeding without further action, or some other action, and the timing of any such next step also remains uncertain. In addition, the terms of any Report and Order may differ materially from the terms of the NPRM.

We are continuing to work collaboratively with the FCC and all affected parties toward adoption of the Report and Order as promptly as possible. We have met, and intend to continue to meet, with a number of incumbent licensees, critical infrastructure businesses and other interested parties in the 900 MHz band. The goals of these discussions have been: (i) building consensus and soliciting support for the proposed reconfiguration of the 900 MHz band to support broadband and other advanced technologies and services; (ii) resolving any technology or other concerns raised by incumbent licensees; (iii) educating critical infrastructure and other enterprises on how broadband capabilities could enhance their operations and initiatives and their regulatory obligations; (iv) gaining a better understanding of the size of the operational incumbent base and the nature of the systems they are currently operating; and/or (v) evaluating and proposing voluntary license relocation opportunities to, or purchase spectrum from, certain incumbent licensees.

Our Broadband Market Opportunity

We have identified critical infrastructure and enterprise companies as the primary customers for our future broadband spectrum assets, assuming our FCC initiatives are successful. Our targeted customers have historically built, maintained and operated their own communication networks, including private Land Mobile Radio (“LMR”) networks and supervisory control and data acquisition (“SCADA”) networks, on frequencies licensed exclusively to them by the FCC. Based on our discussions, these entities commonly express their desire to retain the positive elements of their aging LMR and SCADA networks, namely private ownership, tight control and custom features (such as specialized coverage and priority access), while adding the benefits of broadband and other advanced technologies (such as solving a broader set of use cases, including high-speed data transmission and video services and economies of scale). However, due to the general unavailability of low band spectrum (i.e., below 1 GHz), these entities have had limited opportunities to license or acquire the spectrum required to deploy cost-effective broadband or other advanced technologies on their own.

Without the opportunity to operate their own broadband or advanced systems, some critical infrastructure and enterprise customers are pursuing other options, including considering the services offered by Tier 1 carriers. The large consumer-focused Tier 1 carriers enjoy clear economies of scale benefits. However, the networks designed and operated by these carriers primarily address the needs of their consumer customers and may not satisfy the highly specialized wireless communication requirements of large, complex critical infrastructure and enterprise companies. We believe that security, priority access, latency, redundancy, private ownership and control and unique coverage requirements are just some of the reasons critical infrastructure and large enterprises would be interested in obtaining rights to deploy the broadband networks, technologies and solutions that can be enabled through use of our spectrum.

We have identified the electric utilities industry as our first focused customer group. According to data published by Edison Electric Institute, annual capital spent by the 150 investor owned utilities (“IOUs”) located in the U.S. was approximately \$120 billion dollars in 2017. The electric utilities industry is undergoing a fundamental transformation. Grid modernization efforts and the drive

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to reduce carbon emissions have hindered the ability of utilities to build new large-scale, centralized facilities. Today, power is being generated by smaller, more geographically distributed facilities that have the ability to switch from a power producer to a recipient of power generated by a variety of other disparate sources, including wind and solar installations. Grid architecture must now accommodate end users that are both generators and consumers, converting back and forth rapidly and carrying power in both directions, something the existing grid was not originally designed to handle. Technological advancements have produced sensors and smart devices to enable the new two-way grid and offer operators the ability to control and run the grid efficiently, safely and reliably. Utilities, however, need wireless communication networks, technologies and solutions that can move the new large volumes of data generated by sensors and smart devices to their control systems for decision making, analytics and responsiveness to market demand and emergencies. The legacy communications systems utilized by many utilities cannot handle this new data load, are inefficient and costly to maintain, as well as, in many cases, their associated equipment is approaching end of life.

To address the need for grid modernization in the utility industry, in mid-April 2018, we met with the FCC, together with representatives of Ameren Services Company, an affiliate of Ameren Corporation, a holding company for electric and gas utilities located in the Midwestern U.S., to support Ameren's request for experimental authority from the FCC to test broadband operations utilizing our 900 MHz spectrum in the requested geographic areas. Following this meeting, the FCC granted Ameren's request for experimental authority, and we are currently supporting Ameren's broadband trialing activities utilizing a 1.4 X 1.4 MHz 900 MHz broadband spectrum allocation in geographic areas in several Ameren markets located in Illinois and Missouri.

In contrast to legacy systems, the broadband networks, technologies and solutions that can be utilized with our spectrum assets can address the wireless communication demands of the modern grid, both now and in the future. Our spectrum assets can serve as the foundational element to allow our critical infrastructure and enterprise customers to move from LTE to 5G. Recent FCC decisions have created significant opportunities for blocks of shared, unlicensed spectrum, both below 1 GHz to a limited extent and, in very large amounts, above 1 GHz. While we intend to build our existing and future business strategies around our 900 MHz licensed spectrum, the ability of our critical infrastructure and enterprise customers to combine our licensed 900 MHz spectrum with additional spectrum in one or more unlicensed bands can provide them with an optimal solution, and a path to 5G. On the one hand, our licensed 900 MHz spectrum offers the assurance of absolute control over access to and use of that spectrum, allowing our spectrum to be utilized to provide customers with guaranteed levels of service and the ability to prescribe and enforce purpose-built "rules of the road" for the provision of those services. On the other hand, the addition of unlicensed spectrum, particularly in large swaths that support very high-speed services, can enable future 5G networks, technologies and solutions.

Sales and Marketing

Our sales and marketing organization currently consists of 8 employees. In connection with our FCC initiatives, we are working to create awareness and demand by our targeted critical infrastructure and enterprise customers of the benefits of deploying private broadband networks, technologies and solutions utilizing our spectrum, assuming we are successful with our FCC initiatives. Our sales and marketing strategy includes direct customer outreach by our sales organization, and support of industry organizations, like UBBA. We are also exploring the creation of partnerships with manufacturers and suppliers of LTE networks, technologies and solutions designed to meet the needs of our targeted customers.

Transfer of Historical Businesses

Historically, we generated our revenue principally from our pdvConnect and TeamConnect businesses. pdvConnect is a mobile communication and workforce management solution that enables businesses to locate and communicate with their field workers and improve the documentation of work events and job status. We historically marketed pdvConnect primarily through two Tier 1 carriers in the United States. In Fiscal 2016, we began offering a commercial push-to-talk ("PTT") service, which we marketed as TeamConnect, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. We developed TeamConnect to address the needs of enterprises that value a tailored PTT solution addressing the management of their mobile workforce. We primarily offered our TeamConnect service to customers indirectly through third-party sales representatives who were primarily selected from Motorola's nationwide dealer network.

In June 2018, we announced our plan to restructure the business to align and focus our business priorities on the spectrum initiatives aimed at modernizing and realigning the 900 MHz band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services. In December 2018, our board of directors approved the transfer of our TeamConnect and pdvConnect businesses to help reduce our operating costs and to allow our management team and company to focus on our FCC initiatives and future broadband opportunities. Specifically, we entered into: (i) a Customer Acquisition and Resale Agreement with A BEEP LLC ("A BEEP") on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown Enterprises ("Goosetown"), Inc. on January 2, 2019, and (iii) a memorandum of understanding ("MOU") with the principals of Goosetown on December 31, 2018.

Under the A BEEP and Goosetown Agreements, we agreed to: (i) transfer our TeamConnect customers located in the Atlanta, Chicago, Dallas, Houston and Phoenix metropolitan markets to A BEEP, (ii) transfer our TeamConnect customers located in the Baltimore/Washington DC, Philadelphia and New York metropolitan markets to Goosetown, (iii) provide A BEEP and Goosetown with access to our TeamConnect Metro and Campus Systems (the, "MotoTRBO Systems") and (iv) grant A BEEP and Goosetown the right to resell access to our MotoTRBO Systems pursuant to separate Mobile Virtual Network Operation arrangements for a two-year

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period. We also granted Goosetown a license to sell the business applications we developed for our TeamConnect service.

Under these agreements, A BEEP and Goosetown agreed to provide customer care, billing and collection services for their respective acquired customers. We continued to provide these services through April 1, 2019 to help facilitate the transitioning of the acquired customers. Additionally, we are required to maintain and pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two-year period. As part of our efforts to clear the 900 MHz spectrum for broadband use, A BEEP and Goosetown are required to migrate the acquired customers off the MotoTRBO Systems over the two-year period. In consideration for the customers and rights we transferred, A BEEP and Goosetown are required to pay us a certain portion of the recurring revenues they receive from the acquired customers ranging from 100% to 20% during the terms of the agreements. Additionally, A BEEP is required to pay us a portion of recurring revenue from customers who utilize A BEEP's push-to-talk Diga-Talk Plus application service ranging from 35% to 15% for a period of two years. Goosetown is required to pay us 20% of recurring revenues from the TeamConnect applications we licensed for a period of two years. As part of our obligations, we will continue operating the TeamConnect networks in the markets in which customers are being transferred and trunked facilities in other markets in which we hold FCC licenses.

Under the terms of the MOU, we agreed to assign the intellectual property rights to our TeamConnect and pdvConnect applications to TeamConnect LLC (the "LLC"), a new entity formed by the principals of Goosetown, in exchange for a 19.5% ownership interest in the LLC upon the April 30, 2019 execution of the LLC's Amended and Restated Limited Liability Company Agreement. The Goosetown principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC has assumed our software support and maintenance obligations under the Goosetown and A BEEP Agreements. The LLC has also assumed customer care services related to our pdvConnect application. We provided transition services to the LLC through April 1, 2019 to facilitate an orderly transition of the customer care services.

We are obligated to pay the LLC a monthly service fee for a 24-month period ending on January 7, 2021 for the assumption of the Company's support obligations under the Goosetown and A BEEP Agreements. We are also obligated to pay the LLC a certain portion of the billed revenue received by us from the pdvConnect customer for a 48-month period.

Our Motorola Lease

In 2014, we entered into an agreement with Motorola to lease a portion of our 900 MHz licenses in exchange for an upfront, fully paid lease fee of \$7.5 million. Additionally, Motorola invested \$10 million in our subsidiary, PDV Spectrum Holding Company, LLC, that we formed to hold our 900 MHz spectrum licenses. Motorola's ownership interest in our subsidiary is convertible, at the option of either Motorola or us, into shares of our common stock at a price equal to \$20.00 per share. Motorola is not entitled to any profits, dividends or other distribution from the operations of our subsidiary. Under the terms of this lease agreement with Motorola, Motorola can use the leased channels to provide narrowband services to certain qualified end-users. The end-users can only use the leased channels for their own internal communication purposes. The end-users cannot sublease the channels to any other end-users or to any commercial radio system operations or carriers. The lease agreement limits the total number of channels that Motorola can lease in any market area. The lease agreement provides us with flexibility regarding the future use and management of our spectrum, including relocation and repurposing policies designed to facilitate any necessary re-alignment of frequencies that may be associated with our efforts to assemble contiguous spectrum for broadband uses.

Motorola cannot enter into contracts with end-users after December 31, 2020 involving new leases of spectrum from us without our consent and the payment of an additional fee. The initial lease period for any end-user cannot last more than seven years, and the lease can only be renewed for up to three years for an aggregate lease period of up to 10 years. In addition, until December 31, 2020, we agreed that Motorola will have the right to provide the majority of the broadband equipment for any future 900 MHz LTE broadband network we deploy (if any), so long as certain conditions are satisfied, including that the equipment meets our required sourcing criteria.

Our Intellectual Property

We rely on a combination of patent, copyright, trademark and trade-secret laws, as well as confidentiality provisions in our contracts, to protect our intellectual property. We have several trademarks and service marks to protect our current and future corporate name, services offerings, goodwill and brand. There are currently no claims or litigation regarding these trademarks, patents, copyrights, or service marks. We also rely on trade-secret protection of our intellectual property. We enter into confidentiality agreements with third parties, employees and consultants when appropriate.

The Regulation of Our Business

The FCC regulates the licensing, construction, operation and acquisition of our wireless operations and wireless spectrum holdings in the United States. We hold FCC spectrum licenses in the 900 MHz band as a non-interconnected, SMR service provider. As such, within the limitations of our spectrum holdings and available technology, we are authorized by the FCC to provide non-interconnected mobile communications services, including two-way radio dispatch, and mobile data and internet services.

Licensing. We are entitled to provide our wireless communication services on specified frequencies within specified geographic areas and in doing so must comply with the rules, regulations and policies adopted by the FCC. The FCC issues each

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spectrum license for a fixed period of time, typically 10 years in the case of the FCC licenses we currently hold. While the FCC has generally renewed licenses held by operating companies like us, the FCC has authority to both revoke a license for cause and to deny a license renewal if it determines that a license renewal is not in the public interest. Furthermore, we could be subject to fines, forfeitures and other penalties for failure to comply with FCC regulations, even if any such non-compliance is unintentional. The loss of any licenses, or any related fines or forfeitures, could adversely affect our business, results of operations or financial condition.

The Communications Act of 1934, as amended, and FCC rules and regulations require us to obtain the FCC's prior approval before assigning or transferring control of wireless licenses, with limited exceptions. The FCC's rules and regulations also govern spectrum lease arrangements for a range of wireless radio service licenses, including the licenses we hold. These same requirements apply to any licenses or leases we may wish to enter into, transfer or acquire as part of our broadband initiatives. The FCC may prohibit or impose conditions on any proposed acquisitions, sales or other transfers of control of licenses or leases. The FCC engages in a case-by-case review of transactions that involve the consolidation or sale of spectrum licenses or leases and may apply a spectrum "screen" in examining such transactions. Because an FCC license is necessary to lawfully provide the wireless services we plan to enable, if the FCC were to disapprove any such request to acquire, assign or otherwise transfer a license or lease, our business plans would be adversely affected. Approval from the Federal Trade Commission and the Department of Justice, as well as state or local regulatory authorities, also may be required if we sell or acquire spectrum.

FCC Regulations. The FCC does not currently regulate rates for services offered by wireless providers. However, we may be subject to other FCC regulations that impose obligations on wireless providers, such as federal Universal Service Fund obligations, which require communications providers to contribute to a fund that supports subsidized communications services to underserved areas and users; rules governing billing, subscriber privacy and customer proprietary network information; roaming obligations; rules that require wireless service providers to configure their networks to facilitate electronic surveillance by law enforcement officials; rules governing spam, telemarketing and truth-in-billing; and rules requiring us to offer equipment and services that are accessible to and usable by persons with disabilities, among others. There are also pending proceedings that may affect spectrum aggregation limits and/or adjustment of the FCC's case-by-case spectrum screens; regulation surrounding the deployment of advanced wireless broadband infrastructure; the imposition of text-to-911 capabilities; and the transition to IP networks, among others. Some of these requirements and pending proceedings (of which the foregoing examples are not an exhaustive list) pose technical and operational challenges to which we, and the industry as a whole, have not yet developed clear solutions. We are unable to predict how these pending or future FCC proceedings may affect our business, financial condition or results of operations. Our failure to comply with any applicable FCC regulations could subject us to significant fines or forfeitures.

State and Local Regulation. In addition to FCC regulation, we are subject to certain state regulatory requirements. The Communications Act of 1934, as amended, preempts state and local regulation of the entry of, or the rates charged by, any wireless provider. State and local governments, however, are permitted to manage public rights of way and can require fair and reasonable compensation from wireless providers for use of those rights of way so long as the compensation required is publicly disclosed by the government. The siting of base stations also remains subject to some degree of control by state and local jurisdiction. States also may impose competitively neutral requirements that, among other things, are necessary for universal service or to defray the costs of state E911 services programs, to protect the public safety and welfare, and to safeguard the rights of customers.

Tower Siting. Our future customers who deploy broadband networks will be required to comply with various federal, state and local regulations that govern the siting, lighting and construction of transmitter towers and antennas, including requirements imposed by the FCC and the Federal Aviation Administration ("FAA"). Federal rules subject certain tower site locations to extensive zoning, environmental and historic preservation requirements and mandate consultation with various parties, including State and Tribal Historic Preservation Offices, which can make it more difficult and expensive to deploy facilities. The FCC antenna structure registration process also imposes public notice requirements when plans are made for construction of, or modification to, antenna structures that require FAA approval, potentially adding to the delays and burdens associated with tower siting, including potential challenges from special interest groups. To the extent governmental agencies continue to impose additional requirements like this on the tower siting process, the time and cost to construct towers could be negatively impacted. The FCC has, however, imposed a tower siting "shot clock" that requires local authorities to address tower applications within a specific timeframe, which can assist carriers in more rapid deployment of towers. More recently, the FCC also has adopted rules intended to accelerate broadband deployment by removing barriers to infrastructure investment, in particular for "small cell" equipment. Those rules have been challenged by certain municipalities and tribal nations both at the FCC and in court.

Electronic Surveillance. Our clients who deploy broadband networks may be required by law to provide certain surveillance capabilities to law enforcement agencies. If required, we intend to deliver the requisite surveillance capabilities to law enforcement with respect to any networks we deploy.

National Security. National security and disaster recovery issues continue to receive attention at the federal, state and local levels. For example, Congress is expected to again consider cyber security legislation to increase the security and resiliency of the nation's digital infrastructure. In 2013, the President issued an executive order directing the Department of Homeland Security and other government agencies to take a number of steps to improve the security of the nation's critical infrastructure. The details surrounding the implementation of this order have not been resolved, however, and we cannot predict the cost or other impacts of such measures. Moreover, the FCC continues to examine issues of network resiliency and reliability and may seek to impose additional regulations designed to reduce the severity and length of disruptions in communications.

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Our Employees

As of March 31, 2019, we had 58 full-time employees. None of our employees are covered by a collective bargaining agreement. We believe that our relationship with our employees is positive.

Our Corporate Information

Our principal executive offices are located at 3 Garret Mountain Plaza, Suite 401, Woodland Park, New Jersey 07424 and 8260 Greensboro Drive, Suite 501, McLean, Virginia. Our main telephone number is (973) 771-0300. We were originally incorporated in California in 1997 and reincorporated in Delaware in 2014. Our internet website is currently www.pdvwireless.com. The information on or accessible through our website is not incorporated into this Annual Report, and you should not consider any information on, or that can be accessed through, our website a part of this Annual Report.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors, together with the other information contained in this Form 10-K and our other reports and filings made with the SEC, in evaluating our business and prospects. If any of the risks discussed in this Form 10-K occur, our business, prospects, liquidity, financial condition and results of operations could be materially and adversely affected, in which case the trading price of our common stock could decline significantly. Some statements in this Form 10-K, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled "Cautionary Statement Concerning Forward-Looking Statements."

Risks Related to Our Spectrum Initiatives and the Use of Our Spectrum

Our regulatory initiatives aimed at increasing the usability and capacity of our spectrum may not be successful on a timely basis, or at all, and will continue to require significant time and attention from our senior management team and our expenditure of significant resources.

While our current spectrum holdings can support narrowband and wideband wireless services, the most significant business opportunities we have identified will require greater bandwidth than allowed by the current configuration of our spectrum. As our first priority, we are pursuing regulatory initiatives at the Federal Communications Commission ("FCC") aimed at modernizing and realigning the 900 MHz spectrum band to increase its usability and capacity by allowing it to be utilized for deployment of broadband networks, technologies and solutions. In March 2019, the FCC unanimously adopted a Notice of Proposed Rulemaking ("NPRM") that proposes the creation of a broadband opportunity in the 900 MHz band for critical infrastructure and other enterprise users. In the NPRM, the FCC has proposed three criteria for an applicant to secure a broadband license in a county: (i) the applicant must hold all 20 blocks of geographic SMR licenses in the county; (ii) the applicant must reach agreement to relocate all incumbents in the broadband segment on a 1:1 voluntary channel exchange or demonstrate that the incumbents will be protected from interference; and (iii) the applicant must agree to return to the FCC all rights to geographic and site-based spectrum in the county in exchange for the broadband license.

In the NPRM, the FCC requested comments from incumbents and other interested parties on a number of important topics that will have a material impact on the timing and costs of obtaining a broadband license, assuming the FCC issues a Report and Order supporting broadband. As noted above, a broadband applicant, like the Company, must hold all 20 blocks of geographic Specialized Mobile Radio ("SMR") licenses in a particular county. In certain areas, SMR spectrum is being held in inventory by the FCC. In the NPRM, the FCC requested comments on how a broadband applicant could acquire the FCC's inventory of geographic SMR-allocated spectrum. Specifically, in considering whether to make its inventory available to the broadband applicant, the FCC has asked whether it should do so only if the applicant meets a threshold number of its own geographic licenses. The FCC also questions how to mitigate a windfall that might thereby be attributed to such an applicant. The failure of the FCC to make its SMR licenses available to the broadband applicant on a timely and cost-effective basis, could limit our ability to qualify for broadband licenses in a number of counties based on the existing criteria in the NPRM. In addition, the FCC's concerns about a potential windfall to the Company as a result of the FCC contributing its inventory of SMR spectrum and/or allowing the Company to convert narrowband channels to a broadband channel, could restrict our ability to obtain broadband licenses or significantly delay or increase our costs of acquiring broadband licenses from the FCC.

The NPRM also proposes a market-driven, voluntary exchange process for clearing the broadband spectrum. An applicant seeking a broadband license for a particular county will need to demonstrate that it has entered into agreements with incumbents or that it can protect their narrowband operations from interference. All incumbents must be accounted for before the broadband application may be filed, which could lead to holdouts. For example, an incumbent may demand compensation in an amount that is disproportionate to the cost of relocating its system or any reasonable reflection of the value of its spectrum holdings or may elect not to negotiate an agreement at all. In the NPRM, the FCC has requested comments on different approaches to address the holdout situation, including several different auction options. Each of the approaches would trigger mandatory relocation rights for the prospective broadband applicant, and the Company, would be required to pay the costs associated with providing incumbents with comparable facilities and paying relocation costs. If the FCC were to conduct either overlay or incentive auctions for the broadband license in some or all counties, parties other than the Company could obtain the broadband license(s) by outbidding the Company.

The NPRM also proposes to exempt from mandatory relocation "complex systems," with 65 or more integrated sites, which would prevent the Company from obtaining broadband licenses in counties where these complex systems are located without the operator's consent, which could be withheld for any reason. Further, depending on the rules in any Report and Order issued by the FCC, the Company's ability to address potential holdouts, and clear the 900 MHz band as required to qualify for broadband licenses, may be delayed or be uneconomical, and in some counties incumbents may be able to prevent the Company from qualifying for broadband licenses.

The Association of American Railroads ("AAR") holds a nationwide geographic license for six non-contiguous private land mobile systems for business users ("B/ILT") channels in the 900 MHz band, three of which are located within the FCC's proposed broadband segment. The spectrum is used by freight railroads for Advanced Train Control System ("ATCS") operations. We have recognized from the outset the importance of reaching agreement with the railroads about their relocation and have worked with them throughout the FCC process. We and the AAR are in agreement about the optimal solution. However, this proposed solution will

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require an exemption from the relocation rules proposed by the FCC in the NPRM. We are continuing to coordinate our activities at the FCC with the AAR in support of securing the required exemption from the FCC. There is no assurance that the FCC will grant this exemption, or that we can reach a final agreement with the AAR on acceptable terms, or at all.

The NPRM also proposes “performance” or build-out requirements that the Company would be required to meet to retain each broadband license and then to renew it. These requirements are based on deployment of a system, including a system operating pursuant to a lease arrangement with the Company, that provides reliable coverage to an area that includes a defined percentage of the population in the county. A failure to satisfy this requirement could result in the cancellation of a broadband license.

The full text of the NPRM, and the comments and related correspondence filed in the 900 MHz proceeding, are available on the FCC’s public website. At the end of the NPRM comment period, the FCC’s next step could be the issuance of a Report and Order, a request for additional information, a decision to close the proceeding without further action, or some other action. There is no assurance if or when the FCC will issue a Report and Order. Further, the terms of any Report and Order may differ materially from the terms of the current NPRM.

We continue to believe in the merits of our broadband approach, and that it would be in the public interest for the FCC to realign the 900 MHz band to enable the deployment of broadband networks, technologies and solutions. Nevertheless, obtaining a favorable result from the FCC may take a significant amount of additional time, and will continue to require the attention of our management team and our expenditure of significant resources. Moreover, there is no assurance that following the conclusion of the NPRM process, the FCC will ultimately issue a Report and Order that will allow our licensed 900 MHz spectrum to be utilized for broadband networks, technologies and solutions. Further, even if the FCC issues a Report and Order, the terms and conditions of such Report and Order could make it difficult, time consuming and/or costly to obtain broadband licenses from the FCC. If the FCC fails to issue a Report and Order that provides for the issuance of broadband licenses in the 900 MHz band, or if the terms and conditions in the Report and Order do not allow us to obtain broadband licenses timely and on commercially reasonable terms, we will be unable to pursue our business plans and strategies and our business, liquidity and results of operation will be harmed. Further, if there is an extensive delay in adoption of a Report and Order, prospective customers of the Company’s spectrum may have to invest in other broadband solutions to address their operating requirements.

Even if our FCC initiatives are successful, we may not be successful in commercializing our spectrum assets.

Our team has engaged in a research and outreach program to identify customers who would likely place value on utilizing our spectrum assets to deploy private broadband networks, technologies and solutions, assuming our FCC initiatives are successful. Based on our market research, we have identified electrical utilities as our initial target customers. As of the date of this filing, we have not signed our first customer contract with an electric utility or other critical infrastructure entity for the long-term lease of our spectrum asset for the deployment of broadband networks, technologies and solutions. Further, there is no assurance, that we will be successful in our pursuit to commercialize our spectrum assets. For example, utilities, or other critical infrastructure and enterprise customers, may not elect to license our spectrum assets on commercially reasonable terms, on a timely basis, or at all. Similarly, there is no assurance that utilities and other critical infrastructure customers will retain us for any other value-added engineering or commercial services we offer them. As a result, even if we are successful with our FCC initiatives, our future prospects must be considered in light of the uncertainties, risks, expenses, and difficulties frequently encountered by companies in their early stages of implementing a new business plan and pursuing opportunities in new, highly competitive and rapidly developing markets.

In addition, under our current business plan, we intend to enter into long-term leasing or other transfer arrangements for our spectrum assets with one customer, or a limited number of customers, in each geographic area. We also expect that our customers will bear the costs of deploying and operating their private broadband networks. As a result, many geographic areas may have only one or a limited number of potential customers, and if we are not successful with this customer or customers, our spectrum may not be utilized and we will not be able to generate revenues from owning spectrum in these geographic areas. In addition, even if we enter into a long-term lease or transfer arrangement for a geographical area, that customer will typically require rights to all spectrum we have in that geographic area. Because of this, we will not have additional spectrum assets to lease in such geographical area to other potential customers. Further, other than our lease or transfer arrangements, we will not generate revenue from the operation of the broadband networks or technologies deployed by our customers. As a result, there is considerable uncertainty as to whether we can generate sufficient revenues to develop a profitable business from leasing or otherwise transferring our licensed 900 MHz spectrum.

Further, our assessment that we should target utilities and other critical infrastructure entities as customers for our spectrum is based on our determination that these entities have regulatory and other incentives to install a significant number of new technologies, such as smart devices and sensors, that will generate an increasing amount of data that cannot be addressed well by their existing communication networks and systems. Our potential customers, however, are large organizations, and a decision to implement private broadband networks, technologies and solutions is a significant decision and will require significant capital outlays. Any negotiation and contract process with these potential customers may take longer than we currently expect. In addition, there is no assurance that the governmental agencies that govern these entities will allow them to pass the capital costs of implementing broadband networks, technologies and solutions utilizing our spectrum on to their ratepayers. In addition, although there is broad availability of broadband Long Term Evolution (“LTE”), there is no assurance that our targeted customers will be able to utilize existing broadband networks, technologies and solutions with our spectrum without requiring modifications to existing equipment or engaging in product and/or service development efforts, any of which could result in deployment delays, require them or us to invest in technology or other

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development activities or otherwise adversely limit the potential benefits or value of our spectrum assets. If any of these risks occur, our current plans to commercialize our spectrum assets may not be as highly valued as we expect or may face significant delays, any of which would adversely affect our business, liquidity and results of operations.

Our initiatives with the federal and state agencies and commissions that regulate electric utilities may not be successful.

Our targeted critical infrastructure customers are highly regulated by both federal and state agencies. Electrical utilities, for example, are regulated by federal agencies ranging from the Department of Energy, the Department of Homeland Security, the Federal Energy Regulatory Commission and the national Institute of Standards and Technologies. We are working with each of these agencies to educate them about the potential benefits that private broadband LTE networks, technologies and solutions utilizing our spectrum assets can offer utilities. We are also working with a number of state agencies and commissions who regulate electrical utilities, and who have a strong influence over electric utility buying decisions. Our goal with these state agencies and commissions is to gain their support for utilities being allowed to pass the capital costs of leasing our spectrum assets and deploying private broadband LTE networks, technologies and solutions to ratepayers, including at a customary rate of return for the electric utility company. We are in the early stages of our initiatives with these federal and state agencies and commissions. We may not be successful in gaining support from these governmental bodies on a timely basis, or at all, which could hinder or delay our commercialization efforts with electric utilities and other critical infrastructure entities.

Many of the third parties who have objected to our spectrum initiatives, or with whom we are competing against for spectrum opportunities, have more resources, and greater political and regulatory influence, than we do.

Our FCC initiatives have been, and may continue to be, opposed by certain incumbents and other third parties with conflicting or competing business interests. Many of the third parties who are not supportive of our broadband initiatives, or with whom we compete for spectrum opportunities, have more resources and greater political and regulatory influence than we do, which could prevent, delay or increase the costs of our spectrum initiatives and spectrum opportunities. Further, we may be required to make concessions, contractual commitments, or limit the use of our spectrum assets or restrict our pursuit of business opportunities, to address the concerns expressed by opposing incumbents and other interested parties. For example, the NPRM currently proposes to exempt from mandatory relocation “complex systems,” with 65 or more integrated sites, which would prevent us from obtaining broadband licenses in counties where these complex systems are located without the operator’s consent, which could be withheld for any reason. This exemption and any other exemptions, concessions, limitations and restrictions could have a material adverse effect on our operations and business plan, our future prospects and opportunities and on our ability to develop a profitable business.

Spectrum is a limited resource, and we may not be able to obtain sufficient contiguous spectrum to support our spectrum initiatives or our planned business operations and future growth.

Spectrum is a limited resource whose non-Federal use is regulated in the U.S. by the FCC. In the NPRM, the FCC has proposed that an applicant must hold all 20 blocks of geographic SMR licenses in a particular county to qualify for a broadband license in that county. If any Report and Order issued by the FCC has a similar requirement, we will need to acquire additional spectrum, both from the FCC and from third party incumbents, to qualify to obtain broadband licenses in a number of important geographical areas. The amount of spectrum we will be required to purchase will vary in each county based on our existing spectrum holdings in such county. Our ability to acquire additional spectrum on a timely and cost-effective basis will depend on the incumbents who hold the additional spectrum we need to acquire, and their operations that we may need to retune or replace. Our time and cost to purchase additional spectrum will also depend in large part on the terms of the FCC’s Report and Order, if any, and how the FCC allows the Company as a broadband applicant to address holdouts. To prepare for our future business opportunities, we have acquired, and may continue to acquire, additional spectrum through negotiated purchases. We also may elect to acquire additional spectrum in government-sponsored auctions of spectrum. We cannot assure you, however, that we will be successful in acquiring the additional spectrum we will need to support our realignment efforts and to qualify to obtain broadband licenses even if the FCC issues a Report and Order in the 900 MHz proceeding. Further, there is no assurance that the terms of any Report and Order will not significantly increase our time and cost of acquiring spectrum. Any failure to obtain additional spectrum required to obtain broadband licenses and implement our business plans on a timely and cost-effective basis, will adversely impact our revenues and our future growth potential.

Government regulations or actions taken by governmental bodies could adversely affect our business prospects, liquidity and results of operations.

The licensing and sale of spectrum assets, as well as the deployment and operation of wireless networks and technologies, are regulated by the FCC and, depending on the jurisdiction, state and local regulatory agencies. In particular, the FCC imposes significant regulation on licensees of wireless spectrum with respect to how FCC licenses may be transferred or sold. The FCC also regulates how the spectrum is used by licensees, the nature of the services that licensees may offer and how the services may be offered, including resolution of issues of interference between spectrum bands. In addition, the FCC grants wireless licenses for defined terms. While the Company’s current licenses have ten-year license terms, the NPRM has proposed a fifteen-year license term for 900 MHz broadband licenses. There is no guarantee that our existing or future licenses will be renewed. Failure to comply with

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FCC requirements applicable to a given licensee could result in revocation or non-renewal of the license, depending on the nature and severity of the non-compliance. If we, or any of the future licensees of our spectrum assets, fail to comply with applicable FCC regulations, we may be subject to sanctions or lose our FCC licenses, which would have a material adverse effect on our business.

In addition, the FCC and other federal, state and local governmental authorities could adopt new regulations or take actions, including imposing taxes or fees on our business that could adversely affect our prospects and results of operations. Further, the FCC or Congress may make additional spectrum available for communications services, which may result in the introduction of additional competitive entrants to the already crowded wireless communications marketplace in which we compete. For example, the federal government created and funded the First Responder Network Authority (“FirstNet”), which the federal government authorized to help accomplish, fund and oversee the deployment of a dedicated Nationwide Public Safety Broadband Network (“NPSBN”). The NPSBN may provide an additional source of competition to utilizing our 900 MHz spectrum assets by our targeted critical infrastructure and enterprise customers. Please see the risk factor “*Our initiatives aimed at increasing the usability and capacity of our spectrum may not be successful on a timely basis or at all, and will continue to require significant time and attention from our senior management team and our expenditure of significant resources*” above regarding the impact of government regulation on our request to realign a portion of the 900 MHz band from narrowband to broadband.

The value of our spectrum assets may fluctuate significantly based on supply and demand, as well as technical and regulatory changes.

The FCC spectrum licenses we hold are the Company’s most valuable asset. The value of our spectrum, however, may fluctuate based on various factors, including, among others:

- the regulatory status and outcome of the 900 MHz Proceeding;
- potential uses of our spectrum based on the FCC’s rules and regulations and available technology;
- the cost and time required to comply with the FCC’s requirements to obtain broadband licenses in the 900 MHz band, assuming the FCC issues a Report and Order that provides for broadband use in the 900 MHz band, including providing comparable facilities to and paying to relocate incumbents;
- the market availability and demand for spectrum;
- the demand for private broadband networks, technologies and solutions by our targeted critical infrastructure and enterprise customers;
- our ability to enter into long-term leases or transfer arrangements with our targeted critical infrastructure and enterprise customers on a timely basis and on commercially reasonable terms;
- regulatory changes by the FCC to make additional spectrum available or to promote more flexible uses of existing spectrum; and
- the fluctuation of auction prices of spectrum in neighboring bands or any unsuccessful auctions of such spectrum.

Similarly, the price of any additional spectrum we desire to purchase to support our spectrum initiatives or our future business plans will also fluctuate based on similar factors. Any decline in the value of our spectrum or increases in the cost of the spectrum we acquire could have an adverse effect on our market value and our business and operating results.

Risks Related to Our Business

The transfer of our TeamConnect and pdvConnect businesses and our related restructuring plans may result in higher costs and lower revenues than expected and cause us not to achieve the expected long-term operational benefits.

In December 2018, our board of directors approved the transfer of our TeamConnect and pdvConnect businesses to help reduce our operating costs and to allow our management team and company to focus on our FCC initiatives and future broadband opportunities. Specifically, we entered into: (i) a Customer Acquisition and Resale Agreement with A BEEP LLC (“A BEEP”) on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown Enterprises, Inc. (“Goosetown”) on January 2, 2019 and (iii) a memorandum of understanding (“MOU”) with the principals of Goosetown on December 31, 2018. Under the A BEEP and Goosetown Agreements, we agreed to: (i) transfer our TeamConnect customers located in the Atlanta, Chicago, Dallas, Houston and Phoenix metropolitan markets to A BEEP, (ii) transfer our TeamConnect customers located in the Baltimore/Washington DC, Philadelphia and New York metropolitan markets to Goosetown, (iii) provide A BEEP and Goosetown with access to our TeamConnect Metro and Campus Systems (the, “MotoTRBO Systems”) and (iv) grant A BEEP and Goosetown

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the right to resell access to our MotoTRBO Systems pursuant to separate Mobile Virtual Network Operation arrangements for a two-year period. We also granted Goosetown a license to sell the business applications we developed for our TeamConnect service.

Under these agreements, A BEEP and Goosetown agreed to provide customer care, billing and collection services for their respective acquired customers. We continued to provide these services through April 1, 2019 to help facilitate the transitioning of the acquired customers. Additionally, we are required to maintain and pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two-year period. As part of our efforts to clear the 900 MHz spectrum for broadband use, A BEEP and Goosetown are required to migrate the acquired customers off the MotoTRBO Systems over the two-year period. In consideration for the customers and rights we transferred, A BEEP and Goosetown are required to pay us a certain portion of the recurring revenues they receive from the acquired customers ranging from 100% to 20% during the terms of the agreements. Additionally, A BEEP is required to pay us a portion of recurring revenue from customers who utilize A BEEP's push-to-talk Diga-Talk Plus application service ranging from 35% to 15% for a period of two years. Goosetown is required to pay us 20% of recurring revenues from the TeamConnect applications we licensed for a period of two years.

We retained a number of significant obligations under our agreements with A BEEP and Goosetown related to the TeamConnect and pdvConnect businesses. For example, we are obligated to continue operating the TeamConnect networks in the seven launched markets through January 2, 2021. We are also required to continue to pay the cell tower leases for the TeamConnect networks we deployed for the balance of the lease terms. We also retained customer billing and collection responsibility for the pdvConnect business. In addition, if A BEEP, Goosetown or the principals of Goosetown do not comply with their contractual obligations or otherwise fail to adequately provide service to the transferred customers, we may recognize less revenue and incur more costs from these arrangements than anticipated, including potential litigation or damage claims from the transferred customers. In such case, the transfer of our TeamConnect and pdvConnect businesses and our related restructuring plans may result in higher costs and lower revenues than expected and cause us not to achieve the expected long-term operational benefits. Further, following the transfer of the pdvConnect and TeamConnect businesses, our prospects and future results are reliant on the success of our FCC initiatives and plans to commercialize our spectrum assets for the deployment of broadband networks, technologies and solutions.

We have no operating history with our proposed business plan, which makes it difficult to evaluate our prospects and future financial results, and our business activities, strategic approaches and plans may not be successful.

Although we were incorporated in 1997, our business is now reliant on the success of our FCC initiatives and our plans to commercialize our spectrum assets to critical infrastructure and enterprise customers. There is no assurance that following the conclusion of the NPRM process, the FCC will ultimately propose rules and issue a Report and Order that will allow our licensed 900 MHz spectrum to be utilized for broadband networks, technologies and solutions. In addition, even if the FCC issues a Report and Order, the terms and conditions of such Report and Order could make it difficult, time consuming and costly to obtain broadband licenses from the FCC. Further, we have not signed our first customer contract with an electric utility or other critical infrastructure entity for the long-term lease of our spectrum asset. As a result, the ability to forecast our future operating results is limited and subject to a number of risks and uncertainties, including our ability to accurately forecast and estimate our future revenues and the expenses and time required to pursue our spectrum initiatives and business opportunities. We have encountered, and expect to continue to encounter, risks and uncertainties frequently experienced by new businesses in highly competitive, technical and rapidly changing markets. If our assumptions regarding these risks and uncertainties are incorrect or change in reaction to changes in our FCC regulatory initiatives, our commercialization plans or opportunities or general economic conditions, or if we do not manage or address these risks and uncertainties successfully, our results of operations could differ materially and adversely from our expectations.

As a new and unproven business, any future success will depend, in large part, on our ability to, among other things:

- achieve a successful outcome in the 900 MHz Proceeding, resulting in a realignment of the 900 MHz band to allow for the future deployment of broadband networks, technologies and solutions;
- comply with the requirements and restrictions the FCC establishes in any Report and Order to qualify for broadband licenses in key geographic areas on a timely and cost-effective basis;
- successfully commercialize our spectrum assets to our targeted critical infrastructure and enterprise customers;
- manage any ongoing costs, obligations and liabilities related to the transfer of our TeamConnect and pdvConnect businesses;
- compete against other wireless companies, including the Tier 1 carriers, who have significantly greater resources and pricing flexibility, and greater political and regulatory influence; and
- scale our internal business, regulatory, technical and commercial operations in an efficient and cost-effective manner.

Any failure to achieve one or more of these objectives could adversely affect our business, our results of operations and our financial condition.

We have had net losses each year since our inception and may not achieve or maintain profitability in the future.

We have incurred net losses each year since our inception, including net losses of \$42.0 million, \$24.6 million and \$39.2 million in the fiscal years ended March 31, 2019, 2018 and 2017, respectively. We expect to continue to incur significant net losses in the future for a number of reasons, including without limitation, the continued costs to pursue our FCC initiatives, the costs to promote and commercialize our spectrum assets to our targeted critical infrastructure and enterprise customers, the costs to clear the 900 MHz band and acquire additional spectrum as required to qualify for broadband licenses, and the costs and loss of revenue resulting from the transfer of our TeamConnect and pdvConnect businesses. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in significant delays in our business plans, levels of revenue below our current expectations, or losses or expenses that exceed our current expectations. If our losses or expenses exceed our expectations or our revenue assumptions are not met in future periods, we may never achieve or maintain profitability in the future.

We may not be able to correctly estimate our operating expenses of future revenues, which could lead to cash shortfalls, and require us to secure additional financing sooner than planned.

We may not correctly predict the amount or timing of our future revenues and our operating expenses may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. These factors include:

- the time and resources required to pursue our spectrum initiatives, including our FCC proceedings and our efforts with incumbents to gain support for our initiatives;
- the cost and time to promote, market and commercialize our spectrum assets;
- the cost and time to obtain broadband licenses from the FCC, assuming our spectrum initiatives are successful, including the costs to clear the 900 MHz band and acquire additional spectrum;
- the costs and potential liabilities related to the transfer of our TeamConnect and pdvConnect businesses; and
- the costs to attract and retain personnel with the skills required for effective operations.

In addition, our budgeted expense levels are based in part on our expectations that our restructuring actions will be effective in reducing our operating expenses, as well as on the timing of receiving regulatory approvals and obtaining the broadband licenses required to commercialize our spectrum assets. However, we may not correctly predict the costs, amounts or timing of such future revenues or the timing or costs required to pursue our regulatory and business initiatives. We may not be able to adjust our operations in a timely manner to compensate for any shortfall in our revenues, delays in our spectrum initiatives or increases in the expenses required to implement our long-term business plan. As a result, a significant shortfall in our planned revenues, a significant delay in our spectrum initiatives or a significant increase in our planned expenses could have an immediate and material adverse effect on our business and financial condition. In such case, we may be required to issue additional equity or debt securities or enter into other commercial arrangements sooner than anticipated to secure the additional financial resources to support our future operations and the implementation of our business plans.

We will need to secure additional financing to support our long-term business plans.

We have used significant funds to pursue our spectrum initiatives and to prepare to commercialize our spectrum assets. Our future capital requirements will depend on many factors, including: the costs and time required to pursue our spectrum initiatives; the costs and time to obtain additional spectrum and clear incumbents to qualify to obtain broadband licenses from the FCC, assuming our spectrum initiatives are successful; the costs to identify, market and commercialize our spectrum assets to our targeted critical infrastructure and enterprise customers; and our ability to control our operating expenses. As a result, we will require additional funding in the future to support our operations, our efforts to obtain broadband licenses and pursue our business plans. We expect that we may be required to issue additional equity or debt securities or enter into other commercial arrangements, including relationships with corporate and other partners, to secure the additional financial resources to support our development efforts and to implement our long-term business plans. Depending upon market conditions, we may not be successful in raising sufficient additional capital on a timely basis, on favorable terms, or at all. Additionally, the issuance of additional equity securities, including securities convertible into or exercisable for our equity securities, would result in the dilution of the ownership interests of our present stockholders. If we fail to obtain sufficient additional financing, or fail or are unable to enter into relationships with others that provide additional financial resources, we may not be able to develop our network and mobile communication solutions in accordance with our long-term business plans, and we may be required to delay significantly, reduce the scope of or eliminate one or more of our business or spectrum initiatives, downsize our general and administrative infrastructure, or seek alternative measures to raise additional funds.

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We may not successfully compete against the Tier 1 and other wireless companies and vendors who offer technologies, solutions and services to our targeted customers.

A number of Tier 1 carriers already offer or plan to offer wireless services capable of providing services to our targeted critical infrastructure and enterprise customers. In addition, SMR operators and other public and private companies offer services and technologies designed for our targeted critical infrastructure and enterprise customers. Further, vendors of wireless technologies and solutions may be partnered with other wireless providers or offer technologies and solutions that can operate on narrowband or wideband spectrum. Because of their resources and, in some cases, ownership by larger companies, many of our competitors are financially stronger and have more resources than we do, which may enable them to offer services, technologies and solutions to our targeted customers at prices and terms that make the licensing of our spectrum assets unattractive. If we cannot compete effectively with the services offered by the Tier 1 carriers or the service, technology and solution offerings from our other competitors, our revenues and growth may be adversely affected.

Our reputation and business may be harmed, and we may be subject to legal claims if there is loss, disclosure or misappropriation of or access to our, or our customers' information.

We make extensive use of online services and centralized data processing, including through third-party service providers. The secure maintenance and transmission of customer information is an important element of our operations. Our information technology and other systems, and those of our service providers or contract partners (including A BEEP, Goosetown and TeamConnect LLC), that maintain and transmit customer information, including location or personal information, may be compromised by a malicious third-party penetration of our network security, or that of our third-party service providers or contract partners, or impacted by unauthorized intentional or inadvertent actions or inactions by our employees, or by the employees of our third-party service providers or contract partners. Cyber-attacks, which include the use of malware, computer viruses and other means for disruption or unauthorized access, have increased in frequency, scope and potential harm in recent years. While, to date, we have not been subject to cyber-attacks or other cyber incidents which, individually or in the aggregate, have been material to our operations or financial condition, the preventive actions we and our third-party service providers and contract partners take to reduce the risk of cyber incidents and protect information technology resources and networks may be insufficient to repel a major cyber-attack in the future. As a result, our customers' information may be lost, disclosed, accessed, used, corrupted, destroyed or taken without the customers' consent. Any major compromise of our data or network security, failure to prevent or mitigate the loss of customer information and delays in detecting any such compromise or loss could disrupt our operations, impact our reputation and subject us to additional costs and liabilities, including litigation, which could produce material and adverse effects on our business and results of operations.

Risks Related to Our Organization and Structure

We may change our operations, FCC initiatives and business strategies without stockholder consent.

Our executive management team, with oversight from our board of directors, establishes our operational plans, FCC initiatives and business strategies. Our board of directors and executive management team may make changes to, or approve transactions that deviate from, our current operations, initiatives and strategies without a vote of, or prior notice to, our stockholders. For example, in December 2018, our board approved a plan to transfer our TeamConnect and pdvConnect businesses, which included the elimination of approximately 20 positions, or roughly 20% of our workforce. Further, on May 1, 2018, we and the Enterprise Wireless Alliance ("EWA") augmented elements of our initial joint response in the 900 MHz proceeding based on our discussions and interactions with other interested parties. This authority to change our operations, FCC initiatives and business strategies could result in us conducting operational matters, making investments, pursuing FCC initiatives or implementing business or growth strategies in a manner different than those that we are currently pursuing. Under any of these circumstances, we may expose ourselves to different and more significant risks, decrease our revenues or increase our expenses and financial requirements, any of which could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations.

We depend on our executive officers and key personnel.

Our success depends to a significant degree upon the contributions of our executive officers and key personnel. Although we have adopted a severance plan for our executive officers, we do not otherwise have long-term employment agreements with any of our executive officers or key personnel. There is no guarantee that these individuals will remain employed with us. In addition, we have not obtained and do not expect to obtain key man life insurance that would provide us with proceeds in the event of the death or disability of any of our executive officers or key personnel. If any of our executive officers or key personnel were to cease employment with us, our FCC initiatives and operating results could suffer. Further, the process of attracting and retaining suitable replacements for our executive officers and key personnel would result in transition costs and would divert the attention of other members of our senior management team from our existing operations. As a result, the loss of services from our executive officers or key personnel or a limitation in their availability could materially and adversely impact our business, prospects and results of operations. Further, such a loss could be negatively perceived in the capital markets.

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If we fail to implement and maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial results, which would materially and adversely affect our value and our ability to raise any required capital in the future.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We have discovered and may in the future discover areas of our internal control over financial reporting or our disclosure controls that need improvement or additional documentation. For example, in connection with preparing our financial statements for the quarter ended June 30, 2018, we determined that we incorrectly interpreted the effective date of a change in the accounting treatment of our net operating losses (“NOLs”) in accordance with the new tax laws provisions in the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017 (the “TCJA”). The TCJA, among other items: (i) increased the NOL carryforward period from 20-years to an indefinite carryforward period and (ii) limited the percentage of NOLs that may be used to offset taxable income to 80%. In preparing our financial statements for quarterly period ended December 31, 2017 and for the year ended March 31, 2018, we, in consultation with our third-party tax firm, determined that it was unlikely that Congress intended to provide this double benefit to the NOLs generated by the Company during Fiscal 2018. As a result, we determined that an appropriate approach would be to continue to limit the carryforward period for our 2018 NOLs to 20 years, rather than apply an indefinite life to these NOLs. However, based on our review of available accounting literature in connection with preparing our financial statements for the quarter ended June 30, 2018, we determined that we should apply the accounting changes implemented by the TCJA in accordance with the effective dates set forth in the TCJA. Specifically, we determined that, based on the current language of the TCJA, the correct accounting treatment for the NOLs we generated during Fiscal 2018 is to apply an indefinite life to those NOLs. Applying an indefinite life to our NOLs enables us to utilize an increased amount of NOLs to offset the deferred tax liability created by amortization of our indefinite-lived intangibles. This error, which was not detected timely by our management, was the result of an inadequate design of controls pertaining to the Company’s review and analysis of changing tax legislation. The deficiency represented a material weakness in our internal control over financial reporting and disclosure controls. As a result, we filed restated financial statements for the quarterly period ended December 31, 2017 and for the year ended March 31, 2018. We determined that the material weakness in our internal control over financial reporting and disclosure controls was not remediated as of March 31, 2019. As a result, we concluded that we did not maintain effective internal control over financial reporting, including effective disclosure controls and procedures as of March 31, 2019.

In addition, in preparing this Form 10-K for the year ended March 31, 2019, our management, including our Chief Executive Officer and Chief Financial Officer, determined that we had improper segregation of duties and other design gaps caused by user access deficiencies within the design of our information technology controls that support our financial reporting processes, and that this deficiency represented a material weakness in our internal control over financial reporting as of March 31, 2019. The material weakness did result in any changes to our financial statements or results.

To remediate the material weakness in our controls related to our review and analysis of changing tax legislation, our management: (i) implemented new controls designed to evaluate the appropriateness of our income tax policies and procedures, (ii) put into place additional training programs focused on new tax legislation and (iii) implemented policies and procedures regarding the review and evaluation of tax guidelines published by the major accounting firms. To remediate the material weakness in our controls related to user access to our information technology systems, our management: (i) promptly terminated the access granted to the individuals with incompatible duties and (ii) implemented new policies and procedures related to security access controls over our information technology systems.

In determining that the Company had material weaknesses in its internal control over financial reporting and its disclosure controls and procedures as of March 31, 2019, our management, including our Chief Executive Officer and our Chief Financial Officer, determined that the Company had not had sufficient time to test the new policies, procedures and controls to conclude that the material weaknesses discussed above had been remediated as of March 31, 2019. We expect that both material weaknesses will be fully remediated by the end of our first half of Fiscal 2020.

Nevertheless, we cannot be certain that we will be successful in maintaining effective internal controls for all financial periods. As we grow our business, our internal controls will become more complex, and we will require significantly more resources to ensure our internal controls remain effective. The existence of any material weakness or significant deficiency in the future may require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. In addition, the existence of any material weakness in our internal controls could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, all of which could materially and adversely affect our value and our ability to raise any required capital in the future.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect us.

Accounting rules and interpretations for certain aspects of our operations are highly complex and involve significant assumptions and judgments. Our reported financial statements have been and will continue to be based on our assumptions and judgments, and any changes in these assumptions or judgments could have a material impact on our results of operations and the other information contained in our financial statements. The complexities of these assumptions and judgments could also lead to a delay in

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the preparation and dissemination of our financial statements or could subject our financial statements to restatement if our independent auditors, the SEC or we determine such assumptions or judgments must be changed. Furthermore, changes in accounting rules and interpretations could significantly impact our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Any of these circumstances could have a material adverse effect on our reported financial condition and results of operations.

We have a concentration of risk related to the pdvConnect accounts receivable from a third-party carrier and failure to fully collect outstanding balances from this carrier may adversely affect our results of operations.

We historically offered pdvConnect to customers indirectly through two domestic Tier 1 carriers. As of March 31, 2019, we had accounts receivable balances owed to us by one Tier 1 domestic carrier representing approximately 31% of our accounts receivable balances. We maintain an allowance for doubtful accounts based on the credit risk, historical trends, and other information, as well as for any specific instances we become aware of that may preclude us from reasonably assuring collection on outstanding balances. Determining the allowance for doubtful accounts is judgmental in nature and often involves the use of significant estimates. A determination that requires a change in our estimates for the accounts receivable from this carrier, or a failure by this carrier to pay a significant portion of its outstanding accounts receivable balances, could have a negative impact on our results of operations and financial condition as revenues generated by pdvConnect currently represent a significant portion of our revenues.

Risks Related to Our Common Stock

We have a limited trading history and there is no assurance that a robust market in our common stock will develop or be sustained.

Our common stock began trading on The NASDAQ Capital Market in February 2015. Since our common stock began trading, we have had limited daily trading volume and we cannot assure you that a more active or liquid trading market for our common stock will develop, or will be sustained if it does develop, either of which could materially and adversely affect the market price of our common stock, our ability to raise capital in the future and the ability of stockholders to sell their shares at the volume, prices and times desired. In addition, the risks and uncertainties related to our FCC initiatives and our proposed business strategies makes it difficult to evaluate our business, our future prospects and the valuation of our Company, which limits the liquidity and volume of our common stock and may have a material adverse effect on the market price of our common stock.

Our common stock prices may be volatile which could cause the value of our common stock to decline.

The market price of our common stock may be highly volatile and subject to wide fluctuations. Some of the factors that could negatively affect or result in fluctuations in the market price of our common stock include:

- the status of the 900 MHz Proceeding, including any actions that may preclude or delay the FCC's issuance of a Report and Order, for the requirements and restrictions the FCC imposes in any Report and Order on the future use of our spectrum assets for the deployment of broadband spectrum, technologies or solutions;
- our ability to enter into contracts with our targeted critical infrastructure and enterprise customers on favorable terms, or at all;
- market reaction to our FCC initiatives and any changes in our business plans or strategies;
- any unexpected costs or liabilities associated with the transfer of the TeamConnect and pdvConnect businesses;
- additions or departures of any of our executive officers or key personnel;
- actions by our stockholders;
- speculation in the press or investment community;
- general market, economic and political conditions, including an economic slowdown or dislocation in the global credit markets;
- our operating performance and the performance of other similar companies;
- changes in accounting principles, judgments or assumptions; and
- passage of legislation or other regulatory developments that adversely affect us or our industry.

Concentration of ownership will limit your ability to influence corporate matters.

Based on our review of publicly available filings as of May 10, 2019, funds affiliated with Cerberus Capital Management beneficially owned approximately 23.8% and the other holders of Company common stock who have made filings with the SEC beneficially own, in the aggregate, a total of approximately 51.5% of our outstanding shares of common stock, and together with Cerberus Capital Management, approximately 75.3% of our outstanding shares of common stock. Specifically, based on publicly available filings as of May 10, 2019: funds affiliated with Owl Creek beneficially owned roughly 17.9% of our outstanding common stock; funds affiliated with Pacific Investment Company owned roughly 9.2% of our outstanding common stock; funds affiliated with TPS Group Holdings (SBS) Advisors, Inc. owned roughly 8.8% of our outstanding common stock; funds affiliated with American Money Management Group beneficially owned roughly 7.2% of our outstanding common stock; funds affiliated with The Vanguard Group beneficially owned roughly 4.3% of our outstanding common stock; and funds affiliated with BlackRock Fund Advisors beneficially owned roughly 4.1% of our outstanding common stock. Although we are not aware of any voting arrangements between these stockholders, our significant stockholders have the ability to determine (if acting together) or significantly influence (if acting as a group of two or more): (i) the outcome of any corporate actions submitted by our board of directors for approval by our stockholders and (ii) any proposals or director nominees submitted by a stockholder. Further, they could place significant pressure on our board of directors to pursue corporate actions, director candidates and business opportunities or initiatives they identify. For example, these stockholders could effectively block a proposed sale of the company, even if recommended by our board of directors. Alternatively, these stockholders could place pressure on our board of directors to pursue a sale of the company or its assets. As a result of this concentration of ownership, our other stockholders may have no effective voice in our corporate actions or the operations of our business, which may adversely affect the market price of our common stock.

We are an “emerging growth company,” and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- Not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- Reduced disclosure obligations regarding executive compensation; and
- Exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We cannot predict whether investors will find our common stock less attractive if we continue to rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Nevertheless, we have elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards not later than the relevant dates on which adoption of such standards is required for other public companies.

We do not intend to pay dividends on our common stock for the foreseeable future.

We currently intend to retain our future earnings, if any, to finance the development and expansion of our business and pursuit of our strategic initiatives and, therefore, do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments and such other factors as our board of directors deems relevant in its discretion. Accordingly, you may need to sell your shares of our common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them.

Future sales of our common stock, or preferred stock, or of other securities convertible into our common stock or preferred stock, could cause the market value of our common stock to decline and could result in dilution of your shares.

Our board of directors is authorized, without stockholder approval, to permit us to issue additional shares of common stock or to raise capital through the creation and issuance of preferred stock, other debt securities convertible into common stock or preferred stock, options, warrants and other rights, on terms and for consideration as our board of directors in its sole discretion may determine. In April 2019, we filed a shelf registration statement (the “Shelf Registration Statement”) on Form S-3 with the SEC that was declared effective by the SEC on April 22, 2019, which permits us to offer up to \$100 million of common stock, preferred stock,

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debt securities and warrants in one or more offerings and in any combination, including in units from time to time. We have entered into a Controlled Equity OfferingSM Sales Agreement and a Sales Agreement (collectively, the “Sales Agreements”) with Cantor Fitzgerald & Co. and B. Riley FBR, Inc., respectively (collectively, the “Agents”), and on May 20, 2019, registered the sale of up to an aggregate of \$40,000,000 in shares of our common stock in at-the-market sales transactions pursuant to the Sales Agreements under the Shelf Registration Statement. Our Sales Agreement is intended to provide us with additional flexibility to access the capital markets by selling registered shares under the Shelf Registration Statement. In addition, we have filed registration statements on Form S-8 to register the total number of shares of our common stock that may be issued under our 2004 Stock Plan, 2010 Stock Plan and 2014 Stock Plan, including the equity awards issued to our executive officers and directors. As of May 10, 2019, there are outstanding options to purchase 2,079,299 shares of our common stock and restricted stock unit agreements for 461,580 shares of our common stock and 901,755 shares remaining available for issuance under our 2014 Stock Plan, all of which are registered for sale on currently effective Forms S-8.

Sales of substantial amounts of our common stock, including sales by our officers, directors or 5% and greater stockholders, or of preferred stock could cause the market price of our common stock to decrease significantly. We cannot predict the effect, if any, of future sales of our common stock, or the availability of our common stock for future sales, on the value of our common stock. Sales of substantial amounts of our common stock by any one or more of our large stockholders, or the perception that such sales could occur, may adversely affect the market price of our common stock.

Future offerings of debt securities or preferred stock, which would rank senior to our common stock in the event of our bankruptcy or liquidation, may adversely affect the market price of our common stock.

In the future, we may attempt to increase our capital resources by making offerings of debt securities or otherwise incurring debt. In the event of our bankruptcy or liquidation, holders of our debt securities may be entitled to receive distributions of our available assets prior to the holders of our common stock. In addition, we may offer preferred stock that provides holders with a preference on liquidating distributions or a preference on dividend payments or both or that could otherwise limit our ability to pay dividends or make liquidating distributions to the holders of our common stock. Although we have no present plans to do so, our decision to issue debt securities or to issue preferred stock in any future offerings or otherwise incur debt may depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and investors in our common stock bear the risk of our future offerings reducing the market price of our common stock and/or diluting their ownership interest in us.

Certain anti-takeover defenses and applicable law may limit the ability of a third party to acquire control of us.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws could discourage, delay, or prevent a merger, acquisition or other change of control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for our common stock, thereby depressing the market price of our common stock. These provisions, among other things:

- allow the authorized number of directors to be changed only by resolution of our Board of Directors;
- authorize our board of directors to issue, without stockholder approval, preferred stock, the rights of which will be determined at the discretion of the board of directors and that, if issued, could operate as a “poison pill” to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our board of directors does not approve;
- establish advance notice requirements for stockholder nominations to our board of directors or for stockholder proposals that can be acted on at stockholder meetings; and
- limit who may call a stockholders meeting.

In addition, we have elected to be subject to Section 203 of the Delaware General Corporation Law (the “DGCL”) by provision of our charter. In general, Section 203 of the DGCL prevents an “interested stockholder” (as defined in the DGCL) from engaging in a “business combination” (as defined in the DGCL) with us for three years following the date that person becomes an interested stockholder unless one or more of the following occurs:

- Before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;
- Upon consummation of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the

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interested stockholder) stock held by directors who are also officers of our Company and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or

- Following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least 66 2/3% of our outstanding voting stock not owned by the interested stockholder.

The DGCL generally defines “interested stockholder” as any person who, together with affiliates and associates, is the owner of 15% or more of our outstanding voting stock or is our affiliate or associate and was the owner of 15% or more of our outstanding voting stock at any time within the three-year period immediately before the date of determination. As a result, our election to be subject to Section 203 of the DGCL could limit the ability of a third party to acquire control of us.

Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that we will indemnify our directors and officers, in each case to the fullest extent permitted by Delaware law. In addition, as permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws and our indemnification agreements that we have entered into with our directors and officers provide that:

- We will indemnify our directors and officers for serving us in those capacities or for serving other business enterprises at our request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person’s conduct was unlawful.
- We may, in our discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- We are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- We will not be obligated pursuant to our amended and restated bylaws to indemnify a person with respect to proceedings initiated by that person against us or our other indemnitees, except with respect to proceedings authorized by our board of directors or brought to enforce a right to indemnification.
- The rights conferred in our amended and restated bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees and agents and to obtain insurance to indemnify such persons.
- We may not retroactively amend our bylaw provisions to reduce our indemnification obligations to directors, officers, employees and agents.

As a result, claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We maintain offices in Woodland Park, NJ, and McLean, VA. The lease for our corporate headquarters at 3 Garret Mountain Plaza, Suite 401, Woodland Park, New Jersey, which was renewed in February 2017 for an additional 10 years, is for 19,276 square feet of office space. We have the right of first offer for adjacent space, if it becomes available. In February 2019, we entered into a lease agreement for our new office space located at 8260 Greensboro Drive, Suite 501, McLean, Virginia for 78 months commencing on April 15, 2019. The leased office facility includes approximately 5,365 square feet.

We do not own any real property.

ITEM 3. LEGAL PROCEEDINGS AND OTHER MATTERS

We are not involved in any material legal proceedings or other legal matters at this time. However, from time to time, we may be involved in litigation that arises from the ordinary operations of business, such as contractual or employment disputes or other general actions. See Note 15 of the Notes to the Consolidated Financial Statements contained within this Annual Report on Form 10-K for a further discussion of potential commitments and contingencies related to legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

On February 3, 2015, shares of our common stock became listed for trading on the NASDAQ Capital Market under the symbol "PDVW." Prior to the listing of our shares of common stock on the NASDAQ Capital Market, there was no public market for our common stock. The following table sets forth the high and low sales prices of our common stock as reported by the NASDAQ Capital Market for the periods indicated.

As of May 10, 2019, we had 161 record holders of our common stock. The number of beneficial owners of our common stock is greater than the number of record holders because a portion of our common stock is held of record through brokerage firms in "street name."

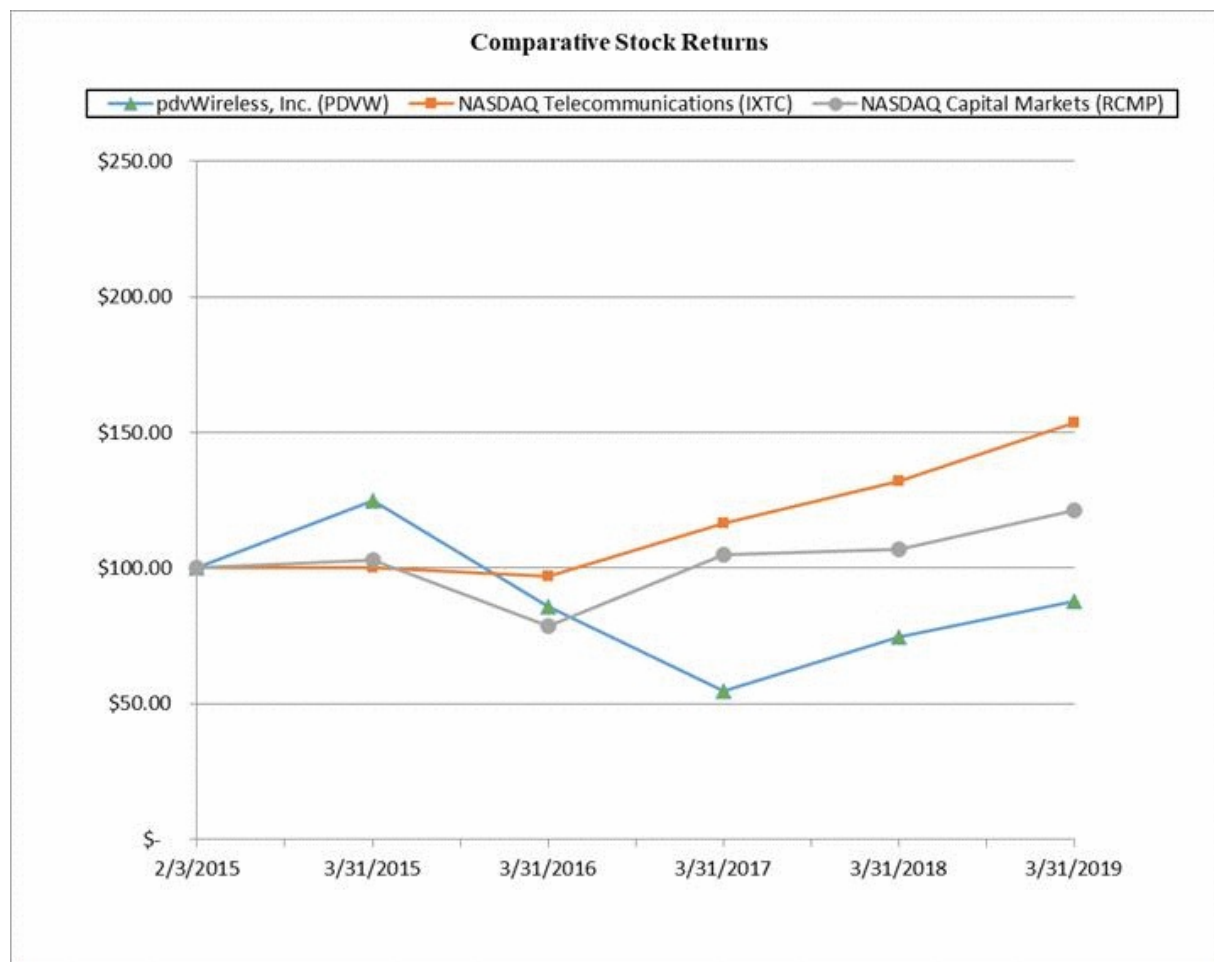
Dividend Policy

We have never declared or paid any cash dividends on our common stock, and we do not currently anticipate declaring or paying cash dividends on our common stock in the foreseeable future. We currently intend to retain our future earnings, if any, to finance the development and expansion of our business. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments and such other factors as our Board deems relevant in its sole discretion. See "*Risk Factors – Risks Related to our Common Stock – We do not intend to pay dividends on our common stock for the foreseeable future*".

Performance Graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

The performance graph set forth below compares our cumulative total stockholder return since we commenced trading on February 3, 2015 through March 31, 2019, assuming an initial investment of \$100 in our common stock, and in each of the NASDAQ Capital Market Composite Index and NASDAQ Telecommunications Index, and assumes the reinvestment of dividends. No dividends have been declared or paid on our common stock. The comparisons in the performance graph below are required by the SEC and are not intended to forecast or be indicative of possible absolute or relative future performance of our common stock, and we do not make or endorse any predictions as to future stockholder returns.



	2/3/2015	3/31/2015	3/31/2016	3/31/2017	3/31/2018	3/31/2019
pdvWireless, Inc. (PDVW)	\$ 100.00	\$ 125.00	\$ 85.85	\$ 54.63	\$ 74.63	\$ 87.90
NASDAQ Telecommunications (IXTC)	\$ 100.00	\$ 100.05	\$ 96.78	\$ 116.39	\$ 132.10	\$ 153.58
NASDAQ Capital Markets (RCMP)	\$ 100.00	\$ 102.83	\$ 78.52	\$ 104.72	\$ 106.87	\$ 121.16

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Securities Authorized for Issuance Under Equity Compensation Plans

We award stock option and restricted stock units to our employees meeting certain eligibility requirements under plans approved by our stockholders in 2004, 2010 and 2014, referred to as the “2004 stock option plan”, “2010 stock option plan,” and “2014 stock option plan”, respectively. The following table summarizes information about our equity compensation plans as of March 31, 2019:

	Number of Shares to be Issued Upon Exercise of Outstanding Stock Options (1)	Weighted-Average Exercise Price of Outstanding Stock Options	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders	2,103,579	\$ 23.83	974,610
Equity compensation plans not approved by security holders	—	—	—

(1) Does not include 388,350 restricted stock units.

Unregistered Sales of Equity Securities and Use of Proceeds.

We did not sell any equity securities not registered under the Securities Act during the fiscal year ended March 31, 2019.

On May 18, 2015, we completed a public offering of our common stock in which we raised net proceeds of approximately \$64.8 million. We registered the shares of common stock issued in the offering on a Registration Statement on Form S-1 (File No. 333-203681), which the SEC declared effective on May 12, 2015. Through March 31, 2019, we have used approximately \$25.4 million of the net proceeds from this offering. We did not complete any transaction in which we paid any of these proceeds, directly or indirectly, to our directors or officers, to any person owning 10% or more of any class of our equity securities, to any associate of any of the foregoing, or to any of our affiliates. There has been no material change in the expected uses of the net proceeds from the offering as described in our Registration Statement.

Issuer Purchases of Equity Securities

We did not repurchase any equity securities during the fiscal year ended March 31, 2019.

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ITEM 6. SELECTED FINANCIAL DATA

The following sets forth our selected financial data on a historical basis. You should read the following summary of selected financial data in conjunction with our historical financial statements and the related notes and with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which are included elsewhere in this Form 10-K. The consolidated statements of operations data for the years ended March 31, 2019, 2018 (As Restated) and 2017, and the consolidated balance sheet data at March 31, 2019 and 2018 (As Restated) are derived from our consolidated financial statements included elsewhere in this report. Our historical consolidated statement of operations data for the years ended March 31, 2016 and 2015 and our consolidated balance sheet data as of March 31, 2017 and 2016 have been derived from the historical financial statements audited by our independent auditors. The historical results presented below are not necessarily indicative of financial results to be achieved in future periods.

Selected Consolidated Statement of Operations data:

(in thousands, except share data)	For the year ended March 31,				
	2019	2018 (As Restated)	2017	2016	2015
Operating revenues	\$ 6,499	\$ 6,355	\$ 4,787	\$ 3,544	\$ 3,172
Restructuring costs	\$ 9,598	\$ —	\$ —	\$ —	\$ —
Impairment of long-lived assets	\$ 782	\$ —	\$ —	\$ —	\$ —
Loss from operations	\$ (42,742)	\$ (31,726)	\$ (32,783)	\$ (21,930)	\$ (14,163)
Income tax expense (benefit)	\$ 685	\$ (6,498)	\$ 6,498	\$ —	\$ —
Net loss	\$ (41,993)	\$ (24,568)	\$ (39,186)	\$ (21,828)	\$ (14,714)
Net loss per common share basic and diluted	\$ (2.88)	\$ (1.70)	\$ (2.72)	\$ (1.54)	\$ (1.46)
Weighted-average common shares used to compute basic and diluted net loss per share	14,575,787	14,450,715	14,390,641	14,156,848	10,048,210

Selected Consolidated Balance Sheet data:

(in thousands)	As of March 31,			
	2019	2018 (As Restated)	2017	2016
Total assets	\$ 196,753	\$ 220,340	\$ 245,486	\$ 274,049
Restructuring reserve, current	2,758	—	—	—
Note payable	—	—	497	992
Deferred income taxes	685	—	6,498	—
Total liabilities	15,989	11,811	17,590	11,863
Stockholders' equity	\$ 180,764	\$ 208,529	\$ 227,896	\$ 262,186

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and the related notes. This management's discussion and analysis contains forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Any statements that are not statements of historical fact are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause our actual results or events to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section entitled "Risk Factors" included elsewhere in this Form 10-K. Except as required by applicable law we do not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of the Original Filing.

The management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

Overview

We are a wireless communications company focused on developing and commercializing our spectrum assets to enable our targeted critical infrastructure and enterprise customers to deploy private broadband networks, technologies and solutions. We are the largest holder of licensed spectrum in the 900 MHz band (896-901/935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, we hold approximately 60% of channels in the 900 MHz band in the top 20 metropolitan market areas in the United States. We are currently pursuing a regulatory proceeding at the Federal Communications Commission ("FCC") that seeks to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions. At the same time, we are pursuing business opportunities with our targeted critical infrastructure and enterprise customers to build awareness and demand for our spectrum assets, assuming we achieve a favorable result with our FCC initiatives.

Our goal is to become the leading provider of broadband spectrum assets to critical infrastructure and enterprise customers. Assuming our FCC initiatives are successful, our spectrum assets will enable our customers to deploy broadband networks, technologies and solutions that are private, secure, reliable and cost-effective and at the same time allow them to achieve their modernization objectives and regulatory obligations.

We maintain offices in Woodland Park, New Jersey, in McLean, Virginia and in San Diego, California.

Our FCC Initiatives

Our spectrum is our most valuable asset. While our current licensed spectrum can support narrowband and wideband wireless services, the most significant business opportunities we have identified require contiguous spectrum that allows for greater bandwidth than allowed by the current configuration of our spectrum. As a result, our first priority is to continue to pursue our initiatives at the FCC seeking to modernize and realign a portion of the 900 MHz band to increase its usability and capacity by allowing it to accommodate the deployment of broadband networks, technologies and solutions.

In November 2014, we and the Enterprise Wireless Alliance ("EWA") submitted a Joint Petition for Rulemaking ("Joint Petition") to the FCC to propose a realignment of a portion of the 900 MHz band from narrowband to broadband. In response to the Joint Petition, the FCC issued a public notice requesting comments from interested parties and asked a number of questions about the proposal. A number of parties, including several incumbent licensees, filed comments with the FCC expressing their views, including both support and opposition. In May 2015, we and the EWA filed proposed rules with the FCC related to the Joint Petition. Comments on the proposed rules were filed in June 2015, and reply comments in July 2015.

In August 2017, the FCC issued a Notice of Inquiry ("NOI") announcing that it had commenced a proceeding to examine whether it would be in the public interest to change the existing rules governing the 900 MHz band to increase access to spectrum, improve spectrum efficiency and expand flexibility for a variety of potential uses and applications, including broadband and other advanced technologies and services. The FCC requested interested parties, including us, to comment on a number of questions related to three potential options for the 900 MHz band: (i) retaining the current configuration of the 900 MHz band, but increasing operational flexibility, (ii) reconfiguring a portion or all of the 900 MHz band to support broadband and other advanced technologies and services, or (iii) retaining the current 900 MHz band licensing and eligibility rules. Because the FCC requested information on

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multiple options for the 900 MHz band, the NOI effectively superseded the Joint Petition and other pending proposals that involved the 900 MHz band. We and EWA filed a joint response to the FCC's NOI in October 2017 and reply comments in November 2017.

On March 14, 2019, the FCC unanimously adopted a Notice of Proposed Rulemaking ("NPRM") in WT Docket No. 17-200 (the "900 MHz Proceeding") that endorsed our objective of creating a broadband opportunity in the 900 MHz band for critical infrastructure and other enterprise users. The NPRM generally proposes our recommended band plan concept and technical rules. Importantly, the proposed technical rules include our recommended equipment specifications that will enable use of available, globally standardized broadband LTE networks, technologies and solutions.

In the NPRM, the FCC has proposed three criteria for an applicant to secure a broadband license in a particular county within the United States: (i) the applicant must hold all 20 blocks of geographic SMR licenses in the county; (ii) the applicant must reach agreement to relocate all incumbents in the broadband segment in a 1:1 voluntary channel exchange or demonstrate that the incumbents will be protected from interference; and (iii) the applicant must agree to return to the FCC all rights to geographic and site-based spectrum in the county in exchange for the broadband license.

The FCC requested comments from incumbents and other interested parties on a number of important topics in the NPRM that will have a material impact on Company's ability to qualify for, and the related time and costs of obtaining, broadband licenses. As noted above, the broadband applicant must hold all 20 blocks of geographic Specialized Mobile Radio ("SMR") licenses in the county. In certain areas, some of the SMR spectrum is being held in inventory by the FCC. In the NPRM, the FCC requested comments on how a broadband applicant could acquire the FCC's inventory of geographic SMR allocated spectrum. Specifically, in considering whether to make its inventory of geographic SMR spectrum available to the broadband applicant, the FCC has asked whether it should do so only if the applicant meets a threshold number of its own geographic SMR licenses. The FCC also questions how to mitigate a windfall that might thereby be attributed to the broadband applicant by the FCC's action. We will need to address this issue, both in this context and in the context of exchanging narrowband for broadband spectrum.

The NPRM also proposes a market-driven, voluntary exchange process for clearing the broadband spectrum. An applicant seeking a broadband license for a particular county will need to demonstrate that it has entered into agreements with incumbents or that it can protect their narrowband operations from interference. All incumbents must be accounted for before the broadband applicant can file an application with the FCC. As the FCC recognized in the NPRM, this requirement, without some mechanism for preventing holdouts, could allow a single incumbent with a license for a single channel to thwart the FCC's objective of creating a 900 MHz broadband opportunity in any county.

In the NPRM, the FCC has requested comments on different approaches to address the holdout situation. One approach is based on a "success threshold" whereby once the broadband applicant has reached voluntary agreements with incumbents holding a prescribed percentage of channels in the broadband segment, remaining incumbents would become subject to mandatory relocations. In this and other approaches set forth in the NPRM, the broadband applicant would be responsible for providing comparable facilities and paying the reasonable costs of relocation. The NPRM proposes to exempt from mandatory relocation "complex systems," with 65 or more integrated sites. There are only a small number of complex systems in the country in the broadband segment proposed by the FCC, and all of them are operated by utilities or other critical infrastructure entities.

The Association of American Railroads ("AAR") holds a nationwide geographic license for six non-contiguous Private Land Mobile Systems for Business Users ("B/ILT") channels in the 900 MHz band, three of which are located within the FCC's proposed broadband segment. The spectrum is used by freight railroads for Advanced Train Control System ("ATCS") operations. We have recognized from the outset the importance of reaching agreement with the railroads about their relocation, and have worked with them throughout the FCC process. We and the AAR are in agreement about the optimal solution. However, this proposed solution will require an exemption from the relocation rules proposed by the FCC in the NPRM. We are continuing to coordinate our activities at the FCC with the AAR in support of securing the required exemption from the FCC.

The NPRM also seeks comment on several different auction approaches for counties where the broadband segment cannot be cleared of incumbents, including overlay auctions that, again, would trigger mandatory relocation rights for the auction winner with the obligation of providing comparable facilities and paying reasonable relocation costs. We believe the challenge of any proposed approach is achieving the appropriate balance between protecting incumbents' rights to a minimally disruptive relocation process, and not preventing the deployment of broadband technologies on a timely and cost-effective basis.

While the NPRM proposes a 6 MHz broadband segment, it also asks for comment on a realignment of the entire 900 MHz band to create a 10 MHz broadband channel, citing suggestions from Southern California Edison and Duke Energy that this larger channel would better address their broadband needs.

The full text of the NPRM, and the comments and related correspondence filed in the 900 MHz Proceeding, are available on the FCC's public website at <https://www.fcc.gov/document/900-mhz-notice-of-proposed-rule-making>. Comments to the NPRM are due on June 3, 2019 and reply comments will be due on July 2, 2019. At the end of the comment period on the NPRM, the FCC's next step could be the issuance of a final Report and Order, a request for additional information, a decision to close the proceeding without further action, or some other action. There is no assurance if or when the FCC will issue a Report and Order. Further, the terms of any Report and Order may differ materially from the terms of the NPRM.

Our Business Plans and Initiatives

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Complementing our regulatory initiatives, we are engaged in a number of business activities to build demand for and to begin commercializing our spectrum assets to our targeted critical infrastructure and enterprise customers. We are identifying customers who are likely to place value on deploying and operating private broadband networks, technologies and solutions utilizing our spectrum assets. As part of this exercise, we identified and evaluated potential use cases in the electric utilities industry, especially those companies who are investigating ways to fulfill their existing and future network and communications needs.

We are also evaluating the appropriate business model for commercializing our spectrum assets, assuming our FCC initiatives are successful. Based on our analysis, and discussions with potential customers, we intend to lease our spectrum to customers for 20 year or longer terms. We intend for our customers to bear the costs of deploying and operating their private broadband networks, technologies and solutions. We will be responsible for the costs of securing the broadband licenses from the FCC, including the costs of acquiring sufficient spectrum to support broadband use and retuning incumbents to clear the spectrum. The timing and costs of our spectrum acquisition and retuning activities will be based on the terms of the Report and Order, if any, the FCC adopts in the 900 MHz Proceeding. We are also exploring opportunities to offer our customers value-added engineering and commercial services.

Our Historical Business, TeamConnect and pdvConnect

Historically, we generated our revenue principally from our pdvConnect and TeamConnect businesses. pdvConnect is a mobile communication and workforce management solution that enables businesses to locate and communicate with their field workers and improve the documentation of work events and job status. We historically marketed pdvConnect primarily through two Tier 1 carriers in the United States. In Fiscal 2016, we began offering a commercial push-to-talk (“PTT”) service, which we marketed as TeamConnect, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. We developed TeamConnect to address the needs of enterprises that value a tailored PTT solution addressing the management of their mobile workforce. We primarily offered our TeamConnect service to customers indirectly through third-party sales representatives who were primarily selected from Motorola’s nationwide dealer network.

In June 2018, we announced our plan to restructure the business to align and focus our business priorities on the spectrum initiatives aimed at modernizing and realigning the 900 MHz band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services. In December 2018, our board of directors approved the transfer of our TeamConnect and pdvConnect businesses to help reduce our operating costs and to allow our management team and company to focus on our FCC initiatives and future broadband opportunities. Specifically, we entered into: (i) a Customer Acquisition and Resale Agreement with A BEEP LLC (“A BEEP”) on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown Enterprises, Inc. (“Goosetown”) on January 2, 2019 and (iii) a memorandum of understanding (“MOU”) with the principals of Goosetown on December 31, 2018.

Under the A BEEP and Goosetown Agreements, we agreed to: (i) transfer our TeamConnect customers located in the Atlanta, Chicago, Dallas, Houston and Phoenix metropolitan markets to A BEEP, (ii) transfer our TeamConnect customers located in the Baltimore/Washington DC, Philadelphia and New York metropolitan markets to Goosetown, (iii) provide A BEEP and Goosetown with access to our TeamConnect Metro and Campus Systems (the, “MotoTRBO Systems”) and (iv) grant A BEEP and Goosetown the right to resell access to our MotoTRBO Systems pursuant to separate Mobile Virtual Network Operation arrangements for a two-year period. We also granted Goosetown a license to sell the business applications we developed for our TeamConnect service.

Under these agreements, A BEEP and Goosetown agreed to provide customer care, billing and collection services for their respective acquired customers. We initially continued to provide these services through April 1, 2019 to help facilitate the transitioning of the acquired customers. Additionally, we are required to maintain and pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two-year period. As part of our efforts to clear the 900 MHz spectrum for broadband use, A BEEP and Goosetown are required to migrate the acquired customers off the MotoTRBO Systems over the two-year period. In consideration for the customers and rights we transferred, A BEEP and Goosetown are required to pay us a certain portion of the recurring revenues they receive from the acquired customers ranging from 100% to 20% during the terms of the agreements. Additionally, A BEEP is required to pay us a portion of recurring revenue from customers who utilize A BEEP’s push-to-talk Diga-Talk Plus application service ranging from 35% to 15% for a period of two years. Goosetown is required to pay us 20% of recurring revenues from the TeamConnect applications we licensed for a period of two years. As part of our obligations, we will continue operating the TeamConnect networks in the markets in which customers are being transferred and trunked facilities in other markets in which we hold FCC licenses.

Under the terms of the MOU, we agreed to assign the intellectual property rights to our TeamConnect and pdvConnect applications to TeamConnect LLC (the “LLC”), a new entity formed by the principals of Goosetown, in exchange for a 19.5% ownership interest in the LLC, upon the April 30, 2019 execution of the LLC’s Amended and Restated Limited Liability Company Agreement. The Goosetown principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC has assumed our software support and maintenance obligations under the Goosetown and A BEEP Agreements. The LLC has also assumed customer care services related to our pdvConnect application. We provided transition services to the LLC through April 1, 2019 to facilitate an orderly transition of the customer care services.

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We are also obligated to pay the LLC a monthly services fee for a 24-month period ending on January 7, 2021 for its assumption of our support obligations under the Goosetown and A BEEP Agreements. We are also obligated to pay the LLC a certain portion of the billed revenue received by us from pdvConnect customers for a 48-month period.

Summary of Significant Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, our actual results could differ from those based on such estimates and assumptions. Further, to the extent that there are differences between our estimates and our actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical performance, as these policies relate to the more significant areas involving our judgments and estimates.

We believe that the areas described below are the most critical to aid in fully understanding and evaluating our reported financial results, as they require management's most significant judgments in the application of accounting policy or in making estimates and assumptions that are inherently uncertain and that may change in subsequent periods. Our significant accounting policies are set forth in Note 3 to our consolidated financial statements. Of those policies, we believe that the policies discussed below may involve a higher degree of judgment and may be more critical to an accurate reflection of our financial condition and results of operations.

Revenue Recognition. We recognize revenue when a contract with a customer exists and control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services and the identified performance obligation has been satisfied.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, ("ASC 606"). A contract's transaction price is allocated to each distinct performance obligation and is recognized as revenue when, or as, the performance obligation is satisfied, which typically occurs when the services are rendered. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers under contracts involving only the relevant performance obligation. Judgment may be used to determine the standalone selling prices for items that are not sold separately, including services provided at no additional charge. Most of our performance obligations are satisfied over time as services are provided.

We recognize an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. We determined that certain sales commissions meet the requirements to be capitalized and have been recorded as an asset upon our adoption of ASC 606.

Stock compensation. For purposes of calculating stock-based compensation, we estimate the fair value of stock options using a Black-Scholes option-pricing model. The determination of the fair value of option-based compensation utilizing the Black-Scholes model is affected by a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The expected term and volatility is based on the historical volatility of our common stock along with comparable public companies within our industry since we have a short history regarding these variables. The risk-free interest rate assumption is based on the U.S. Treasury yield curve in effect at the time of the grant for periods corresponding with the expected life of the options. The dividend yield assumption is zero since we have never paid and do not anticipate paying any cash dividends in the foreseeable future. In addition, we will continue to estimate the number of equity awards that are expected to vest based on historical forfeiture rates.

The fair value of restricted stock and performance units are measured based on the quoted closing market price for the stock at the date of grant. The compensation cost for restricted stock is recognized on a straight-line basis over the vesting period. The compensation cost for the performance stock units is recognized when the performance criteria are complete.

We have not attributed tax benefits to the share-based compensation expense because we maintain a full valuation allowance for all net deferred tax assets.

Property and equipment. Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the applicable lease term. The carrying amount at the balance sheet date of long-lived assets under construction in process includes construction costs to date on capital projects that have not been completed, assets being constructed that are not ready to be placed in service, and assets that are not currently in service. On a periodic basis costs within construction in process are reviewed and a determination is made if the assets being developed will be put into use. If it is concluded that the asset will not be put into use, the costs will be expensed. If the asset will be put into use, the cost are transferred to property and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. Depreciation commences upon completion.

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Intangible Assets. Intangible assets are wireless licenses that will be used to provide us with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the FCC. License renewals have occurred routinely and at nominal cost in the past. There are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of our wireless licenses. As a result, we have determined that the wireless licenses should be treated as an indefinite-lived intangible asset. We will evaluate the useful life determination for our wireless licenses each year to determine whether events and circumstances continue to support our treatment as an indefinite useful life asset.

The licenses are tested for impairment on an aggregate basis, as we will be utilizing the wireless licenses on an integrated basis as a part of developing our broadband. In Fiscal 2019, we performed a step one quantitative impairment test to determine if the fair value is greater than the carrying value. Estimated fair value is determined using a market-based approach. In Fiscal 2018 and 2017, we used a qualitative approach to test indefinite-lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform quantitative impairment testing.

Long-Lived Asset Impairment. We evaluate long-lived assets for impairment, other than intangible assets with indefinite lives, whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is not recoverable and exceeds its fair value, an impairment loss is recognized equal to the excess of the asset group's carrying value over the estimated fair value.

Income taxes. We utilize the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities as well as from net operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established when it is estimated that it is more likely than not that the tax benefit of a deferred tax asset will not be realized.

Accounting for uncertainty in income taxes. We recognize the effect of tax positions only when they are more likely than not to be sustained. Our management has determined that we had no uncertain tax positions that would require financial statement recognition or disclosure. We are no longer subject to U.S. federal, state or local income tax examinations for periods prior to 2016.

JOBS Act. As an emerging growth company, ("EGC"), under the JOBS Act we are eligible for exemptions from various reporting requirements applicable to other public companies that are not EGCs, including, but not limited to:

- Not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002;
- Reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- Exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

As an EGC, we are also eligible to take advantage of the extended transition period, provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. Thus, we could delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Nevertheless, we have elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards not later than the relevant dates on which adoption of such standards is required for other public companies.

Restatement of Previously Issued Consolidated Financial Statements

In connection with preparing our financial statements for the quarter ended June 30, 2018, we determined that we had incorrectly interpreted the effective dates of changes in the accounting treatment of our net operating losses ("NOLs") according to the new tax provisions instituted by the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017 (the "TCJA"). The TCJA, among other items: (i) increased the NOL carryforward period from 20-years to an indefinite carryforward period and (ii) limited the percentage of NOLs that may be used to offset taxable income to 80%.

Under the TCJA, the 80% limitation applies to NOLs arising in taxable years "beginning after" December 31, 2017, which for us would be our Fiscal 2019. The TCJA, however, provides that the indefinite carryforward period applies to NOLs arising in taxable years "ending after" December 31, 2017, which for us would be our fiscal year commencing on April 1, 2017 and ending on March 31, 2018 ("Fiscal 2018"). Based on these dates, the NOLs we generated during Fiscal 2018 would both (i) not be subject to the 80% limitation and (ii) have an indefinite life.

In preparing our financial statements for the quarter ended December 31, 2017 and the year ended March 31, 2018 (the "Relevant Periods"), we, in consultation with our third-party tax firm, determined that it was unlikely that Congress intended to provide this double benefit to the NOLs we generated during Fiscal 2018. As a result, we determined that an appropriate approach

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would be to continue to limit the carryforward period during Fiscal 2018 to 20 years, rather than apply an indefinite life to these NOLs.

Based on our review of available accounting literature in connection with preparing our financial statements for the quarter ended June 30, 2018, we determined that we should apply the accounting changes implemented by the TCJA in accordance with the effective dates set forth in the TCJA. Specifically, we determined that, based on the current language of the TCJA, the correct accounting treatment for the NOLs we generated during Fiscal 2018 is to apply an indefinite life to these NOLs.

Applying an indefinite life to the NOLs we generated during Fiscal 2018 enables the Company to utilize an increased amount of NOLs to offset the deferred tax liability created by the amortization of our indefinite-lived intangibles. We determined that we should recognize an additional deferred tax benefit of \$5.6 million for the three months ended December 31, 2017 and \$6.0 million for the fiscal year ended March 31, 2018. We determined that these changes had a material impact on the previously filed financial statements for the quarter ended December 31, 2017 and the fiscal year ended March 31, 2018. As a result, on August 9, 2018, we filed an amended Quarterly Report on Form 10-Q/A for the quarter ended December 31, 2017 and an amended Annual Report on Form 10-K/A for the year ended March 31, 2018, with restated financial statements and information for these periods.

This Form 10-K reflects the restated financial statements and information for Fiscal 2018 that we filed with the SEC on August 9, 2018 in our previously amended Quarterly and Annual Reports.

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Results of Operations

Comparison of the years ended March 31, 2019, 2018 (As Restated) and 2017

The following table sets forth our results of operations for the fiscal years ended March 31, 2019, 2018 (As Restated) and 2017 (“Fiscal 2019”, “Fiscal 2018” and “Fiscal 2017”, respectively). The period to period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

Operating revenues

(in thousands)	For the year ended March 31,			Aggregate Change			
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)		2018 (As Restated) from 2017	
Service revenue	\$ 4,774	\$ 4,796	\$ 3,618	\$ (22)	—	\$ 1,178	33%
Spectrum lease revenue	729	729	729	—	—	—	—
Other revenue	996	830	440	166	20%	390	89%
Total operating revenues	\$ 6,499	\$ 6,355	\$ 4,787	\$ 144	2%	\$ 1,568	33%

Overall operating revenues increased by \$0.1 million, or 2% to \$6.5 million in Fiscal 2019 from \$6.4 million in Fiscal 2018. Service revenue remained relatively flat. The increase in our operating revenues is principally due to equipment sales for our in-licensed product offering, Diga-Talk, under other revenue.

Service revenue increased by \$1.2 million, or 33%, to \$4.8 million for Fiscal 2018 from \$3.6 million for Fiscal 2017. The increase is primarily attributable to our growing TeamConnect business. The increase of \$0.4 million in other revenue resulted principally from higher sales and rentals of our equipment for the TeamConnect business.

Cost of revenue

(in thousands)	For the year ended March 31,			Aggregate Change			
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)		2018 (As Restated) from 2017	
Sales and service	\$ 7,251	\$ 7,898	\$ 7,049	\$ (647)	-8%	\$ 849	12%

Cost of revenue for Fiscal 2019 decreased by \$0.6 million, or 8%, to \$7.3 million from \$7.9 million for Fiscal 2018. The decrease is attributable to lower headcount costs due to employees being reassigned to other areas of the business to support our strategic initiatives, headcount reduction due to the business realignment and lower costs to maintain the 900 MHz TeamConnect network.

Cost of revenue for Fiscal 2018 increased by \$0.8 million, or 12%, to \$7.9 million from \$7.1 million for Fiscal 2017. The increase is attributable to the increase in the costs to maintain our PTT networks for our TeamConnect business of \$0.2 million and \$0.5 million related to an increase in depreciation for sites and equipment.

Gross loss

(in thousands)	For the year ended March 31,			Aggregate Change			
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)		2018 (As Restated) from 2017	
Gross loss	\$ (752)	\$ (1,543)	\$ (2,262)	\$ 791	-51%	\$ 719	-32%

From Fiscal 2018 to Fiscal 2019, gross loss improved by \$0.8 million to a gross loss of (\$0.75 million). The improvement is due to lower handset sales, which were sold below cost, to end users for our TeamConnect business and lower headcount costs due to the reassignment of employees and headcount reductions to support our spectrum initiatives, as well as lower costs related to maintaining our 900 MHz network.

From Fiscal 2017 to Fiscal 2018, Gross loss improved by \$0.7 million to a gross loss of (\$1.5 million). The primary drivers for the lower gross loss were the increase in operating revenues more than offsetting the increase in cost of revenue.

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Operating expenses

(in thousands)	For the year ended March 31,			Aggregate Change			
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)		2018 (As Restated) from 2017	
General and administrative	\$ 25,620	\$ 20,864	\$ 22,553	\$ 4,756	23%	\$ (1,689)	-7%
Sales and support	3,679	6,967	5,652	(3,288)	-47%	1,315	23%
Product development	2,311	2,352	2,316	(41)	-2%	36	2%
Restructuring costs	9,598	—	—	9,598	100%	N/A	N/A
Impairment of long-lived assets	782	—	—	782	100%	N/A	N/A
Total operating expenses	<u>\$ 41,990</u>	<u>\$ 30,183</u>	<u>\$ 30,521</u>	<u>\$ 11,807</u>	39%	<u>\$ (338)</u>	-1%

General and administrative expenses. General and administrative expenses increased by \$4.8 million to \$25.6 million for Fiscal 2019, or 23%, from \$20.9 million for Fiscal 2018. To support our strategic initiatives, we had increased costs for \$2.1 million in headcount and \$1.7 million in professional services.

General and administrative expenses for Fiscal 2018 decreased by \$1.7 million, or 7%, to \$20.9 million from \$22.6 million for Fiscal 2017. The decrease principally related to \$5.4 million in costs incurred for the First Responder Network Authority (“FirstNet”) bid opportunity that occurred in Fiscal 2017. This decrease was partially offset by increase in stock compensation costs, \$0.9 million, increase in headcount and related costs, \$0.9 million, and \$0.8 million for increased costs of consulting services related to our spectrum initiatives.

Sales and support expenses. Sales and support expenses decreased by \$3.3 million, or 47%, to \$3.7 million for Fiscal 2019 from \$7.0 million for Fiscal 2018. The decrease was attributable to the reduction in workforce that occurred in Fiscal 2019 resulting in \$2.7 million for lower headcount and related costs.

Sales and support expenses increased by \$1.3 million, or 23%, to \$7.0 million for Fiscal 2018 from \$5.7 million for Fiscal 2017. The increase in expenses is due primarily to a \$0.9 million increase in staff and compensation related costs, and in increase of \$0.2 million for dealer commissions.

Product development expenses. Product development expenses remained flat at approximately \$2.3 million for Fiscal 2019, 2018 and 2017.

Restructuring costs. Restructuring costs of \$8.7 million were incurred in Fiscal 2019 as a result of the April and June 2018 announcements of our plans to shift our focus and resources to our spectrum initiatives at the FCC and to prepare for our commercialization of our spectrum assets for the future deployment of broadband networks, technologies and solutions. In light of this shift in focus, the Board also approved a chief executive officer transition plan, under which, John Pescatore, our chief executive officer and president, transitioned to the position of vice chairman and Morgan O’Brien, our then-current vice chairman, assumed the position as our new chief executive officer. In connection with the transition, we and Mr. Pescatore entered into a Continued Service, Consulting and Transition Agreement and a separate Consulting Agreement (the “CEO Transition Agreements”). Also, we entered into consulting and transition agreements with several other key employees.

In addition, restructuring costs of \$0.9 million were incurred due to the December 2018 approval by our board of directors for cost reductions and restructuring actions related to the transferring of the TeamConnect and pdvConnect businesses to A BEEP LLC, Goosetown Enterprises, Inc. and TeamConnect, LLC.

Impairment of long-lived assets. The impairment for Fiscal 2019 resulted from the carrying value of our TeamConnect radios not being fully recoverable due to the realigning of the business to focus on our spectrum initiatives.

Interest income

(in thousands)	For the year ended March 31,			Aggregate Change			
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)		2018 (As Restated) from 2017	
Interest income	\$ 1,462	\$ 741	\$ 128	\$ 721	97%	\$ 613	479%

Interest income increased by \$0.7 million to \$1.5 million for Fiscal 2019. Interest income increased by \$0.6 million to \$0.7 million for Fiscal 2018. The increase in interest income for Fiscal 2019 and 2018 were due to overall higher rate of return for the money market funds.

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Other expense

(in thousands)	For the year ended March 31,			Aggregate Change	
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)	2018 (As Restated) from 2017
Other expense	\$ (28)	\$ (78)	\$ (28)	\$ 50 -64%	\$ (50) 179%

The decrease in other expense for Fiscal 2019 related mainly to less disposals of equipment. The increase in other expense for Fiscal 2018 related mainly to the loss on disposal for TeamConnect equipment.

Income tax expense (benefit)

(in thousands)	For the year ended March 31,			Aggregate Change	
	2019	2018 (As Restated)	2017	2019 from 2018 (As Restated)	2018 (As Restated) from 2017
Income tax expense (benefit)	\$ 685	\$ (6,498)	\$ 6,498	\$ 7,183 -111%	\$ (12,996) -200%

In Fiscal 2019, analysis of the state operating loss carryforwards revealed that most of them are not indefinite. As such, we recorded approximately \$0.7 million of deferred tax expense and deferred tax liability from the inability to use the state NOL carryforward against the indefinite-lived intangible.

A non-cash income tax benefit of \$6.5 million in Fiscal 2018 resulted from the passage of the TCJA on December 22, 2017, whereby net operating losses were changed to have an indefinite carryforward period. Therefore, the deferred tax liabilities created for our FCC licenses, which are treated as indefinite-lived intangible assets, could be offset against the net operating losses, which could not occur prior to the new law.

In Fiscal 2017, we recorded a non-cash charge of \$6.5 million to adjust the valuation allowance against substantially all of our deferred tax assets.

Liquidity and Capital Resources

At March 31, 2019, we had cash and cash equivalents of \$76.7 million.

Our accounts receivable are heavily concentrated in one of our Tier 1 domestic carrier partners. As of March 31, 2019, our accounts receivable balance was approximately \$444,000, of which approximately \$135,000, or 31%, was due from a Tier 1 domestic carrier.

Cash Flows from Operating, Investing and Financing Activities

(in thousands)	For the year ended March 31,		
	2019	2018 (As Restated)	2017
Net cash used by operating activities	\$ (23,089)	\$ (21,986)	\$ (26,504)
Net cash used by investing activities	\$ (1,666)	\$ (2,881)	\$ (2,391)
Net cash provided (used) by financing activities	\$ 3,159	\$ (898)	\$ (485)

Net cash used by operating activities. Net cash used by operating activities was approximately \$23.1 million, \$22.0 million and \$26.5 million in Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively. The majority of net cash used by operating activities in Fiscal 2019 resulted from a net loss of \$42.0 million, partially offset by non-cash compensation expense attributable to stock awards of \$10.3 million, depreciation and amortization of \$2.8 million, deferred income tax of \$0.7 million and an increase in the restructuring reserve of \$2.8 million. The majority of net cash used by operating activities in Fiscal 2018 resulted from the net loss of \$24.6 million, partially offset by the \$6.5 million tax benefit, of which \$6.0 million was attributable to the TCJA, and by stock compensation expense of \$5.6 million, depreciation and amortization of \$2.8 million, and an increase in accounts payable and accrued expenses of \$0.7 million. The majority of net cash used by operating activities in Fiscal 2017 resulted from the net loss of \$39.2 million, partially offset by stock compensation expense of \$4.7 million, deferred income taxes of \$6.5 million, and depreciation and amortization of \$2.2 million.

Net cash used by investing activities. Net cash used by investing activities was approximately \$1.7 million, \$2.9 million and \$2.4 million for Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively. For the year ended March 31, 2019, the net cash used by investing activities resulted from \$0.9 million in wireless license acquisitions and \$0.7 million for the purchase of equipment. For Fiscal 2018, the net cash used by investing activities principally resulted from \$1.0 million for the buildout of our push-to-talk ("PTT") networks for our TeamConnect business and \$1.9 million for spectrum acquisitions. For Fiscal 2017, the net cash used by investing activities principally resulted from \$1.6 million for the buildout of our PTT networks for our TeamConnect business and \$0.8 million for spectrum acquisitions.

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Net cash provided (used) by financing activities. Net cash provided by financing activities was \$3.2 million for Fiscal 2019. Net cash used by financing activity was \$0.9 million and \$0.5 million for Fiscal 2018 and Fiscal 2017, respectively. For Fiscal 2019, the net cash provided by financing activities primarily resulted from \$3.4 million in cash received from the proceeds of stock option exercises offset by taxes withheld and paid for employee stock awards of \$0.2 million. For Fiscal 2018, the net cash used by financing activities primarily resulted from the taxes withheld and paid for employee stock awards of \$0.7 million and the installment payment for our note payable of \$0.5 million. For Fiscal 2017, the net cash used by financing activities primarily resulted from the repayment of our note payable of \$0.5 million.

Capital Requirements. Our future capital requirements will depend on many factors, including: the timeline and results of our FCC initiatives; activities related to the commercializing our spectrum assets and our ability to sign customer contracts; the costs to retune our spectrum and relocate incumbents to qualify for broadband licenses; the costs of any additional spectrum we elect to purchase; the costs and ongoing obligations related to our former TeamConnect and pdvConnect businesses; the revenues we generate from royalties we may receive from our agreements we entered into with the buyers of our TeamConnect and our pdvConnect businesses as described in more detail below and our ability to control our operating expenses. In April 2018, we announced a shift in the focus and resources of our Company to pursue the regulatory initiatives at the FCC and prepare for the future broadband opportunities. In light of this shift in focus, our board of directors also approved a chief executive officer transition plan, under which, John Pescatore, our chief executive officer and president, transitioned to the position of vice chairman and Morgan O'Brien, our then-current vice chairman, assumed the position as our new chief executive officer. In connection with the transition, we and Mr. Pescatore entered into the CEO Transition Agreements. For Fiscal 2019, we recorded a charge of \$1.8 million for the cash payments under the CEO Transition Agreements. These payments will be made over twenty-four months ending on October 2020. In addition, we recorded a non-cash \$2.8 million charge for stock compensation expense due to modifications of Mr. Pescatore's equity grants. We also entered into consulting and transition and agreements with several other key employees. For Fiscal 2019, we recorded an additional charge of \$1.9 million for the cash payments to be made to those other key employees. These payments will be made over eighteen months ending on October 2020. In addition, we recorded a non-cash \$1.7 million charge for stock compensation expense due to modifications to the equity grants of those key employees.

In January 2019, we announced that we had entered into agreements to transfer our TeamConnect and pdvConnect businesses. Specifically, the Company entered into a (i) Customer Acquisition and Resale Agreement with A BEEP LLC ("A BEEP") on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown Enterprises, Inc. ("Goosetown") on January 2, 2019 and (iii) a memorandum of understanding with the principals of Goosetown on December 31, 2018. We will continue operating our push-to-talk networks in the markets in which customers are being transferred and trunked facilities in other markets in which we hold FCC licenses. In connection with transferring the TeamConnect and pdvConnect businesses, on December 31, 2018, our board of directors approved the following cost reduction actions: (i) the elimination of approximately 20 positions, or 30% of the Company's workforce and (ii) the closure of its office in San Diego, California (collectively, the "December 2018 Cost-Reduction Actions"). We expect, an additional \$0.3 million of restructuring charges will be incurred during fiscal 2020 and 2021 related to employee retention costs. Overall, we expect that the transfer of our TeamConnect and pdvConnect businesses and the December 2018 Cost-Reduction Actions will decrease our operating costs by approximately \$2.1 million on an annualized basis. The actions associated with the cost reduction and restructuring actions are anticipated to be completed by July 31, 2019. It is anticipated that the related cash payments for severance costs will occur by the end of August 31, 2019.

On April 12, 2019, we filed a shelf registration statement (the "Shelf Registration Statement") on Form S-3 with the SEC that was declared effective by the SEC on April 22, 2019, which permits us to offer up to \$100 million of common stock, preferred stock, debt securities and warrants in one or more offerings and in any combination, including in units from time to time. Our Shelf Registration Statement is intended to provide us with additional flexibility to access capital markets for general corporate purposes, which may include working capital, capital expenditures, repayment of debt, other corporate expenses and acquisitions of complementary products, technologies or businesses.

We entered into a Controlled Equity OfferingSM Sales Agreement and a Sales Agreement (collectively, the "Sales Agreements") with Cantor Fitzgerald & Co. and B. Riley FBR, Inc., respectively (collectively, the "Agents"), and on May 20, 2019, registered the sale of up to an aggregate of \$40,000,000 in shares of our common stock in at-the-market sales transactions pursuant to the Sales Agreements under the Shelf Registration Statement. Through the date of this filing, we have not sold any shares of our common stock in at-the-market sales transactions or any securities under the Shelf Registration Statement.

We believe our cash and cash equivalents on hand will be sufficient to meet our financial obligations through at least the next 12 months. To implement our business plans and initiatives we will need to raise additional capital. We cannot predict with certainty, however, the exact amount or timing for any future capital raises. Our future capital requirements will depend on a number of factors, including the costs and timing of our FCC initiatives, our spectrum retuning activities, our future spectrum acquisitions and our operating activities and any revenues we generate through our commercialization activities. See "Risk Factors" in this Annual Report for risks and uncertainties that could cause our costs to be more than we currently anticipate and/or our revenue and operating results to be lower than we currently anticipate. We intend to raise additional capital through debt or equity financings, including pursuant to our Shelf Registration Statement, or through some other financing arrangement. However, we cannot be sure that additional financing will be available if and when needed, or that, if available, we can obtain financing on terms favorable to us and our stockholders. Any failure to obtain financing when required will have a material adverse effect on our business, operating results, financial condition and liquidity.

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Warranties. Our agreements with our customers generally include certain provisions for indemnifying them against liabilities if our services infringe a third-party's intellectual property rights or for other specified reasons.

Contractual Obligations and Indebtedness

Leases. We are obligated under certain lease agreements for office space. These leases expire on May 7, 2019 through June 30, 2027. Rent expense amounted to \$2.8 million, \$2.5 million and \$1.9 million for Fiscal 2019, 2018 and 2017, respectively. For Fiscal 2019, 2018, and 2017, \$1.7 million, \$1.6 million, and \$1.4 million, respectively, of the total rent expense was classified in cost of revenue and the remainder of the \$1.1 million, \$0.9 million and \$0.5 million, respectively, was classified in operating expenses in the Consolidated Statements of Operations.

We entered into multiple lease agreements for tower site locations related to our TeamConnect business which we still operate. The lease expiration dates range from December 31, 2019 to June 30, 2026.

Restructuring reserve. In April 2018, we announced a shift in our focus and resources in order to pursue the regulatory initiatives at the FCC and prepare for the future deployment of broadband and other advanced technologies and services. In light of this shift in focus, the board of directors also approved a chief executive officer transition plan, under which, John Pescatore, the Company's chief executive officer and president, transitioned to the position of vice chairman and Morgan O'Brien, the Company's then-current vice chairman, assumed the position as the new chief executive officer. In connection with the transition, the Company and Mr. Pescatore entered into a Continued Service, Consulting and Transition Agreement and a separate Consulting Agreement (the "CEO Transition Agreements") and the Company also entered into additional consulting and transition agreements with several other key employees.

As of March 31, 2019, our contractual obligations, including estimated payments due by fiscal year, are as follows:

(in thousands)	Payments due by Fiscal Year				
	Total	2020	2021-2022	2023-2024	After 2024
Operating lease obligations ⁽¹⁾	\$ 14,437	\$ 2,732	\$ 4,723	\$ 3,920	\$ 3,062
Restructuring reserve ⁽²⁾	2,655	2,093	562	—	—
Asset retirement obligations ⁽³⁾	328	11	135	43	139
Total	\$ 17,420	\$ 4,836	\$ 5,420	\$ 3,963	\$ 3,201

- (1) Represents aggregate rentals, under non-cancellable leases for office and tower site locations (exclusive of real estate taxes, utilities, maintenance and other costs borne by us) for the remaining terms of the leases as described in Note 15 in the Notes to the Consolidated Financial Statements in this Annual Report for further information.
- (2) Represents non-cancellable consulting agreements relating to the Continued Service, Consulting and Transition Agreement with Mr. Pescatore and Consulting and Transition Agreements with other key employees. See Note 11 in the Notes to the Consolidated Financial Statements in this Annual Report for further information.
- (3) Represents the asset retirement obligations we have for our tower site locations. See Note 3 in the Notes to the Consolidated Financial Statements in this Annual Report for further information.

Off-balance sheet arrangements

During Fiscal 2019, 2018 and 2017, we did not have any relationships with unconsolidated entities or financial partnerships that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is provided in Note 3 of our Notes to Consolidated Financial Statements.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial instruments consist of cash, cash equivalents, trade accounts receivable and accounts payable. We consider investments in highly liquid instruments purchased with original maturities of 90 days or less to be cash equivalents. Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. However, because of the short-term nature of the highly liquid instruments in our portfolio, a 10% change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements listed in Item 15 are filed as part of this report and appear on pages F-2 through F-30.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

As previously reported on the Company's Current Report on Form 8-K, filed August 7, 2018, the Company's stockholders ratified the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2019. PKF O'Connor Davies, LLP served as the Company's independent registered public accounting firm for the fiscal year ended March 31, 2018.

The reports of PKF O'Connor Davies, LLP on the Company's financial statements for each of the two fiscal years ended March 31, 2017 and 2018 did not contain an adverse opinion or a disclaimer of opinion, nor were the reports on the Company's financial statements qualified or modified as to uncertainty, audit scope or accounting principles. In addition, in connection with the audits of the Company's financial statements for the fiscal years ended March 31, 2017 and 2018, there were no "disagreements" (as that term is described in Item 304(a)(1)(iv) of Regulation S-K) between the Company and PKF O'Connor Davies, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which, if not resolved to the satisfaction of PKF O'Connor Davies, LLP, would have caused PKF O'Connor Davies, LLP to make reference to the subject matter of the disagreement in connection with its report on the Company's financial statements for such years. Further, in the fiscal years ended March 31, 2017 and 2018, there were no "reportable events" (as that term is described in Item 304(a)(1)(v) of Regulation S-K).

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness, as of March 31, 2019, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e), were not effective as of the end of the period covered by this Annual Report as a result of the material weaknesses in its internal control over financial reporting that existed as of such date as discussed below.

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) of the Exchange Act). Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Management, under the supervision of our Chief Executive Officer and our Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013 Framework). Based on that assessment, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that the Company's internal control over financial reporting was not effective as of March 31, 2019 as a result of material weaknesses that existed as of such date as discussed below.

Material Weaknesses and Remedial Actions

As we previously disclosed, subsequent to filing our Form 10-K for year ended March 31, 2018 with the SEC on June 5, 2018, an error was discovered related to our interpretation and application of the effective dates of changes in the accounting treatment of our net operating losses in accordance with the new tax laws instituted by the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017 (the “TCJA”). As a result of this error, we filed a Form 10-Q/A for the quarterly period ended December 31, 2017 and a Form 10-K/A for the year ended March 31, 2018 with the SEC on August 10, 2018 to amend and restate our financial statements for those periods.

In our Form 10-K/A, our management, including our Chief Executive Officer and our Chief Financial Officer, determined that this error in interpretation and application of the new tax laws instituted by the TCJA, which was not detected timely by management, was the result of an inadequate design of controls pertaining to our review and analysis of changing tax legislation. They also determined that this deficiency represented a material weakness in our internal control over financial reporting and that the material weakness was not remediated as of March 31, 2019. As a result, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that we did not maintain effective internal control over financial, including effective disclosure controls and procedures as of March 31, 2019.

In preparing this Form 10-K for the year ended March 31, 2019, our management, including our Chief Executive Officer and Chief Financial Officer, determined that we had improper segregation of duties and other design gaps caused by user access deficiencies within the design of our information technology systems that support our financial reporting processes, and that this deficiency represented a material weakness in our internal control over financial reporting as of March 31, 2019. The material weakness did not result in any changes to our financial statements or results.

To remediate the material weakness in our controls related to our review and analysis of changing tax legislation, our management: (i) implemented new controls designed to evaluate the appropriateness of our income tax policies and procedures, (ii) put into place additional training programs focused on new tax legislation and (iii) implemented policies and procedures regarding the review and evaluation of tax guidelines published by the major accounting firms. To remediate the material weakness in our controls related to user access to our information technology systems, our management: (i) promptly terminated the access granted to the individuals with incompatible duties and (ii) implemented new policies and procedures related to security access controls over our information technology systems.

A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim consolidated financial statements will not be prevented or detected on a timely basis. A material weakness will not be deemed to be remediated, however, until management has implemented the remedial policies and procedures and there has been sufficient time to test the new controls to determine that the material weakness has been remediated.

In determining that the Company had material weaknesses in its internal control over financial reporting and its disclosure controls and procedures as of March 31, 2019, our management, including our Chief Executive Officer and our Chief Financial Officer, determined that the Company had not had sufficient time to test the new policies, procedures and controls to conclude that the material weaknesses discussed above had been remediated as of March 31, 2019. We expect that both material weaknesses will be fully remediated by the first half of Fiscal 2020.

Attestation Report on Internal Control over Financial Reporting

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to the deferral allowed under the JOBS Act for emerging growth companies.

Changes in Internal Control Over Financial Reporting

Other than the policies and procedures we implemented to remediate the material weaknesses discussed above, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(d) under the Exchange Act) during the quarterly period ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

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These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our directors, executive officers and corporate governance, including our Code of Business Conduct, will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference. The full text of our Code of Business Conduct, which is the code of ethics that applies to all of our officers, directors and employees, can be found in the "Investors" section of our website accessible to the public at www.pdvwireless.com.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to our executive compensation will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information relating to the security ownership of certain beneficial owners and management will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information relating to certain relationships and related transactions and director independence will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to principal accountant fees and services will be included in the proxy statement for the 2019 annual meeting of the Company's stockholders, expected to be filed within 120 days of the end of our fiscal year, which is incorporated herein by reference.

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PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) The following consolidated financial statements of the Company appear on pages F-2 through F-30 of this report and are incorporated by reference in Part II, Item 8:

Reports of Independent Registered Public Accounting Firms

Consolidated Financial Statements

[Consolidated Balance Sheets as of March 31, 2019 and 2018 \(As Restated\)](#)

[Consolidated Statements of Operations for each of the three Years Ended March 31, 2019, 2018 \(As Restated\), and 2017](#)

[Consolidated Statements of Stockholders' Equity for each of the three Years Ended March 31, 2019, 2018 \(As Restated\), and 2017](#)

[Consolidated Statements of Cash Flows for each of the three Years Ended March 31, 2019, 2018 \(As Restated\), and 2017](#)

[Notes to Consolidated Financial Statements](#)

(a)(2) All schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

(a)(3) The following exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K.

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of pdvWireless, Inc. (the "Company") (filed as Exhibit 3.1 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
3.1.1	Certificate of Amendment No 1. to Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 of the Registrant's Current Report on Form 8-K (File No. 001-36827) on November 5, 2015 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of the Company (filed as Exhibit 3.2 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.1	Form of Common Stock Certificate of the Company (filed as Exhibit 4.1 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.2	Registration Rights Agreement, dated June 10, 2014, by and among the Company, certain of the Company's executive officers named therein, and FBR Capital Markets & Co., on behalf of the investors participating in the June 2014 private placement (filed as Exhibit 4.2 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.3	Amended and Restated Investor Rights Agreement, dated October 2010, by and among the Company and investors named therein (filed as Exhibit 4.3 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
4.4	Amendment and Waiver of Rights under Amended and Restated Investor Rights Agreement, approved May 30, 2014, by and among the Company and the investors named therein (filed as Exhibit 4.4 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.1+	2004 Stock Plan, as amended (filed as Exhibit 10.1 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.2+	Form of Stock Option Agreement under 2004 Stock Plan (filed as Exhibit 10.2 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.3+	2010 Stock Plan, as amended (filed as Exhibit 10.3 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.4+	Form of Stock Option Agreement under 2010 Stock Plan (filed as Exhibit 10.4 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.5+	Form of Restricted Stock Bonus Agreement under 2010 Stock Plan (filed as Exhibit 10.5 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))
10.6+	2014 Stock Plan (filed as Exhibit 10.6 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))

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<u>10.7+</u>	<u>Executive Form of Notice of Grant of Stock Option and Stock Option Agreement under 2014 Stock Plan (filed as Exhibit 10.7 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 10, 2015 and incorporated herein by reference)</u>
<u>10.8+</u>	<u>Non-employee Director Form of Notice of Grant of Stock Option and Stock Option Agreement under 2014 Stock Plan (filed as Exhibit 10.8 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 10, 2015 and incorporated herein by reference)</u>
<u>10.9+</u>	<u>Non-employee Director Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement under 2014 Stock Plan (filed as Exhibit 10.9 to the Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 10, 2015 and incorporated herein by reference)</u>
<u>10.10+</u>	<u>Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement under 2014 Stock Plan (filed as Exhibit 10.8 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.11+</u>	<u>Form of Indemnification Agreement by and among the Company and its officers and directors (filed as Exhibit 10.9 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.12†</u>	<u>Asset Purchase Agreement, dated May 13, 2014, by and among the Company and FCI 900, Inc., ACI 900, Inc., Machine License Holding, LLC, Nextel WIP License Corp., and Nextel License Holdings 1, Inc. (filed as Exhibit 10.14 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.13</u>	<u>Letter Amendment to the Asset Purchase Agreement, dated May 28, 2014, by and among the Company and FCI 900, Inc., ACI 900, Inc., Machine License Holding, LLC, Nextel WIP License Corp., and Nextel License Holdings 1, Inc. (filed as Exhibit 10.15 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.14†</u>	<u>Management Services Agreement, dated September 15, 2014, by and between Sprint Spectrum, L.P. and the Company (filed as Exhibit 10.18 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.15†</u>	<u>License Agreement, dated September 15, 2014, by and between Sprint/United Management Company and the Company (filed as Exhibit 10.19 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.16†</u>	<u>Spectrum Rights Agreement, dated September 8, 2014, by and between PDV Spectrum Holding Company, LLC and Motorola Solutions, Inc. (filed as Exhibit 10.20 to the Registration Statement on Form S-1, filed with the SEC on December 19, 2014 and incorporated herein by reference (File No. 333-201156))</u>
<u>10.17+</u>	<u>pdvWireless, Inc. Executive Severance Plan (filed as Exhibit 99.1 to the Current Report on Form 8-K, filed with the SEC on March 27, 2015 and incorporated herein by reference (File No. 001-36827-15731791))</u>
<u>10.18+</u>	<u>Form of pdvWireless, Inc. Executive Severance Plan Participation Agreement (filed as Exhibit 99.2 to the Current Report on Form 8-K, filed with the SEC on March 27, 2015 and incorporated herein by reference (File No. 001-36827-15731791))</u>
<u>10.19+</u>	<u>Executive Form of Performance-Based Stock Option Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)</u>
<u>10.20+</u>	<u>Executive Form of Performance-Based Restricted Stock Units Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)</u>
<u>10.21+</u>	<u>Non-employee Director Form of Restricted Stock Award Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)</u>
<u>10.22+</u>	<u>Executive Form of Time-Based Stock Option Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)</u>
<u>10.23+</u>	<u>Executive Form of Time-Based Restricted Stock Award Agreement and Grant Notice under the 2014 Stock Plan (filed as Exhibit 10.5 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2015, filed with the SEC on February 16, 2016 and incorporated herein by reference)</u>
<u>10.24+</u>	<u>Continued Service, Consulting and Separation Agreement, dated April 23, 2018, by and between the Company and John Pescatore (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 23, 2018 and incorporated herein by reference)</u>
<u>10.25+</u>	<u>Consulting Agreement dated April 23, 2018, by and between the Company and John Pescatore (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 23, 2018 and incorporated herein by reference)</u>
<u>10.26</u>	<u>Controlled Equity Offering SM Sales Agreement, dated February 6, 2018, by and between the Company and Cantor Fitzgerald & Co. (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2017, filed with the SEC on February 6, 2018 and incorporated herein by reference)</u>

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<u>10.27</u>	<u>Sales Agreement, dated February 6, 2018, by and between the Company and B. Riley FBR, Inc. (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2017, filed with the SEC on February 6, 2018 and incorporated herein by reference)</u>
<u>10.28[†]</u>	<u>Customer Acquisition and Resale Agreement, dated January 2, 2019, by and between the Company and A BEEP LLC (filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2018, filed with the SEC on February 08, 2019 and incorporated herein by reference)</u>
<u>10.29[†]</u>	<u>Customer Acquisition, Resale and Licensing Agreement, dated January 2, 2019, by and between the Company and Goosetown Enterprises, Inc. (filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2018, filed with the SEC on February 08, 2019 and incorporated herein by reference)</u>
<u>10.30[†]</u>	<u>Memorandum of Understanding, dated December 31, 2018, by and between the Company and the principals of Goosetown Enterprises, Inc. (filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2018, filed with the SEC on February 08, 2019 and incorporated herein by reference)</u>
<u>10.31[^]#</u>	<u>Amendment to Customer Acquisition and Resale Agreement, dated March 31, 2019 by and between the Company and A BEEP, LLC</u>
<u>10.32#</u>	<u>Amendment to Customer Acquisition and Resale Agreement, dated March 31, 2019 by and between the Company and Goosetown Enterprises, Inc.</u>
<u>10.33[^]#</u>	<u>Amendment to Memorandum of Understanding and IP Assignment, dated March 31, 2019, by and between the Company and the principals of Goosetown Enterprises, Inc.</u>
<u>10.34[^]#</u>	<u>TeamConnect, LLC Amended and Restated Limited Liability Company Agreement, dated April 30, 2019</u>
<u>10.35⁺#</u>	<u>Amendment to Form of pdvWireless, Inc. Executive Severance Plan Participation Agreement.</u>
<u>21.1</u>	<u>Subsidiaries of the Registrant (filed as Exhibit 21.1 to the Annual Report on Form 10-K for the fiscal year ended March 31, 2017, filed with the SEC on June 6, 2017 and incorporated herein by reference)</u>
<u>23.1#</u>	<u>Consent of Grant Thornton LLP Independent Registered Public Accounting Firm relating to the Consolidated Financial Statements of the Company for the year ended March 31, 2019</u>
<u>23.2#</u>	<u>Consent of PKF O'Connor Davies, LLP Independent Registered Public Accounting Firm relating to the Consolidated Financial Statements of the Company for the years ended March 31, 2018 and 2017</u>
<u>24.1#</u>	<u>Power of Attorney (included on signature page hereto)</u>
<u>31.1#</u>	<u>Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15-d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>31.2#</u>	<u>Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15-d-14 promulgated pursuant to the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
<u>32.1#*</u>	<u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
<u>101.INS#</u>	<u>XBRL Instance Document</u>
<u>101.SCH#</u>	<u>XBRL Taxonomy Extension Schema</u>
<u>101.CAL#</u>	<u>XBRL Taxonomy Extension Calculation Linkbase</u>
<u>101.DEF#</u>	<u>XBRL Taxonomy Extension Definition Linkbase</u>
<u>101.LAB#</u>	<u>XBRL Taxonomy Extension Label Linkbase</u>
<u>101.PRE#</u>	<u>XBRL Taxonomy Extension Presentation Linkbase</u>

+ Management Contract or Compensatory Plan.

[†] Portions of this exhibit have been omitted pursuant to a request for confidential treatment pursuant to either Rule 406 under the Securities Act of 1933, as amended, or Rule 24b-2 of the Exchange Act of 1934, as amended, which request has been granted by the SEC.

* The certification furnished in Exhibit 32.1 hereto is deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

Filed herewith.

[^] Certain confidential portions of this exhibit were omitted by means of marking such portions with an asterisk because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized in Woodland Park, State of New Jersey, on May 20, 2019.

pdvWireless, Inc.

By: /s/ Morgan E. O'Brien
Morgan E. O'Brien
Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Morgan E. O'Brien and Timothy A. Gray, and each of them individually, as the undersigned's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign any and all amendments to this Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their respective substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Brian D. McAuley</u> Brian D. McAuley	Chairman of the Board	May 20, 2019
<u>/s/ Morgan E. O'Brien</u> Morgan E. O'Brien	Chief Executive Officer (Principal Executive Officer)	May 20, 2019
<u>/s/ Robert H. Schwartz</u> Robert H. Schwartz	President & Chief Operating Officer	May 20, 2019
<u>/s/ Timothy A. Gray</u> Timothy A. Gray	Chief Financial Officer (Principal Financial and Accounting Officer)	May 20, 2019
<u>/s/ T. Clark Akers</u> T. Clark Akers	Director	May 20, 2019
<u>/s/ Rachelle B. Chong</u> Rachelle B. Chong	Director	May 20, 2019
<u>/s/ Greg W. Cominos</u> Greg W. Cominos	Director	May 20, 2019
<u>/s/ Greg Haller</u> Greg Haller	Director	May 20, 2019
<u>/s/ Mark Hennessy</u> Mark Hennessy	Director	May 20, 2019
<u>/s/ Singleton B. McAllister</u> Singleton B. McAllister	Director	May 20, 2019
<u>/s/ Paul Saleh</u> Paul Saleh	Director	May 20, 2019

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
pdvWireless, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheet of pdvWireless, Inc., a Delaware corporation and subsidiaries (the “Company”) as of March 31, 2019, the related consolidated statements of operations, stockholders’ equity, and cash flows for the year ended March 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2019, and the results of its operations and its cash flows for the year ended March 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2019.

New York, New York
May 20, 2019

Report of Independent Registered Public Accounting Firm

**The Board of Directors and Stockholders of
pdvWireless, Inc.
Woodland Park, NJ**

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of pdvWireless, Inc. (the “Company”) as of March 31, 2018 and the related consolidated statements of operations, stockholders’ equity and cash flows for each of the two years in the period ended March 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2018, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Restatement of Previously Issued Financial Statements

As discussed in Notes 2 and 12 to the consolidated financial statements, the March 31, 2018 consolidated financial statements have been restated to correct a misstatement.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We served as the Company’s auditor from 2008 to 2018.

/s/ PKF O’Connor Davies, LLP

New York, New York

June 5, 2018, except for the effects of the restatement as discussed in Notes 2 and 12 to the consolidated financial statements, as to which the date is August 9, 2018.

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pdv Wireless, Inc.
Consolidated Balance Sheets
March 31, 2019 and 2018 (As Restated)
(dollars in thousands, except share data)

	2019	2018 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 76,722	\$ 98,318
Accounts receivable, net of allowance for doubtful accounts of \$77 and \$29, respectively	444	935
Inventory	—	173
Prepaid expenses and other current assets	1,180	850
Total current assets	78,346	100,276
Property and equipment	9,830	12,775
Intangible assets	107,548	106,606
Capitalized patent costs, net	184	197
Other assets	845	486
Total assets	\$ 196,753	\$ 220,340
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,106	\$ 4,192
Restructuring reserve	2,758	—
Due to related parties	183	224
Deferred revenue	792	813
Total current liabilities	8,839	5,229
Noncurrent liabilities		
Deferred revenue	3,466	4,257
Deferred income tax	685	—
Other liabilities	2,999	2,325
Total liabilities	15,989	11,811
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.0001 par value per share, 10,000,000 shares authorized and no shares outstanding at March 31, 2019 and March 31, 2018	—	—
Common stock, \$0.0001 par value per share, 100,000,000 shares authorized and 14,739,145 shares issued and outstanding at March 31, 2019 and 14,487,650 shares issued and outstanding at March 31, 2018	1	1
Additional paid-in capital	349,227	335,767
Accumulated deficit	(168,464)	(127,239)
Total stockholders' equity	180,764	208,529
Total liabilities and stockholders' equity	\$ 196,753	\$ 220,340

See accompanying notes to consolidated financial statements.

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pdv Wireless, Inc.
Consolidated Statements of Operations
Years Ended March 31, 2019, 2018 (As Restated), and 2017
(dollars in thousands, except share data)

	2019	2018 (As Restated)	2017
Operating revenues			
Service revenue	\$ 4,774	\$ 4,796	\$ 3,618
Spectrum revenue	729	729	729
Other revenue	996	830	440
Total operating revenues	6,499	6,355	4,787
Cost of revenue			
Sales and service	7,251	7,898	7,049
Gross loss	(752)	(1,543)	(2,262)
Operating expenses			
General and administrative	25,620	20,864	22,553
Sales and support	3,679	6,967	5,652
Product development	2,311	2,352	2,316
Restructuring costs	9,598	—	—
Impairment of long-lived assets	782	—	—
Total operating expenses	41,990	30,183	30,521
Loss from operations	(42,742)	(31,726)	(32,783)
Interest expense	—	(3)	(5)
Interest income	1,462	741	128
Other expense	(28)	(78)	(28)
Loss before income taxes	(41,308)	(31,066)	(32,688)
Income tax expense (benefit)	685	(6,498)	6,498
Net loss	\$ (41,993)	\$ (24,568)	\$ (39,186)
Net loss per common share basic and diluted	\$ (2.88)	\$ (1.70)	\$ (2.72)
Weighted-average common shares used to compute basic and diluted net loss per share	14,575,787	14,450,715	14,390,641

See accompanying notes to consolidated financial statements.

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pdvWireless, Inc.
Consolidated Statement of Stockholders' Equity
Years Ended March 31, 2019, 2018 (As Restated), and 2017
(dollars in thousands, except share data)

	Number of Shares			Number of Shares					
	Preferred stock series AA	Common stock		Preferred stock series AA	Common stock		Additional paid-in capital	Accumulated deficit	Total
Balance at March 31, 2016	—	14,384,594	\$	—	\$ 1	\$	325,670	\$ (63,485)	\$ 262,186
Equity based compensation*	—	57,015		—	—		4,887	—	4,887
Stock option exercises	—	8,000		—	—		152	—	152
Shares withheld for taxes	—	(7,241)		—	—		(143)	—	(143)
Net loss	—	—		—	—		—	(39,186)	(39,186)
Balance at March 31, 2017	—	14,442,368		—	1		330,566	(102,671)	227,896
Equity based compensation*	—	53,513		—	—		5,602	—	5,602
Stock option exercises	—	13,740		—	—		267	—	267
Shares withheld for taxes	—	(21,971)		—	—		(668)	—	(668)
Net loss	—	—		—	—		—	(24,568)	(24,568)
Balance at March 31, 2018 (As Restated)	—	14,487,650		—	1		335,767	(127,239)	208,529
Cumulative effect of change in accounting principle	—	—		—	—		—	768	768
Balance at April 1, 2018	—	14,487,650		—	1		335,767	(126,471)	209,297
Equity based compensation*	—	89,461		—	—		10,301	—	10,301
Stock option exercises	—	169,003		—	—		3,368	—	3,368
Shares withheld for taxes	—	(6,969)		—	—		(209)	—	(209)
Net loss	—	—		—	—		—	(41,993)	(41,993)
Balance at March 31, 2019	—	14,739,145	\$	—	\$ 1	\$	349,227	\$ (168,464)	\$ 180,764

* Includes restricted shares issued.

See accompanying notes to consolidated financial statements.

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pdvWireless, Inc.
Consolidated Statements of Cash Flows
Years Ended March 31, 2019, 2018 (As Restated), and 2017
(dollars in thousands)

	2019	2018 (As Restated)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (41,993)	\$ (24,568)	\$ (39,186)
Adjustments to reconcile net loss to net cash used by operating activities			
Depreciation and amortization	2,846	2,845	2,232
Non-cash compensation expense attributable to stock awards	10,301	5,602	4,744
Deferred income taxes	685	(6,498)	6,498
Bad debt expense	218	22	58
Accretion expense	12	14	12
Loss on disposal of assets	54	86	29
Impairment of long-lived assets	782	—	—
Changes in operating assets and liabilities			
Accounts receivable	273	(320)	(166)
Inventory	173	(45)	(35)
Prepaid expenses and other assets	69	(91)	(276)
Accounts payable and accrued expenses	914	757	(247)
Restructuring reserve	2,758	—	—
Due to related parties	(41)	224	—
Deferred revenue	(813)	(752)	(786)
Other liabilities	673	738	619
Net cash used by operating activities	(23,089)	(21,986)	(26,504)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of intangible assets	(942)	(1,931)	(750)
Purchases of equipment	(724)	(950)	(1,640)
Payments for patent costs	—	—	(1)
Net cash used by investing activities	(1,666)	(2,881)	(2,391)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of notes payable	—	(497)	(495)
Proceeds from stock option exercises	3,368	267	153
Payments of withholding tax on net issuance of restricted stock	(209)	(668)	(143)
Net cash provided (used) by financing activities	3,159	(898)	(485)
Net change in cash and cash equivalents	(21,596)	(25,765)	(29,380)
CASH AND CASH EQUIVALENTS			
Beginning of the year	98,318	124,083	153,463
End of the year	\$ 76,722	\$ 98,318	\$ 124,083

See accompanying notes to consolidated financial statements.

pdvWireless, Inc.
Notes to Consolidated Financial Statements

1. Nature of Operations

pdvWireless, Inc. (the “Company”) is a wireless communications company focused on developing and commercializing its spectrum assets to enable its targeted critical infrastructure and enterprise customers to deploy private broadband networks, technologies and solutions. The Company is the largest holder of licensed spectrum in the 900 MHz band (896-901/935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, the Company holds approximately 60% of the channels in the 900 MHz band in the top 20 metropolitan market areas in the United States.

The Company is currently pursuing a regulatory proceeding at the Federal Communication Commission (“FCC”) that seeks to modernize and realign the 900 MHz band to increase its usability and capacity by allowing it to be utilized for the deployment of broadband networks, technologies and solutions. At the same time, the Company is pursuing business opportunities with its targeted critical infrastructure and enterprise customers to build awareness and demand for its spectrum assets, assuming the Company achieves favorable results with its FCC initiatives. The Company’s goal is to become the leading provider of broadband spectrum assets to critical infrastructure and enterprise customers. Assuming its FCC initiatives are successful, the Company’s spectrum assets will enable its customers to deploy broadband networks, technologies and solutions that are private, secure, reliable and cost-effective and at the same time allow them to achieve their modernization objectives and regulatory obligations.

The Company was originally incorporated in California in 1997 and reincorporated in Delaware in 2014. In November 2015, the Company changed its name from Pacific DataVision, Inc. to pdvWireless, Inc. The Company maintains offices in Woodland Park, New Jersey and McLean, Virginia.

Historically, the Company generated revenue principally from its pdvConnect and TeamConnect businesses. pdvConnect is a mobile communication and workforce management solution that enables businesses to locate and communicate with their field workers and improve the documentation of work events and job status. The Company historically marketed pdvConnect primarily through two Tier 1 carriers in the United States. In Fiscal 2016, it began offering a commercial push-to-talk (“PTT”) service, which was marketed as TeamConnect, in seven major metropolitan areas throughout the United States, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. The Company developed TeamConnect to address the needs of enterprises that value a tailored PTT solution addressing the management of their mobile workforce. It primarily offered the TeamConnect service to customers indirectly through third-party sales representatives who were primarily selected from Motorola’s nationwide dealer network.

In June 2018, the Company announced its plan to restructure its business to align and focus its business priorities on its spectrum initiatives aimed at modernizing and realigning the 900 MHz band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services. In December 2018, the Company’s board of directors approved the transfer of the Company’s TeamConnect and pdvConnect businesses to help reduce its operating costs and to allow its management team to focus on its FCC initiatives and future broadband opportunities. Specifically, the Company entered into: (i) a Customer Acquisition and Resale Agreement with A BEEP LLC, (“A BEEP”), on January 2, 2019 (ii) a Customer Acquisition, Resale and Licensing Agreement with Goosetown Enterprises, Inc. (“Goosetown”) on January 2, 2019, and (iii) a memorandum of understanding (“MOU”) with the principals of Goosetown on December 31, 2018.

A BEEP Agreement

Under the A BEEP Agreement, A BEEP acquired: (i) the Company’s TeamConnect customers located in the Atlanta, Chicago, Dallas, Houston and Phoenix metropolitan markets (the “A BEEP Purchased Customers”), (ii) the right to access the Company’s TeamConnect Metro and Campus systems (the “MotoTRBO Systems”) and (iii) the right to resell access to the Company’s MotoTRBO Systems pursuant to a Mobile Virtual Network Operation arrangement (the “MVNO Arrangement”).

A BEEP agreed to provide customer care, billing and collection services for all A BEEP Purchased Customers. The Company continued to provide these services through April 1, 2019 to help facilitate the transitioning of the A BEEP Purchased Customers. Additionally, the Company will pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two (2)-year period ending on January 2, 2021. Within this two-year period, A BEEP will migrate the Purchased Customers off of the Company’s MotoTRBO Systems.

A BEEP has also agreed to pay the Company a certain portion of the recurring revenues received from the A BEEP Purchased Customers ranging from 100% to 20% during the term of the A BEEP Agreement. Additionally, A BEEP has agreed to pay the Company a portion of recurring revenues from the Company’s customers who utilize A BEEP’s push-to-talk Diga-Talk Plus application (“Diga-Talk Plus”) ranging from 35% to 15% for a period of 48 months.

Additionally, the A BEEP Agreement provides audit rights to the Company, mutual indemnification obligations and certain liability waivers. The A BEEP Agreement has a term of no longer than 72-months, unless terminated earlier by one of the parties as a result of a material breach by the other party.

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For the year ended March 31, 2019, there were no amounts earned or incurred by the Company under the A BEEP Agreement.

Goosetown Agreement

Under the Goosetown Agreement, Goosetown acquired: (i) the Company's TeamConnect customers located in the Baltimore/Washington DC, Philadelphia and New York metropolitan markets (the "Goosetown Purchased Customers"), (ii) the right to access the Company's MotoTRBO Systems, (iii) the right to resell access to the Company's MotoTRBO Systems pursuant to a MVNO Arrangement and (iv) a license to sell the TeamConnect Mobile, TeamConnect Hub and TeamConnect for Smart Devices applications (collectively, the "Licensed Applications").

Goosetown agreed to provide customer care, billing and collection services for all Goosetown Purchased Customers. The Company continued to provide these services through April 1, 2019 to help facilitate the transitioning of the Goosetown Purchased Customers. Additionally, the Company will pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two (2)-year period ending on January 2, 2021. Within this two-year period, Goosetown will migrate the Purchased Customers off of the Company's MotoTRBO Systems.

Goosetown has also agreed to pay the Company a portion of the recurring revenues received from the Goosetown Purchased Customers ranging from 100% to 20% during the term of the Goosetown Agreement. Additionally, Goosetown has agreed to pay the Company 20% of recurring revenues from the Licensed Applications for a period of 48 months.

Additionally, the Goosetown Agreement provides audit rights to the Company, mutual indemnification obligations and certain liability waivers. The Goosetown Agreement has a term of no longer than 72-months, unless terminated earlier by one of the parties as a result of a material breach by the other party.

For the year ended March 31, 2019, there were no amounts earned or incurred by the Company under the Goosetown Agreement.

TeamConnect LLC Agreements

The Company also entered into the MOU with TeamConnect LLC (the "LLC"), an entity formed by the principals of Goosetown (the "Goosetown Principals"). The terms of the MOU provide that the Company will assign the intellectual property rights to its TeamConnect and pdvConnect related applications and software pursuant to the terms of an IP Assignment, Software Support and Development Services Agreement (the "IP Agreement") to the LLC in exchange for a 19.5% ownership interest in the LLC upon the April 30, 2019 execution of the LLC's Amended and Restated Limited Liability Company Agreement. The Goosetown Principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC will assume the Company's software support and maintenance obligations under the Goosetown and A BEEP Agreements. The LLC will also assume customer care services related to the Company's pdvConnect applications. The Company provided transition services to the LLC through April 1, 2019.

The Company is obligated to pay the LLC a monthly service fee for a 24-month period ending on January 7, 2021 for its assumption of the Company's support obligations under the Goosetown and A BEEP Agreements. The Company is also obligated to pay the LLC a certain portion of the billed revenue received by the Company from pdvConnect customers for a 48-month period, ("Customer Services Payments").

For the year ended March 31, 2019, the Company incurred \$331,000 under the MOU.

Spectrum Initiatives

The Company's spectrum is its most valuable asset. While its current licensed spectrum can support narrowband and wideband wireless services, the most significant business opportunities the Company has identified require contiguous spectrum that allows for greater bandwidth than allowed by the current configuration of its spectrum. As a result, the Company's first priority is to continue to pursue its initiatives at the FCC seeking to modernize and realign a portion of the 900 MHz band to increase its usability and capacity by allowing it to accommodate the deployment of broadband networks, technologies and solutions.

In November 2014, the Company and the Enterprise Wireless Alliance ("EWA") submitted a Joint Petition for Rulemaking to the FCC to propose a realignment of a portion of the 900 MHz band to create a 6 MHz broadband authorization, while retaining 4 MHz for continued narrowband operations. In response to the Joint Petition, the FCC issued a public notice requesting comments from interested parties and asked a number of questions about the proposal. A number of parties, including several incumbent licensees, filed comments with the FCC expressing their views, including both support and opposition. In May 2015, the Company and the EWA filed proposed rules with the FCC related to the Joint Petition. Comments on the proposed rules were filed in June 2015 and reply comments in July 2015.

In August 2017, the FCC issued a Notice of Inquiry ("NOI") announcing that it had commenced a proceeding to examine whether it would be in the public interest to change the existing rules governing the 900 MHz band to increase access to spectrum, improve spectrum efficiency and expand flexibility for a variety of potential uses and applications, including broadband and other advanced technologies and services. The FCC requested interested parties, including the Company, to comment on a number of questions related to three potential options for the 900 MHz band: (i) retaining the current configuration of the 900 MHz band, but

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increasing operational flexibility, (ii) reconfiguring a portion or all of the 900 MHz band to support broadband and other advanced technologies and services, or (iii) retaining the current 900 MHz band licensing and eligibility rules. Because the FCC requested information on multiple options for the 900 MHz band, the NOI effectively superseded the Joint Petition and other pending proposals that involved the 900 MHz band. The Company and EWA filed a joint response to the FCC's NOI in October 2017 and reply comments in November 2017.

On March 14, 2019, the FCC unanimously adopted a Notice of Proposed Rulemaking (the "NPRM") that endorses the Company's objective of creating a broadband opportunity in the 900 MHz band for critical infrastructure and other enterprise users. The NPRM generally proposes the Company's recommended band plan concept and technical rules. Importantly, the proposed technical rules include the Company's recommended equipment specifications that will enable the deployment and use of available, globally standardized broadband LTE networks, technologies and solutions.

In the NPRM, the FCC has proposed three criteria for an applicant to secure a broadband license in a particular county within the U.S.: (i) the applicant must hold all 20 blocks of geographic Specialized Mobile Radio ("SMR") licenses in the county; (ii) the applicant must reach agreement to relocate all incumbents in the broadband segment on a 1:1 voluntary channel exchange or demonstrate that the incumbents will be protected from interference; and (iii) the applicant must agree to return to the FCC all rights to geographic and site-based spectrum in the county in exchange for the broadband license.

The FCC requested comments from incumbents and other interested parties on a number of important topics in the NPRM that will have a material impact on the timing and costs of obtaining a broadband license. As noted above, the broadband applicant must hold all 20 blocks of geographic SMR licenses in the county. In certain areas, some of the SMR spectrum is being held in inventory by the FCC. In the NPRM, the FCC requested comments on how a broadband applicant could acquire the FCC's inventory of geographic SMR allocated spectrum. Specifically, in considering whether to make its inventory of geographic SMR spectrum available to the broadband applicant, the FCC has asked whether it should do so only if the applicant meets a threshold number of its own geographic SMR licenses. The FCC also questions how to mitigate a windfall that might thereby be attributed to the broadband applicant by the FCC's action. The Company will need to address this issue, both in this context and in the context of exchanging narrowband for broadband spectrum.

The NPRM also proposes a market-driven, voluntary exchange process for clearing the broadband spectrum. An applicant seeking a broadband license for a particular county will need to demonstrate that it has entered into agreements with incumbents or that it can protect their narrowband operations from interference. All incumbents must be accounted for before the broadband applicant can file an application with the FCC. As the FCC recognized in the NPRM, this requirement, without some mechanism for preventing holdouts, could allow a single incumbent with a license for a single channel to thwart the FCC's objective of creating a 900 MHz broadband opportunity in any county.

In the NPRM, the FCC has requested comments on different approaches to address the holdout situation. One approach is based on a "success threshold" whereby once the potential broadband licensee has reached voluntary agreements with incumbents holding a prescribed percentage of channels in the broadband segment, remaining incumbents would become subject to mandatory relocations. In this and other approaches set forth in the NPRM, the potential broadband licensee would be responsible for providing comparable facilities and paying the reasonable costs of relocation. The NPRM proposes to exempt from mandatory relocation "complex systems," those with 65 or more integrated sites. There are only a small number of complex systems in the country in the broadband segment proposed by the FCC, and all of them are operated by utilities or other critical infrastructure entities.

The Association of American Railroads ("AAR") holds a nationwide geographic license for six non-contiguous private land mobile systems for business users ("B/ILT") channels in the 900 MHz band, three of which are located within the FCC's proposed broadband segment. The spectrum is used by freight railroads for Advanced Train Control System ("ATCS") operations. The Company has recognized from the outset the importance of reaching agreement with the railroads about their relocation, and have worked with them throughout the FCC process. The Company and the AAR are in agreement about the optimal solution. However, this proposed solution will require an exemption from the relocation rules proposed by the FCC in the NPRM.

The NPRM also seeks comment on several different auction approaches for counties where the broadband segment cannot be cleared of incumbents, including overlay auctions that, again, would trigger mandatory relocation rights for the auction winner with the obligation of providing comparable facilities and paying reasonable relocation costs. The Company believes the challenge of any proposed approach is achieving the appropriate balance between protecting incumbents' rights to a minimally disruptive relocation process, and not preventing the deployment of broadband technologies on a timely and cost-effective basis.

While the NPRM proposes a 6 MHz broadband segment, it also asks for comment on a realignment of the entire 900 MHz band to create a 10 MHz broadband channel, citing suggestions from Southern California Edison and Duke Energy that this larger channel would better address their broadband needs.

The full text of the NPRM, and the comments and related correspondence filed in the 900 MHz Proceeding, are available on the FCC's public website. Comments to the NPRM are due on June 3, 2019 and reply comments will be due on July 2, 2019. At the end of the reply comment period, the FCC's next step could be the issuance of a Report and Order, a request for additional information, a decision to close the proceeding without further action, or some other action, and the timing of any such next step also remains uncertain. In addition, the terms of any Report and Order may differ materially from the terms of the NPRM.

2. Restatement of Previously Issued Consolidated Financial Statements

In connection with preparing its financial statements for the quarter ended June 30, 2018, the Company determined that it incorrectly interpreted the effective dates of changes in the accounting treatment of its net operating losses (“NOLs”) according to the new tax provisions instituted by the Tax Cuts and Jobs Act of 2017, which was signed into law on December 22, 2017 (the “TCJA”). The TCJA, among other items: (i) increased the NOL carryforward period from 20-years to an indefinite carryforward period and (ii) limited the percentage of NOLs that may be used to offset taxable income to 80%.

Under the TCJA, the 80% limitation applies to NOLs arising in taxable years “beginning after” December 31, 2017, which for the Company would be its fiscal year commencing on April 1, 2018 and ending on March 31, 2019 (“Fiscal 2019”). The TCJA, however, provides that the indefinite carryforward period applies to NOLs arising in taxable years “ending after” December 31, 2017, which for the Company would be its fiscal year beginning on April 1, 2017 and ending on March 31, 2018 (“Fiscal 2018”). Based on these dates, NOLs generated by the Company during Fiscal 2018 would both (i) not be subject to the 80% limitation and (ii) have an indefinite life.

In preparing its financial statements for the quarter ended December 31, 2017 and the year ended March 31, 2018 (the “Relevant Periods”), the Company, in consultation with its third-party tax firm, determined that it was unlikely that Congress intended to provide this double benefit to the NOLs generated by the Company during Fiscal 2018. As a result, the Company determined that an appropriate approach would be to continue to limit the carryforward period during Fiscal 2018 to 20 years, rather than apply an indefinite life to these NOLs.

Based on its review of available accounting literature in connection with preparing its financial statements for the quarter ended June 30, 2018, the Company determined that it should apply the accounting changes implemented by the TCJA in accordance with the effective dates set forth in the TCJA. Specifically, the Company determined that, based on the current language of the TCJA, the correct accounting treatment for the NOLs it generated during Fiscal 2018 is to apply an indefinite life to these NOLs.

Applying an indefinite life to the NOLs the Company generated during Fiscal 2018 enables the Company to utilize an increased amount of NOLs to offset the deferred tax liability created by the Company’s amortization of its indefinite-lived intangibles. The Company determined that it should recognize an additional deferred tax benefit of \$5.6 million for the three months ended December 31, 2017 and \$6.0 million for the fiscal year ended March 31, 2018. The Company determined that these changes had a material impact on the previously filed financial statements for the quarter ended December 31, 2017 and the fiscal year ended March 31, 2018. As a result, on August 9, 2018, the Company filed an amended Quarterly Report on Form 10-Q/A for the quarter ended December 31, 2017 and an amended Annual Report on Form 10-K/A for the year ended March 31, 2018, with restated financial statements and information for these periods.

This Form 10-K reflects the restated financial statements and information for Fiscal 2018 filed by the Company with the SEC on August 9, 2018 in its previously amended Quarterly and Annual Reports.

The table below sets forth the consolidated balance sheet, including the balances originally reported, the adjustments and the as restated balances for the fiscal year ended March 31, 2018 (in thousands):

	As Originally Reported	Adjustments	As restated
<i>Liabilities</i>			
Deferred income tax liability	\$ 6,060	\$ (6,060)	\$ —
Total liabilities	17,871	(6,060)	11,811
<i>Stockholders' Equity</i>			
Accumulated deficit	\$ (133,299)	\$ 6,060	\$ (127,239)
Total stockholders' equity	202,469	6,060	208,529

The table below sets forth the consolidated statements of operations, including the balance originally reported, the adjustment and the as restated balance for the fiscal year ended March 31, 2018 (in thousands, except per share data):

	As Originally Reported	Adjustments	As restated
Income tax benefit	\$ (438)	\$ (6,060)	\$ (6,498)
Net loss	(30,628)	6,060	(24,568)
Net loss per common share basic and diluted	\$ (2.12)	\$ 0.42	\$ (1.70)

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The table below sets forth the consolidated statement of stockholders' equity, including the balances originally reported, the adjustments and the as restated balances for the fiscal year ended March 31, 2018 (in thousands):

	Accumulated Deficit	Total Stockholders' Equity
Balance at March 31, 2018, As Reported	\$ (133,299)	\$ 202,469
Adjustments	6,060	6,060
Balance at March 31, 2018, As Restated	\$ (127,239)	\$ 208,529

The table below sets forth the consolidated statements of cash flows from operating activities, including the balances originally reported, the adjustments and the as restated balances for the year ended March 31, 2018 (in thousands):

	As Originally Reported	Adjustments	As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (30,628)	\$ 6,060	\$ (24,568)
Adjustments to reconcile net loss to net cash used by operating activities			
Deferred Income Tax	(438)	(6,060)	(6,498)
Net cash flows used by operating activities	\$ (21,986)	—	\$ (21,986)

3. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to allowance for doubtful accounts, estimated useful lives of depreciable assets, asset retirement obligations, the carrying amount of long-lived assets under construction in process, valuation allowance on the Company's deferred tax assets, and recoverability of intangible assets. The Company is also required to make certain estimates with regard to the valuation of awards and forfeiture rates for its share-based award programs. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the applicable period. Accordingly, actual results could materially differ from those estimates.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, including PDV Spectrum Holding Company, LLC formed in April 2014. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain prior year amounts have been reclassified to conform to the presentation of the corresponding amounts in the financial statements for the year ended March 31, 2019. These reclassifications had no effect on previously reported results of operations, cash flows, assets, liabilities or equity for the years presented.

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the time of purchase are considered cash equivalents. Cash equivalents are stated at cost, which approximates the quoted market value and include amounts held in money market funds.

Accounts Receivable

We offer pdvConnect as a mobile workforce management application directly through our sales force and indirectly through two domestic Tier 1 carriers. As of March 31, 2019 and 2018, we had accounts receivable balances owed to us by one Tier 1 domestic carrier representing approximately 31% and 53%, respectively, of our accounts receivable balances.

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Allowance for Doubtful Accounts

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. The Company reviews its allowance for uncollectible receivables on a quarterly basis. Past due balances meeting specific criteria are reviewed individually for collectability.

Changes in the allowance for doubtful accounts for the years ended March 31, 2019 and 2018 are summarized below (in thousands):

	2019	2018	2017
Balance at beginning of the year	\$ 29	\$ 53	\$ 3
Bad debt expense	218	22	58
Write-offs	(170)	(46)	(8)
Balance at end of the year	<u>\$ 77</u>	<u>\$ 29</u>	<u>\$ 53</u>

Inventory

Inventories as of March 31, 2018 consisted of vehicle-mounted devices, handsets, and accessories are valued at the lower of cost or net realizable value, with net realizable value being defined as replacement value using the First In, First Out method. Provisions are made periodically to reduce any excess, obsolete or slow moving inventory to its net realizable value.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the assets or the applicable lease term. The carrying amount at the balance sheet date of long-lived assets under construction in process include construction costs to date on capital projects that have not been completed, assets being constructed that are not ready to be placed into service, and assets that are not currently in service. On a periodic basis costs within construction in process are reviewed and a determination is made if the assets being developed will be put into use. If it is concluded that the asset will not be put into use, the costs will be expensed. If the asset will be put into use, the costs are transferred to property and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. Depreciation commences upon completion.

Accounting for Asset Retirement Obligations

An asset retirement obligation is evaluated and recorded as appropriate on assets for which the Company has a legal obligation to retire. The Company records a liability for an asset retirement obligation and the associated asset retirement cost at the time the underlying asset is acquired and put into service. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation, if any. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset.

The Company enters into long-term leasing arrangements primarily for tower site locations. The Company constructs assets at these locations and, in accordance with the terms of many of these agreements, the Company is obligated to restore the premises to their original condition at the conclusion of the agreements, generally at the demand of the other party to these agreements. The Company recognizes the fair value of a liability for an asset retirement obligation and capitalizes that cost as part of the cost basis of the related asset, depreciating it over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to retire the asset and the recorded liability is recognized in the Consolidated Statement of Operations.

As of March 31, 2019, the Company had an asset retirement obligation of approximately \$0.3 million.

Changes in the liability for the asset retirement obligations for the years ended March 31, 2019 and 2018 are summarized below (in thousands):

	2019	2018	2017
Balance at beginning of the year	\$ 316	\$ 268	\$ 204
Revision of estimate	—	34	52
Accretion expense	12	14	12
Balance at end of the year	<u>\$ 328</u>	<u>\$ 316</u>	<u>\$ 268</u>

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Intangible Assets

Intangible assets are wireless licenses that will be used to provide the Company with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. While licenses are issued for only a fixed time, generally ten years, such licenses are subject to renewal by the FCC. License renewals have occurred routinely and at nominal cost in the past. There are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of the Company's wireless licenses. As a result, the Company has determined that the wireless licenses should be treated as an indefinite-lived intangible asset. The Company will evaluate the useful life determination for its wireless licenses each year to determine whether events and circumstances continue to support their treatment as an indefinite useful life asset.

The licenses are tested for impairment on an aggregate basis, as we will be utilizing the wireless licenses on an integrated basis as a part of developing broadband. In Fiscal 2019, the Company performed a step one quantitative impairment test to determine if the fair value is greater than carrying value. Estimated fair value is determined using a market-based approach. In Fiscal 2018 and 2017, the Company used a qualitative approach to test indefinite-lived intangible assets for impairment by first assessing qualitative factors to determine whether it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform quantitative impairment testing.

Patent Costs

Costs to acquire a patent on certain aspects of the Company's technology have been capitalized. These amounts are amortized, subject to periodic evaluation for impairment, over statutory lives following award of the patent. Gross patent costs are approximately \$572,000 at March 31, 2019 and March 31, 2018 and the associated accumulated amortization amounted to approximately \$388,000 and \$375,000, respectively. Amortization expense was approximately \$13,000 per year for the years ended March 31, 2019, 2018 and 2017 respectively. The amortization expense is estimated to aggregate \$13,000 per year over the next five year period. Renewal costs are expensed when incurred.

Long-Lived Asset Impairment

The Company evaluates long-lived assets, other than intangible assets with indefinite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Asset groups are determined at the lowest level for which identifiable cash flows are largely independent of cash flows of other groups of assets and liabilities. When the carrying amount of a long-lived asset group is not recoverable and exceeds its fair value, an impairment loss is recognized equal to the excess of the asset group's carrying value over the estimated fair value.

Fair Value of Financial Instruments

Financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses are carried at cost, which management believes approximates fair value because of the short term maturity of these instruments.

Revenue Recognition

Revenues are recognized when a contract with a customer exists and control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services and the identified performance obligation has been satisfied.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, ("ASC 606"). A contract's transaction price is allocated to each distinct performance obligation and is recognized as revenue when, or as, the performance obligation is satisfied, which typically occurs when the services are rendered. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. It generally determines standalone selling prices based on the prices charged to customers under contracts involving only the relevant performance obligation. Judgment may be used to determine the standalone selling prices for items that are not sold separately, including services provided at no additional charge. Most of our performance obligations are satisfied over time as services are provided.

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. The Company has determined that certain sales commissions meet the requirements to be capitalized and have been recorded as an asset upon the Company's adoption of ASC 606.

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Cost of Revenue

The Company's historical cost of revenue relating to its TeamConnect service offering includes the costs of operating its dispatch network and its cloud-based solutions and to a lesser degree, the costs associated with the sales of the relevant user devices. With respect to sales of its historical software applications through its wireless carrier partners, cost of revenue includes the portion of service revenue retained by its domestic Tier 1 carrier partners pursuant to its agreements with these parties, which may include network services, connectivity, SMS service, sales, marketing, billing and other ancillary services.

Shipping and Handling Costs

Costs associated with shipping and handling of two-way radios and accessories to dealers or end-user customers are recognized as incurred and included in cost of revenue in the Consolidated Statements of Operations.

Indirect Sales Commissions

As a result of adopting ASC 606, on April 1, 2018, cash considerations paid to its sales team and indirect dealers are capitalized as part of contract costs and amortized on a straight-line basis over the customer's estimated contract period, which is an average of 24 months. The Company compensates its indirect sales representatives with an upfront commission and residual fees based on a customer's continued use of its TeamConnect service. When a commission is earned solely due to selling activity related to the Company's TeamConnect service, the cost is capitalized as part of contract costs. The Company reviews and records the estimated incentives payable to the indirect sales representatives as accrued expense on a monthly basis.

Product Development Costs

The Company charges all product and development costs to expense as incurred. Types of expense incurred in product and development costs include employee compensation, consulting, travel, facility costs and equipment and technology costs.

Advertising and Promotional Expense

The Company expenses advertising and promotional costs as incurred. Cooperative advertising reimbursements from vendors are recorded net of advertising and promotional expense in the period in which the related advertising and promotional expense is incurred. Advertising and promotional expense was approximately \$39,000 for the year ended March 31, 2019, approximately \$155,000 for the year ended March 31, 2018, and approximately \$103,000 for the year ended March 31, 2017.

Stock Compensation

The Company accounts for stock options in accordance with US GAAP, which requires the measurement and recognition of compensation expense, based on the estimated fair value of awards granted to consultants, employees and directors. The Company estimates the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense in the Company's statements of operations over the requisite service periods. In the event the participant's employment by or engagement with (as a director or otherwise) the Company terminates before exercise of the options granted, the stock options granted to the participant shall immediately expire and all rights to purchase shares thereunder shall immediately cease and expire and be of no further force or effect, other than applicable exercise rights for vested shares that may extend past the termination date as provided for in the participant's applicable option award agreement. Additionally, the Compensation Committee adopted an Executive Severance Plan (the "Severance Plan") in February 2015, which was amended in February 2019, and the Company subsequently entered into Severance Plan Participation Agreements with its executive officers and certain key employees. In addition to providing participants with severance payments, the Severance Plan provides for accelerated vesting and extends the exercise period for outstanding equity awards if the Company terminates a participant's service for reasons other than cause, death or disability or the participant terminates his or her service for good reason, whether before or after a change of control (each of such terms as defined in the Severance Plan).

To calculate option-based compensation, the Company uses the Black-Scholes option-pricing model. The Company's determination of fair value of option-based awards on the date of grant using the Black-Scholes model is affected by assumptions regarding a number of subjective variables.

The fair value of restricted stock, restricted stock units and performance units are measured based upon the quoted closing market price for the stock on the date of grant. The compensation cost for the restricted stock and restricted stock units is recognized on a straight-line basis over the vesting period. The compensation cost for the performance units is recognized when the performance criteria are expected to be complete.

No tax benefits have been attributed to the share-based compensation expense because the Company maintains a full valuation allowance for all net deferred tax assets.

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Effective April 1, 2017, the Company adopted ASU No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”), which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Under the new guidance, all excess tax benefits and tax deficiencies, including tax benefits of dividends on share-based payment awards, should be recognized as income tax expense or benefit in the income statement, eliminating the notion of the additional paid-in capital (“APIC”) pool. The excess tax benefits will be classified as operating activities along with other income tax cash flows rather than financing activities in the statement of cash flows. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. ASU 2016-09 also allows entities to elect to either estimate the total number of awards that are expected to vest or account for forfeitures when they occur. Additionally, ASU 2016-09 clarifies that cash payments to tax authorities in connection with shares withheld to meet statutory tax withholding requirements should be presented as a financing activity in the statement of cash flows. The Company has elected to continue its past practice of estimating the total number of awards expected to vest and adopted the provisions of ASU 2016-09 related to changes in the consolidated statements of cash flows on a retrospective basis.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities as well as from net operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established when it is estimated that it is more likely than not that the tax benefit of a deferred tax asset will not be realized.

Changes in valuation allowance for the years ended March 31, 2019 and 2018 are summarized below (in thousands):

	2019	2018	2017
Balance at beginning of the year	\$ 26,515	\$ 36,908	\$ 20,189
Charged (credited) to costs and expenses	685	(438)	6,498
Impacts related to the 2017 Tax Act	—	(6,060)	—
Changes in net loss carryforward and other	9,819	(3,895)	10,221
Balance at end of the year	\$ 37,019	\$ 26,515	\$ 36,908

Accounting for Uncertainty in Income Taxes

The Company recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Company had no uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to U.S. federal, state or local income tax examinations for periods prior to 2016. We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Net Loss Per Share of Common Stock

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. For purposes of the diluted net loss per share calculation, preferred stock, convertible notes payable-affiliated entities, stock options, restricted stock and warrants are considered to be potentially dilutive securities. Because the Company has reported a net loss for the years ended March 31, 2019, 2018 and 2017, diluted net loss per common share is the same as basic net loss per common share for those periods.

Common stock equivalents resulting from potentially dilutive securities approximated 1,421,000, 1,002,000 and 709,000 at March 31, 2019, 2018 and 2017, respectively, and have not been included in the dilutive weighted average shares of common stock outstanding, as their effects are anti-dilutive.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board, (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. Originally, entities were required to adopt ASU 2016-02 using a modified retrospective approach at the beginning of the earliest comparative period presented in the financial statements and the recognition of a cumulative-effect adjustment to the opening balance of retained earnings. The FASB subsequently issued ASU 2018-10 and ASU 2018-11 in July 2018, which provide clarifications and improvements to ASU 2016-02 (collectively, the “new lease standard”). ASU 2018-11 also provides the optional transition method which allows companies to apply the new lease standard at the adoption date instead of at the earliest comparative period presented and continue to apply the provisions of the previous lease standard in its annual disclosures for the comparative periods. The new lease standard requires lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet. Lessor accounting is substantially unchanged compared to the current accounting guidance. Additional footnote disclosures related to leases will also be required.

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On April 1, 2019, the Company adopted the new lease standard using the optional transition method. The comparative financial information will not be restated and will continue to be reported under the previous lease standard in effect during those periods. In addition, the new lease standard provides a number of optional practical expedients in transition. The Company elected the package of practical expedients. As such, the Company will not reassess whether expired or existing contracts are or contain a lease; will not need to reassess the lease classifications or reassess the initial direct costs associated with expired or existing leases. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to the Company.

The new lease standard also provides practical expedients for an entity's ongoing accounting. The Company elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Company will not recognize right of use ("ROU") assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company elected the practical expedient to not separate lease and non-lease components for certain classes of assets (office buildings).

On April 1, 2019, the Company expects to recognize ROU assets in the range of approximately \$7.0 to \$8.0 million and lease liabilities in the range of approximately \$9.0 to \$10.0 million, derecognize deferred rent liability of approximately \$2.0 million and record no adjustment to accumulated deficit. The Company does not expect the adoption of the new lease standard to impact its consolidated statements of operations and its statements of cash flows.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation – Stock Compensation (Topic 718) – Improvements to Nonemployee Share-based Payment Accounting*. ASU 2018-07 addresses several aspects of the accounting for nonemployee share-based payment transactions, including share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 is effective for the Company's fiscal year 2020 beginning April 1, 2019. The Company estimates the impact of adopting this guidance to be a reduction of approximately \$0.3 million to \$0.4 million to its accumulated deficit.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

Recently Adopted Accounting Pronouncements

In May 2014, the FASB issued ASC 606, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. ASC 606 replaced most existing revenue recognition guidance in U.S. GAAP. The new standard was effective for the Company on April 1, 2018. See Note 4 – Revenue for further discussion, including the impact on the Company's consolidated financial statements and required disclosures.

In May 2017, the FASB issued ASU 2017-09, *Compensation - Stock Compensation (Topic 718) Scope of Modification Accounting*. The amendments in ASU 2017-09 provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The adoption of ASU 2017-09 became effective for annual periods beginning after December 15, 2017 with prospective application. The Company adopted this standard on April 1, 2018. The adoption of this standard did not have a material impact on the Company's consolidated financial statements or related disclosures.

4. Revenue

On April 1, 2018, the Company adopted ASC 606 using the modified retrospective method and recognized the cumulative effect of initially applying the guidance as an adjustment to the opening balance of retained deficit. The Company applied the new revenue standard to new and existing contracts that were not complete as of the date of initial application. As a result of applying this standard using the modified retrospective method, the Company has presented financial results and applied its accounting policies for the period beginning April 1, 2018 under ASC 606, while prior period results and accounting policies have not been adjusted and are reflected under legacy GAAP pursuant to Accounting Standard Codification 605.

As a result of adopting ASC 606, on April 1, 2018, the Company recorded a reduction of \$0.8 million to its accumulated deficit. The most significant drivers of the adjustment included the Company's change in accounting policy related to the deferral of costs to obtain a contract. The Company is required to capitalize certain contract acquisition costs that relate directly to a customer contract, and recognize such costs as an asset, including commissions paid to its sales team and indirect dealers, and to amortize these costs on a straight-line basis over the customer's estimated contract period, which is an average of 24 months. The Company previously expensed these contract acquisition costs as incurred in selling, general and administrative expenses. Management assesses these costs and the related asset carrying value for impairment on a quarterly basis.

In accordance with ASC 606, when the customer purchases or receives a discounted handset in connection with entering into a contract for service, the Company allocates revenue between the handset and the service based on the relative standalone selling price. Revenue is recognized when the performance obligation which includes providing the services or transferring control of

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promised handsets, which are distinct to a customer, has been satisfied. Revenue is recognized in an amount that reflects the consideration the Company expects to be entitled to for those performance obligations.

The cumulative effect of the changes made to the Company's consolidated April 1, 2018 balance sheet for the adoption of ASC 606 were as follows:

	Balance at March 31, 2018	Adjustments due to ASC 606	Balance at April 1, 2018
<i>Assets</i>			
Prepaid expenses and other current assets	\$ 850	\$ 473	\$ 1,323
Other assets	486	295	781
<i>Liabilities</i>			
Deferred revenue, short-term and long-term	\$ 5,070	\$ —	\$ 5,070
<i>Stockholders' Equity</i>			
Accumulated deficit	\$ (127,239)	\$ 768	\$ (126,471)

Service Revenue. The Company has historically derived its service revenue from a fixed monthly recurring unit price per user, with 30-day payment terms, for its pdvConnect, TeamConnect and Diga-talk service offerings.

pdvConnect is the Company's proprietary cloud-based mobile resource management solution which has historically been sold as a separate software-as-a-service offering for dispatch-centric business customers who utilize Tier 1 cellular networks, and to a lesser extent, who utilize land mobile radio networks not operated by the Company. *pdvConnect* is sold directly by the Company or through two Tier 1 domestic carriers. The service is contracted and billed on a month to month basis and the Company satisfies its performance obligation over time as the services are delivered.

TeamConnect combines *pdvConnect* with the Company's push-to-talk ("PTT") mobile communication services involving digital network architecture and mobile devices. *TeamConnect* gives customers the ability to instantly set up PTT communications and delivers real-time information from mobile workers to dispatch operators. It also allows customers to deliver voice messages to any computer (via the internet), any email address or to any phone in the United States as well as to communicate in real time with *TeamConnect* enabled smartphones on any cellular carrier network. The contract period for the *TeamConnect* service varies from a month to month basis to 24 months. The customer is billed at the beginning of each month of the contract term. The Company recognizes revenue as it satisfies its performance obligation over time as the services are delivered.

Diga-talk is a mobile communications offering that is being resold by the Company and that provides nationwide two-way digital communication services. The service is contracted and billed on a month to month basis. The Company launched the offering in March 2018 and is a reseller of the services and related devices. The determination was made that the Company is the principal in this reseller arrangement since the customer views the Company as fulfilling the performance obligations and therefore, records revenue on a gross basis over time upon delivery of the services.

Spectrum Revenue. In September 2014, Motorola paid the Company an upfront, fully-paid fee of \$7.5 million in order to use a portion of the Company's wireless spectrum licenses. The payment of the fee is accounted for as deferred revenue on the Company's consolidated balance sheets and is recognized ratably as the service is provided over the contractual term of approximately ten years. The revenue recognized for the years ended March 31, 2019, 2018 and 2017 was approximately \$729,000 each year.

Other Revenue. The Company historically derived other revenue primarily from either the sale of radios and accessories for *TeamConnect* and *Diga-talk* as well as the rental of radios for *TeamConnect* based on 30-day payment terms. The Company recognizes radio and accessory revenue when a customer takes possession of the device.

For *TeamConnect*, when the customer purchases a radio offered at a discounted price bundled with services or is provided a discount by the dealer which is paid for by the Company, the Company allocates a portion of our future service billings to the radio and recognizes revenue upon handset delivery at the inception of the contract, which results in a contract asset that is amortized as a reduction to service revenue over the expected term of the customer's contract period, which is typically 24 months. For *Diga-talk*, the customer contract is month to month. As a result, when the customer purchases a radio offered at a discounted price bundled with services, the discount for the radio is taken in the first month.

Contract Assets. Contract assets include the portion of the Company's future service invoices which has been allocated to the discounted price of the radios and amortized as a reduction against service revenue over the contract period. As of March 31, 2019 and April 1, 2018, the Company had \$0.3 million in total contract assets, of which \$0.1 million was classified as a component of prepaid expenses and other current assets in our condensed consolidated balance sheets for both periods. The amortization of the contract asset for the year ended March 31, 2019 was not significant.

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The Company also recognizes a contract asset for the incremental costs of obtaining a contract with a customer. These costs include commissions for sales people and commissions paid to third-party dealers. These costs are amortized ratably using the portfolio approach over the estimated customer contract period. The Company reviews the contract asset on a periodic basis to determine if an impairment exists. If it is determined that there is an impairment, the contract asset will be expensed. Under the previous accounting standard, the Company expensed commissions as incurred. As of March 31, 2019 and April 1, 2018, the Company had \$0.5 million and \$0.6 million, respectively, of deferred costs related to expenses required to obtain or fulfill a contract. Of these total deferred costs, as of March 31, 2019, \$0.3 million was recorded as a component of prepaid and other current assets. As of April 1, 2019, \$0.4 million were recorded as a component of prepaid and other current assets. In addition, the Company recorded \$0.5 million resulting from the amortization of its contract assets during the year ended March 31, 2019 in selling, general and administrative expenses in its consolidated statement of operations.

The following table presents the activity for the Company's contract assets (in thousands):

	Contract Assets
Balance as of April 1, 2018	\$ 768
Additions	284
Amortization	(558)
Impairment	(58)
Balance at March 31, 2019	\$ 436

Contract liabilities. Contract liabilities primarily relate to advance consideration received from customers for spectrum services, for which revenue is recognized over time, as the services are performed. These contract liabilities are recorded as deferred revenue on the balance sheet. The related liability as of March 31, 2018 of \$5.1 million has been reduced by revenue recognized in the year ended March 31, 2019 of \$0.9 million leaving a remaining liability of \$4.2 million as of March 31, 2019.

Adoption Impact. The following table is a comparison of the reported results of operations for the year ended March 31, 2019 compared to the amounts that would have been reported had the Company not adopted ASC 606 (in thousands):

Impact on change in accounting policy			
	As Reported	Impact of ASC 606	Legacy GAAP
Service revenue	\$ 4,774	\$ 108	\$ 4,882
Spectrum revenue	729	—	729
Other revenue	996	(94)	902
Sales and support	3,679	(318)	3,361
Net (loss)/income	(41,993)	332	(41,661)
Net loss per common share basic and diluted	\$ (2.88)	\$ 0.02	\$ (2.86)

The following table is a comparison of certain consolidated balance sheet captions under ASC 606 to the balance sheet results using the historical accounting method:

Impact on change in accounting policy			
	As reported March 31, 2019	Impact of ASC 606	Legacy GAAP March 31, 2019
Prepaid and other current assets	\$ 1,180	\$ (313)	\$ 867
Other assets	845	(124)	721
Deferred revenue, short term and long term	4,258	—	4,258
Accumulated deficit	(168,464)	437	(168,027)

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5. Inventory

Inventory consists of the following at March 31, 2019 and March 31, 2018 (in thousands):

	2019	2018
Mobile devices	\$ -	\$ 88
Handsets	-	51
Accessories	-	34
Total inventory	<u>\$ -</u>	<u>\$ 173</u>

6. Property and Equipment

Property and equipment consists of the following at March 31, 2019 and March 31, 2018 (in thousands):

	Estimated useful life	2019	2018
Network sites and equipment	5-10 years	\$ 15,954	\$ 15,263
Computer equipment	5-7 years	140	184
Computer software	1-3 years	28	10
Furniture and fixture and other equipment	2-5 years	1,026	1,418
Leasehold improvements	Shorter of the lease term or 10 years	351	344
		<u>17,499</u>	<u>17,219</u>
Less accumulated depreciation		<u>7,952</u>	<u>5,468</u>
		9,548	11,751
Construction in process		<u>283</u>	<u>1,024</u>
Property and equipment, net		<u>\$ 9,830</u>	<u>\$ 12,775</u>

Depreciation expense for the years ended March 31, 2019, 2018 and 2017 amounted to approximately \$2.8 million, \$2.8 million and \$2.2 million, respectively; approximately \$2.6 million, \$2.6 million and \$2.0 million, respectively, of such depreciation expense was classified as cost of revenue while the remainder was classified as operating expenses in the Company's Consolidated Statements of Operations. During the year ended March 31, 2019, the Company recorded a \$0.8 million non-cash charge for long-lived asset impairment of its radio assets to reduce the carrying value to the estimated recoverable amount. Leasehold improvements include certain allowances for tenant improvements related to the expansion of the Company's corporate headquarters. As of March 31, 2019, construction in progress primarily relates to various software and web projects being developed internally. As of March 31, 2018, construction in process includes the expenditures related to the costs to establish the Company's dedicated wide-area, two-way radio dispatch networks in certain metropolitan areas. During the year ended March 31, 2018, \$0.5 million costs in construction in process were expensed for assets that were not put into use.

7. Intangible Assets

Wireless licenses are considered indefinite-lived intangible assets. Indefinite-lived intangible assets are not subject to amortization but instead are tested for impairment annually, or more frequently if an event indicates that the asset might be impaired. There were no impairment charges related to the Company's indefinite-lived intangible assets during the years ended March 31, 2019, 2018 and 2017.

During the years ended March 31, 2019 and 2018, the Company entered into agreements with several third parties in multiple U.S. markets to acquire wireless licenses for cash consideration, upon FCC approval.

Intangible assets consist of the following at March 31, 2019 and March 31, 2018 (in thousands):

	Wireless Licenses
Balance at March 31, 2017	\$ 104,676
Acquisitions	1,930
Balance at March 31, 2018	<u>\$ 106,606</u>
Acquisitions	942
Balance at March 31, 2019	<u>\$ 107,548</u>

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8. Accounts Payable and Accrued Expenses

The table below provides additional information related to the Company's accounts payable and accrued expenses at March 31, 2019 and March 31, 2018 (in thousands).

	2019	2018
Accounts payable and accrued expenses		
Accounts payable	\$ 743	\$ 479
Accrued employee related expenses	2,623	2,337
Accrued expenses	825	590
Other	915	786
Total accounts payable and accrued expenses	<u>\$ 5,106</u>	<u>\$ 4,192</u>

9. Related Party Transactions

During the year ended March 31, 2019, the Company incurred \$141,000 in consulting fees to a consultant firm who is an affiliate of a significant holder of the Company. As of March 31, 2019, the Company owes \$5,000 to the consulting firm. No such services were provided for the years ended March 31, 2018 and 2017.

The Company purchased \$0.4 million and \$0.9 million of equipment from Motorola for the years ended March 31, 2019 and 2018 respectively. The Company recognized approximately \$729,000 each year in Spectrum revenue for the years ended March 31, 2019, 2018 and 2017. As of March 31, 2019 and 2018, the Company owes \$60,000 and \$224,000 to the equipment supplier, respectively.

For the year ended March 31, 2019, the Company incurred \$331,000 under the MOU previously discussed in Note 1. As of March 31, 2019, the Company owes \$118,000 to the LLC.

10. Note Payable

During the year ended March 31, 2016, the Company entered into a promissory note in the amount of \$1,289,013 with a third party in exchange for wireless licenses. The term of the note was through March 15, 2018 and bore a fixed rate of interest of 0.55% per annum, which was based on the Short-Term Applicable Federal Rate on the closing date. For the year ended March 31, 2018, the Company had repaid \$497,265, respectively, in principal. There was no outstanding borrowings on the promissory note as of March 31, 2019 and 2018.

For the fiscal years 2018 and 2017, total interest expense on all notes payable was approximately \$3,000 and \$5,000, respectively. There was no interest expense for fiscal year 2019.

11. Impairment and Restructuring Charges

Long-lived Asset Impairment.

During the year ended March 31, 2019, the Company reviewed assets designated for its TeamConnect business. As a result of the Company's shift to better align and focus its business priorities on its spectrum initiatives, it determined that the carrying value of radios and related accessories were not fully recoverable. As a result, the Company recorded a non-cash asset impairment charge of \$0.8 million in the year ending March 31, 2019, to reduce the carrying value of these assets to zero.

Restructuring Charges.

April 2018 and June 2018 restructuring activities

In April 2018, the Company announced a shift in its focus and resources in order to pursue the regulatory initiatives at the FCC and prepare for the future deployment of broadband and other advanced technologies and services. In light of this shift in focus, the board of directors also approved a chief executive officer transition plan, under which, John Pescatore, the Company's chief executive officer and president, transitioned to the position of vice chairman and Morgan O'Brien, the Company's then-current vice chairman, assumed the position as the new chief executive officer. In connection with the transition, the Company and Mr. Pescatore entered into a Continued Service, Consulting and Transition Agreement and a separate Consulting Agreement (the "CEO Transition Agreements") and the Company also entered into additional consulting and transition agreements with several other key employees. As of March 31, 2019, the Company recorded a liability of \$2.7 million, of which \$2.1 million is reflected in restructuring reserve and \$0.6 million in other non-current liabilities, for the cash payments under both the CEO Transition Agreements with Mr. Pescatore and the consulting and transition agreements with other key employees payable within the next twelve to eighteen months. In addition, for the year ended March 31, 2019, the Company recorded a non-cash \$1.7 million charge for stock compensation expense due to modifications to the key employee stock grants recorded in restructuring costs. For the year ended

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March 31, 2019, the Company recorded a non-cash \$4.6 million charge for stock compensation expense due to modifications to Mr. Pescatore's stock grants and the key employee stock grants.

On June 1, 2018, the Company's board of directors approved an initial plan to restructure its business aimed at reducing the operating costs of its TeamConnect and pdvConnect businesses and better aligning and focusing its business priorities on its spectrum initiatives. As part of the restructuring plan, the Company eliminated approximately 20 positions, or 20% of its workforce, primarily from its TeamConnect and pdvConnect businesses. In August 2018, the Company continued with its restructuring efforts and eliminated approximately seven additional positions.

For the year ended March 31, 2019, total restructuring costs related to the April 2019 and June 2018 restructuring activities were \$8.7 million consisting of \$4.6 million of stock compensation expense, \$3.7 million for the CEO Transition Agreements and the additional consulting and transition agreements with other key employees, as well as \$0.4 million related to employee severance and benefit costs. Restructuring efforts has been completed by March 31, 2019.

For the year ended March 31, 2019, total accrued restructuring charges for the April 2018 and June 2018 restructuring activities were as follows (in thousands):

	Restructure Activity
Balance at March 31, 2018	\$ —
Severance costs	408
Consulting costs	3,721
Facility exit	3
Cash payments	(1,477)
Balance at March 31, 2019	2,655
Less amount classified as current liabilities - restructuring reserve	2,093
Noncurrent liabilities - included in other liabilities	\$ 562

December 2018 cost reductions

On December 31, 2018, the Company's board of directors approved the following cost reduction actions: (i) the elimination of approximately 20 positions, or 30% of the Company's workforce and (ii) the closure of its office in San Diego, California (collectively, the "December 2018 Cost-Reduction Actions"). For the year ended March 31, 2019, the company recorded an additional restructuring charge relating to the December 2018 Cost-Reduction Actions amounting to \$0.9 million consisting of \$0.8 million related to employee severance and benefit costs and \$0.1 million in facility exit costs for our San Diego, California office. An additional \$0.3 million of restructuring charges will be incurred during fiscal 2020 and 2021 related to employee retention costs. The Company anticipates that the cost reduction and restructuring actions will be completed by July 31, 2019 and that the related cash payments for severance costs will occur by the end of August 31, 2019.

For the year ended March 31, 2019, total December 2018 cost reduction charges were as follows (in thousands):

	Restructure Activity
Balance at March 31, 2018	\$ —
Severance costs	794
Facility exit	110
Cash payments	(225)
Balance at March 31, 2019	679
Less amount classified as current liabilities - restructuring reserve	665
Noncurrent liabilities - included in other liabilities	\$ 14

12. Income Taxes

On December 22, 2017, new tax provisions were instituted under the Tax Cuts and Jobs Act of 2017 ("TCJA") were signed into law. The TCJA includes numerous changes to existing tax law, including a permanent reduction in the federal corporate income tax rate from 35% to 21%. The rate reduction is effective as of January 1, 2018. Another provision included in the law is that net operating losses ("NOLs") incurred in years ending after December 31, 2017 may be carried forward indefinitely. The Company now can consider indefinite lived assets and the associated deferred tax liability as a source of future taxable income when assessing the potential to realize future tax deductions from indefinite carryforwards of NOLs and interest expense.

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The Company had federal and state NOLs of approximately \$91.7 million at March 31, 2017, expiring in varying amounts from 2019 through 2037. For the year ended March 31, 2018, the Company incurred an operating loss of approximately \$34.1 million which, per the provision in the TCJA does not expire and is not subject to the 80% of taxable income limitation upon usage. For the year ended March 31, 2019, the Company incurred a net operating loss of approximately \$40.0 million, which is carried forward indefinitely, but can only offset 80% of taxable income when used.

The Company has deferred tax assets of approximately \$40.7 million and \$30.9 million relating principally to the NOLs as of March 31, 2019 and 2018, respectively. Federal NOL carryforwards may be subject to limitations as a result of the change in ownership that occurred in the year ended March 31, 2015 as defined under Internal Revenue Code Section 382. State NOL carryforwards are subject to limitations which differ from federal law in that they may not allow the carryback of net operating losses and have shorter carryforward periods.

Accounting Standards Codification Topic 740, *Income Taxes*, requires that a valuation allowance be recorded to reduce deferred tax assets when it is more likely than not that the tax benefit of the deferred tax assets will not be realized. The evaluation includes the consideration of all available evidence, both positive and negative, regarding historical operating results including recent years with reported losses, the estimated timing of future reversals of existing taxable temporary differences, estimated future taxable income exclusive of reversing temporary differences and carryforwards, and potential tax planning strategies which may be employed to prevent an operating loss or tax credit carryforward from expiring unused. In situations where a three-year cumulative loss condition exists, accounting standards limit the ability to consider projections of future results as positive evidence to assess the realizability of deferred tax assets. In Fiscal 2018, the Company's financial results reflected a three-year cumulative loss. The three-year cumulative loss constitutes significant negative evidence, limiting the Company's ability to consider other positive evidence, such as the Company's projections for future growth. Based upon the TCJA provision related to the NOL arising from years ending after December 31, 2017, the Company now can consider indefinite lived assets and the associated deferred tax liability as a source of future taxable income when assessing the potential to realize future tax deductions from indefinite carryforwards of net operating losses and interest expense. Consequently, in Fiscal 2018 the Company recorded a non-cash benefit of \$6.5 million as a reduction in valuation allowance against substantially all of its deferred tax assets.

For Fiscal 2019, analysis of the state NOL carryforwards revealed that most of them are not indefinite. The Company's financial results continued to reflect a three-year cumulative loss and as a result a full valuation allowance should be maintained. The Company recorded \$0.7 million of deferred tax expense and deferred tax liability from the inability to use the state NOL carryforwards against the indefinite-lived intangible. This valuation allowance has no effect on the Company's ability to utilize the deferred tax assets to offset future taxable income, if generated. As required by GAAP, the Company will continue to assess the likelihood that the deferred tax assets will be realizable in the future and the valuation allowance will be adjusted accordingly. The tax benefits relating to any reversal of the valuation allowance on the net deferred tax assets in a future period will be recognized as a reduction of future income tax expense in that period.

In May 2018, the Company received notice from the Internal Revenue Service that it would be auditing the Company's tax return for the period ended March 31, 2016. This audit was closed with no changes on March 11, 2019.

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Net deferred tax assets and liabilities consist of the following as of March 31, 2019 and 2018 (in thousands):

	2019	2018 (As Restated)
Deferred tax asset		
Allowance for uncollectible accounts	\$ 19	\$ 7
Restructuring reserve	820	—
Deferred rent	569	513
Accrued expenses	386	197
Deferred revenue	1,034	1,214
Asset retirement obligations	10	7
Net operating loss carryforward	40,739	30,925
Charitable contributions carryforward	58	—
Stock compensation expense	786	88
Total deferred tax asset	44,421	32,951
Deferred tax liability		
Property and equipment	(264)	(375)
Definite-lived intangible assets	(6)	(1)
Indefinite-lived intangible assets	(7,817)	(6,060)
Total deferred tax liability	(8,087)	(6,436)
Total deferred tax assets and liabilities	36,334	26,515
Valuation allowance	(37,019)	(26,515)
Net deferred tax assets and liabilities	\$ (685)	\$ —

The components of the income tax expense (benefit) for the years ended March 31, 2019 and 2018 are as follows (in thousands):

	2019	2018 (As Restated)
Current:		
Federal	\$ —	\$ —
State	—	—
Total current	—	—
Deferred:		
Federal	—	(5,971)
State	685	(527)
Total deferred	685	(6,498)
Total income tax expense (benefit)	\$ 685	\$ (6,498)

The differences between the United States federal statutory tax rate and the Company's effective tax rate for the years ended March 31, 2019 and 2018 are as follows (in thousands):

	2019		2018 (As Restated)	
Statutory federal tax	\$ (8,675)	21%	\$ (10,563)	34%
State income taxes, net of federal benefit	(1,483)	4%	(932)	3%
Incentive stock option expense	681	-2%	—	—
Other permanent differences	93	0%	2,071	-7%
Restricted stock shortfall/windfall	(435)	1%	(118)	0%
Change in valuation allowance - Federal	9,819	-24%	2,986	-10%
Change in valuation allowance - State	685	-2%	—	—
Prior-year adjustments	—	0%	58	0%
	\$ 685	-2%	\$ (6,498)	21%

13. Stock Acquisition Rights, Stock Options and Warrants

The Company established the pdvWireless 2014 Stock Plan (the “2014 Stock Plan”) to attract, retain and reward individuals who contribute to the achievement of the Company’s goals and objectives. This 2014 Stock Plan superseded previous stock plans although under such previous plans, 25,711 stock options were outstanding and vested as of March 31, 2019.

The Company’s board of directors has reserved 3,805,223 shares of common stock for issuance under its 2014 Stock Plan as of March 31, 2019. The number of shares will continue to automatically increase each January 1 through January 1, 2024 by an amount equal to the lesser of (i) 5% of the number of shares of common stock issued and outstanding on the immediately preceding December 31 or (ii) a lesser amount determined by the board of directors. Effective January 1, 2019, the board of directors declined to accept the full automatic increase to the 2014 Stock Plan and elected to increase the shares authorized and reserved for issuance under the 2014 Stock Plan by 293,528 shares which represented 2% of the of the common stock issued and outstanding as of December 31, 2018.

Restricted Stock and Restricted Stock Units

A summary of non-vested restricted stock activity for the years ended March 31, 2019 and 2018 is as follows:

	Restricted Stock	Weighted Average Grant Day Fair Value
Non-vested restricted stock outstanding at March 31, 2017	127,457	\$ 25.10
Granted	144,482	24.41
Forfeited	(1,638)	(24.28)
Vested	(52,488)	(24.94)
Non-vested restricted stock outstanding at March 31, 2018	217,813	24.69
Granted	171,780	31.58
Forfeited	(28,798)	(25.39)
Vested	(81,583)	(25.45)
Non-vested restricted stock outstanding at March 31, 2019	279,212	\$ 28.71

The Company recognizes compensation expense for restricted stock on a straight-line basis over the explicit vesting period. Vested restricted stock units are settled and issuable upon the earlier of the date the employee ceases to be an employee of the Company or a date certain in the future. Stock compensation expense related to restricted stock inclusive of the modification described below, was approximately \$4.1 million for the year ended March 31, 2019 and \$1.9 million for the year ended March 31, 2018.

The Company entered into the CEO Transition Agreements on April 23, 2018. It also entered into additional consulting and transition agreements with several other key employees during the year ended March 31, 2019. As a result of these agreements, the Company determined that 56,362 of restricted stock units should be accounted for as a Type III modification (the award was not probable to vest prior to the modification but is probable of vesting under the modified condition) for the year ended March 31, 2019. The expense recorded for these modifications was approximately \$1.4 million for the year ended March 31, 2019 and is accounted for in restructuring costs.

Stock compensation expense for restricted stock is accounted for in general and administrative expense in the Company’s Consolidated Statement of Operations. At March 31, 2019, there was \$5.6 million of unvested compensation expense for the restricted stock, which is expected to be recognized over a weighted average period of 2.85 years.

Performance Stock Units

During the year ended March 31, 2019, the Company did not award any performance stock units under the 2014 Stock Plan. Outstanding performance stock units represent the number of shares of the Company’s common stock that the recipient would receive upon the Company’s attainment of the applicable performance goals. The units will vest in full upon attainment of the performance goals. Performance is based upon achievement, prior to January 13, 2020, of (A) a Final Order from the FCC providing for the creation and allocation of licenses for spectrum in the 900 MHz band consisting of paired blocks of contiguous spectrum, each containing at least 3 MHz of contiguous spectrum, authorized for broadband wireless communications uses and (B) the lack of objection by the Company’s board of directors to the terms and conditions (including, but not limited to, the rebanding, clearing and relocation procedures, license assignment and award mechanisms, and technical and operational rules) set forth or referenced in the Final Order. These awards do not forfeit.

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A summary of the Performance stock activity for the years ended March 31, 2019 and 2018 is as follows:

	Performance Stock	Weighted Average Grant Day Fair Value
Performance stock outstanding at March 31, 2017	37,295	\$ 25.81
Granted	71,843	22.75
Forfeited	—	—
Vested	—	—
Performance stock outstanding at March 31, 2018	109,138	23.80
Granted	—	—
Forfeited	—	—
Vested	—	—
Performance stock outstanding at March 31, 2019	109,138	\$ 23.80

For the year end March 31, 2019, there was no stock compensation expense recognized for the performance stock units. At March 31, 2019, there was approximately \$2.6 million of unvested compensation expense.

Stock Options

A summary of Stock Option activity for the years ended March 31, 2019 and 2018 is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Options outstanding at March 31, 2017	1,733,595	\$ 22.79		
Options granted	252,945	25.39		
Options exercised	(5,740)	(18.69)		
Options forfeited/expired	(12,426)	(26.91)		
Options outstanding at March 31, 2018	1,968,374	23.11		
Options granted	726,875	23.73		
Options exercised	(169,003)	(19.93)		
Options forfeited/expired	(602,612)	(23.08)		
Options outstanding at March 31, 2019	1,923,634	\$ 23.64	5.85	\$ 22,782,999
Exercisable at March 31, 2019	1,543,003	\$ 22.70	5.34	\$ 19,638,772
Total vested or expected to vest at March 31, 2019	1,913,506	\$ 23.62	5.83	\$ 22,699,467

The Company entered into the CEO Transition Agreements on April 23, 2018. It also entered into additional consulting and transition agreements with several other key employees during the year ended March 31, 2019. As a result of these agreements, the Company determined that 574,434 stock options to purchase shares of common stock should be accounted for as a Type I modification (which does not change the expectation that the award will ultimately vest resulting from an increase in the term to exercise the options) for the year ended March 31, 2019. The Company also determined that 56,250 stock options to purchase shares of common stock should be accounted for as a Type III modification for the year ended March 31, 2019. As a result, the 580,684 stock options are reflected as new grants and the previous grants are treated as forfeited.

The Company awarded stock options to purchase 146,191 shares of common stock to employees and consultants during the year ended March 31, 2019, of which stock options to purchase 112,000 shares of common stock were awarded to employees and stock options to purchase 34,191 shares of common stock were awarded to consultants, and which each have a ten-year contractual life. Of the 112,000 stock options to purchase shares of common stock that were granted in the year ended March 31, 2019, 100,000 stock options were granted to the President and 12,000 stock options were granted to employees. For the stock options granted to employees, 25% vests on the first anniversary of grant, and the remainder will vest in three equal annual installments thereafter. For the stock option to purchase 100,000 shares of common stock awarded to the Company's President, 50% of the option shares vest on the second anniversary of grant and 25% of the options shares vests in two annual installments thereafter. Shares granted to employees are subject to vesting, future settlement conditions and other such terms as determined by the board of directors and set forth in the applicable award agreements.

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The intrinsic value of stock options exercised was approximately \$3.1 million at March 31, 2019.

Additional information regarding stock options outstanding at March 31, 2019 is as follows:

				Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price of Shares Exercisable	
Exercise Prices				Number Outstanding				
\$	13.25	-	\$ 20.00	973,698	4.50	\$ 19.82	973,698	\$ 19.82
	20.01	-	46.23	919,936	7.28	26.85	543,805	26.61
	46.24	-	72.85	30,000	5.87	49.14	25,500	49.14
				1,923,634	5.85	\$ 23.64	1,543,003	\$ 22.70

The fair value of stock options granted is estimated on the date of grant using the Black-Scholes option valuation model. This stock-based compensation expense valuation model requires the Company to make assumptions and judgments regarding the variables used in the calculation. These variables include the expected term, the expected volatility of the Company's common stock, expected risk-free interest rate, forfeiture rate and expected dividends. The Company calculates an expected term and volatility from the historical volatilities and terms of selected comparable public companies within its industry along with the Company's short history regarding these variables. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the stock option. The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover and other factors. The Company has never paid, and does not anticipate paying, any cash dividends in the foreseeable future, and therefore uses an expected dividend yield of zero in the option-pricing model.

The following assumptions were used to calculate the fair value of stock options:

	Year Ended March 31, 2019	Year Ended March 31, 2018
Risk-free interest rate	2.41% to 2.68%	1.76% to 2.73%
Dividend yield	-%	-%
Volatility	49.71% to 50.30%	49.05%
Expected term	5 years	5 years
Forfeiture rate	3%	3%

Performance Stock Options

A summary of the Performance Stock Options as of March 31, 2019 and 2018 is as follows:

	Performance Options	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Performance Options outstanding at March 31, 2017	50,000	\$ 25.81		
Performance Options granted	129,945	25.84		
Performance Options exercised	—	—		
Performance Options forfeited/expired	—	—		
Performance Options outstanding at March 31, 2018	179,975	25.83		
Performance Options granted	—	—		
Performance Options exercised	—	—		
Performance Options forfeited/expired	—	—		
Performance Options outstanding at March 31, 2019	<u>179,945</u>	<u>\$ 25.83</u>	<u>7.87</u>	<u>\$ —</u>

The performance stock options will vest in full immediately upon attainment of the performance goals. Performance is based upon the Company's achievement, prior to January 13, 2020, of (A) a Final Order from the FCC providing for the creation and allocation of licenses for spectrum in the 900 MHz band consisting of paired blocks of contiguous spectrum, each containing at least 3 MHz of contiguous spectrum, authorized for broadband wireless communications uses and (B) the lack of objection by the Company's

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Board of Directors to the terms and conditions (including, but not limited to, the rebanding, clearing and relocation procedures, license assignment and award mechanisms, and technical and operational rules) set forth or referenced in the Final Order.

The stock compensation expense related to the consulting and transition agreements entered into by the Company for the year ended March 31, 2019 was \$3.2 million. This expense was incurred due to the Type I and Type III modifications resulting from the consulting and termination agreements. The expense is accounted for in restructuring costs in the accompanying Consolidated Statement of Operations.

Stock compensation expense related to the amortization of the fair value of service based stock options issued was approximately \$3.0 million, \$3.7 million and \$3.2 million for the years ended March 31, 2019, 2018, and 2017 respectively. There was no stock compensation expense related to the performance stock options issued during those periods. Stock compensation expense is included as part of general and administrative expense in the accompanying Consolidated Statement of Operations.

The weighted average fair value for the stock option awards granted for the fiscal year ended March 31, 2019 was \$7.82 per share. As of March 31, 2019, there was approximately \$4.1 million of unrecognized compensation cost related to non-vested stock options granted under the Company's stock option plans, of which \$2.1 million pertains to the non-performance based stock options. The cost of the service based stock options is expected to be recognized over a weighted-average period of 2.38 years.

Motorola Investment

On September 15, 2014, Motorola invested \$10.0 million to purchase 500,000 Class B Units of the Company's subsidiary, PDV Spectrum Holding Company, LLC (at a price equal to \$20.00 per unit). The Company owns 100% of the Class A Units in this subsidiary. Motorola has the right at any time to convert its 500,000 Class B Units into 500,000 shares of the Company's common stock. The Company also has the right to force Motorola's conversion into shares of its common stock. Motorola is not entitled to any assets, profits or distributions from the operations of the subsidiary. In addition, Motorola's conversion ratio from Class B Units to shares of the Company's common stock is fixed on a one-for-one basis, and is not dependent on the performance or valuation of either the Company or its subsidiary. The Class B Units have no redemption or call provisions and can only be converted into shares of the Company's common stock. Management has determined that this investment does not meet the criteria for temporary equity or non-controlling interest due to the limited rights that Motorola has as a holder of Class B Units, and accordingly has presented this investment as part of its permanent equity within Additional Paid-in Capital in the accompanying financial statements.

14. Supplemental Disclosure of Cash Flow Information

For the year ended March 31, 2019, the Company paid in cash approximately \$31,000 in taxes. The Company did not pay any interest for the year ended March 31, 2019. The Company paid in cash approximately \$15,000 in taxes and approximately \$3,000 in interest during the year ended March 31, 2018. The Company paid approximately \$40,000 in taxes and approximately \$5,000 in interest payments for the year ended March 31, 2017.

During the year ended March 31, 2017, the Company entered into a barter transaction with a third party whereby it acquired wireless licenses valued at approximately \$307,000 consisting of approximately \$269,000 related to use of the Company's network along with radios and approximately \$39,000 in cash.

The Company capitalized asset retirement obligations that amounted to approximately \$34,000 and \$52,000, for the years ended March 31, 2018 and 2017, respectively. The Company did not capitalize any asset retirement obligations for the year ended March 31, 2019.

15. Commitments and contingencies

Leasing Obligations

The Company is obligated under certain lease agreements for office space whose leases expire on various dates from May 7, 2019 through June 30, 2027, which includes a ten-year lease extension for the corporate office. The Company entered into multiple lease agreements for tower space related to its TeamConnect business. The lease expiration dates range from December 31, 2019 to June 30, 2026.

Rent expense amounted to approximately \$2.8 million, approximately \$2.5 million, and approximately \$1.9 million for the years ended March 31, 2019, 2018, and 2017, respectively, of which approximately \$1.7 million, approximately \$1.6 million, and approximately \$1.4 million, respectively, was classified as cost of revenue and the remainder of approximately \$1.1 million, approximately \$0.9 million, and approximately \$0.5 million, respectively, was classified in operating expenses in the Consolidated Statements of Operations. At March 31, 2019, accumulated deferred rent payable amounted to approximately \$2.3 million and is included as part of other liabilities in the accompanying Consolidated Balance Sheet.

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Aggregate rentals, under non-cancelable leases for office and tower space (exclusive of real estate taxes, utilities, maintenance and other costs borne by the Company) for the remaining terms of the leases for the year ended March 31, 2019 are as follows (in thousands):

	2019
2020	\$ 2,732
2021	2,549
2022	2,174
2023	2,027
2024	1,893
After 2024	3,062
Total	<u>\$ 14,437</u>

Litigation

In addition to commitments and obligations in the ordinary course of business, the Company may be subject, from time to time, to various claims and pending and potential legal actions arising out of the normal conduct of its business. The Company assesses contingencies to determine the degree of probability and range of possible loss for potential accrual in its financial statements. Because litigation is inherently unpredictable and unfavorable resolutions could occur, assessing litigation contingencies is highly subjective and requires judgments about future events. When evaluating contingencies, the Company may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the presence of complex or novel legal theories, and/or the ongoing discovery and development of information important to the matters. In addition, damage amounts claimed in litigation against it may be unsupported, exaggerated or unrelated to possible outcomes, and as such are not meaningful indicators of its potential liability.

The Company regularly reviews contingencies to determine the adequacy of its accruals and related disclosures. During the period presented, the Company has not recorded any accrual for loss contingencies associated with any claims or legal proceedings; determined that an unfavorable outcome is probable or reasonably possible; or determined that the amount or range of any possible loss is reasonably estimable. However, the outcome of legal proceedings and claims brought against the Company is subject to significant uncertainty. Therefore, although management considers the likelihood of a material adverse outcome to be remote, if one or more of these legal matters were resolved against the Company in a reporting period, the Company's consolidated financial statements for that reporting period could be materially adversely affected.

16. Concentrations of Credit Risk

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and trade accounts receivable.

The Company places its cash and temporary cash investments with financial institutions for which credit loss is not anticipated.

The Company sells its pdvConnect product and extends credit predominately to two third-party carriers. The Company maintains allowances for doubtful accounts based on factors surrounding the write-off history, aging analysis, and any specific known troubled accounts.

17. Business Concentrations

For the years ended March 31, 2019 and 2018, the Company had one Tier 1 domestic carrier that accounted for approximately 25% and 39% of operating revenue, respectively. For the year ended March 31, 2017, two Tier 1 carriers accounted for approximately 38% and 10% of operating revenue. For the 2019, 2018, and 2017 fiscal years, operating revenues were from domestic sales.

As of March 31, 2019, and 2018, the Company had one Tier 1 domestic carrier that accounted for approximately 31% and 53%, respectively, of its accounts receivable.

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18. Selected Quarterly Financial Data (Unaudited)

Selected financial data by quarter was as follows (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Fiscal Year 2019 ended March 31, 2019					
Operating revenues	\$ 1,872	\$ 1,824	\$ 1,501	\$ 1,302	\$ 6,499
Gross (loss) profit	\$ (274)	\$ 26	\$ (113)	\$ (391)	\$ (752)
Net loss	\$ (12,302)	\$ (11,779)	\$ (8,351)	\$ (9,561)	\$ (41,993)
Net loss per common share basic and diluted	\$ (0.85)	\$ (0.81)	\$ (0.57)	\$ (0.65)	\$ (2.88)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
	(Unaudited)	(Unaudited)	(As Restated) (Unaudited)	(As Restated) (Unaudited)	(As Restated)
Fiscal Year 2018 ended March 31, 2018					
Operating revenues	\$ 1,465	\$ 1,513	\$ 1,601	\$ 1,776	\$ 6,355
Gross loss	\$ (235)	\$ (398)	\$ (415)	\$ (495)	\$ (1,543)
Net loss	\$ (7,910)	\$ (8,199)	\$ (99)	\$ (8,360)	\$ (24,568)
Net loss per common share basic and diluted	\$ (0.55)	\$ (0.57)	\$ (0.01)	\$ (0.59)	\$ (1.70)

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AMENDMENT TO CUSTOMER ACQUISITION AND RESALE AGREEMENT

This Amendment (“**Amendment**”) to the Customer Acquisition and Resale Agreement, dated as of January 2, 2019, between pdvWireless, Inc. (“**Operator**”), and ABEEP, LLC (“**Reseller**”) (the “**Agreement**”), is made effective as of March 31, 2019 (“**Amendment Effective Date**”). The parties wish to amend the Agreement in accordance with the terms and conditions thereof, and agree that the Agreement is hereby amended as set forth below.

1. The definition of “Transition Date” at Section 1.11 will be replaced with April 1, 2019.
2. The following sentence is hereby added to the end of Section 6.1:
 - a. “For clarity, Operator will be responsible for collecting any revenue billed by Operator prior to the Transition Date.”
3. The following is hereby added to the Agreement as Section 6.4:
 - a. “Payments in Error. In the event a System Customer or PoC Customer inadvertently submits payment to Operator after April 1, 2019 (or to Reseller prior to March 31, 2019), the recipient party shall notify the other party within one (1) business day of receipt of any such payments. The party paid in error shall remit any such revenue to the rightful party on a monthly basis batched with any other such reimbursements.”
4. The following is hereby added to the Agreement as Section 6.5.
 - a. “Other TeamConnect Services. [*].
5. The following is hereby added to the Agreement as Section 6.6:
 - a. Prepaid Services. [*].
6. The following is hereby added to the Agreement as Section 6.7:
 - a. Special Service Arrangements. [*].
7. In the first bullet point under the subheading “PoC Customers” in Exhibit A of the Agreement, “Effective Date” is hereby replaced with “Transition Date”.
8. This Amendment supersedes all proposals, oral or written, all negotiations, conversations, or discussions between or among parties relating to the subject matter of this Amendment and all past dealing or industry custom. This Amendment shall be integrated in and form part of the Agreement upon execution. All terms and conditions of the Agreement shall remain unchanged except as modified in this Amendment; and the terms of the Agreement, as modified by this Amendment, are hereby ratified and confirmed. Where the terms of the Agreement conflict with those of this Amendment, however, the terms of this Amendment shall control.

IN WITNESS WHEREOF, Operator and Reseller have caused this Amendment to be executed by their respective, duly authorized officers or representatives, effective as of the Amendment Effective Date.

PDVWIRELESS, INC.:

By: /s/ Brian D. McAuley

Name: Brian D. McAuley

Title: Chairman

ABEEP, LLC:

By: /s/ Frank B. Anderson

Name: Frank B. Anderson

Title: Manager

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AMENDMENT TO CUSTOMER ACQUISITION AND RESALE AGREEMENT

This Amendment ("**Amendment**") to the Customer Acquisition and Resale Agreement, dated as of January 2, 2019, between pdvWireless, Inc. ("**Operator**"), and Goosetown Enterprises, Inc. ("**Reseller**") (the "**Agreement**"), is made effective as of March 31, 2019 ("**Amendment Effective Date**"). The parties wish to amend the Agreement in accordance with the terms and conditions thereof and agree that the Agreement is hereby amended as set forth below.

1. The definition of "Transition Date" at Section 1.12 will be replaced with April 1, 2019.
2. The following sentence is hereby added to the end of Section 6.1:
 - a. "For clarity, Operator will be responsible for collecting any revenue billed by Operator prior to the Transition Date."
3. The following is hereby added to the Agreement as Section 6.4:
 - a. "Payments in Error. In the event a System Customer or Application Customer inadvertently submits payment to Operator after April 1, 2019 (or to Reseller prior to March 31, 2019), the recipient party shall notify the other party within one (1) business day of receipt of such payment. The party paid in error shall remit any such revenue to the rightful party on a monthly basis batched with any other such reimbursements."
4. In the first bullet point under the subheading "TeamConnect Mobile, TeamConnect Hub and TeamConnect for Smart Device Customers" in Exhibit C of the Agreement, "Effective Date" is hereby replaced with "Transition Date".
5. This Amendment supersedes all proposals, oral or written, all negotiations, conversations, or discussions between or among parties relating to the subject matter of this Amendment and all past dealing or industry custom. This Amendment shall be integrated in and form part of the Agreement upon execution. All terms and conditions of the Agreement shall remain unchanged except as modified in this Amendment; and the terms of the Agreement, as modified by this Amendment, are hereby ratified and confirmed. Where the terms of the Agreement conflict with those of this Amendment, however, the terms of this Amendment shall control.

GDSVF&H\

IN WITNESS WHEREOF, Operator and Reseller have caused this Amendment to be executed by their respective, duly authorized officers or representatives, effective as of the Amendment Effective Date.

PDVWIRELESS, INC.:

By: /s/ Brian D. McAuley

Name: Brian D. McAuley

Title: Chairman

GOOSETOWN ENTERPRISES, INC.:

By: /s/ Joseph Gottlieb

Name: Joseph Gottlieb

Title: President

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AMENDMENT TO MEMORANDUM OF UNDERSTANDING AND IP ASSIGNMENT

This Amendment ("**Amendment**") to the Memorandum of Understanding, dated as of December 31, 2018, between pdvWireless, Inc. ("**pdvWireless**"), and TeamConnect, LLC ("**TeamConnect**") (the "**MoU**") and IP Assignment, Software Support, and Development Services Agreement between pdvWireless and TeamConnect dated as of January 7, 2019 ("**IP Assignment**"), is made effective as of March 31, 2019 (the "**Amendment Effective Date**"). The parties wish to amend the MoU and IP Assignment in accordance with the terms and conditions thereof and agree that the MoU and IP Assignment are hereby amended as set forth below. Unless defined in this Amendment, defined terms shall have the meaning set forth in the MoU and IP Assignment.

1. The following sentence is hereby added to the end of Section 2 of the MoU:
 - a. "The parties agree that the execution of the Operating Agreement will take place between April 1, 2019 and April 30, 2019."
2. The Closing Date shall be January 7, 2019.
3. The IP Assignment shall be amended as follows:
 - a. Section 1.1 of the IP Assignment is hereby amended and restated as follows
 - i. "1.1 "Billed Revenue" means any recurring revenue in the form of any money or other consideration received or recognized by Assignor from pdvConnect Customers, excluding the Wireless Carrier Billed Customers. Billed Revenue does not include taxes or other fees assessed, collected or otherwise imposed by a governmental authority.
 - b. The following defined term is hereby added to Section 1 of the IP Assignment:
 - i. "1.6 "Wireless Carrier Billed Customers means all pdvConnect Customers who are billed by [*] (the "Wireless Carriers")."
 - c. The last sentence of Section 3.2 of the IP Assignment is hereby deleted and replaced with the following:
 - i. "As of April 1, 2019, Assignee will begin providing customer care services with respect to the pdvConnect Application to all pdvConnect Customers ("pdvConnect Customer Services"). Assignor will continue to provide billing and collections services for the pdvConnect Customers during the term of this Agreement."
 - d. Section 4.1 of the IP Assignment is hereby amended and restated as follows:
 - i. "4.1 Intellectual Property Assignment. Subject to and conditioned upon the software licenses granted by Assignor to Goosetown under the Goosetown Acquisition Agreement ("Goosetown Licenses"), Assignor shall assign to Assignee all intellectual property rights in and to the Supported Applications and the Network Management Software, including as set forth on Exhibit B (the "Assigned Intellectual Property") as of the date that the parties hereto execute the Operating Agreement. Assignee hereby agrees to assume, and Assignor agrees to transfer, the Goosetown Licenses as of such date."
 - e. Section 5.3 of the IP Assignment is hereby amended and restated as follows:

- i. "5.3 pdvConnect Customer Services Payments. In consideration of the pdvConnect Customer Services, Assignee shall receive a percentage of the monthly Billed Revenue. As of the Effective Date, Assignor shall pay Assignee 80% of the monthly Billed Revenue received from pdvConnect Customers for forty-eight (48) months after the Effective Date ("pdvConnect Payments"). PdvConnect Payments and the reports set forth in Section 5.4 are due within thirty (30) days of the end of the calendar month in which pdvConnect Customers are billed by Assignor. Once a pdvConnect Customer account is more than sixty (60) days in arrears, no pdvConnect Payment will be due to Assignee unless such pdvConnect Customer subsequently becomes current at which time the pdvConnect Payment obligation will apply to the Billed Revenue during the period of arrears and thereafter. In the event the pdvConnect Customer defaults on the payments due, Assignor shall have the right to offset the amount due to Assignee to recover the prior pdvConnect Payment to Assignee that was never collected by Assignor. In the event the pdvConnect Customer inadvertently submits payment to the Assignee, the Assignee shall, within one (1) business day of receipt of such payment, provide notice of such payment and at the end of each calendar month, submit the total payments inadvertently made to Assignee to Assignor."
- f. Section 5.4 of the IP Assignment is hereby amended and restated as follows:
 - i. "5.4 Reporting. Within five (5) business days following the close of a calendar month, Assignor shall provide Assignee with the following written reports for the previous calendar month: (a) all Billed Revenue and collections; (b) the costs set forth in Exhibit D; and (c) such other information as Assignee reasonably requests."
- g. The following is hereby added as Section 5.7 of the IP Assignment:
 - i. "5.7 Wireless Carrier Payments. In consideration for Assignee providing pdvConnect Customer Services to Wireless Carrier Billed Customers, as of the Effective Date, Assignor shall pay Assignee a percentage share (as set forth below) of the net recurring revenue that Assignor receives directly from the Wireless Carriers (the "Wireless Carrier Revenue"). Assignor shall, within thirty (30) days of receipt of the billing report from the Wireless Carriers, estimate the monthly Wireless Carrier Revenue for such month, and shall pay to Assignee eighty percent (80%) of the estimated monthly Wireless Carrier Revenue (the "WC Payment"). When the Wireless Carrier Revenue is received from the Wireless Carriers, Assignor shall, within thirty (30) days of receipt, apply any adjustment from the estimated amount paid to the actual Wireless Carrier Revenue received. In the event of a negative adjustment, Assignor will true-up the WC Payment to the correct amount of eighty percent (80%) of the actual received monthly Wireless Carrier Revenue. In the event of a positive adjustment, Assignor will submit an invoice to Assignee for reimbursement of the overpayment amount. The WC Payments and subsequent adjustments will continue in effect for as long as Assignor maintains contracts with the Wireless Carriers. If Assignee converts a Wireless Carrier Billed Customer to a pdvConnect Customer, such customer shall no longer be subject to the WC Payment."
- h. The following is hereby added as Section 5.8 of the IP Assignment:
 - i. "5.8 Proration. All pdvConnect Payments and WC Payments shall be prorated accordingly for the month of January 2019 beginning on the Effective Date, and thereafter shall be made on a monthly basis in accordance with Section 5.3 and Section 5.7 of the IP Assignment."
- i. The following is hereby added as Section 5.9 of the IP Assignment:

- i. “Supported Applications in [*] Markets. With respect to customers in the geographic markets of [*] attached hereto as Exhibit A (“[*] Customers”) who also use Supported Applications, Assignee shall charge [*] a wholesale rate for the Supported Applications and [*] will charge the [*] Customers for these Supported Applications. Assignor’s revenue share on the services for the Supported Applications for the [*] Customers described in this section will be paid by Assignee and not by [*].”
4. This Amendment supersedes all proposals, oral or written, all negotiations, conversations, or discussions between or among parties relating to the subject matter of this Amendment and all past dealing or industry custom. This Amendment shall be integrated in and form part of the MoU and IP Assignment upon execution. All terms and conditions of the MoU and IP Assignment shall remain unchanged except as modified in this Amendment; and the terms of the MoU and IP Assignment, as modified by this Amendment, are hereby ratified and confirmed. Where the terms of the MoU and IP Assignment conflict with those of this Amendment, however, the terms of this Amendment shall control.

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IN WITNESS WHEREOF, pdvWireless and TeamConnect have caused this Amendment to be executed by their respective, duly authorized officers or representatives, effective as of the Amendment Effective Date.

PDVWIRELESS, INC.:

By: /s/ Brian D. McAuley

Name: Brian D. McAuley

Title: Chairman

TEAMCONNECT, LLC:

By: /s/ Joseph Gottlieb

Name: Joseph Gottlieb

Title: Member

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4

Exhibit A

[*] Markets

[*]

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teamconnect, LLC

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT**

April 30, 2019

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TEAMCONNECT, LLC

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT**

This Amended and Restated Limited Liability Company Agreement (the “**Agreement**”) of TeamConnect, LLC (the “**LLC**”) is entered into pursuant to the Delaware Limited Liability Company Act, Delaware Code Ann. Title 6, §§18-101, et seq. (the “**Act**”), effective as of April 30, 2019 (the “**Effective Date**”), by and among the Members set forth on Exhibit A hereto, each having duly executed this Agreement or a counterpart to this Agreement intending to be legally bound by the following terms and conditions, and such other Persons who may hereafter be admitted from time to time as members in accordance with the provisions hereof (collectively, the “**Members**”).

RECITALS

A. The LLC was formed as a limited liability company under the laws of the State of Delaware pursuant to (i) the filing of that certain Certificate of Formation of the Company with the Secretary of State of the State of Delaware on December 7, 2018 (as amended from time to time, the “**Certificate**”), and (ii) that certain limited liability company agreement (the “**Original Agreement**”), dated as of December 8, 2018, by and between Joseph Gottlieb (“**Joseph**”) and David Gottlieb (“**David**”).

B. Effective as of January 16, 2019, Joseph transferred his entire limited liability company interest in the LLC to JG TC Holdings, LLC, a Delaware limited liability company (“**JGTC**”), and David transferred his entire limited liability company interest in the LLC to DG TC Holdings, LLC, a Delaware limited liability company (“**DGTC**”).

C. The LLC and pdvWireless, Inc., a Delaware corporation (“**PDV**”) have entered into an IP Assignment, Software Support and Development Services Agreement (the “**IP Assignment**”), which contemplates, among other things, that PDV will contribute to the LLC the Assigned Intellectual Property (as defined in the IP Assignment) in exchange for an interest in the LLC.

D. In connection with PDV’s contribution of the Assigned Intellectual Property to the LLC, the Members desire to admit PDV as a Member of the LLC, and desire to amend and restate the Original Agreement in its entirety as hereinafter set forth to reflect the manner in which the business and operations of the LLC shall be governed from and after the date hereof.

E. In exchange for the Series A Units, Joseph and David have agreed in Section 4.1(a) of this Agreement to timely make additional Capital Contributions to the LLC in an amount required to fund all operating cash needs of the LLC through December 31, 2020, up to a maximum aggregate amount of \$1,000,000.

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NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members hereby agree as follows:

ARTICLE I

DEFINITIONS

Definitions

. The following terms shall have the meanings set forth for purposes of this Agreement:

“**1934 Act**” shall mean the Securities Exchange Act of 1934, as amended.

“**Accounting Period**” shall mean for each Fiscal Year the period beginning on the 1st of January and ending on the 31st of December; *provided, however*, that the first Accounting Period commenced on the date of formation of the LLC and shall end on December 31 of the year of formation of the LLC; and *provided, further*, that, at the election of the Board of Managers, a new Accounting Period shall commence on any date on which an Additional Member is admitted to the LLC or a Member ceases to be a Member for any reason.

“**Act**” shall have the meaning ascribed to it in the Preamble.

“**Additional Interests**” shall have the meaning ascribed to it in Section 3.5(a).

“**Additional Member**” shall have the meaning ascribed to it in Section 3.5(b).

“**Additional Transfer Notice**” shall have the meaning ascribed to it in Section 11.7(c).

“**Additional Units**” shall have the meaning ascribed to it in Section 4.4.

“**Additional Common Units**” shall have the meaning ascribed to it in Section 3.12(d)
(ii).

“**Affiliates**” shall mean, with respect to any specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, the Person specified, including, without limitation, any venture capital fund now or hereafter existing which is controlled by or under common control with such Person or which shares the same management company with such Person.

“**Agreement**” shall mean this Limited Liability Company Agreement of the LLC as the same shall be amended from time to time.

“**Assigned Intellectual Property**” shall have the meaning ascribed to it in Section C of the Recitals.

“**Award**” shall mean a grant of Common Units pursuant to the Equity Incentive Plan or the acquisition of Common Units upon exercise of an option to acquire Common Units issued pursuant to the Equity Incentive Plan.

“**Awardee**” shall mean the holder of an Award.

“**Beneficial Owner**” shall have the meaning ascribed to it in Section 3.4(g).

“**Board of Managers**” or “**Board**” shall mean the LLC’s Board of Managers, as constituted from time to time, as described more fully in Article V.

“**Bonus Profit Plan**” shall have the meaning ascribed to it in Section 3.2(b).

“**Business Day**” shall mean any day on which banks located in New York, New York are not required or authorized by law to remain closed.

“**Capital Account**” shall mean, with respect to any Member, the account maintained for such Member in accordance with the provisions of Section 9.1(a) hereof.

“**Capital Contribution**” shall mean, with respect to any Member, any contribution to the LLC by such Member of cash or other property, including any contributions required pursuant to Section 4.1(a) of this Agreement. Any reference in this Agreement to the Capital Contribution of a Member shall include the Capital Contribution made by any predecessor holder of the Interest of that Member.

“**Carrying Value**” shall mean:

(a) with respect to any LLC asset, the asset’s adjusted basis for U.S. federal income tax purposes, except as follows:

(i) the Carrying Value of any asset contributed or deemed contributed by a Member to the LLC shall be the fair market value of such asset at the time of contribution as determined by the Board;

(ii) the Carrying Value of any asset distributed or deemed distributed by the LLC to any Member shall be adjusted immediately prior to such distribution to equal its fair market value at such time;

(iii) the Carrying Values of all LLC assets shall be adjusted to equal their respective fair market values as of the following times:

(1) immediately prior to the date of the acquisition of any additional Interest (including any Common Units issued as Profits Interests) by any new or existing Member, other than in exchange for a de minimis Capital Contribution (except with respect to the issuance of Common Units issued as Profits Interests);

(2) immediately prior to the date of the distribution of more than a de minimis amount of LLC property to a Member;

(3) the liquidation of the LLC within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); and

(4) in connection with the grant of an Interest (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the LLC or a subsidiary of the LLC by an existing Member acting in a partner capacity, or by a new Member acting in a partner capacity in anticipation of becoming a Member; provided that an adjustment described in subclauses (1), (2) and (4) of this clause (iii) shall be made only if the Board of Managers reasonably determines that such adjustment is necessary to reflect the collective economic interests of the Members in the LLC.

In the case of any asset that has a Carrying Value determined pursuant to subclauses (1), (2) or (4) above, depreciation or deductions shall be computed based on the asset's Carrying Value as so determined, and not on the asset's adjusted tax basis, as more fully described under the definition of Net Income and Net Loss below.

(b) with respect to any liability, at a given time, the amount of such liability to the extent:

(i) reflected in the basis of any asset;

(ii) previously or currently deductible in computing Net Income or Net Loss or otherwise for Capital Account maintenance purposes; or

(iii) otherwise previously taken into account for Capital Account maintenance purposes.

“**Certificate**” shall have the meaning ascribed to it in Section A of the Recitals.

“**Chairman of the Board**” shall have the meaning ascribed to it in Section 5.1(c).

“**Class**” shall mean the group of Members owning all of the outstanding Units of a particular class of Units as set forth in Section 3.2 hereof.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended.

“**Common Members**” shall mean Members holding Common Units, their permitted successors and assigns and any other Person who may be admitted to the LLC as a Common Member in accordance with the terms of this Agreement.

“**Common Units**” shall have the meaning ascribed to it in Section 3.2(a).

(iii). “**Common Units Equivalents**” shall have the meaning ascribed to it in Section 3.12(d)

(i). “**Common Units Outstanding**” shall have the meaning ascribed to it in Section 3.12(d)

“**Compensation Amount**” shall have the meaning ascribed to it in Section 3.15.

“**Competitor of the LLC**” shall mean any Person in the business of developing and/or offering push-to-talk software applications, devices or services.

“**Contingent Consideration**” shall have the meaning ascribed to it in Section 10.3(b).

“**Conversion Price**” shall have the meaning ascribed to it in Section 3.12(a).

“**Conversion Rate**” shall have the meaning ascribed to it in Section 3.12(a).

“**Convertible Securities**” means convertible Units or other securities convertible into or exchangeable for (i) Units or (ii) any other securities evidencing an ownership interest in the LLC, including, without limitation warrants and options.

“**Corporation**” shall have the meaning ascribed to it in Section 13.5(a).

“**Delivery**” shall mean the occurrence of an event specified in Section 6.1(i) through (iv).

“**Designated Jurisdiction**” shall mean the State of New York.

“**DGCL**” shall mean the Delaware General Corporation Law, 8 Del. Code § 101 et seq.

“**Effective Date**” shall have the meaning ascribed to it in the Preamble.

“**Electronic Signature**” shall have the meaning ascribed to it in Section 14.12.

“**Equity Incentive Plan**” shall have the meaning ascribed to it in Section 3.2(b).

“**Equity Securities**” shall mean any Units, any securities evidencing an ownership interest in the LLC, or any Convertible Securities.

“**Estimated Tax Period**” shall mean, for each Fiscal Year, the periods of January 1 through March 31, April 1 through May 31, June 1 through August 31, and September 1 through December 31.

“**Estimated Tax Distribution**” shall have the meaning ascribed to it in Section 10.2.

“**Excepted Units**” shall have the meaning ascribed to it in Section 3.12(d)(ii).

“**Fiscal Year**” shall mean the taxable year of the LLC, which shall be the period from January 1 to December 31 of each year, except as otherwise required by the Code.

“**Fully-Exercising Investor**” shall have the meaning ascribed to it in Section 4.4(b).

“Fully-Participating Preferred Member” shall have the meaning ascribed to it in Section 11.7(d)(ii).

“GAAP” shall mean United States generally accepted accounting principles.

“Incorporation” shall have the meaning ascribed to it in Section 13.5(a).

“Initial Public Offering” shall mean a firm commitment underwritten public offering of the equity of the LLC (or its successor entity).

“Interest” shall mean the Units of a Member in the LLC and includes all of the respective rights and responsibilities appurtenant thereto including the right, if any, to vote, the Capital Account maintained for such Member and the right to receive allocations of Net Income and Net Losses pursuant to Article IX, and the right to receive distributions of cash or property of the LLC.

“Law” shall mean any constitutional provision, law, statute, rule, regulation (including any stock exchange rule or regulation), ordinance, treaty, order, decree, license, permit, policy, guideline, consent, approval, certificate, judgment or decision of any governmental authority or any judgment, decree, injunction, writ, order or like action of any court or other judicial or quasi-judicial tribunal.

“LLC” shall have the meaning ascribed to it in the Preamble.

“LLC Counsel” shall have the meaning ascribed to it in Section 12.4.

“Lien” shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other) or other security interest of any kind or nature whatsoever, including, without limitation, those created by, arising under or evidenced by any conditional sale or other title retention contract, the interest of a lessor under a lease which in accordance with GAAP should be recorded as a capital lease, or any financing lease having substantially the same economic effect as any of the foregoing.

“Liquidation Event” shall mean, in one transaction or series of related transactions, (a) the closing of the sale, transfer, exclusive license, or other disposition (whether by merger, consolidation or otherwise) of all or substantially all of (1) the assets of the LLC or (2) the assets or equity securities of one or more direct or indirect subsidiaries of the LLC constituting all or substantially all of the assets of the LLC (determined on a consolidated basis with all of the LLC’s direct and indirect subsidiaries) (the foregoing an **“Asset Sale”**); (b) the consummation of the merger or consolidation of the LLC with or into another entity (except a merger or consolidation of the LLC in which the holders of equity securities of the LLC immediately prior to such merger or consolidation continue to hold (1) at least fifty percent (50%) of the voting power of the equity securities of the surviving entity of such merger or consolidation in substantially the same proportions (relative to all such holders) as immediately prior to the merger or consolidation and (2) securities with rights, preferences and powers that are substantially identical to the rights, preferences and powers of the securities they held immediately prior to such merger or consolidation); (c) the closing of the transfer (whether by merger, consolidation or otherwise) in one transaction or series of related transactions to a

Person or group of affiliated Persons (other than an underwriter of the LLC's securities) of the LLC's securities if, after such closing, such Person or group of affiliated Persons would hold fifty percent (50%) or more of the outstanding voting securities of the LLC (or the surviving or acquiring entity); (d) the consummation of the merger or consolidation of one or more direct or indirect subsidiaries of the LLC, the assets of which subsidiary or subsidiaries (including, without limitation, the equity securities of such subsidiary or subsidiaries) constitute all or substantially all of the assets of the LLC (determined on a consolidated basis with all of the LLC's direct and indirect subsidiaries) with or into another entity (except a merger or consolidation of such subsidiary or subsidiaries (1) in which the holders of equity securities of the LLC immediately prior to such merger or consolidation continue to hold (x) at least fifty percent (50%) of the voting power of the equity securities of the surviving entity of such merger or consolidation in substantially the same proportions (relative to all such holders) as immediately prior to the merger or consolidation, (y) securities with rights, preferences and powers that are substantially identical to the rights, preferences and powers of the securities they held immediately prior to such merger or consolidation, and (z) the surviving or acquiring entity in such merger or consolidation is a wholly owned direct or indirect subsidiary of the LLC or (2) a merger or consolidation of a wholly owned direct or indirect subsidiary of the LLC with the LLC or another such wholly owned direct or indirect subsidiary); or (e) the liquidation, dissolution or winding up of the LLC. The treatment of any particular transaction or series of related transactions as a Liquidation Event may be waived by the vote or written consent of a Majority in Interest of the Series A-1 Members.

"Majority in Interest of the Common Members" shall mean, unless otherwise expressly set forth herein, the Common Member(s) who are entitled to vote at least a majority of the outstanding Common Units; *provided* that Common Units issued out of Reserved Incentive Common Units that are designated as Non-Voting Units shall not vote and shall have no voting rights.

"Majority in Interest of the Members" shall mean, unless otherwise expressly set forth herein, the Member(s) who are entitled to vote at least a majority of the outstanding Units (voting on an as converted basis with the Common Units and Preferred Units treated as a single Class); *provided* that Common Units issued out of Reserved Incentive Common Units that are designated as Non-Voting Units shall not vote and shall have no voting rights.

"Majority in Interest of the Series A Members" shall mean, unless otherwise expressly set forth herein, the Series A Member(s) who are entitled to vote at least a majority of the outstanding Series A Preferred Units (on an as converted basis and as a single Class).

"Majority in Interest of the Series A-1 Members" shall mean, unless otherwise expressly set forth herein, the Series A-1 Member(s) who are entitled to vote at least a majority of the outstanding Series A-1 Preferred Units (on an as converted basis and as a single Class).

"Manager" shall have the meaning ascribed to it in Section 5.1(a).

"Members" and **"Member"** means the Persons listed as members on Exhibit A (as may be amended from time to time) and any other Person that both acquires an Interest and is admitted to the LLC as a Member in accordance with the terms of this Agreement.

“**Net Income**” and “**Net Loss**” shall mean, for each Accounting Period, an amount equal to the LLC’s net taxable income or loss for such Accounting Period, determined in accordance with Code Section 703(a) (it being understood that for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in such taxable income or loss) and determined in accordance with the accounting method used by the LLC for U.S. Federal income tax purposes with the following adjustments (without duplication):

(a) all items of income, gain, loss or deduction specifically allocated pursuant to Section 9.3 shall not be taken into account in computing such taxable income or loss;

(c) any income of the LLC that is exempt from U.S. Federal income taxation and not otherwise taken into account in computing Net Income and Net Loss shall be added to such taxable income or loss;

(d) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. Federal income tax purposes, any gain or loss resulting from a disposition of such asset shall be calculated with reference to such Carrying Value;

(e) upon an adjustment to the Carrying Value of any asset pursuant to clauses (ii) or (iii) of subsection (a) of the definition of Carrying Value (other than an adjustment in respect of depreciation), the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss;

(f) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. Federal income tax purposes the amount of depreciation, amortization or cost recovery deductions with respect to such asset for purposes of determining Net Income and Net Loss shall be an amount which bears the same ratio to such Carrying Value as the U.S. Federal income tax depreciation, amortization or other cost recovery deductions bears to such adjusted tax basis (*provided* that if the U.S. Federal income tax depreciation, amortization or other cost recovery deduction is zero, the Board of Managers may use any reasonable method for purposes of determining depreciation, amortization or other cost recovery deductions in calculating Net Income and Net Loss; and

(g) except for items set forth in clauses (a) through (e) above, any expenditures of the LLC not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Net Income and Net Loss pursuant to this definition shall be treated as deductible items.

“**Nonrecourse Deductions**” shall be as defined in Treasury Regulations Section 1.704-2(b). The amount of Partner Nonrecourse Deductions for a Fiscal Year equals the net increase, if any, in the amount of Partnership Minimum Gain during that Fiscal Year, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

“**Non-Voting Unit**” shall mean a Common Unit that does not vote, has no voting rights, and shall have no right or authority to act for the LLC or vote upon or approve any matters submitted to the Members for approval. The Board of Managers may designate any Common Units issued out of Reserved Incentive Common Units as Non-Voting Units.

“Notice of Additional Units” shall have the meaning ascribed to it in Section 4.4(a).

“Offered Units” shall have the meaning ascribed to it in Section 11.7(a).

“Officer” shall have the meaning ascribed to it in Section 7.1(a).

“Original Issue Price” in respect of the Series A-1 Preferred Units, means \$1.14286 per Unit, as adjusted for distributions of additional Units, Unit splits, combinations, recapitalizations or the like.

“Overallotment Notice” shall have the meaning ascribed to it in Section 11.7(d)(ii).

“Participating Preferred Member” shall have the meaning ascribed to it in Section 11.7(d)(i).

“Participating Preferred Member Notice” shall have the meaning ascribed to it in Section 11.7(d)(i).

“Participating Preferred Member Overallotment Notice” shall have the meaning ascribed to it in Section 11.7(d)(ii).

“Partner Nonrecourse Debt Minimum Gain” shall mean an amount with respect to each partner nonrecourse debt (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Partnership Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

“Partner Nonrecourse Deductions” shall be as defined in Treasury Regulations Section 1.704-2(i)(2).

“Partnership Minimum Gain” shall be as defined in Treasury Regulations Section 1.704-2(b)(2) and 1.704-2(d).

“PDV” shall have the meaning ascribed to it in Section C of the Recitals.

“Permitted Disclosee” shall have the meaning ascribed to it in Section 8.8(a).

“Person” shall mean a natural person, partnership (whether general or limited and whether domestic or foreign), LLC, foreign limited liability company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or representative capacity.

“Plans” shall have the meaning ascribed to it in Section 3.2(b).

“Preferred Member” shall mean a Member holding Preferred Units.

“Preferred Payment” shall mean the amounts distributable to the Preferred Members pursuant to Sections 10.3(a)(i) and (ii).

“Preferred Units” shall have the meaning ascribed to it in Section 3.2.

“Profits Interest” shall mean a Common Unit that is issued with a Profits Interest Threshold Amount that is at least equal to the greater of zero (0) or the amount that the Board of Managers determine would, on the date of issuance of such Common Unit, be distributed in respect of a Common Unit that has no Profits Interest Threshold Amount, if, immediately after such Common Unit is issued, the LLC were to liquidate completely and in connection with such liquidation (i) sell all of its assets at their fair market values, (ii) settle all of its liabilities to the extent of the available assets of the LLC (but limited, in the case of nonrecourse liabilities as to which the creditors’ rights to repayment are limited solely to one or more assets of the LLC, to the value of such assets), and (iii) each holder of Units were to pay to the LLC at that time the amount of any obligation then unconditionally due to the LLC, and then the LLC were to distribute any remaining cash and other proceeds to the holders of Units in accordance with the distribution provisions of Section 10.3(a)(subject to adjustment as provided herein). A Common Unit with a Profits Interest Threshold Amount that is at least equal to its Profits Interest Target Amount is intended to meet the definition of a “profits interest” in I.R.S. Revenue Procedures 93-27 and 2001-43 and the provisions of this Agreement shall be interpreted and applies consistently with such intention. A Common Unit that is issued with a Profits Interest Threshold Amount that is at least equal to its Profits Interest Target Amount shall be treated in the same manner as any other Common Unit for all purposes of this Agreement except (i) as provided in the Equity Incentive Plan and (ii) as specifically provided in this Agreement (for example, with respect to adjustments of amounts distributable with respect to such Common Unit as provided in Article X) and with respect to voting for Common Units issued out of Reserved Incentive Common Units that are designated as Non-Voting Units).

“Profits Interest Threshold Amount” for a Common Unit shall mean, unless otherwise determined by the Board of Managers, an amount equal to the amount that would be distributed in respect of a Common Unit that has no Profits Interest Threshold Amount, if, immediately after such Common Unit is issued, the LLC were to liquidate completely and in connection with such liquidation (i) sell all of its assets at their fair market values, (ii) settle all of its liabilities to the extent of the available assets of the LLC (but limited, in the case of nonrecourse liabilities as to which the creditors’ rights to repayment are limited solely to one or more assets of the LLC, to the value of such assets), and (iii) each holder of Units were to pay to the LLC at that time the amount of any obligation then unconditionally due to the LLC, and then the LLC were to distribute any remaining cash and other proceeds to the holders of Units in accordance with the distribution provisions of Section 10.3(a); *provided, however*, the Profits Interest Threshold Amount shall not be less than zero dollars (\$0). The Board of Managers shall have the discretion to set any Common Unit’s Profits Interest Threshold Amount to equal an amount that is greater than or lesser than the amount determined in the prior sentence. The Profits Interest Threshold Amount of a Common Unit shall be reduced (but not below zero dollars (\$0)) dollar-for-dollar by the amount by which distributions with respect to such Common Unit were previously reduced by reason of the existence of the Profits Interest

Threshold Amount. The Board of Managers shall have the discretion to reduce the Profits Interest Threshold Amount with respect to any Common Unit if, subsequent to the grant of such Common Unit, the fair market value (as determined by the Board of Managers in its sole discretion) of the LLC declines.

“Profits Interest Target Amount” shall mean in respect of each Common Unit that is issued, the amount specified in respect of that Common Unit in the first sentence of the definition of Profits Interest.

“Prohibited Transfer” shall have the meaning ascribed to it in Section 11.11(c).

“Proposed Revenue Procedure” shall have the meaning ascribed to it in Section 9.3(h).

“Proprietary Information” shall have the meaning ascribed to it in Section 8.8(a).

“Qualified Public Offering” shall mean the consummation by the LLC of a firm commitment underwritten public offering of the equity of the LLC (or its successor Corporation) pursuant to the Securities Act with total proceeds of not less than \$30,000,000 at a price per Unit (or share of common stock of the LLC’s successor Corporation) of not less than four (4) times the Conversion Price of the Series A Preferred Units (as adjusted for any distribution of additional Units dividends, combinations, subdivisions, recapitalizations or the like with respect to the Common Units) as of immediately before the date of the Qualified Public Offering.

“Remaining Units” shall have the meaning ascribed to it in Section 11.7(c).

“Reserved Incentive Common Units” shall have the meaning ascribed to it in Section 3.2(a).

“Rules” shall have the meaning ascribed to it in Section 12.4.

“Safe Harbor” shall have the meaning ascribed to it in Section 9.7.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder.

“Selling Member” shall have the meaning ascribed to it in Section 11.7(a).

“Selling Preferred Member” shall have the meaning ascribed to it in Section 11.8(a).

“Series A Members” shall mean the Members holding Series A Preferred Units, their permitted successors and assigns and any other Person who may be admitted to the LLC as a Series A Member in accordance with the terms of this Agreement.

“**Series A-1 Members**” shall mean the Members holding Series A-1 Preferred Units, their permitted successors and assigns and any other Person who may be admitted to the LLC as a Series A-1 Member in accordance with the terms of this Agreement.

“**Series A Preferred Units**” shall have the meaning ascribed to it in Section 3.2.

“**Series A -1 Preferred Units**” shall have the meaning ascribed to it in Section 3.2.

“**Tax-Free Combination**” shall have the meaning ascribed to it in Section 11.15(b).

“**TMP**” shall have the meaning ascribed to it in Section 8.7.

“**Transfer**” shall have the meaning ascribed to it in Section 11.1.

“**Transfer Notice**” shall have the meaning ascribed to it in Section 11.7(a).

“**Treasury Regulations**” shall mean regulations issued pursuant to the Code.

“**Units**” shall mean units of Interests held by a Member representing such Member’s membership interest in the LLC, whether held in the form of Common Units or Series A Preferred Units or other type of units or other Interests in the LLC as may be issued by the LLC.

“**Unreturned Capital Contributions**” means, with respect to a Series A Preferred Unit at a particular time of determination, the excess of (i) all Capital Contributions made in respect of such Series A Preferred Unit, whether made prior to or concurrently with the execution of this Agreement or pursuant to Section 4.1(a), reduced, but not below zero dollars (\$0) by (ii) the aggregate amount of distributions made with respect to such Series A Preferred Unit pursuant to Section 10.3(a)(ii).

ARTICLE II

FORMATION OF LIMITED LIABILITY COMPANY

Formation

. The LLC has been formed as a Delaware limited liability company by the execution and filing of the Certificate by an authorized person as required by the Act. The rights, powers, duties, obligations and liabilities of the Members (in their respective capacities as such) shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member (in its capacity as such) are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

Name and Principal Place of Business

. Unless and until amended in accordance with this Agreement and the Act, the name of the LLC will be “TeamConnect, LLC.” The principal place of business of the LLC shall initially be located at 58 N. Harrison Avenue, Congers, NY 10920, or such other location as the Board of Managers may, from time to time,

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designate. The address of the LLC's registered office in the State of Delaware, and the name of the registered agent for service of process, shall be The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, or such other place or person in the State of Delaware as the Board of Managers shall designate.

Agreement

. For and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Members executing this Agreement hereby agree to the terms and conditions of this Agreement, as it may from time to time be amended. It is the express intention of the parties hereto that this Agreement shall be the sole statement of agreement among them, and, except to the extent a provision of this Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Treasury Regulations or is expressly prohibited or ineffective under the Act, this Agreement shall govern even when inconsistent with or different from the provisions of the Act or any other law or rule. To the extent any provision of this Agreement is prohibited or ineffective under the Act, this Agreement shall be considered amended to the smallest degree possible in order to make this Agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to make valid any provision of this Agreement that was formerly invalid, such provision shall be considered to be a part of this Agreement from and after the date of such interpretation or amendment.

Business

. The purpose of the LLC is to (i) engage in the business of the exploitation of the Assigned Intellectual Property, (ii) enter into, make, and perform all contracts and other undertakings, including the LLC's obligations under the IP Assignment, and (iii) carry on any other business or activity relating thereto or arising therefrom and to carry on anything incidental, convenient or necessary to the foregoing. Notwithstanding the foregoing, the LLC may engage in any lawful business permitted under the Act or the laws of any jurisdiction in which the LLC may do business.

Definitions

. Terms not otherwise defined in this Agreement shall have the meanings set forth in Article I.

Term

. The term of the LLC commenced on the date the Certificate was filed with the Secretary of State of the State of Delaware in accordance with the Act and shall continue unless the LLC's existence is terminated pursuant to Article XIII of this Agreement.

ARTICLE III

MEMBERS AND INTERESTS

Units Generally

. The Interest of each of the Members in the LLC shall consist of a number of "Units." Units may be issued in one or more classes or series of classes, as approved by the Board of Managers. Except as otherwise provided in this Agreement, the Equity Incentive Plan or the Act, each Member holding a Unit or Units shall have (a) the right to share in the Net Income and Net Loss of the LLC as provided in this Agreement, (b) a right to the Capital Account maintained for such Member according to Article IX hereof, (c) the right to receive distributions from the LLC as provided in this Agreement, (d) the right to receive information concerning the business and affairs of the LLC as provided in this Agreement or

non-waivable provisions of the Act; and (e) the right, if any, to vote as provided in this Agreement.

The Units shall be uncertificated unless the Board of Managers determines that the Units shall be represented by certificates in such form as shall be determined by the Board of Managers from time to time. If applicable, the LLC may issue a new certificate in place of any certificate therefore issued by it, alleged to have been lost, stolen or destroyed, and the LLC may require the owner of the lost, stolen or destroyed certificate, or his or her legal representative to give the LLC a bond sufficient to indemnify it against any claim that may be made against it on account of that alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Classes of Units

(a) Classes of Units. Initially, there shall be three classes of Units, one designated "Series A Preferred Units" (the "**Series A Preferred Units**"), the second designated "Series A-1 Preferred Units" (the "**Series A-1 Preferred Units**"), and together with the Series A Preferred Units, the "**Preferred Units**"), and the third designated "Common Units" (the "**Common Units**"). The Series A Preferred Units, the Series A-1 Preferred Units, and the Common Units shall have the rights set forth in Section 3.1(a) through (e) and such other relative rights, powers and duties as are set forth in this Agreement. Subject to the terms and conditions of Articles III and IV hereof, the LLC is authorized to issue up to one million nine hundred thousand (1,900,000) Units in the aggregate, divided as follows: (a) one million (1,000,000) Units shall be authorized Common Units, of which (i) no Common Units are issued and outstanding and owned by the Common Members as of the Effective Date, (ii) one hundred thousand (100,000) Common Units (the "**Reserved Incentive Common Units**") shall initially be reserved for issuance pursuant to the Equity Incentive Plan and allocation or deemed issuance pursuant to the Bonus Profit Plan, and (iii) nine hundred thousand (900,000) Common Units shall be reserved for issuance upon the conversion of Preferred Units pursuant to Section 3.12 hereof; (b) seven hundred twenty four thousand five hundred (724,500) Units shall be authorized Series A Preferred Units, all of which are issued and outstanding and owned by the Series A Members as of the Effective Date and (c) one hundred seventy five thousand five hundred (175,500) Units shall be authorized Series A-1 Preferred Units, all of which are issued and outstanding and owned by the Series A-1 Members as of the Effective Date. The authorized Units and the Common Units reserved pursuant to clause (a)(iii) shall be increased as necessary in the event the Preferred Units become convertible into more than nine hundred thousand (900,000) Common Units pursuant to Section 3.12 hereof.

(b) Incentive Plans. Following the Effective Date, the Board of Managers may adopt an Equity Incentive Plan (the "**Equity Incentive Plan**") or a Bonus Profit Plan (the "**Bonus Profit Plan**"), and together with the Equity Incentive Plan the "**Plans**") in a form reasonably acceptable to the Board of Managers and without the requirement that either Plan be approved by the Members. The Members hereby agree that the Board of Managers shall have the authority to adopt and administer the Plans, or appoint an administrator thereof, in accordance with the terms of each Plan and this Agreement. The Board of Managers shall be permitted to issue or deem to be issued or allocated up to the number of Reserved Incentive Common Units (or Net Income of the LLC or gain from a Liquidation Event that would be attributable to such Common Units if such Units were issued) pursuant to the Plans, and any such Reserved Incentive Common Unit may be issued with a Profits Interest Threshold Amount,

may be designated by the Board of Managers as Non-Voting Units and may be subject to vesting or other restrictions as determined by the Board of Managers. The Reserved Incentive Common Units may be increased with the approval of the Board of Managers and the Majority in Interest of the Series A-1 Members. Any Bonus Profit Plan adopted by the Board of Managers shall be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as it may be amended from time to time. Unless otherwise provided in the Equity Incentive Plan or pursuant to a Unit grant agreement, Common Units that are Non-Voting Units issued under the Equity Incentive Plan shall represent solely an economic interest in the LLC. Holders of such Non-Voting Units shall be entitled to the allocations and distributions attributable to such Common Units, but shall otherwise have no rights or powers (including, without limitation, voting power) to participate in the management of the LLC with respect to their Common Units, and shall not be treated as, nor possess any of the rights of, a member of a limited liability company under the Act. Any Member who receives Common Units for services shall make a timely and effective election under Section 83(b) of the Code in accordance with Section 1.83-2 of the Treasury Regulations with respect to such Common Units unless the Board of Managers determines that such Member shall not be required to file such election. With respect to any Common Unit issued that is intended to be a Profits Interest, both the LLC and all Members will (i) treat such Common Units as outstanding for U.S. federal income tax purposes, (ii) treat such Member as a partner for U.S. federal income tax purposes with respect to such Common Units and (iii) file all tax returns and reports consistently with the foregoing, and neither the LLC nor any of its Members will deduct any amount (as wages, compensation or otherwise) from the fair market value of such Common Units for U.S. federal income tax purposes.

Members

. The Members of the LLC, including those Awardees who receive their Awards in accordance with the terms of the Equity Incentive Plan, are set forth on Exhibit A hereto, each of whom is admitted to the LLC as a Member as of the Effective Date. The name and place of residence of each Member and a designation as to whether such Member is a Common Member or a Preferred Member is as set forth on Exhibit A attached hereto. Each Member shall be entitled to review such Member's Exhibit A. Unless otherwise determined by the Board of Managers, no Member, other than a Preferred Member, shall be entitled to receive a copy of, review or inspect any other Member's Exhibit A. Each Member, other than a Preferred Member, hereby waives any rights such Member may have pursuant to the Act to receive, review or inspect, directly or indirectly, any other Member's Exhibit A or any other books, records or documents containing substantially equivalent information.

Representations and Warranties

. Each Member hereby represents and warrants to the LLC and each other Member as follows:

(c) Good Standing; Due Organization. If such Member is a Person who is not an individual, such Member is duly organized, validly existing, and in good standing under the law of its state of organization and has full organizational power to execute and deliver this Agreement and to perform its obligations hereunder.

(d) Accredited Investor. (i) Except with respect to Members issued Reserved Incentive Common Units, such Member is an "accredited investor" as that term is defined in

Rule 501(a) of Regulation D of the Securities Act, or (ii) such Member is acquiring the respective Interest in compliance with Federal, state, local or foreign laws.

(e) Purchase Entirely for Own Account. The Member is acquiring its Interest in the LLC for the Member's own account for investment purposes only and not with a view to or for the resale, distribution, subdivision or fractionalization thereof, and has no contract, understanding, undertaking, agreement or arrangement of any kind with any Person to Transfer to any Person its Interest or any part thereof, nor does such Member have any plans to enter into any such agreement.

(f) Investment Experience. By reason of the Member's business or financial experience, the Member has the knowledge, experience and capacity to evaluate and protect its own interests in connection with the transactions contemplated hereunder, is able to bear the economic and financial risks of an investment in the LLC for an indefinite period of time, and at the present time could afford a complete loss of such investment.

(g) Disclosure of Information. The Member is aware of the LLC's business affairs and financial condition and has acquired sufficient information about the LLC to reach an informed and knowledgeable decision to acquire a membership interest in the LLC.

(h) Federal and State Securities Laws. Assuming federal and state securities laws apply to the interests described herein, the Member acknowledges that the Units have not been registered under the Securities Act or any state securities laws, inasmuch as they are being acquired in a transaction not involving a public offering, and, under such laws, may not be resold or transferred by the Member without appropriate registration or the availability of an exemption from such requirements. In this connection, the Member represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

(i) Publicly Traded Partnership Rules. At least one of the following statements is true with respect to such Member and, except to the extent otherwise approved by the Board of Managers, will continue to be true throughout the period during which such Member holds any Units:

(i) such Member is not a partnership, grantor trust or S corporation (or entity disregarded as separate from a partnership, grantor trust or S corporation) for U.S. federal income tax purposes; or

(ii) such Member is a partnership, grantor trust, or S corporation (or entity disregarded as separate from a partnership, grantor trust or S corporation) for U.S. federal income tax purposes, and, with regard to each Beneficial Owner of such Member,

(1) the principal purposes for the establishment or use of such Member (or, in the case of a Member that is an entity so disregarded as separate from a partnership, grantor trust or S corporation, the principal purposes for the establishment of or use of its sole owner) do not include avoidance of the one hundred (100) partner limitation set forth in Treasury Regulations Section 1.7704-1(h)(1)(ii) with respect to the LLC; or

(2) not more than fifty percent (50%) of the value of such Beneficial Owner's interest in such Member (or in the case of a Member that is an entity so disregarded as separate from a partnership, grantor trust or S corporation, not more than fifty percent (50%) of the value of the Beneficial Owner's interest in its sole owner) is attributable to such Member's Units.

For purposes of this subsection (g), the term "**Beneficial Owner**" shall have the meaning assigned to such term in Treasury Regulations Section 1.7704-1(h)(3). In the event that a Member's representation pursuant to this Section 3.4 shall at any time fail to be true, such Member shall promptly (and in any event within ten (10) days) notify the Board of Managers of such fact and shall promptly thereafter deliver to the Board of Managers any information regarding such Member and its beneficial owners reasonably requested by counsel to the LLC for purposes of determining the number of the LLC's partners within the meaning of Treasury Regulations Section 1.7704-1(h).

Additional Members

(j) Additional Interests. The Board of Managers, in compliance with Section 4.4 hereof and subject to the approval provision of Section 3.11, shall have the right to cause the LLC to issue or sell to any Persons and admit any such Person as a Member (including Members and Affiliates of Members) any of the following (which for purposes of this Agreement shall be "**Additional Interests**"): (i) Units in the LLC, in addition to Units issued pursuant to the Equity Incentive Plan; (ii) Convertible Securities; (iii) Awards or other rights to purchase or otherwise acquire Units issued pursuant to the Equity Incentive Plan, and (iv) Common Units deemed issued or allocated pursuant to the Bonus Profit Plan; in each case and in the aggregate up to the number of authorized Units set forth in Section 3.2(a) hereof. The Board of Managers shall have the right to cause the LLC to issue such Additional Interests subject to repurchase or forfeiture based on vesting, and the Board of Managers shall have the right to cause the LLC to repurchase or reacquire such Additional Interests pursuant to the terms governing the vesting of such Additional Interests. Upon any such repurchase or forfeiture, such repurchased or reacquired Additional Interests may be resold and reissued pursuant to the terms of this Article III and the Equity Incentive Plan (if applicable). If an Additional Interest is issued to an existing Member in accordance with the terms of this Agreement, the Board of Managers shall amend Exhibit A without the further vote, act or consent of any other Person to reflect the issuance of such Additional Interest and, upon the amendment of such Exhibit A, such Member shall be issued its Additional Interest. Notwithstanding the foregoing, the Board of Managers shall not have the right to cause the LLC to issue any such Additional Interests if such Units are not currently authorized under Section 3.2(a) of this Agreement.

(k) Additional Members. In order for a Person, other than an existing Member, to be admitted as a Member of the LLC with respect to an Additional Interest as defined in Section 3.5(a) above: (i) such Additional Interest shall have been issued or sold in accordance with the terms of this Agreement; (ii) such Person shall have delivered to the LLC a counterpart signature page to this Agreement and shall have delivered such other documents and instruments as the Board of Managers determine to be necessary or appropriate and as are consistent with the terms of this Agreement in connection with the issuance or sale of such Additional Interest to such Person or to effect such Person's admission as a Member; (iii) if such

Person is an Awardee, such Awardee receives an Award whereby the Awardee acquires Units pursuant to the Equity Incentive Plan; and (iv) the Board of Managers shall amend Exhibit A without the further vote, act or consent of any other Person to reflect such new Person as a Member and its Interests. Upon the amendment of Exhibit A, such Person shall be admitted as an additional Member (an “**Additional Member**”) and deemed listed as such on the books and records of the LLC and thereupon shall be issued its Additional Interest.

Resignation or Withdrawal of a Member

. Except as specifically provided herein, and subject to the provisions for Transfers contained in Article XI, no Member shall have the right to resign or withdraw from membership in the LLC or withdraw its Interest in the LLC.

Meetings of the Members

(l) Annual Meetings. Annual meetings of Members entitled to vote shall be held at such date and time as shall be designated from time to time by the Board of Managers and stated in the notice of the meeting.

(m) Special Meetings. Special meetings of the Members, for any purpose or purposes, may be called by the Board of Managers, and shall be called by the LLC at the request of Members holding at least ten percent (10%) of the outstanding Units or at the request of the Members holding at least fifty percent (50%) of the outstanding Series A-1 Preferred Units (any Units held by an Affiliate of a Member shall be treated as owned by such Member for purposes of determining the number of Units held by such Member). Business transacted at any special meeting of Members shall be limited to the purposes stated in the notice.

(n) Place of Meeting. All meetings of Members shall be held at such place within or without the State of Delaware as the Board of Managers shall designate, including but not limited to by means of remote communication as herein provided.

(o) Notice of Meetings. Notice of all meetings of Members, including those meetings specified in Sections 3.7(a) and (b), stating the time, place and purpose of the meeting, shall be Delivered at least twenty-four (24) hours before the meeting. Any adjourned meeting may be held as adjourned without further notice, *provided* that any adjourned session or sessions are held within ninety (90) days after the date set for the original meeting. No notice need be given (i) to any Member if a written waiver of notice, executed before or after the meeting by such Member or his or her attorney thereunto duly authorized, is filed with the records of the meeting, or (ii) to any Member who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him or her. A waiver of notice need not specify the purposes of the meeting.

(p) Quorum. A quorum shall be present at any meeting of the Members if a Majority in Interest of the Members are represented at the meeting in person or by proxy, except as otherwise provided by law. Once a quorum is present at the meeting of the Members, the Members represented in person or by proxy and entitled to vote at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any Member prior to adjournment or the refusal of any Member to vote shall not affect the presence of a quorum at the meeting. If, however, such quorum shall

not be present at any meeting of the Members, the Members represented in person or by proxy and entitled to vote at such meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the holders of the requisite amount of Units shall be present or represented.

(q) Proxies. Interests of Members may be voted in person or by an agent or agents authorized by a written proxy executed by such Member or his or her duly authorized agent, which shall be filed with the Secretary of the LLC at or before the meeting at which it is to be used. A proxy purporting to be executed by or on behalf of a Member shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger, *provided* that no proxy shall be voted on or after three years from its date unless the proxy provides for a longer period. Unless and until voted, every proxy shall be revocable at the pleasure of the person who executed it or of his or her legal representatives or assigns, except in those cases where an irrevocable proxy permitted by statute has been given.

(r) Electronic Communications. Members may participate in any meeting of Members by means of telephone conference or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

(s) Voting on Matters. For purposes of voting on matters (other than a matter for which the affirmative vote of a specified portion of the Members or a Class of Members is required by the Act or this Agreement, in which case the act of the Members shall be such specified portion of the Members or Class of Members) at any meeting of the Members at which a quorum is present, the act of the Members shall be the affirmative vote of Members holding a majority of the Units (on an as converted basis with the Common Units and Preferred Units treated as a single Class) represented at such meeting (unless the Act requires a greater percentage to approve such matters, in which case the Act shall govern and control). For any vote taken by written consent in lieu of a meeting (other than with respect to a matter for which the affirmative vote of a specified portion of the Members or a Class of Members is required by the Act or this Agreement, in which case the act of the Members shall be such specified portion of the Members or Class of Members), the act of the Members shall be the affirmative written consent of Majority in Interest of the Members (unless the Act requires a greater percentage to approve such matters, in which case the Act shall govern and control).

Action by Written Consent

. Any action required to be taken at any annual or special meeting of Members or otherwise, or any action which may be taken at any annual or special meeting of Members or otherwise (including without limitation any consent, approval, vote or other action of the Members required or contemplated under or by this Agreement, the Act or otherwise), may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the Members required to approve such action as set forth in the last sentence of Section 3.7(h) above. Unless the consent of all Members entitled to vote has been solicited in writing, prompt notice of the taking of action by Members without a meeting pursuant to this Section 3.8 by less than unanimous written consent shall be given to each of those Members who have not consented in writing.

(t) General. No Member or any of its Affiliates shall have any liability for the debts, obligations or liabilities of the LLC or of any other Member or their respective Affiliates. The debts, obligations and liabilities of the LLC, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the LLC, and no Member or former Member shall be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a Member or former Member.

(u) Deficit Capital Accounts. Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, to the extent that there exists a deficit in the Capital Account of any Member, upon dissolution of the LLC such deficit shall not be an asset of the LLC and such Members shall not be obligated to contribute such amount to the LLC to bring the balance of such Member's Capital Account to zero.

(v) Limitations on Duties of Preferred Members. Except to the extent, if any, expressly set forth in this Agreement (including Section 4.1(a)) or otherwise expressly agreed to in writing by a Preferred Member: (i) no Preferred Member shall have any obligation to disclose, offer or account to the LLC or any other Member with respect to any business opportunity whether or not the opportunity may be competitive with or within the business purposes of the LLC as set forth in Section 2.4 hereof; (ii) each Preferred Member shall be free to engage in any lawful business activity whether or not that activity competes with or may potentially compete with, or conflicts with or may potentially conflict with, the business of the LLC, subject to the confidentiality restrictions set forth in Section 8.8; and (iii) none of the Members, the LLC, the creditors of the LLC or any other Person shall have any claim against any Preferred Member by reason of any direct or indirect, passive or active, investment or participation in any potential or actual competing or conflicting investment or participation, including with respect to a venture capital firm, an investment in a portfolio company. As used in this Section 3.9, Preferred Member includes any Affiliate of a Preferred Member.

No Appraisal Rights

No Member shall have any right to have its Units appraised and paid out under the circumstances provided in Section 18-210 of the Act, or under any other circumstances except as set forth herein or in any applicable agreement between such Member and the LLC.

General Voting Rights

(w) Whether by person or by proxy, (i) each Common Member shall have the right to one (1) vote for each Common Unit held by it, *provided* that (A) Common Units issued out of Reserved Incentive Common Units that are designated by the Board of Managers as Non-Voting Units shall not vote and shall have no voting rights and (B) Common Units issued out of Reserved Incentive Common Units that are not designated as Non-Voting Units shall vote and shall have voting rights, and (ii) each Preferred Member shall have the right to one (1) vote for each Common Unit into which its Preferred Units are convertible on the record date of the vote, and with respect to any vote other than any vote with respect to which the holders of Common Units have the right to vote as a separate Class pursuant to the Act or this Agreement, such

Preferred Member shall have full voting rights and powers equal to the voting rights and powers of the Common Members. No Member who has assigned all of his or her Units shall have any right to vote on any matter. A Member who has assigned some, but not all, of his or her Units shall be treated as a Member and entitled to a vote on all matters to the extent of his or her retained Units. Irrespective of any provision of Section 18-209 of the Act, but subject to the terms of this Agreement, including, but not limited to Section 3.11(b) hereof, a merger or other Liquidation Event shall not require approval by any separate class or group of Members. Except for this Agreement, no Member shall deposit any Units owned by such Member in a voting trust or subject any such Units to any arrangement or agreement with respect to the voting of such Units.

(x) So long as at least fifty percent (50%) of the Series A-1 Preferred Units that were outstanding as of the Effective Date remain outstanding (as adjusted for Unit dividends, Unit splits, combinations, recapitalizations or the like), the LLC shall not (by amendment, merger, consolidation or otherwise) without first obtaining the approval (by vote or written consent, as provided by the Act and this Agreement) of a Majority in Interest of the Series A-1 Members:

(i) notwithstanding Section 18-209 of the Act, consummate a merger, consolidation, reorganization, recapitalization or other Liquidation Event, unless such transaction results in the Series A-1 Preferred Members receiving consideration equal to at least two (2) times the Original Issue Price of the Series A-1 Preferred Units (as adjusted for Unit dividends, Unit splits, combinations, recapitalizations or the like), in which case the consent of a Majority in Interest of the Series A-1 Members shall not be required;

(ii) amend or waive any provision of this Agreement in a manner that adversely affects the rights of the Series A-1 Members;

(iii) alter or change the rights, preferences, privileges or restrictions of the Series A-1 Preferred Units;

(iv) increase or decrease (other than by redemption or conversion) the number of authorized Preferred Units or Common Units; or

(v) authorize or issue, or obligate itself to issue, any convertible debt or a unit of debt securities in excess of \$250,000, except the consent of the Series A-2 Members shall not be unreasonably withheld with respect to any debt financing.

Conversion

. The holders of the Preferred Units shall have conversion rights as follows:

(y) Right to Convert. Each Preferred Unit shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such Unit, at the office of the LLC into such number of fully paid and nonassessable Common Units as is determined by dividing the Original Issue Price for the Preferred Units by the Conversion Price for the Preferred Units (the conversion rate at which the Preferred Units converts into Common Units is referred to herein as the “**Conversion Rate**” in respect of the Series A Preferred Units), determined as hereafter provided, in effect on the date of conversion. The initial “**Conversion Price**” for the

Preferred Units shall be the Original Issue Price thereof; *provided, however*, that the Conversion Price for the Preferred Units shall be subject to adjustment as set forth in Sections 3.12(d) below. For purposes of this Agreement, the Original Issue Price of the Series A Preferred Units shall be deemed to be equal to the Original Issue Price of the Series A-1 Preferred Units, regardless of the consideration initially paid for the Series A Preferred Units provided that Joseph and David satisfy their obligations under Section 4.1(a) of this Agreement.

(z) Automatic Conversion. Each Series A-1 Preferred Unit shall automatically be converted into Common Units (or common stock of the LLC's successor Corporation) at the Conversion Rate at the time in effect for the Preferred Units immediately upon the earlier of (i) a Qualified Public Offering or (ii) the date specified by written consent or agreement of a Majority in Interest of the Series A-1 Members. Each Series A Preferred Unit shall automatically be converted into Common Units (or common stock of the LLC's successor Corporation) at the Conversion Rate at the time in effect for the Preferred Units immediately upon the earlier of (i) a Qualified Public Offering or (ii) the date specified by written consent or agreement of a Majority in Interest of the Series A Members.

(aa) Mechanics of Conversion. Before any holder of Preferred Units shall be entitled to voluntarily convert the same into Common Units, such Member shall give written notice to the LLC at its principal office, of the election to convert the same and shall state therein the name or names in which the Common Units issuable upon such conversion are to be issued. If the Units of the LLC are certificated, the LLC shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Units, or to the nominee or nominees of such holder, a certificate or certificates for the number of Common Units to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Preferred Units to be converted, and the Person or Persons entitled to receive the Common Units issuable upon such conversion shall be treated for all purposes as the holder or holders of such Common Units as of such date. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act, the conversion may, at the option of any holder tendering Preferred Units for conversion, be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the Persons entitled to receive the Common Units upon conversion of the Preferred Units shall not be deemed to have converted such Preferred Units until immediately prior to the closing of such sale of securities. If the conversion of the Series A-1 Preferred Units is in connection with the automatic conversion provisions of Section 3.12(b) above, such conversion shall be deemed to have been made on the conversion date described in the Series A-1 Member consent approving such conversion, and the Persons entitled to receive Common Units issuable upon such conversion shall be treated for all purposes as the holders of such Common Units as of such date. If the conversion of the Series A Preferred Units is in connection with the automatic conversion provisions of Section 3.12(b) above, such conversion shall be deemed to have been made on the conversion date described in the Series A Member consent approving such conversion, and the Persons entitled to receive Common Units issuable upon such conversion shall be treated for all purposes as the holders of such Common Units as of such date.

(bb) Conversion Price Adjustments of the Preferred Units for Certain Dilutive Issuances, Splits and Combinations. The respective Conversion Price of the applicable series of Preferred Units shall be subject to adjustment from time to time as follows:

(i) (A) If the LLC shall issue, on or after the Effective Date, any Additional Common Units (as defined below) without consideration or for a consideration per Unit less than the applicable Conversion Price of the Series A-1 or Series A Preferred Units in effect immediately prior to the issuance of such Additional Common Units, the applicable Conversion Price for the applicable series of Preferred Units in effect immediately prior to each such issuance shall forthwith (except as otherwise provided in this clause (i)) be adjusted to a price determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of Common Units Outstanding (as defined below) immediately prior to such issuance plus the number of Common Units that the aggregate consideration received by the LLC for such issuance would purchase at such Conversion Price; and the denominator of which shall be the number of Common Units Outstanding (as defined below) immediately prior to such issuance plus the number of Additional Common Units. For purposes of this Section 3.12(d)(i)(A), the term “**Common Units Outstanding**” shall mean and include the following: (1) outstanding Common Units, (2) Common Units issuable upon conversion of outstanding Preferred Units, (3) Common Units issuable upon exercise of outstanding options and (4) Common Units issuable upon exercise (and, in the case of convertible securities to purchase Preferred Units, conversion) of outstanding exercisable or convertible securities. Units described in (1) through (4) above shall be included whether vested or unvested, whether contingent or non-contingent and whether exercisable or not yet exercisable.

(A) No adjustment of the Conversion Price for the applicable series of Preferred Units shall be made in an amount less than one tenth of one cent per Unit. Except to the limited extent provided for in Sections 3.12(d)(i)(E)(3) and 3.12(d)(i)(E)(4), no adjustment of such Conversion Price pursuant to this Section 3.12(d)(i) shall have the effect of increasing the Conversion Price above the Conversion Price in effect immediately prior to such adjustment.

(A) In the case of the issuance of Additional Common Units for cash, the consideration shall be deemed to be the amount of cash paid therefor before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the LLC for any underwriting or otherwise in connection with the issuance and sale thereof.

(B) In the case of the issuance of the Additional Common Units for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined by the Board of Managers irrespective of any accounting treatment.

(C) In the case of the issuance of options to purchase or rights to subscribe for Common Units, securities by their terms convertible into or exchangeable for Common Units or options to purchase or rights to subscribe for such convertible or exchangeable securities, the following provisions shall apply for purposes of determining the number of Additional Common Units issued and the consideration paid therefor:

(1) The aggregate maximum number of Common Units deliverable upon exercise (assuming the satisfaction of any conditions to exercisability, including without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options to purchase or rights to subscribe for Common Units shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in Sections 3.12(d)(i)(C) and (d)(i)(D)), if any, received by the LLC upon the issuance of such options or rights plus the minimum exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Units covered thereby.

(2) The aggregate maximum number of Common Units deliverable upon conversion of, or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for, any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration, if any, received by the LLC for any such securities and related options or rights (excluding any cash received on account of accrued interest), plus the minimum additional consideration, if any, to be received by the LLC (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in Sections 3.12(d)(i)(C) and (d)(i)(D)).

(3) In the event of any change in the number of Common Units deliverable or in the consideration payable to the LLC upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, the Conversion Price of the applicable series of Preferred Units, to the extent in any way affected by or computed using such options, rights or securities, shall be recomputed to reflect such change, but no further adjustment shall be made for the actual issuance of Common Units or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities.

(4) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Conversion Price of the applicable series of Preferred Units, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of Common Units (and convertible or exchangeable securities that remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities.

(5) The number of Additional Common Units deemed issued and the consideration deemed paid therefor pursuant to Sections 3.12(d)(i)(E)(1) and (2) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Section 3.12(d)(i)(E)(3) or (4).

(ii) “**Additional Common Units**” shall mean any Common Units issued (or deemed to have been issued pursuant to Section 3.12(d)(i)(E)) by the LLC on or after the Effective Date other than:

(A) Common Units issued pursuant to a transaction described in Section 3.12(d)(iii) hereof;

(B) Reserved Incentive Common Units issued to employees, directors, consultants and other service providers (other than Joseph or David) for the primary purpose of soliciting or retaining their services pursuant to plans or agreements approved by the LLC’s Board of Managers;

(C) Common Units issued pursuant to a Qualified Public Offering;

(D) Common Units issued in connection with a bona fide business acquisition of or by the LLC, whether by merger, consolidation, sale of assets, sale or exchange of equity securities or otherwise, that has been approved by the LLC’s Board of Managers in good faith;

(E) Common Units issued or deemed issued pursuant to Section 3.12(d)(i)(E) as a result of a decrease in the Conversion Price of the Series A-1 and/or Series A Preferred Units resulting from the operation of Section 3.12(d);

(F) Common Units issued pursuant to strategic transactions, *provided* such issuances are for other than primarily equity financing purposes and have been approved by the LLC’s Board of Managers in good faith;

(G) Common Units issued pursuant to any equipment leasing arrangement or debt financing from a bank or similar institution approved by the Board of Managers in good faith, *provided* such financing is primarily for non-equity purposes; or

(H) Common Units issued with the written consent or agreement of the Majority in Interest of the Series A-1 Members.

The Common Units contemplated by Section (A) through (I) above and, the Preferred Units the issuance of which would result in the deemed issuance of any such Common Units, shall be collectively referred to as the “**Excepted Units**”.

(iii) In the event the LLC should at any time or from time to time after the Effective Date fix a date for the effectuation of a split or subdivision of the outstanding Common Units or the determination of holders of Common Units entitled to receive a distribution payable in additional Common Units or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional Common Units (hereinafter referred to as “**Common Units Equivalents**”) without payment of any consideration by such holder for the additional Common Units or the Common Units Equivalents (including the additional Common Units issuable upon conversion or exercise thereof), then, as of such date the Conversion Price of the applicable series of Preferred Units shall be appropriately decreased

so that the number of Common Units issuable on conversion of each series of Preferred Unit shall be increased in proportion to such increase of the aggregate of Common Units outstanding and those issuable with respect to such Common Units Equivalents with the number of Units issuable with respect to Common Units Equivalents determined from time to time in the manner provided for deemed issuances in Section 3.12(d)(i)(E).

(iv) If the number of Common Units outstanding at any time after the Effective Date is decreased by a combination of the outstanding Common Units, then, following the date of such combination, the Conversion Price for the applicable series of Preferred Units shall be appropriately increased so that the number of Common Units issuable on conversion of each such series of Preferred Unit shall be decreased in proportion to such decrease in outstanding Units.

(cc) Other Distributions. In the event the LLC shall declare a distribution payable in securities of other Persons, evidences of indebtedness issued by the LLC or other Persons, assets (excluding cash distributions) or options or rights not referred to in Section 3.12(d)(iii), then, in each such case for the purpose of this Section 3.12(e), the holders of the Preferred Units shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of Common Units of the LLC into which their Preferred Units are convertible as of the date of such distribution.

(dd) Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Units (other than a subdivision, combination or merger or sale of assets transaction provided for elsewhere in this Section 3.12 or in the event of a Liquidation Event) provision shall be made so that the holders of the Preferred Units shall thereafter be entitled to receive upon conversion of the Preferred Units the number of Units or other securities or property of the LLC or otherwise, to which a holder of Common Units deliverable upon conversion would have been entitled on such recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 3.12 with respect to the rights of the holders of the Preferred Units after the recapitalization to the end that the provisions of this Section 3.12 (including adjustment of the applicable Conversion Price then in effect and the number of Units purchasable upon conversion of the Preferred Units) shall be applicable after that event as nearly equivalently as may be practicable.

(ee) No Fractional Units and Certificate as to Adjustments.

(i) No fractional Units shall be issued upon the conversion of any Preferred Units and the aggregate number of Common Units to be issued to particular Members, shall be rounded down to the nearest whole Unit and the LLC shall pay in cash the fair market value of any fractional Units as of the time when entitlement to receive such fractions is determined. Whether or not fractional Units would be issuable upon such conversion shall be determined on the basis of the total number of Preferred Units the holder is at the time converting into Common Units and the number of Common Units issuable upon such conversion.

(ii) Upon the occurrence of each adjustment or readjustment of the applicable Conversion Price of a series of Preferred Units pursuant to this Section 3.12, the LLC,

at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of such series of Preferred Units a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The LLC shall, upon the written request at any time of any holder of Preferred Units, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the applicable Conversion Price for such Preferred Units at the time in effect, and (C) the number of Common Units and the amount, if any, of other property that at the time would be received upon the conversion of such series of Preferred Unit.

(ff) No Tax Effect on Conversion. The parties hereto agree and acknowledge that, absent a change in relevant law from and after the date hereof, the tax consequences of the conversion of Preferred Units to Common Units shall be governed by Internal Revenue Service Revenue Ruling 84-52.

(gg) Reservation of Units Issuable Upon Conversion. The LLC shall at all times reserve and keep available out of its authorized but unissued Common Units, solely for the purpose of effecting the conversion of Preferred Units, such number of its Common Units as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Units; and if at any time the number of authorized but unissued Common Units shall not be sufficient to effect the conversion of all then outstanding Preferred Units, in addition to such other remedies as shall be available to the holder of such Preferred Units, the LLC will take such action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Common Units to such number of Units as shall be sufficient for such purposes, including, without limitation, engaging in commercially reasonable efforts to obtain the requisite Member approval of any necessary amendment to this Agreement.

(hh) Notices. Any notice required by the provisions of this Section 3.12 to be given to the holders of Preferred Units shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder at such holder's address appearing on the books of the LLC.

(ii) Waiver of Adjustment to Conversion Price. Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of the Series A-1 Preferred Units may be waived, either prospectively or retroactively and either generally or in a particular instance, by the consent or vote of a Majority in Interest of the Series A-1 Members. Any such waiver shall bind all future holders of Series A-1 Preferred Units. Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of the Series A Preferred Units may be waived, either prospectively or retroactively and either generally or in a particular instance, by the consent or vote of a Majority in Interest of the Series A Members. Any such waiver shall bind all future holders of Series A Preferred Units.

No Reissuance of Preferred Units

. No Preferred Units acquired by the LLC by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such Preferred Units shall be canceled, retired and eliminated from the Preferred Units which the LLC shall be authorized to issue.

No Fiduciary Duties Owed by the Members

. To the fullest extent permitted by applicable Law (including Section 18-1101 of the Act), no Member or Affiliate of a Member acting under this Agreement shall have any fiduciary or similar duty, at law or in equity, or any liability relating thereto, to the LLC or any other Member or Affiliate of a Member, with respect to or in connection with the LLC or the LLC's business or affairs; and, without limitation, each Member when approving or disapproving any action, shall be entitled to consider only such interests and factors as such Member desires and may consider such Member's own interests or the interests of the other Members and shall have no other duty or obligation, fiduciary or otherwise, to give any consideration to any interest of or factors affecting the LLC or any other Member or Affiliate of any other Member; *provided, however*, that such other interests or other factors are known by or disclosed to the other Members, unless the failure to make such disclosure does not prejudice the interests of the LLC or such other Members or Affiliates of such other Members. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Member or Affiliate of a Member otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Member or Affiliate of a Member. For the sake of clarity, this Section 3.14 only applies to a Member or any of its Affiliates, solely in their capacity as Members and not if such Member or such Affiliate of such Member is also serving the LLC in a different capacity.

Related Party Transactions

. No transaction or contract to which the Company is or may be a party shall be void, voidable or a breach of fiduciary responsibility for the reason that any Member, or any affiliate of any Member, is a party thereto, and such Member or its affiliates may receive fees, compensation and remuneration from the Company for services rendered relating to the Company business; provided, however, that such fees, compensation, other remuneration and other terms shall be approved by the Board of Managers in good faith and shall be no less favorable to the LLC than those readily obtainable from an unaffiliated person for similar services in the same or similar geographical area as the Company's principal place of business.

Guaranteed Payments

. In addition to the distributions provided for in Section 10.1, each Member may receive guaranteed payments (i.e., a payment in the nature of salary or bonus) within the meaning of Code Section 707(c) from the LLC (any such payments a "**Compensation Amount**") in such Member's capacity as a Manager, Officer, Employee, Consultant or other service provider to the LLC in such amount as may be determined by the Board of Managers in good faith; provided that (i) no such payments shall be made to Joseph or David for their respective services during any time that the LLC has operating cash needs that are required to be funded by the Series A Members pursuant to Section 4.1(b), (ii) any permitted payments to Joseph and David shall not exceed market value compensation for services actually rendered to the LLC and (iii) shall be approved by the Series A-1 Members, which approval shall not be unreasonably withheld, conditioned or delayed. Each Member hereby understands and agrees that, (a) except as may be approved pursuant to the preceding sentence, he or she shall not be entitled to receive any Compensation Amount from the LLC, and (b) all amounts otherwise distributable by the LLC may be paid to the Members pursuant to the foregoing sentence and, accordingly, no amounts may be available for distribution to the Members and assignees pursuant to Section 10.1.

ARTICLE IV

CONTRIBUTIONS TO CAPITAL; WITHDRAWALS; ADVANCES

Capital Contributions

. Each Member, excluding Members who have been or are granted Common Units for no payment pursuant to an Equity Incentive Plan, has made, or concurrently with the execution of this Agreement is making or is required to make pursuant to Section 4.1(a) of this Agreement, a Capital Contribution to the LLC in the amount set forth in the records of the LLC. No Member shall be entitled to any interest or compensation with respect to such Member's Capital Contribution or share of the capital of the LLC, except as expressly provided herein. No Member shall have any liability for the repayment of the Capital Contribution of any other Member and each Member shall look only to the assets of the LLC for return of such Member's Capital Contributions to the extent permitted herein. Each Common Member holds an Interest in the LLC represented by the Common Units set forth opposite the Member's name on Exhibit A. Each Series A Member holds an Interest in the LLC represented by the Series A Preferred Units set forth opposite the Member's name on Exhibit A. Each Series A-1 Member holds an Interest in the LLC represented by the Series A-1 Preferred Units set forth opposite the Member's name on Exhibit A.

(a) Additional Capital Contributions. Except as otherwise provided herein, no Member shall be permitted or required to make any additional Capital Contribution without the consent of the Board of Managers and such Member. Notwithstanding the forgoing, until December 31, 2020, the Series A Members hereby agree to timely make additional Capital Contributions to the LLC in an amount required to fund all operating cash needs of the LLC, up to a maximum aggregate amount of \$1,000,000. Such additional Capital Contributions shall be in respect of and in proportion to the Series A Preferred Units held by the Series A Members as of the Effective Date, and no additional Units shall be issued to the Series A Members with respect to any such additional Capital Contributions. Joseph and David are executing this Agreement for the sole purpose of agreeing to fund JGTC and DGTC in a sufficient amount to cause the Series A Members to satisfy their additional funding obligations pursuant to this Section 4.1(a). Furthermore, on an annual basis, the Series A-1 Member hereby agrees to make additional Capital Contributions to the LLC in an amount equal to the difference in cost between audited financial statements and reviewed financial statements; *provided, however*, that in no event shall the aggregate amount of additional Capital Contributions made by the Series A-1 Member's pursuant to this sentence in any Fiscal Year exceed \$25,000 (subject to reasonable cost adjustments from time to time).

(b) Interest. No Member shall be entitled to any interest with respect to contributions to or share of the capital of the LLC.

(c) Series A Units. As a result of the amendment and restated of the Original Agreement pursuant to this Agreement, the limited liability company interest of JGTC under the Original Agreement is hereby converted into 362,250 Series A Units, and the limited liability company interest of DGTC under the Original Agreement is hereby converted into 362,250.

(d) Series A-1 Units. PDV is hereby admitted to the LLC as a Series A-1 Member, and the holder of 175,500 Series A-1 Units in consideration of PDV's contribution to

the LLC of the Assigned Intellectual Property. The Members agree that the Assigned Intellectual Property has an agreed value of \$200,000, which amount shall be credited to PDV's Capital Account.

No Right of Withdrawal

. No Member shall have the right to withdraw or receive any return of, or interest on, any portion of such Member's contributions to capital of, or to receive any distributions from, the LLC, except as provided in Articles X and XIII.

Advances

. If any Member shall advance any funds to the LLC in excess of its Capital Contributions, the amount of such advance shall neither increase its Capital Account nor entitle that Member to any increase in its share of the distributions of the LLC. The amount of any such advance shall be a debt obligation of the LLC to such Member and shall be repaid to it by the LLC with interest at a rate and upon such other terms and conditions which the Board of Managers determines in good faith are, taken as a whole, not materially less favorable to the LLC than would be available to the LLC from an unrelated commercial lender, as shall be agreed by the LLC and such Member. Any such advance shall be payable and collectible only out of LLC assets, and the other Members shall not be personally obligated to repay any part thereof. No Person who makes any loan to the LLC shall have or acquire, as a result of making such loan, any direct or indirect interest in the profits, capital or property of the LLC, other than as a creditor.

Right of First Offer

. Subject to the terms and conditions specified in this Section 4.4, the LLC hereby grants to each Preferred Member a right of first offer with respect to future sales or issuances by the LLC of additional Units or Convertible Securities other than Excepted Units ("**Additional Units**"). A Preferred Member shall be entitled to apportion the right of first offer hereby granted it among itself and its partners and Affiliates in such proportions as it deems appropriate. Each time the LLC proposes to offer any Additional Units, the LLC shall first make an offering of such Additional Units to each Preferred Member in accordance with the following provisions:

(e) The LLC shall Deliver a notice ("**Notice of Additional Units**") to the Preferred Members stating (i) its bona fide intention to offer such Additional Units, (ii) the number of any type of such Additional Units to be offered and (iii) the price and terms upon which it proposes to offer such Additional Units.

(f) By written notification received by the LLC within twenty (20) calendar days after the giving of Notice of Additional Units, each Preferred Member may elect to purchase, at the price and on the terms specified in the Notice of Additional Units, up to that portion of such Additional Units that equals the proportion that the number of Common Units issued and held by such Preferred Member (assuming full conversion and exercise of all Convertible Securities then outstanding) bears to the total number of Common Units of the LLC then outstanding (assuming full conversion and exercise of all Convertible Securities then outstanding) issued and held, or issuable upon conversion of the Preferred Units then held, by all the Preferred Members. The LLC shall promptly, in writing, inform each Preferred Member that elects to purchase all the Units available to it (a "**Fully-Exercising Investor**") of any other Preferred Member's failure to do likewise. During the ten (10) day period commencing after such information is given, each Fully-Exercising Investor may elect to purchase that portion of

the Additional Units for which Preferred Members were entitled to subscribe, but which were not subscribed for by the Preferred Members, that is equal to the proportion that the number of Common Units issued and held, or issuable upon conversion of the Preferred Units, by such Fully-Exercising Investor bears to the total number of Common Units issued and held, or issuable upon conversion of the Preferred Units then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed Units.

(g) If all Additional Units that Preferred Members are entitled to obtain pursuant to Section 4.4(b) are not elected to be obtained as provided in Section 4.4(b) hereof, the LLC may, during the ninety (90) day period following the expiration of the period provided in Section 4.4(b) hereof, offer the remaining unsubscribed portion of such Additional Units to any person or persons at a price not less than that, and upon terms no more favorable to the offeree than those, specified in the Notice of Additional Units. If the LLC does not enter into an agreement for the sale of the Additional Units within such period, or if such agreement is not consummated within sixty (60) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Additional Units shall not be offered unless first reoffered to the Preferred Members in accordance herewith.

(h) The rights provided in this Section 4.4 may not be assigned or transferred by any Preferred Member separate and apart from the assignment of the Preferred Units to which such rights relate.

(i) The covenants set forth in this Section 4.4 shall terminate and be of no further force or effect upon the consummation of (i) a Qualified Public Offering or (ii) a Liquidation Event.

In addition to the foregoing, the right of first offer in this Section 4.4 shall not be applicable with respect to any Preferred Member in any subsequent offering of Units if (x) at the time of such offering, the Preferred Member is not an "accredited investor," as that term is then defined in Rule 501(a) of the Securities Act and (y) such offering of Units is otherwise being offered only to accredited investors.

ARTICLE V

MANAGEMENT AND RESTRICTIONS

Management by Board of Managers; Board of Managers

(a) Management by Board of Managers. Subject to the limitations set forth in this Agreement, the Certificate or the Act, the business and affairs of the LLC shall be managed by or under the direction of the Board of Managers, which may exercise all powers of the LLC and do all lawful acts on behalf of the LLC. The Board of Managers shall have full, exclusive and complete discretion to take all such actions as they deem necessary or appropriate to accomplish the purposes of the LLC as set forth herein. The Board of Managers shall only act collectively or by one or more committees designated by the Board of Managers in accordance with Section 5.1(h). The Board of Managers acting collectively shall be a "**manager**" within the meaning of Section 18-101(10) or Section 18-402 of the Act and no individual Manager shall be

a “**manager**” except if he or she is so designated by the Board of Managers. No Manager or Member acting in his or her individual capacity shall have the right, power or authority to act on behalf of or bind the LLC, except (i) that a Manager or Member who is also an Officer of the LLC may act on behalf of or bind the LLC in his or her capacity as an Officer of the LLC to the extent that he or she is authorized to do so or (ii) to the extent a Manager is so authorized by the Board of Managers.

(b) Size of the Board of Managers. The Board of Managers shall initially be comprised of three (3) Managers, which number may be increased or decreased by amendment to this Agreement pursuant to Section 14.1, subject to the limitations set forth in Section 3.11. The Managers shall be appointed in accordance with Section 5.1(c).

(c) Appointment and Removal.

(i) Each Member of the Board of Managers shall be appointed, and shall be subject to removal and replacement, from time to time by a Majority in Interest of the Series A Members. The Managers shall initially be as set forth on Exhibit B.

(ii) The Managers shall annually elect one member of the Board of Managers to serve as Chairman of the Board of Managers (the “**Chairman of the Board**”) for a term of one year, who shall initially be as set forth on Exhibit B.

(iii) During the term of this Agreement, each of the Members agrees to vote all Units now or hereafter owned by such Member, whether beneficially or otherwise, or as to which such Member has voting power at a regular or special meeting of the Members (or by written consent) in accordance with the provisions of this Section 5.1. Upon the failure of any Member to vote their Units in accordance with the terms of this Section 5.1, such Member hereby grants to the LLC a proxy coupled with an interest in all Units owned by such Member, which proxy shall be irrevocable until this Agreement terminates pursuant to its terms or this Section 5.1 is amended to remove such grant of proxy in accordance with Section 14.1 hereof, to vote all such Voting Units in the manner provided in Section 5.1 hereof. It is agreed and understood that monetary damages would not adequately compensate an injured Member for the breach of this Section 5.1 by any other Member, that this Section 5.1 shall be specifically enforceable, and that any breach or threatened breach of this Section 5.1 shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each Member waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

(d) Meetings of the Board of Managers. The Board of Managers may hold meetings from time to time either within or without the State of Delaware. Meetings of the Board of Managers may, unless otherwise required by the Board of Managers, be held on not less than forty-eight (48) hours’ notice by any Manager delivered either personally, by telephone, by mail, by facsimile, by email or by any other reasonable means of communication, at such time and place as shall from time to time be specified in such notice. Notice of a meeting need not be given to any Manager if a written waiver of notice, executed by such Manager before or after the meeting, is filed with the records of the meeting, or to any Manager who attends the meeting without protesting prior thereto or at its commencement, the lack of notice. A waiver of notice

need not specify the purposes of the meeting. All Managers shall be reimbursed for their reasonable travel and other expenses incurred in connection with their attendance of Board of Managers meetings and other LLC-related business.

(e) Quorum and Acts of the Board of Managers. Each Manager shall be entitled to one (1) vote with respect to any matter before the Board of Managers or committee thereof. At all meetings of the Board of Managers, the attendance of a majority of Managers shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board of Managers, the Managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Subject to the terms of this Agreement, the act of a majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board of Managers. Any action required or permitted to be taken at any meeting of the Board of Managers or of any committee thereof may be taken without a meeting, if all members of the Board of Managers or committee, as the case may be, consent thereto in writing, and the writing, writings, electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Managers or committee. Such consent shall be treated as a vote of the Board of Managers for all purposes.

(f) Electronic Communications. Managers, or members of any committee designated by the Board of Managers, may participate in a meeting of the Board of Managers, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

(g) No Compensation of Managers. The LLC shall not reimburse the non-employee Managers for their out-of-pocket expenses, if any, for attendance at meetings of the Board of Managers.

(h) Restrictions on Actions of Board of Managers; Obligations to Take Certain Actions. Notwithstanding anything to the contrary in this Agreement, the actions of the Board of Managers shall be subject to the approval provisions of Section 3.11.

Amendment of Certificate or Agreement

. Subject to the provisions of this Agreement, the Board of Managers shall have the duty and authority to amend the Certificate or this Agreement consistent with Section 14.1(a) and Section 14.1(b), respectively.

No Fiduciary Duties

. To the fullest extent permitted by applicable law (including Section 18-1101 of the Act), no Manager or Officer acting under this Agreement shall have any fiduciary or similar duty, at law or in equity, or any liability relating thereto, to the LLC or any other Manager, Officer, Member or Affiliate of a Member or Officer, with respect to or in connection with the LLC or the LLC's business or affairs, including any duty of any Manager, Officer, Member, Affiliate Member to refrain, or otherwise be restricted from, any business opportunity of any type or description, including those business opportunities that might be the same or similar to the business of the LLC. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Manager or Officer otherwise existing at law or in equity, are agreed by the parties hereto to replace such other duties and liabilities of such Manager or Officer.

Observer Rights

. As long as at least fifty percent (50%) of the Series A-1 Preferred Units as of the Effective Date remain outstanding Series A-1 Preferred Units (for such purpose, any Series A-1 Preferred Units held by an Affiliate of a Series A-1 Member shall be treated as owned by such Series A-1 Member) (or an equivalent amount of Common Units issued upon conversion thereof), the LLC shall invite one representative of the Members holding Series A-1 Preferred Units (the "Series A-1 Representative") to attend all meetings of its Board of Managers in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents and other materials that it provides to its Managers at the same time the LLC provides such information to its Managers; *provided, however*, that such Series A-1 Representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and, provided further, that the LLC reserves the right to withhold any information and to exclude such Series A-1 Representative from any meeting or portion thereof if access to such information or attendance at such meeting (a) could adversely affect the attorney-client privilege between the LLC and its counsel, (b) would result in disclosure of trade secrets to such Series A-1 Representative, or (c) if PDV or any of its Affiliates is a Competitor of the LLC (provided that an Affiliate of PDV shall not be deemed to be a Competitor of the LLC if such Affiliate is a financial investment entity that, together with its Affiliated funds or entities, holds outstanding equity of any Competitor), or (d) would result in a business conflict of interest in regards to PDV and the LLC, other than as a result of PDV's ownership of Series A-1 Preferred Units (as reasonably determined by the Board of Managers in good faith). In addition, the Series A-1 Members (or any authorized representative designated by the Series A-1 Members) shall have the right to consult with and advise the Board of Managers and the management of the LLC, upon reasonable notice at reasonable times from time to time, on all matters relating to the operation of the LCC. The LLC agrees to consider, in good faith, the recommendations of Series A-1 Members (or its authorized representative) in connection with the matters on which it is consulted as described above, recognizing that the ultimate discretion with respect to all such matters shall be retained by the LLC. Notwithstanding the foregoing, if PDV sells or otherwise transfers its Series A-1 Preferred Units to a Competitor of the LLC (including as a result of the competitor acquiring PDV or substantially all of the PDV's assets), the right of the Series A-1 Members to appoint a Series A-1 Representative and its rights to consult with the Board of Managers and management of the LLC shall terminate. Any observer shall be required to enter into a confidentiality agreement containing substantially similar terms as those set forth in Section 8.8 of this Agreement with the LLC prior to the exercise of the rights contained in this Section 5.4.

Proprietary Information and Inventions Agreements

. The LLC shall require all employees and consultants with access to confidential information to execute and deliver a Proprietary Information and Inventions Agreement in substantially the form approved by the Board of Managers or a consulting agreement containing substantially similar proprietary rights assignment and confidentiality provisions.

ARTICLE VI

NOTICES

Notices

. Any notice, payment, demand or other communication required or permitted to be given by any provision of this Agreement shall be deemed to have been delivered

and given for all purposes (i) if delivered personally to the party or to an officer of the party to whom the same is directed, when received by such party, (ii) if delivered by confirmed telecopy transmission, when received if received on a Business Day during normal business hours of the recipient, and if not, on the next Business Day, (iii) by a nationally recognized overnight courier services or (iv) whether or not the same is actually received, if sent by registered or certified mail, return receipt requested, postage and charges prepaid, addressed as follows: If to the LLC, at its principal place of business the address of which is set forth in Section 2.2; if to a Member, at such Member's address set forth on Exhibit A hereto, or to such other address as such Member may from time to time specify by written notice to the Members and the LLC; such notice shall be deemed to be given five (5) days after the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as aforesaid. Any party may by written notice to the other parties specify a different address or facsimile number for notice purposes by sending notice thereof in the foregoing manner.

Waiver of Notice

Whenever any notice is required to be given under the provisions of the Act, the Certificate or this Agreement, a waiver thereof in writing, signed by the Person or Persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII

OFFICERS

Officers

(a) The Board of Managers may, from time to time, designate one or more persons to be officers of the LLC (each such person an "**Officer**"). Any Officers designated by the Board of Managers shall have such authority and perform such duties as the Board of Managers may, from time to time, delegate to them. The Board of Managers may assign titles to particular Officers and, unless the Board of Managers decides otherwise, if the title is one commonly used for officers of a business corporation formed under the DGCL, the assignment of such title shall constitute the delegation to such Officer of the authority and duties that are normally associated with that office, subject to any restrictions on such authority imposed by the Board of Managers. Any number of offices may be held by the same person. No Officer need be a resident of the State of Delaware or of the United States of America.

(b) Each Officer shall hold office until his or her successor shall be duly designated and qualified or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided.

(c) Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board of Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(d) Any Officer may be removed as such, either with or without cause, by the Board of Managers whenever in their judgment the best interests of the LLC will be served

thereby. Any vacancy occurring in any office of the LLC may be filled by the Board of Managers.

(e) To the fullest extent permitted by the Act and other applicable law, and in all instances solely to the extent not inconsistent with the specific provisions of the Certificate or this Agreement, it is the intention of the parties that those Officers with titles expressly referenced in the DGCL or customarily used in corporations organized under the DGCL, in their respective capacities as such, shall, unless otherwise provided herein or determined by the Board of Managers, have the statutory and customary rights, powers, authority, duties and responsibilities of officers with similar titles of a for-profit stock corporation organized and existing under the DGCL. Without limiting the generality of the foregoing, without the approval of the Board of Managers or, to the extent required hereby or by non-waivable provisions of applicable law, no Officer shall have any right, power or authority to cause the LLC to enter into any transaction or to take any other action which would, if the LLC were a for-profit stock corporation organized and existing under the DGCL to which provisions of Subchapter XIV of the DGCL, 8 Del. Code §§ 341ff, are not applicable, require a vote or other approval of the board of directors or stockholders of such corporation. The Members and the Board of Managers hereby delegate to each Officer such rights, powers and authority with respect to the management of the business and affairs of the LLC as may be necessary or advisable to effect the provisions of this Section 7.1(e).

(f) The initial Officers of the LLC shall be those individuals designated as the Officers on

Exhibit B.

Reliance by Third Parties

. In dealing with the LLC and its duly appointed agents, no Person shall be required to inquire as to the LLC's or such agents' authority to bind the LLC.

Actions and Determinations of the LLC

. Except as otherwise expressly provided herein, whenever this Agreement provides that a determination shall be made or an action shall be taken by the LLC, such determination or act shall be made or taken by the Board of Managers or, pursuant to this Agreement or with the authorization of the Board of Managers (which may be a general authorization and need not be specific as to any named person, Officer or particular transaction), by any Officer.

ARTICLE VIII

ACCOUNTING AND RECORDS

Financial and Tax Reporting

. The LLC shall prepare its financial statements and its income tax information returns using such methods of accounting and tax year as the Board of Managers deems necessary or appropriate as permitted by the Code and Treasury Regulations.

Members Access to Certain Information

. To the extent required by, and subject to the limitations set forth in, Section 18-305 of the Act and subject to any limitation set forth in any Plan or Unit grant agreement, subject to Section 8.8, the LLC shall make available,

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upon at least three (3) Business Days' prior written notice to the LLC, for inspection at reasonable times during business hours by a Member, the most recent balance sheet and income statement of the LLC and such other information and documents required by such Section 18-305 to be made available to Members, *provided, however*, that a Member shall not be entitled to submit more than one (1) such written notice per month; *provided further, however*, unless otherwise provided in any Equity Incentive Plan or pursuant to a Unit grant agreement or option agreement, a Person holding solely Common Units that are Non-Voting Units issued under the Equity Incentive Plan shall have no such information access rights.

Delivery of Financial Statements

. The LLC shall, unless waived by the Members holding shares of Series A-1 Preferred Units, deliver to each Preferred Member:

(a) as soon as practicable, but in any event within sixty (60) days after the end of each Fiscal Year of the LLC, an income statement for such Fiscal Year, a balance sheet of the LLC and statement of Members' Capital Accounts as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with GAAP, and audited and certified by Hertz Herson CPA LLC, or independent public accountants of nationally recognized standing selected by the LLC;

(b) as soon as practicable, but in any event within twenty (20) days after the end of each of the four (4) quarters during a Fiscal Year of the LLC, an unaudited income statement, statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) within twenty (20) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP); and

(d) as soon as practicable, but in any event at least thirty (30) days prior to the end of each Fiscal Year commencing with the Fiscal Year ending on December 31, 2019, a budget and business plan for the next Fiscal Year, approved by the Board of Managers approved by the Board of Managers, including balance sheets, income statements and statements of cash flows for such months and, as soon as prepared, any other budgets or revised budgets prepared by the LLC;

(e) with respect to the financial statements called for in Sections 8.3(b) and 8.3(c), an instrument executed by the Chief Financial Officer or President of the LLC certifying that such financials were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (with the exception of footnotes that may be required by GAAP) and fairly present the financial condition of the LLC and its results of operation for the period specified, subject to year-end audit adjustment; and

(f) such other information relating to the financial condition, business or corporate affairs of the LLC as the Major Investor may from time to time reasonably request, *provided, however*, that the LLC shall not be obligated under this Section 8.3(f) or any other subsection of Section 8.3 to provide information that (i) the Board of Managers deems in good faith to be a trade secret or similar confidential information or (ii) the disclosure of which would adversely affect the attorney-client privilege between the LLC and its counsel.

Supervision; Inspection of Books

. Proper and complete books of account and records of the business of the LLC (including those books and records identified in the Act) shall be kept at the LLC's principal office and at any other place as designated by the Board of Managers. The LLC shall permit each Preferred Member, at such Preferred Member's expense, to visit and inspect the LLC's properties, to examine its books of account and records and to discuss the LLC's affairs, finances and accounts with its officers, all at such reasonable times as may be requested in writing by the Preferred Member; *provided, however*, that the LLC shall not be obligated pursuant to this Section 8.4 to provide access to any information that it reasonably considers to be a trade secret or similar highly sensitive confidential information.

Termination of Information and Inspection Covenants

. The covenants set forth in Sections 8.3 and 8.4 shall terminate and be of no further force or effect upon the earlier to occur of (a) the consummation of an Initial Public Offering, (b) when the LLC first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, whichever event shall first occur or (c) the consummation of a Liquidation Event.

Tax Information

. The LLC shall transmit to each Member, and to each person (or legal representative thereof) who was a Member during any part of the Fiscal Year in question, within a reasonable time after the end of each Fiscal Year a copy of such person's Schedule K-1 to Form 1065 for such Fiscal Year. In the event the LLC elects to provide additional information to Members, the LLC shall be permitted to withhold any information from a Member (other than such Member's Schedule K-1 to Form 1065 for a Fiscal Year) if the LLC determines, in its reasonable discretion, that such Member has taken any action or entered into any transaction that a reasonable person would view, at the time of the action or transaction, as trading against, or in any way contrary to, the best interests of the LLC or that would make it impossible to carry on the affairs of the LLC.

Tax Matters Partner; Partnership Representative

. The Member identified on Exhibit B as the Tax Matters Member is hereby designated as the LLC's Tax Matters Partner ("**TMP**") within the meaning of Code Section 6231(a)(7), and shall be designated as a "partnership representative" for purposes of the Budget Act (as defined below), to serve until his or her resignation or removal from the Board of Managers. If the then serving TMP ceases to be a Member, the Board of Managers shall appoint a new TMP. The TMP shall be authorized to take any and all actions that the "partnership representative" is authorized to take with respect to taxable years of the LLC to which the provisions of the Budget Act relating to partnership audits apply. The TMP shall use its commercially reasonable efforts to apply the rules and elections under the Budget Act in a manner that minimizes the likelihood that any Member would bear any material tax as a result of any audit or proceeding that is attributable to another Member (other

than a predecessor in interest). The TMP is hereby authorized to take any action required to cause the financial burden of any "imputed underpayment" (as determined under Code Section 6225) (an **"Imputed Underpayment"**) and associated interest, adjustments to tax and penalties arising from an LLC-level adjustment that are imposed on the LLC to be borne by the Members and former Members to whom such Imputed Underpayment relates as determined by the TMP after consulting with the LLC's accountants or other advisers, taking into account any differences in the amount of taxes attributable to each Member because of such Member's status, nationality or other characteristics. By executing this Agreement or a counterpart hereof, each Member and assignee (a) expressly authorizes the TMP and the LLC to take any and all action that is reasonably necessary under applicable federal income tax law (as such law may be revised from time to time) to cause the LLC to make the election set forth in Code Section 6226(a) if the TMP decides to make such election, and (b) expressly agrees to take any action, and furnish the TMP with any information necessary, to give effect to such election. Each Member and former Member hereby severally indemnifies and holds the LLC and the TMP harmless for such Member's or former Member's respective portion of the financial burden of an Imputed Underpayment as provided in the foregoing sentence. Where appropriate, references in this Section 8.7 to the TMP shall be deemed to refer to the partnership representative. The TMP shall employ experienced tax counsel to represent the LLC in connection with any audit or investigation of the LLC by the United States Internal Revenue Service ("**IRS**") and in connection with all subsequent administrative and judicial proceedings arising out of such audit. The fees and expenses of such, and all expenses incurred by the TMP in serving as the TMP, shall be LLC expenses and shall be paid by the LLC. Notwithstanding the foregoing, it shall be the responsibility of each Member, at their expense, to employ tax counsel to represent their respective separate interests. No Member shall file a notice with the IRS under Code Section 6222(b) in connection with such Member's intention to treat an item on such Member's Federal income tax return in a manner that is inconsistent with the treatment of such item on the LLC's Federal income tax return unless such Member has, not less than thirty (30) days prior to the filing of such notice, provided the TMP with a copy of the notice and thereafter in a timely manner provides such other information related thereto as the TMP shall reasonably request. If the TMP is required by law or regulation to incur fees and expenses in connection with tax matters not affecting each of the Members, then the TMP may, in its reasonable discretion, seek reimbursement from or charge such fees and expenses to the Capital Accounts of those Members on whose behalf such fees and expenses were incurred. The TMP shall keep the Members informed of all administrative and judicial proceedings, as required by Code Section 6223(g), and shall furnish a copy of each notice or other communication received by the TMP from the IRS to each Member, except such notices or communications as are sent directly to such Member by the IRS. The relationship of the TMP to the Members is that of a fiduciary, and the TMP has a fiduciary obligation to perform its duties as TMP in such manner as will serve the best interests of the LLC and all of the LLC's Members. To the fullest extent permitted by law, the LLC agrees to indemnify the TMP and its agents and save and hold them harmless, from and in respect to all (i) reasonable fees, costs and expenses in connection with or resulting from any claim, action, or demand against the TMP or the LLC that arise out of or in any way relate to the TMP's status as TMP for the LLC, and (ii) all such claims, actions, and demands and any losses or damages therefrom, including amounts paid in settlement or compromise of any such claim, action, or demand; provided that this indemnity shall not extend to conduct by the TMP adjudged (i) not to have been undertaken in good faith to promote the best interests of the LLC or (ii) to

have constituted recklessness or intentional wrongdoing by the TMP. The provisions contained in this Section 8.7 shall survive the termination of the LLC and the withdrawal of any Member. The “**Budget Act**” shall mean the Bipartisan Budget Act of 2015 and any Sections of the Code or Treasury Regulations promulgated thereunder and with respect thereto, each as amended from time to time.

Confidentiality

(g) Each Member hereby acknowledges that by virtue of such Member’s Interests, such Member may have access, or the LLC may allow such Member access, to business, technical, other information, materials and/or ideas or this Agreement (“**Proprietary Information**,” which term shall include, without limitation, anything such Member learns or discovers as a result of exposure to or analysis of any Proprietary Information). Therefore, each Member hereby agrees that such Member will hold in confidence and will not possess or use (except as required to evaluate the proposed business relationship within the U.S.) or disclose any Proprietary Information without the prior written consent of the Board of Managers, except such information that (a) was in the public domain prior to the time it was furnished to such Member, (b) is or becomes (through no willful improper action or inaction by such Member) generally available to the public, (c) was in its possession or known by such Member without restriction prior to receipt from the LLC, (d) was rightfully disclosed to such Member by a third party without restriction, (e) was independently developed without any use of the LLC’s confidential information, (f) legal counsel, accountants or representatives for such Member who are bound by a duty of confidentiality, or (g) is required to be disclosed by law or the rules of any national securities exchange, association or marketplace, provided that, the Member shall notify the LLC of any such disclosure requirement as soon as practicable and reasonably cooperate with the LLC (at the LLC’s cost) if the LLC seeks a protective order or other remedy in respect of any such disclosure; and furnish only that portion of the Proprietary Information which the Member is legally required to disclose. Notwithstanding the foregoing, each Preferred Member that is a corporation, limited partnership or limited liability company may disclose such proprietary or confidential information to any former officers, directors, employees, stockholders, partners or members who retained an economic interest in such Preferred Member, current or prospective officers, directors, employees, stockholders, partner of the partnership or any subsequent partnership under common investment management, limited partner, general partner, member or management company of such Preferred Member (or any employee or representative of any of the foregoing) (each of the foregoing Persons, a “**Permitted Disclosee**”). Furthermore, nothing contained herein shall prevent any Preferred Member or any Permitted Disclosee from (i) entering into any business, entering into any agreement with a third party, or investing in or engaging in investment discussions with any other company (whether or not competitive with the LLC), provided that such Investor or Permitted Disclosee does not, except as permitted in accordance with this Section 8.8, disclose or otherwise make use of any proprietary or confidential information of the LLC in connection with such activities, or (ii) making any disclosures required by law, rule, regulation or court or other governmental order. Each Member agrees, severally and not jointly, to use the same degree of care as such Investor uses to protect its own confidential information for any Proprietary Information obtained pursuant to this Agreement which the LLC identifies in writing as being proprietary or confidential. Each Member agrees that it will not reverse engineer or attempt to derive the composition or underlying information, structure or ideas of any Proprietary Information. The

foregoing does not grant any Member a license in or to any of the Proprietary Information. In accordance herewith, each Member also acknowledges and agrees that due to the unique nature of the Proprietary Information, any breach of this Section 8.8 would cause irreparable harm to the LLC for which damages are not an adequate remedy, and that the LLC shall therefore be entitled to equitable relief in addition to all other remedies available at law.

(h) To the maximum extent permitted by the Act, subject to the provisions of this Agreement, the Board of Managers shall have the right to keep confidential from the Members or other Persons, for such period of time as the Board of Managers deems reasonable, any information (including, to the extent permitted by the Act, any information for which a member or manager of a limited liability company may otherwise be entitled to obtain or examine pursuant to Section 18-305 of the Act) which the Board of Managers reasonably in good faith believes to be in the nature of trade secrets or other information the disclosure of which the Board of Managers reasonably in good faith believes is not in the best interest of the LLC or could damage the LLC or its business or which the LLC is required by law or by agreement with a third party to keep confidential.

ARTICLE IX

CAPITAL ACCOUNTS AND ALLOCATIONS OF NET INCOME AND NET LOSS

Capital Accounts

(a) A separate capital account (the “**Capital Account**”) shall be established and maintained for each Member. The Capital Account of each Member shall be credited with such Member’s Capital Contributions to the LLC (net of any liabilities secured by any contributed property that the LLC is considered to assume or take subject to), all Net Income allocated to such Member pursuant to Section 9.2 and any items of income or gain which are specially allocated pursuant to Section 9.3; and shall be debited with all Net Losses allocated to such Member pursuant to Section 9.2, any items of loss or deduction of the LLC specially allocated to such Member pursuant to Section 9.3, and all cash and the Carrying Value of any property (net of liabilities assumed by such Member and the liabilities to which such property is subject) distributed by the LLC to such Member. To the extent not provided for in the preceding sentence, the Capital Accounts of the Members shall be adjusted and maintained in accordance with the rules of Treasury Regulations Section 1.704-1(b)(2)(iv), as the same may be amended or revised. Any references in any section of this Agreement to the Capital Account of a Member shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above. In the event of any Transfer of any Interest in the LLC in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Interest. Whenever the LLC would be permitted to adjust the Capital Accounts of the Members pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) to reflect revaluations of LLC property, the Board of Managers may adjust the Capital Accounts of the Members if it determines that doing so would be appropriate, and may do so in connection with any issuance of any Profits Interests. If Code Section 704(c) applies to LLC property, the Capital Accounts of the Members shall be adjusted in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) for allocations of depreciation, depletion,

amortization and gain and loss, as computed for book purposes, with respect to such property. The Capital Accounts shall be maintained for the sole purpose of determining the allocation of items of income, gain, loss and deduction among the Members for tax purposes and shall have no effect on the amount of any distributions to any Members in liquidation or otherwise.

(b) No Member shall be required to pay to the LLC or to any other Member the amount of any negative balance which may exist from time to time in such Member's Capital Account.

Allocations of Net Income and Net Loss

. Net Income, Net Loss and items thereof of the LLC for each Fiscal Year (or other Accounting Period) shall be allocated to the Members in such manner that:

(c) if the LLC were to liquidate completely after the end of such Fiscal Year (or other Accounting Period) and in connection with such liquidation (i) sell all of its assets at their Carrying Values, (ii) settle all of its liabilities to the extent of the available assets of the LLC (limited, in the case of nonrecourse liabilities, to the collateral securing such liability), and (iii) each Member were to pay to the LLC at that time the amount of any obligation then unconditionally due (in a non-Member capacity) to the LLC, then:

(d) (i) the distribution by the LLC of any remaining cash to the Members in accordance with their respective Capital Account balances (after crediting or debiting the Capital Accounts for any Net Income, Net Loss, items thereof and allocations pursuant to Section 9.3 for such Fiscal Year or other Accounting Period, including any Partner Nonrecourse Debt Minimum Gain and Partnership Minimum Gain resulting from the hypothetical liquidation and crediting Capital Accounts for all contributions to be made (if any) in connection with the liquidation) would correspond as closely as possible to the liquidating distributions that would result if the liquidating distributions had instead been made in accordance with Section 10.3 (and, in the event any distributions are made pursuant to Section 10.1 with respect to such Fiscal Year or other Accounting Period, then unless otherwise determined by all of the members of the Board of Managers, such amount shall be deemed to have been an amount distributed as a liquidating distribution pursuant to Section 10.3 solely for purposes of determining the allocations to be made under this Section 9.2 with respect to such Fiscal Year or other Accounting Period); and (ii) any resulting deficit Capital Account balance (after crediting or debiting Capital Accounts for Net Income, Net Loss, items thereof, and allocations pursuant to Section 9.3 for such Fiscal Year or other Accounting Period, including any Partner Nonrecourse Debt Minimum Gain and Partnership Minimum Gain resulting from the hypothetical liquidation and crediting Capital Accounts for all contributions required to be made (if any) in connection with the liquidation) would correspond as closely as possible to the manner in which economic responsibility for such deficit Capital Account balances, if any, would be borne by the Members under the terms of this Agreement or any collateral agreement. For the avoidance of doubt, unvested Units shall be treated as vested for allocation purposes in accordance with I.R.S. Revenue Procedure 2001-43.

Special Allocation Provisions

. Notwithstanding any other provision in this Agreement:

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(e) Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any LLC taxable year, the Members shall be specially allocated items of LLC income and gain for such year (and, if necessary, subsequent years) in an amount equal to their respective shares of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 9.3(a) is intended to comply with the minimum gain chargeback requirements in such Treasury Regulations Sections and shall be interpreted consistently therewith; including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(f) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d) (4), (5) or (6), items of LLC income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate the deficit balance in its Capital Account (in excess of the amounts described in clauses (i) and (ii) of Section 9.3(c) below) created by such adjustments, allocations or distributions as promptly as possible. This Section 9.3(b) is intended to constitute a “qualified income offset” within the meaning of Treasury Regulation Section 1.704-1(b)(ii)(d).

(g) Limitation on Net Losses. If any allocation of Net Loss or an item of deduction, expenditure or loss to be made pursuant to Section 9.2 or this Section 9.3 for any Fiscal Year or other Accounting Period would cause a deficit in any Member’s Capital Account (or would increase the amount of any such deficit) after (i) crediting to such Capital Account the amount that such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), and (ii) debiting to such Capital Account the items described in Treasury Regulations 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6), then such Net Loss or item of deduction, expenditure or loss shall be allocated to the Members that have positive Capital Account balances (in excess of the amounts described in clauses (i) and (ii) of this section for such Member) in proportion to the respective amounts of such positive balances until all such positive balances have been reduced to zero.

(h) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of LLC income and gain in the amount of such excess as quickly as possible; *provided* that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that a Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IX have been tentatively made as if Section 9.3(c) and this Section 9.3(d) were not in this Agreement.

(i) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated in accordance with the number of Units held by each Member and in the same manner as if such

Nonrecourse Deductions were taken into account in determining Net Income and Net Loss for such Accounting Period or Fiscal Year.

(j) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated to the Member who bears the economic risk of loss with respect to the liability to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(j).

(k) Change in Interests. If there is a change in any Member's Interest in the LLC during any Fiscal Year, the principles of Section 706(d) of the Code shall apply in allocating Net Income and Net Loss and items thereof for such Fiscal Year to account for the variation. For purposes of applying Section 706(d), the Board of Managers may adopt any method or convention permitted under applicable Treasury Regulations. If there is a change in the Interest of any Member, then for purposes of applying Section 9.2 with respect to the Fiscal Period ending on the date of change, the hypothetical liquidating distributions under Section 9.2 shall be made on the basis of the Interests of each Member as applied before giving effect to such change.

(l) Adjustments in Connection with Compensatory Option Exercise and Forfeiture of Restricted Units. The Board of Managers is hereby authorized to interpret and implement in its reasonable discretion the allocation provisions of the proposed Treasury Regulations on compensatory partnership equity dated May 24, 2005 (REG-105346-03) and the proposed IRS Revenue Procedure published in IRS Notice 2005-43 (the "**Proposed Revenue Procedure**").

(m) Audit Expenses. Notwithstanding anything to the contrary in this Article IX, the annual amount of the LLC's expenses equal to the difference in cost between obtaining audited financial statements and reviewed financial statements (the "**Audit Cost**") shall be allocated solely to the Series A-1 Member; *provided, however*, that in the event that the allocation of the Audit Cost to the Series A-1 Member would exceed the amount to be reimbursed pursuant to Section 4.1(a) in any Fiscal Year, such excess Audit Cost shall be not be allocated solely to the Series A-1 Member for such Fiscal Year and shall instead be allocated among all Members of the LLC in the manner in which such excess would be allocated pursuant to Section 9.2 in the absence of this Section 9.3(i).

Curative Allocations

. If the Board of Managers determines, after consultation with counsel experienced in income tax matters, that the allocation of any item of LLC income, gain, loss, deduction or credit is not specified in this Article IX (an "unallocated item"), or that the allocation of any item of LLC income, gain, loss, deduction or credit hereunder is clearly inconsistent with the Members' economic interests in the LLC (determined by reference to the general principles of Treasury Regulation Section 1.704-1(b) and the factors set forth in Treasury Regulation Section 1.704-1(b)(3)(ii)) (a "misallocated item"), then the Board of Managers may allocate such unallocated items, or reallocate such misallocated items, to reflect such economic interests; *provided* that no such allocation shall have any effect on the amounts distributable to any Member (other than tax distributions), including the amounts to be distributed upon the complete liquidation of the LLC.

Tax Allocations

. For income tax purposes only, each item of income, gain, loss and deduction of the LLC shall be allocated in the same manner as the corresponding items of Net Income and Net Loss and specially allocated items are allocated for Capital Account purposes; *provided* that in the case of any LLC asset the Carrying Value of which differs from its adjusted tax basis for U.S. federal income tax purposes, income, gain, loss and deduction with respect to such asset shall be allocated solely for income tax purposes in accordance with the principles of Section 704(c) of the Code so as to take account of the difference between the Carrying Value and adjusted tax basis of such asset. Unless otherwise agreed by the Board of Managers, for purposes of applying the principles of Section 704(c), the LLC shall use the “traditional method” of Treasury Regulation Section 1.704-3(b).

Compliance with Section 704(b) of the Code

. The allocation provisions contained in this Article IX are intended to comply with Section 704(b) of the Code and the Treasury Regulations promulgated thereunder, and shall be interpreted and applied in a manner consistent therewith.

Safe Harbor Election

. The Board of Managers is hereby authorized and directed to elect the safe harbor described in section 4 of the Proposed Revenue Procedure (or any substantially similar safe harbor provided for in other IRS guidance), if and when such Revenue Procedure (or other IRS guidance) is finalized (the “**Safe Harbor**”). The LLC and each Member (including any Persons to whom a Profits Interest is Transferred or issued in connection with the provision of services, and any Person to whom an Interest is Transferred by another Member) agree to comply with all requirements of the Safe Harbor while such election remains in effect, including making tax filings (if any) consistent with the applicable requirements of such Safe Harbor and any relevant Treasury Regulations. In addition, the Members agree to amend this Agreement as and if required by the finalized Revenue Procedure (or substantially similar other IRS guidance) in order to ensure that the Transfer or issuance of an Interest in connection with the provision of services to, or on behalf of, the LLC is eligible for the benefits of the Safe Harbor. Notwithstanding the preceding sentences, no election or amendment shall be made pursuant to this Section 9.7 if the Safe Harbor, when finalized, is substantially different from the Proposed Revenue Procedure and the application of the Safe Harbor would result in materially adverse consequences to the LLC.

ARTICLE X

DISTRIBUTIONS

Distributions

(a) Except as provided in Section 10.2 and subject to the approval provision of Section 3.11, distributions of the LLC’s cash or other assets to the Members shall be made at such times and in such amounts as determined by the Board of Managers; *provided* that the LLC shall retain sufficient working capital reserves as measured immediately after any proposed distribution. No Member shall be entitled to any distribution or payment with respect to such Member’s Interest in the LLC except as set forth in this Agreement.

(b) Other than distributions pursuant to Section 10.2 or pursuant to a Liquidation Event as set forth in Section 10.3 and distributions pursuant to Section 13.4, if the Board of Managers declares and determines to make any distribution of cash or other assets to the Members, all such distributions shall be made in the following order of priority:

(i) To the Common Members and Preferred Members on a pari passu and pro rata basis in proportion to the number of Common Units held or deemed held by each (assuming full conversion of all such Preferred Units at the Conversion Rate then in effect); *provided, however*, any distributions of all or substantially all of the assets of the LLC to Members will be made such that each Member receives the amount it would have been entitled to receive pursuant to Article XIII if the LLC had been wound-up on and as of the date of such distribution. Further, unless otherwise determined by the Board of Managers, any distributions pursuant to this Section 10.1(b) with respect to unvested Common Units issued out of Reserved Incentive Common Units shall be held by the LLC until such Common Units vest, at which time any such retained distributions shall be released to the holder of such then vested Common Units. Any retained distributions pursuant to the foregoing sentence that are forfeited as a result of the forfeiture without vesting of the applicable Common Units shall thereafter be allocated in accordance with this Section 10.1(b). Only after a Common Unit that was issued out of Reserved Incentive Common Units has no Profits Interest Threshold Amount remaining and then, only to the extent vested (unless otherwise determined by the Board of Managers), shall such Common Unit participate in any remaining amounts to be distributed in accordance with the provisions of this Article X.

(c) Except as otherwise provided by law, no Member shall be required to restore or repay to the LLC any funds properly distributed to it pursuant to Section 10.1.

Tax Distributions

. Notwithstanding Section 10.1, within ninety (90) days of the end of each Fiscal Year, the LLC shall, unless otherwise determined by all of the members of the Board of Managers, make a distribution to each holder of Units out of any available cash of the LLC (as determined by the Board of Managers) of an amount equal to the excess of (A) the sum of (i) the product of (x) the amount of net income and gain taxable at ordinary tax rates allocated with respect to such Unit (as shown on Schedule K-1 to the LLC's IRS Form 1065) for such Fiscal Year and all prior Fiscal Years and (y) the maximum marginal rate of federal, state and local income tax applicable to an individual subject to tax in the Designated Jurisdiction with respect to such income or gain, (ii) the product of (x) the amount of net income and gain taxable at long-term capital gains rates allocated with respect to such Unit (as shown on Schedule K-1 to the LLC's IRS Form 1065) for such Fiscal Year and all prior Fiscal Years and (y) the maximum marginal rate of federal, state and local income tax applicable to an individual subject to tax in the Designated Jurisdiction with respect to such income or gain and, (iii) in the event of allocation by the LLC of net income or gain taxable at a rate other than the ordinary or long-term capital gains rates contemplated in clauses (i) and (ii) above, the product of (x) the amount of such net income and gain taxable at such other rate allocated with respect to such Unit (as shown on Schedule K-1 to the LLC's IRS Form 1065) for such Fiscal Year and all prior Fiscal Years and (y) the maximum marginal rate of federal, state and local income tax applicable to an individual subject to tax in the Designated Jurisdiction with respect to such income or gain, over (B) the cumulative cash distributions previously made with respect to such Unit pursuant to this Section 10.2 and Section 10.1(b) during such Fiscal Year and all prior Fiscal Years. The

determination of the tax rates to be used for purposes of the preceding sentence shall be made by the Board of Managers in their good faith discretion after consulting with the LLC's tax advisors, taking into account among other things changes in applicable tax rates over the relevant period, the deductibility of state and local taxes and any limitations on the ability of an individual to deduct any items of expense or loss under United States federal income tax principles. For the avoidance of doubt, the references to "net income and gain" in clauses (A)(i)(x), (A)(ii)(x), and (A)(iii)(x) above shall mean that amount of such gross income and gain of the LLC allocated with respect to such Unit for all such Fiscal Years reduced by the gross amount of loss and deduction allocated with respect to such Unit for all such Fiscal Years that is available as an offset to such income and gain. Without prejudice to the foregoing, the LLC may make a distribution out of any available cash of the LLC (as determined by the Board of Managers) to each holder of Units as soon as practicable following the close of each Estimated Tax Period (each an "**Estimated Tax Distribution**") of each Fiscal Year in amounts equal to the estimated tax liability of each Unit holder relating to such Estimated Tax Period (as estimated by the Board of Managers in their good faith discretion after consulting with the LLC's tax advisors and based on the results of such quarter and using the methodology and assumptions described in the preceding sentences). Estimated Tax Distributions made during a Fiscal Year shall be treated as advances and shall reduce the distributions otherwise distributable in accordance with the first sentence of this Section 10.2 for such Fiscal Year, and upon prior written notice, if the amount of Estimated Tax Distributions for a Fiscal Year exceed the amount otherwise distributable in accordance with the first sentence of this Section 10.2, the excess distributed to such Member shall be credited against and reduce distributions that would otherwise be made to such Member pursuant to this Section 10.2 with respect to subsequent Fiscal Years, and if the amount of Estimated Tax Distributions for a Fiscal Year is less than the amount otherwise distributable in accordance with the first sentence of this Section 10.2, the LLC may distribute the shortfall to the Members within sixty (60) days of the end of such Fiscal Year. Notwithstanding the foregoing, distributions pursuant to this Section 10.2 shall not be available to a Member with respect to any guaranteed payment under Code Section 707(c) or any payment to a Member not in his, her or its capacity as a Member under Code Section 707(a). Distributions effected pursuant to this Section 10.2 with respect to each Unit shall be applied to, treated as included in, and reduce the next succeeding distribution(s) (without double counting) to be made with respect to each such Unit pursuant to (i) Section 10.1 to the extent such amount was allocated pursuant to Section 9.2 in accordance with such 10.1 distribution, and (ii) Section 10.3 to the extent such amount was allocated pursuant to Section 9.2 in accordance with such 10.3 distribution as necessary to ensure that, over the period of time since such Unit was issued and outstanding, the aggregate amount distributed respect to each such Unit under this Agreement shall be equal to the amount which such Unit would have been distributed under this Agreement had there been no distributions pursuant to this Section 10.2 and had this Section 10.2 not been part of this Agreement, as reasonably determined in good faith by the Board of Managers.

Liquidation Event Distributions

(a) Upon any Liquidation Event, funds and assets of the LLC determined by the Board of Managers to be available for distribution shall be distributed to the Members as follows, in the following order of priority:

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(i) First, to the Series A-1 Members, pro rata in proportion to the number of Common Units issuable upon conversion of Series A-1 Preferred Units held by each Series A-1 Member, until, on a Series A-1 Preferred Unit by Series A-1 Preferred Unit basis, each Series A-1 Member receives an amount per Series A-1 Preferred Unit equal to such Series A-1 Preferred Unit's Original Issue Price;

(i) Second, to the Series A Members, pro rata in proportion to the number of Common Units issuable upon conversion of Series A Preferred Units held by each Series A Member, until, on a Series A Preferred Unit by Series A Preferred Unit basis, each Series A Member receives an amount per Series A Preferred Unit equal to the Unreturned Capital Contributions with respect to such Series A Preferred Unit;

(ii) Third, to the Common Members pro rata in proportion to the number of Common Units held by such Common Members.

Notwithstanding the foregoing provisions of this Section 10.3, (A) amounts that would otherwise be distributed to any Common Unit that was issued with a Profits Interest Threshold Amount shall be reduced by an amount equal to its remaining Profits Interest Threshold Amount for such Common Unit and the amount by which the distribution to such Common Unit is reduced shall instead be distributed to the holders of Units as provided in the foregoing provisions of this Section 10.3 and (B) in the event that the Series A-1 Member or the Series A Members would receive a greater amount of distributions if such Members had converted to Common Members prior to any distribution made pursuant to this Section 10.3 and participated in such distribution as Common Member than such Members would receive pursuant to Section 10.3(a)(i) in the case of a Series A-1 Member or Section 10.3(a)(ii) in the case of the Series A Members, then all distributions shall be made to the Common Members and Preferred members pro rata in proportion to the number of Common Units held or deemed held by each (assuming full conversion of all such Preferred Units at the Conversion Rate then in effect).

(d) For the avoidance of doubt, in the event of any Liquidation Event, any proceeds payable directly to the holders of Units shall be apportioned among such holders of Units as though such proceeds were received by the LLC and were distributed from the LLC to the Members in accordance with this Section 10.3. For the avoidance of doubt, in the event of any Liquidation Event, if any portion of the consideration payable to the holders of Units is placed into escrow and/or is payable to such holders subject to contingencies, the definitive agreement with respect to such Liquidation Event shall provide that the portion of such consideration that is placed in escrow and/or subject to any contingencies (the "**Contingent Consideration**") shall be allocated to the Members in accordance with this Section 10.3 as if all of the consideration ultimately payable in the transaction, including the Contingent Consideration, is paid without restrictions at the time of closing the Liquidation Event (so that the Contingent Consideration shall be allocated among the Members pro rata based on the amount of such consideration otherwise payable to each Member pursuant to this Section 10.3). Each Member (including any Persons to whom a Common Unit was issued as a Profits Interest in connection with the provision of services, and any Person to whom an Interest is Transferred by another Member) agrees to take such actions as may be required, necessary or advisable to effect the intent of this Section 10.3.

(e) In any of such events, if the consideration received by the LLC, or payable to the Members, is other than cash, its value shall be deemed to be the fair market value as mutually determined in good faith by the Board of Managers.

No Other Withdrawals

. Except as expressly provided in this Agreement, no withdrawals or distributions shall be required or permitted.

Distribution Limitations

. Notwithstanding any provision to the contrary contained in this Agreement, the LLC shall not make a distribution to any Member on account of its Interest in the LLC if such distribution would violate the Act or other applicable law or breach any contract or agreement to which the LLC is a party.

ARTICLE XI

TRANSFER OF MEMBERSHIP

Transfer

. Except as expressly otherwise provided in this Agreement (including Section 11.10), no Member may transfer, sell, encumber, mortgage, pledge, assign or otherwise dispose of, either directly or indirectly, by operation of law or otherwise (herein collectively called a “**Transfer**”) any portion of its Interest in the LLC without the consent of the Board of Managers, and in the event the Board of Managers consents to a Transfer, such Transfer shall also be subject to the other provisions of this Article XI.

Transfer Void

. Any Transfer or attempted Transfer of an Interest in the LLC in contravention of this Agreement shall be absolutely null and void *ab initio* and of no force or effect, on or against the LLC, any Member, any creditor of the LLC or any claimant against the LLC and may be enjoined, and shall not be recorded on the books and records of the LLC. No distributions of cash or property of the LLC shall be made to any transferee of any Interest Transferred in violation hereof, nor shall any such Transfer be registered on the books of the LLC. The Transfer or attempted Transfer of any Interest in violation hereof shall not affect the beneficial ownership of such Interest, and, notwithstanding such Transfer or attempted Transfer, the Member making such prohibited Transfer or attempted Transfer shall retain the right to vote, if any, and the right to receive liquidation proceeds with respect to such Interest.

Effect of Assignment

. Following a Transfer of an Interest that is permitted under this Article XI, the transferee of such Interest shall be treated as having made all of the Capital Contributions in respect of, and received all of the distributions received in respect of, such Interest, shall succeed to the Capital Account associated with such Interest and shall receive allocations and distributions under Articles IX and X in respect of such Interest as if such transferee were a Member.

Legends

(a) In the event the Units become certificated Units, any certificate representing Units shall be endorsed with the following legend, as well as with any legends as may be required by applicable federal and state securities laws:

“THE SALE, PLEDGE, HYPOTHECATION, ASSIGNMENT OR TRANSFER OF THE UNITS REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN WRITTEN AGREEMENT BETWEEN THE REGISTERED HOLDERS OF THE UNITS OF THE LLC (OR THE PREDECESSOR IN INTEREST TO THE UNITS). SUCH AGREEMENT RESTRICTS THE TRANSFER OF UNITS AND GRANTS TO THE LLC AND/OR OTHER HOLDERS OF UNITS CERTAIN RIGHTS OF FIRST REFUSAL AND/OR CO-SALE UPON AN ATTEMPTED TRANSFER OF THE UNITS. SUCH AGREEMENT CONTAINS PROVISIONS REGARDING THE VOTING OF THE UNITS REPRESENTED BY THIS CERTIFICATE. COPIES OF SUCH AGREEMENT MAY BE OBTAINED FROM THE ISSUER UPON WRITTEN REQUEST. BY ACCEPTING ANY INTEREST IN SUCH UNITS THE PERSON ACCEPTING SUCH INTEREST SHALL BE DEEMED TO AGREE TO AND SHALL BECOME BOUND BY ALL THE PROVISIONS OF SUCH AGREEMENT.”

(b) Any certificate issued at any time in exchange or substitution for any certificate bearing such legends shall also bear such legends, unless the Units represented thereby are no longer subject to the provisions of this Agreement or, in the opinion of the LLC (with advice from counsel to the LLC, as the LLC may deem appropriate), the restrictions imposed under the Securities Act or state securities laws are no longer applicable, in which case the applicable legend (or legends) may be removed.

Publicly Traded Partnership Limitations

. Notwithstanding any other provision of this Agreement, no Transfer shall be permitted if (i) the Board of Managers determines in its sole discretion that such transaction will either cause the LLC to be characterized as a “publicly traded partnership” or will materially increase the risk that the LLC will be so characterized or (ii) such Transfer would occur in a transaction registered or required to be registered under the Securities Act. For purposes of this Section 11.5, the phrase “publicly traded partnership” shall have the meanings set forth in Section 7704(b) and 469(k) of the Code. In particular and without limiting the foregoing, no Transfer shall be permitted, given effect or otherwise recognized, and such Transfer (or purported Transfer) shall be void *ab initio*, if at the time of such Transfer (or as a result of such Transfer) Units are (or would become) traded on an “established securities market” (within the meaning of Treasury Regulation Section 1.7704-1(b)) or are (or would become) “readily tradable on a secondary market or the equivalent thereof” (within the meaning of Treasury Regulation Section 1.7704-1(c)).

Effective Date

. Any Transfer in compliance with this Article XI shall be deemed effective on the first date as of which with the relevant requirements of this Agreement have been satisfied.

Rights of Refusal

(c) Transfer Notice. If at any time a Member proposes, and is permitted under this Agreement, to Transfer (other than with respect to a permitted transfer under Section 11.10 below) any portion of his, her or its Equity Securities (for purposes of Sections 11.7 through 11.10, Common Units shall not include any Common Units issued upon conversion of

Preferred Units held by a Preferred Member) (a “**Selling Member**”), then the Selling Member shall promptly give the LLC and each Preferred Member written notice of the Selling Member’s intention to make the Transfer (the “**Transfer Notice**”). The Transfer Notice shall include (i) a description of the securities to be transferred (“**Offered Units**”), (ii) the name(s) and address(es) of the prospective transferee(s), (iii) the consideration and (iv) the material terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Selling Member has received a firm offer from the prospective transferee(s) and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

(d) LLC’s Right of First Refusal. The LLC shall have an option for a period of ten (10) days from Delivery of the Transfer Notice to elect to purchase the Offered Units at the same price and subject to the same material terms and conditions as described in the Transfer Notice. The LLC may exercise such purchase option and purchase all or any portion of the Offered Units by notifying the Selling Member in writing before expiration of such ten (10) day period as to the number of such Units that it wishes to purchase. If the LLC gives the Selling Member notice that it desires to purchase such Units, then payment for the Offered Units shall be by check or wire transfer, against delivery of the Offered Units to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after Delivery to the LLC of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third-party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Section 11.7(e). If the LLC fails to purchase any or all of the Offered Units by exercising the option granted in this Section 11.7(b) within the period provided, the remaining Offered Units shall be subject to the options granted to the Preferred Members pursuant to Section 11.7(d).

(e) Additional Transfer Notice. Subject to the LLC’s option set forth in Section 11.7(b), if at any time the Selling Member proposes a Transfer, then, within five (5) days after the LLC has declined to purchase all, or a portion, of the Offered Units or the LLC’s option to so purchase the Offered Units has expired, the Selling Member shall give each Preferred Member an “**Additional Transfer Notice**” that shall include all of the information and certifications required in a Transfer Notice and shall additionally identify the Offered Units that the LLC has declined to purchase (the “**Remaining Units**”) and briefly describe the Preferred Members’ rights of first refusal and co-sale rights with respect to the proposed Transfer.

(f) Preferred Members’ Right of First Refusal.

(i) Each Preferred Member shall have an option for a period of fifteen (15) days from the Delivery of the Additional Transfer Notice from the Selling Member set forth in Section 11.7(c) to elect to purchase its respective pro rata share of the Remaining Units at the same price and subject to the same material terms and conditions as described in the Additional Transfer Notice. Each Preferred Member may exercise such purchase option and purchase all or any portion of his, her or its pro rata share of the Remaining Units (a “**Participating Preferred Member**” for the purposes of Sections 11.7(d) and 11.7(e)), by notifying the Selling Member and the LLC in writing, before expiration of the fifteen (15) day period as to the number of such Units that he, she or it wishes to purchase (the “**Participating Preferred Member Notice**”).

Each Preferred Member's pro rata share of the Remaining Units shall be a fraction of the Remaining Units rounded to the nearest Unit, the numerator of which shall be the number of Common Units (including Common Units issuable upon conversion of Preferred Units) owned by such Preferred Member on the date of the Transfer Notice and denominator of which shall be the total number of Common Units (including Common Units issuable upon conversion of Preferred Units) held by all Preferred Members on the date of the Transfer Notice.

(ii) In the event any Preferred Member elects not to purchase its pro rata share of the Remaining Units available pursuant to its option under Section 11.7(d)(i) within the time period set forth therein, then the Selling Member shall promptly give written notice (the "**Overallotment Notice**") to each Participating Preferred Member that has elected to purchase all of its pro rata share of the Remaining Units (each a "**Fully Participating Preferred Member**"), which notice shall set forth the number of Remaining Units not purchased by the other Preferred Members, and shall offer the Fully Participating Preferred Members the right to acquire the unsubscribed Units. Each Fully Participating Preferred Member shall have five (5) days after Delivery of the Overallotment Notice to deliver a written notice to the Selling Member (the "**Participating Preferred Member Overallotment Notice**") of its election to purchase its pro rata share of the unsubscribed Units on the same terms and conditions as set forth in the Additional Transfer Notice and indicating the maximum number of the unsubscribed Units that it will purchase in the event that any other Fully Participating Preferred Member elects not to purchase its pro rata share of the unsubscribed Units. For purposes of this Section 11.7(d)(ii), each Fully Participating Preferred Member's pro rata share shall be determined by applying a fraction, the numerator of which shall be the same as that used in Section 11.7(d)(i) above and the denominator of which shall be the total number of Common Units (including Common Units issuable upon conversion of Preferred Units) owned by all Fully Participating Preferred Members on the date of the Transfer Notice. Each Fully Participating Preferred Member shall be entitled to apportion Remaining Units to be purchased among its partners and Affiliates (including in the case of a venture capital fund other venture capital funds affiliated with such fund), *provided* that such Participating Preferred Member notifies the Selling Member of such allocation.

(g) Payment.

(i) The Participating Preferred Members shall effect the purchase of the Remaining Units with payment by check or wire transfer, against delivery of the Remaining Units to be purchased at a place agreed upon between the parties and at the time of the scheduled closing therefor, which shall be no later than forty-five (45) days after Delivery to the LLC of the Transfer Notice, unless the Transfer Notice contemplated a later closing with the prospective third-party transferee(s) or unless the value of the purchase price has not yet been established pursuant to Section 11.7(e).

(ii) Should the purchase price specified in the Transfer Notice or Additional Transfer Notice be payable in property other than cash or evidences of indebtedness, the LLC (and the Participating Preferred Members) shall have the right to pay the purchase price in the form of cash equal in amount to the fair market value of such property. If the Selling Member and the LLC (or the Participating Preferred Members) cannot agree on such cash value within ten (10) days after Delivery to the LLC of the Transfer Notice (or the Delivery of the

Additional Transfer Notice to the Preferred Members), the fair market value of such property shall be determined in good faith by the Board of Managers.

Right of Co-Sale

(h) To the extent the LLC and the Preferred Members do not exercise their respective rights of refusal as to all of the Offered Units pursuant to Section 11.7, then each Preferred Member (a “**Selling Preferred Member**” for purposes of this Section 11.8) that notifies the Selling Member in writing within twenty (20) days after Delivery of the Additional Transfer Notice referred to in Section 11.7(c), shall have the right to participate in such sale of Equity Securities on the same terms and conditions as specified in the Transfer Notice. Such Selling Preferred Member’s notice to the Selling Member shall indicate the number of Units of the LLC that the Selling Preferred Member wishes to sell under his, her or its right to participate. To the extent one or more of the Preferred Members exercise such right of participation in accordance with the terms and conditions set forth below, the number of Equity Securities that the Selling Member may sell in the Transfer shall be correspondingly reduced.

(i) Each Selling Preferred Member may sell all or any part of that number of Units of the LLC equal to the product obtained by multiplying (i) the aggregate number of Equity Securities covered by the Transfer Notice that have not been subscribed for pursuant to Section 11.7 by (ii) a fraction, the numerator of which is the number of Common Units (including Common Units issuable upon conversion of Preferred Units) owned by the Selling Preferred Member on the date of the Transfer Notice and the denominator of which is the total number of Common Units (including Common Units issuable upon conversion of Preferred Units) owned by the Selling Member and all of the Selling Preferred Members on the date of the Transfer Notice.

(j) If the Units are certificated, each Selling Preferred Member shall effect its participation in the sale by promptly delivering to the Selling Member for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent:

(i) the type and number of Units of the LLC that such Selling Preferred Member elects to sell; or

(ii) that number of Units of the LLC that are at such time convertible into the number of Common Units that such Selling Preferred Member elects to sell; *provided, however*, that if the prospective third-party purchaser objects to the delivery of Preferred Units of the LLC in lieu of Common Units, such Selling Preferred Member shall convert such Preferred Units of the LLC into Common Units and deliver Common Units as provided in this Section 11.8. The LLC agrees to make any such conversion concurrent with the actual transfer of such Units to the purchaser and contingent on such transfer.

(k) The certificate or certificates, if any, that the Selling Preferred Member delivers to the Selling Member pursuant to Section 11.8(c) shall be transferred to the prospective purchaser in consummation of the sale of the Equity Securities pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Member shall remit to such Selling Preferred Member that portion of the sale proceeds to which such Selling Preferred Member is

entitled by reason of its participation in such sale upon consummation of the sale of the Equity Securities. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase Units or other securities from a Selling Preferred Member exercising its rights of co-sale hereunder, the Selling Member shall not sell to such prospective purchaser or purchasers any Equity Securities unless and until, simultaneously with such sale, the Selling Member shall purchase such Units or other securities from such Selling Preferred Member for the same consideration and on the same terms and conditions as the proposed Transfer described in the Transfer Notice.

Non-Exercise of Rights

To the extent that the LLC and the Preferred Members have not exercised their rights to purchase the Offered Units or the Remaining Units within the time periods specified in Section 11.7 and the Preferred Members have not exercised their rights to participate in the sale of the Remaining Units within the time periods specified in Section 11.8, the Selling Member shall have a period of thirty (30) days from the expiration of such rights in which to sell the Offered Units or the Remaining Units, as the case may be, upon terms and conditions (including the purchase price) no more favorable than those specified in the Transfer Notice, to the third-party transferee(s) identified in the Transfer Notice. The third party transferee(s) shall acquire the Offered Units and the Remaining Units free and clear of subsequent rights of first refusal and co-sale rights under this Agreement. In the event Selling Member does not consummate the sale or disposition of the Offered Units and Remaining Units within the thirty (30) day period from the expiration of these rights, the LLC's first refusal rights and the Preferred Members' first refusal rights and co-sale rights shall continue to be applicable to any subsequent disposition of the Offered Units or the Remaining Units by the Selling Member until such right lapses in accordance with the terms of this Agreement. Furthermore, the exercise or non-exercise of the rights of the LLC and the Preferred Members under Sections 11.7 and 11.8 to purchase Equity Securities from the Selling Member or participate in sales of Equity Securities by the Selling Member shall not adversely affect their rights to make subsequent purchases from the Selling Member of Equity Securities or subsequently participate in sales of Equity Securities by the Selling Member.

Limitations on Transfer Restriction

(a) Notwithstanding the other provisions of Article XI of this Agreement (other than Section 11.11), the first refusal rights of the LLC and first refusal and co-sale rights of the Preferred Members the restrictions on Transfer shall not apply to (a) the Transfer of Equity Securities to any spouse or member of a Member's immediate family, or to a custodian, trustee (including a trustee of a voting trust), executor, or other fiduciary for the account of the Member's spouse or members of the Founder's or Key Employee's immediate family, or to a trust for the Founder's or Key Employee's own self, or a charitable remainder trust, or (b) any sale of Equity Securities to an Initial Public Offering; *provided, however*, that in the event of any Transfer made pursuant to one of the exemptions provided by clause(s) (a) or (b), (i) the Member, as applicable, shall inform the Series A Members of such Transfer prior to effecting it and (ii) each such transferee or assignee, prior to the completion of the Transfer, shall have executed documents assuming the obligations of the Member under this Agreement with respect to the transferred Equity Securities. Such transferred Equity Securities shall remain "Equity Securities" hereunder, and such pledgee, transferee or donee shall be treated as the transferring Member, as applicable, for purposes of this Agreement. The Preferred Members' right of first

refusal set forth in Section 11.7(d) and co-sale right set forth in Section 11.8 shall terminate and be of no further force and effect upon the earlier of (i) a Liquidation Event or (ii) Initial Public Offering.

(b) Notwithstanding the other provisions of Article XI of this Agreement (other than Section 11.11), in the event of a Liquidating Event with respect to PDV, PDV may Transfer its Interest in the LLC, in whole or in part, to the successor in such Liquidation Event without the consent of the Board of Managers and without complying with Sections 11.7, 11.8 and/or 11.9; *provided, however*, that (i) such successor be a Person who is a Competitor of the LLC shall not be admitted as a Series A-1 Member of the LLC, but shall only be entitled to receive the economic rights described in Section 18-702(b)(2) of the Act and this Agreement related to its ownership of Series A-1 Preferred Units, unless the Board of Managers consents to such successor entity being admitted as a Member, which consent shall not be unreasonably withheld, conditioned or delayed; (ii) should such successor be a Person who is a Competitor of the LLC, all voting, approval and consent rights that the Series A-1 Members have under this Agreement, and all rights of the Series A-1 Members under Sections 5.4, 8.2, 8.3 and 8.4, shall automatically terminate with respect to such successor. Upon the request of a Preferred Member making a Transfer, the Company shall make an election under Section 754 of the Code effective for the taxable year of the transfer if the LLC has not previously made such election

Transfer Requirements; Prohibited Transfers

. Notwithstanding any other provisions of this Agreement, no Transfer of all or any fraction of a Member's Interest may be made unless:

(l) such Transfer would not result in a violation of applicable law, including the Securities Act and any state securities or "Blue Sky" laws applicable to the LLC or the Interest to be Transferred;

(m) such Transfer would not result in the LLC being required to register under Section 12(g) of the 1934 Act;

(n) if requested by the Board, the Member shall have provided an opinion of counsel satisfactory to the Board as to the matters set forth in this Section 11.1 and such other matters as the Board may reasonably request; and

(o) the transferee agrees to be bound by and comply with the provisions of this Agreement, makes the representations, warranties and covenants applicable to a Member herein, including without limitation those contained in Section 3.4, and delivers to the LLC a counterpart signature page to this Agreement and such other documents and instruments as the Board of Managers determine to be necessary or appropriate and as are consistent with the terms of this Agreement in connection with the Transfer to effect such Person's admission as a Member of the LLC.

11.2 [Intentionally Omitted]

Drag-Along Right

. Notwithstanding anything contained herein to the contrary, but subject the voting rights of the Members holding Series A-1 Preferred Units set forth in Section 3.11(b)(i), if a majority of the Board of Managers approves a Liquidation Event, each

Member hereby agrees with respect to all securities of the LLC which he, she or it own(s) or otherwise exercises voting or dispositive authority:

(a) In the event such transaction is to be brought to a vote at a meeting of the Members, after receiving proper notice of any meeting of the Members of the LLC to vote on the approval of a Liquidation Event, to be present, in person or by proxy, as a holder of voting securities, at all such meetings and be counted for the purposes of determining the presence of a quorum at such meetings;

(b) to vote (in person, by proxy or by action by written consent, as applicable) all Units of the LLC as to which it has beneficial ownership in favor of such Liquidation Event and in opposition of any and all other proposals that could reasonably be expected to delay or impair the ability of the LLC to consummate such Liquidation Event;

(c) to refrain from exercising any dissenters' rights or rights of appraisal under applicable law (including, without limitation, Section 18-210 of the Act) at any time with respect to such Liquidation Event;

(d) to execute and deliver all related documentation and take such other action in support of the Liquidation Event as shall reasonably be requested by the LLC; and

(e) neither any of the Members hereto nor any Affiliates thereof shall deposit any Units beneficially owned by such Member or Affiliate in a voting trust or subject any such Units to any arrangement or agreement with respect to the voting of such Units.

Notwithstanding the foregoing, no Member shall be required to vote in the manner described by this Section 11.13 unless the net proceeds of such Liquidation Event are to be distributed to Members of the LLC in accordance with the Article X, hereof.

During the term of this Agreement, each of the Members agrees to vote all Units now or hereafter owned by such Member, whether beneficially or otherwise, or as to which such Member has voting power at a regular or special meeting of the Members (or by written consent) in accordance with the provisions of this Section 11.13. Upon the failure of any Member to vote their Units in accordance with the terms of this Section 11.13, such Member hereby grants to the LLC a proxy coupled with an interest in all Units owned by such Member, which proxy shall be irrevocable until this Agreement terminates pursuant to its terms or this Section 11.13 is amended to remove such grant of proxy in accordance with Section 14.1 hereof, to vote all such Units at a regular or special meeting of the Members (or by written consent) as necessary or required to effect the transactions contemplated by this Section 11.13. It is agreed and understood that monetary damages would not adequately compensate an injured Member for the breach of this Section 11.13 by any other Member, that this Section 11.13 shall be specifically enforceable, and that any breach or threatened breach of this Section 11.13 shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each Member waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

ARTICLE XII

INDEMNIFICATION AND LIMITATION OF LIABILITY

Indemnification

(a) For purposes of this Section 12.1(a), (i) “agent” means each Manager, former Manager, Officer, former Officer, Member and former Member of the LLC or any direct or indirect subsidiary of the LLC; (ii) “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, legislative or investigative; and (iii) “expenses” include, without limitation, reasonable attorneys’ fees and other expenses of establishing a right of indemnification under this Section 12.1(a). The LLC shall, to the fullest and broadest extent permitted by law, indemnify and hold harmless each agent (and his heirs and legal and personal representatives) against losses and damages arising out of liabilities or expenses incurred by him as a result of serving in the capacity by reason of which such Person is deemed to be an “agent” pursuant to this subsection (a), regardless of whether the agent is or continues to be a Member, Manager or Officer at the time any such liability or expense is paid. Without limiting the generality of the foregoing, the LLC hereby agrees to indemnify each agent (and his heirs and legal and personal representatives), and to save and hold it or him harmless, from and in respect of all (1) fees, costs and expenses incurred in connection with or resulting from any demand, claim, action or proceeding against such agent (and his heirs and legal and personal representatives) or the LLC that arises out of or in any way relates to the agent’s service in the capacity by reason of which such Person is deemed to be an “agent” pursuant to this subsection (a), and (2) such demands, claims, actions and proceedings and any losses or damages resulting therefrom, including judgments, fines and amounts paid in settlement or compromise of any such demand, claim, action or proceeding. Notwithstanding the foregoing, this right of indemnification shall not extend to (i) conduct by an agent if it is determined by a final judgment of a court of competent jurisdiction or by arbitration pursuant to Section 14.10 that such agent’s conduct was undertaken in bad faith or that the agent’s conduct or its acts or omissions constituted recklessness, fraud or intentional wrongdoing, or (ii) any liability arising by reason of any act or omission of an agent subsequent to his ceasing to be a Member, Manager or Officer or subsequent to the termination of the LLC. The termination of any proceeding by a judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the agent failed to meet the applicable standard of conduct. The LLC shall be required to pay the expenses incurred by any agent indemnified hereunder in connection with any proceeding in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such agent to repay such payment if there shall be an adjudication or determination that such agent is not entitled to indemnification as provided herein.

(b) The indemnification accorded to an agent under Section 12.1(a) shall be made solely out of the assets of the LLC, and no Member, Manager or Officer shall have any personal liability or other obligation therefor. Nothing in Section 12.1(a) shall be deemed to require any Member to make any additional Capital Contribution.

Exculpation by Members

For purposes of this Section 12.2, the term “agent” shall have the meaning assigned to such term in Section 12.1(a). No agent shall be liable to the

LLC or any Member or any Person who acquires any interest in the LLC for (a) honest mistakes in judgment, or for action or inaction, taken reasonably and in good faith and for a purpose that was reasonably believed to be in the best interests of the LLC or (b) losses sustained or liabilities incurred as a result of any act or omission of such agent if such act or omission did not constitute bad faith, recklessness, fraud or intentional wrongdoing on the part of the agent. Each agent may consult with counsel, accountants and other professionals in respect of LLC affairs and shall be fully protected and justified in acting, or failing to act, if such action or failure to act is in accordance with the reasonable advice or opinion of such counsel, accountant or other professional and if such counsel, accountant or other professional shall have been selected with reasonable care. Notwithstanding the foregoing, the provisions of this Section 12.2 shall not relieve any Person of liability arising by reason of acting in bad faith, or if such Person's conduct in the performance of its duties hereunder, or its acts or omissions, constitute recklessness, fraud, intentional wrongdoing or gross negligence. This Agreement shall be construed to give effect to the provisions of this Section 12.2 to the fullest extent permitted by law.

Limitation of Liability

. Notwithstanding anything to the contrary herein contained, the debts, obligations and liabilities of the LLC shall be solely the debts, obligations and liabilities of the LLC and no Member, Manager or Officer shall be obligated personally for any such debt, obligation or liability of the LLC solely by reason of being a Member, Manager or Officer of the LLC.

Counsel to the LLC

. Counsel to the LLC may also be counsel to a Member with respect to matters related to or unrelated to the LLC. Any Manager may execute on behalf of the LLC and the Members any consent to the representation of the LLC that counsel may request pursuant to the applicable Rules of Professional Conduct or similar rules in any other jurisdiction ("**Rules**"). The LLC has initially selected Shulman, Rogers, Gandal, Pordy & Ecker, P.A. ("**LLC Counsel**") as legal counsel to the LLC. Each Member acknowledges that LLC Counsel does not represent any Member in its capacity as a Member in the absence of a clear and explicit written agreement to such effect between the Member and LLC Counsel (and then only to the extent specifically set forth in such agreement), and that in the absence of any such agreement LLC Counsel shall owe no duties directly to a Member. Each Member further acknowledges that, whether or not LLC Counsel has in the past represented or is currently representing such Member with respect to other matters, LLC Counsel has not represented the interests of any Member in the preparation and negotiation of this Agreement.

ARTICLE XIII

DISSOLUTION AND TERMINATION; CONVERSION

Dissolution

. The LLC shall be dissolved, its assets disposed of and its affairs wound up upon the first to occur of the following:

(a) subject to Section 3.11, the affirmative vote of the Board of Managers and a Majority in Interest of the Members; or

(b) the entry of a decree of judicial dissolution under the Act.

Except as otherwise provided herein, the death, bankruptcy, incompetency, retirement, resignation, expulsion or dissolution of a Member, or the occurrence of any other event that terminates the continued membership of a Member in the LLC, shall not dissolve or terminate the LLC. Notwithstanding any other provision of this Agreement, the bankruptcy (as defined in Sections 18-101(1) and 18-304 of the Act) of a Member will not cause that Member to cease to be a member of the LLC, and upon the occurrence of such an event, the business of the LLC shall continue without dissolution. Notwithstanding any other provision of this Agreement, each Member waives any right it might have under Section 18-801(b) of the Act to agree in writing to dissolve the LLC upon the occurrence of the bankruptcy (as defined in Sections 18-101(1) and 18-304 of the Act) of a Member or the occurrence of any other event that causes a Member to cease to be a member of the LLC.

Authority to Wind Up

. Upon the dissolution of the LLC as set forth in Section 13.1, the Board of Managers shall have all necessary power and authority required to marshal the assets of the LLC, to pay the LLC's creditors, to distribute assets and otherwise wind up the business and affairs of the LLC. In particular, the Board of Managers shall have the authority to continue to conduct the business and affairs of the LLC insofar as such continued operation remains consistent, in the judgment of the Board of Managers, with the orderly winding up of the LLC.

Winding Up and Certificate of Cancellation

. The winding up of the LLC shall be completed when all debts, liabilities and obligations of the LLC have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining property and assets of the LLC have been distributed to the Members.

Distribution of Assets

. Upon dissolution and winding up of the LLC, the affairs of the LLC shall be wound up and the LLC liquidated by the Board of Managers. The assets of the LLC shall be distributed as follows in accordance with the Act:

(i) to the payment of the expenses of the winding-up, liquidation and dissolution of the LLC;

(ii) to creditors of the LLC, including, in accordance with the terms agreed among them and otherwise on a pro rata basis (based on amounts owed to them), Members who are creditors (other than in respect of distributions owing to them or to former Members hereunder), either by the payment thereof or the making of reasonable provision therefor; and

(iii) to establish reserves, in amounts established by the Board of Managers or such liquidator, to meet other liabilities of the LLC other than to the Members or former Members in respect of distributions owing to them hereunder.

The remaining assets of the LLC shall be applied and distributed among the Members in accordance with the provisions of Section 10.3.

The distribution of cash, securities and other property to a Member in accordance with the provisions of this Section 13.4 shall constitute a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its Interest and all the LLC's

property, and shall constitute a compromise to which all Members have consented within the meaning of the Act. If such cash, securities and other property are insufficient to return such Member's Capital Contributions or returns thereon, the Member shall have no recourse against the Board of Managers, other Members or Officers.

Conversion to a Corporation

(c) If the Board of Managers determines, in its good faith discretion, that it would be desirable to create a public market for securities representing an interest in the LLC's business, the Board of Managers may cause, without the consent of the Members, the Incorporation of the LLC into a Corporation in the manner described below; *provided, however*, that such Incorporation shall only be effective immediately prior to an Initial Public Offering. The Incorporation of the LLC to a Corporation pursuant to this Section 13.5(a) shall to the extent reasonably practicable be accomplished in a Tax-Free Combination. In the event of an Incorporation, and subject to Section 13.6, each Member's Units shall be converted into securities of the Corporation that to the maximum extent possible, preserve such Member's relative economic interest in the profits, losses, distributions and liquidation proceeds (determined by reference to the relative economic interests of the Members in the LLC immediately prior to the Incorporation) and each Member's relative voting and management rights under this Agreement.

(d) By becoming parties to this Agreement, all Members consent to the conversion of their Units into shares of stock in the Corporation in accordance with the terms set forth herein. Consequently, subject to the requirements described in Section 13.5(a), each Member agrees to reasonably cooperate, and cause its Affiliates to reasonably cooperate, to take such actions and execute such documents as the Board of Managers may reasonably request, in order to consummate any proposed reorganization in the most tax efficient and organizationally efficient manner as is practicable under the circumstances; *provided, however*, that no Member shall be required to assume any liability or obligation as a result of such reorganization that is disproportionate to its relative economic interest in the Corporation.

ARTICLE XIV

MISCELLANEOUS

Amendment

(a) Subject to the voting rights of the Preferred Members holding shares Series A-1 Preferred Units set forth in Section 3.11, or except as otherwise expressly set forth herein, this Agreement may be amended and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively), including any amendment or waiver by merger, consolidation or otherwise, with the consent of a Majority in Interest of the Members; provided that (i) for so long as any Series A Preferred Units, which shall not include the Conversion Units, remain outstanding, the following provisions may only be amended and the observance of any such provision may only be waived with the consent of a Majority in Interest of the Series A Members: Sections 3.9, 3.11, 3.12, 3.14, 8.3, 8.7, 14.1 and

14.13 and Articles V, IX, X, XI and XII . Any such amendment or waiver so effected shall be binding upon all the Parties hereto.

(b) The LLC will not, without the written consent of Majority in Interest of the Members and a Majority in Interest of the Series A-1 Members (by vote or written consent, as provided by the Act and this Agreement):

(i) by amendment of this Agreement or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid, or consummate or agree to consummate any such action that has the effect of avoiding, the observance or performance of any of the terms to be observed or performed under this Agreement by the LLC, but will at all times in good faith assist in the carrying out of all the provisions of this Agreement and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Series A Members against impairment; ; or

(ii) amend, alter or repeal this Section 14.1 of this Agreement.

(c) Notwithstanding the foregoing provisions, (i) the Board of Managers may amend and modify the provisions of this Agreement (including Article IX) and Exhibits A and B hereto to the extent necessary to reflect the issuance of Units or the repurchase of any Units, the granting of Awards, the admission, substitution or removal of any Member permitted under this Agreement and the election, designation, removal, vacancy or resignation of any Manager (in each case subject to the approval of any such action by the requisite vote of Members entitled to vote pursuant to this Agreement); and (ii) notwithstanding anything to the contrary in this Agreement, this Agreement may be amended or modified to the extent necessary to effectuate the issuance of Additional Interests pursuant to Section 3.5(a). Furthermore, the Board of Managers may amend this Agreement, without the consent of the Members, (1) to make a change that is reasonably necessary to cure any ambiguity or inconsistency and to make changes to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling, regulation or statute of any governmental body which will not be inconsistent with this Agreement, in both cases, subject to the requirement that any Member not be materially and adversely affected; or (2) to prevent any material and adverse effect to the LLC or any Member arising from the application of legal restrictions to any Member, subject to the requirement that no Member be adversely affected without its consent; or (3) to reflect changes made in the composition of the Members in accordance with the provisions of this Agreement. Promptly after entering into any amendment pursuant to this Section 14.1(b), the Board of Managers shall provide the Members a copy of such amendment.

Power of Attorney

(d) By signing this Agreement, each Member hereby makes, constitutes and appoints the Board of Managers, and each of them, with full power of substitution and resubstitution, his, her or its true and lawful agent or agents and attorney- or attorneys-in-fact for him, her or it and in his, hers or its name, place and stead, to sign, execute, certify, acknowledge,

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file and record (i) the Certificate, (ii) all instruments amending, restating or canceling the Certificate, as the same may hereafter be amended or restated, that may be appropriate and (iii) such other agreements, instruments, elections or documents as may be necessary or advisable (1) to reflect the exercise by a Member of any of the powers granted to him, her or it under this Agreement, (2) to reflect the admission to the LLC of any Additional Member in accordance with Section 3.5, (3) that may be required of the LLC or of the Members by the laws of Delaware or any other jurisdiction, (4) to comply with all applicable requirements associated with implementing the Safe Harbor as provided in Section 9.7; (e) to effect the agreements and transactions set forth in Sections 11.13 with respect to structuring and consummating a Liquidation Event or implementing an Incorporation of the LLC; and (f) to cause an Incorporation of the LLC pursuant to Section 13.5. Each Member authorizes such agent or attorney-in-fact to take any further action that such agent or attorney-in-fact shall consider necessary or advisable in connection with any of the foregoing, hereby giving such agent or attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in and about the foregoing as fully as such Member might or could do if personally present, and hereby ratifying and confirming all that such agent or attorney-in-fact shall lawfully do or cause to be done by virtue hereof. Each Member shall provide to the Board of Managers copies of all documents executed pursuant to the power of attorney contained in this Section 14.2.

(e) The power of attorney granted pursuant to this Section 14.2:

(i) is a special power of attorney coupled with an interest and is irrevocable;

(ii) may be exercised by such attorney-in-fact by listing all of the Members executing any agreement, certificate, instrument or document with the single signature of such attorney-in-fact acting as attorney-in-fact for all of them; and

(iii) shall survive the assignment by a Member of its Interest in the LLC, except that where the assignee thereof is admitted as a Member, the power of attorney shall survive such assignment as to the assignor Member for the sole purpose of enabling such attorney-in-fact to execute, acknowledge and file any such agreement, certificate, instrument or document as is necessary to effect such admission.

Withholding

. The LLC shall at all times be entitled to make payments with respect to any Member in amounts required to discharge any obligation of the LLC to withhold or make payments to any governmental authority with respect to any federal, state, local, or other jurisdictional tax liability of such Member arising as a result of such Member's Interest in the LLC. To the extent each such payment satisfies an obligation of the LLC to withhold, with respect to any distribution to a Member on which the LLC did not withhold or with respect to any Member's allocable share of the income of the LLC, each such payment shall be deemed to be a loan by the LLC to such Member (which loan shall be deemed to be immediately due and payable) and shall not be deemed a distribution to such Member. The amount of such payments made with respect to such Member, plus interest, on each such amount from the date of each such payment until such amount is repaid to the LLC at an interest rate per annum equal to the prime rate published in the *Wall Street Journal* on the date of such payment by the LLC with

respect to such Member, shall be repaid to the LLC by (a) deduction from any cash distributions made to such Member pursuant to this Agreement, or (b) earlier payment by such Member to the LLC, in each case as determined by the LLC in its discretion. The LLC may, in its discretion, defer making distributions to any Member owing amounts to the LLC pursuant to this Section 14.3 until such amounts are paid to the LLC and shall in addition exercise any other rights of a creditor with respect to such amounts. Each Member agrees to indemnify and hold harmless the LLC and each of the Members, from and against liability for taxes, interest, or penalties which may be asserted by reason of the failure to deduct and withhold tax on amounts distributable or allocable to said Member. Any amount payable as indemnity hereunder by a Member shall be paid promptly to the LLC upon request for such payment from the LLC, and if not so paid, the LLC shall be entitled to claim against and deduct from the Capital Account of, or from any distribution due to, the affected Member for all such amounts.

Apportionment of Amounts Withheld at the Source or Paid by the LLC

(f) If the LLC receives securities disposition proceeds or other income with respect to which taxes have been withheld at the source or with respect to which the LLC makes payments to any taxing authority, the aggregate amount of such taxes so withheld or paid shall be deemed for all purposes of this Agreement to have been received by the LLC and then distributed by the LLC to and among the Members based on the amount of such withholding or other taxes attributable to each Member, as determined by the Board of Managers after consulting with the LLC's accountants or other advisers, taking into account any differences in the amount of such withholding or other taxes attributable to each Member because of such Member's status, nationality or other characteristics. The intent of the preceding sentence is to have the burden of taxes withheld at the source or paid or reimbursed by the LLC borne by those Members to which such withholding or other taxes are attributable to the maximum extent possible. If the amounts deemed distributed to the Members in accordance with such sentence do not comport with the provisions of this Agreement relating to the apportionment of distributions among the Members, then, notwithstanding such distribution provisions, subsequent distributions to the Members shall be adjusted in an equitable manner by the Board of Managers to reflect the intent of such sentence.

(g) If the LLC is required to remit cash to a governmental agency in respect of a withholding obligation arising from an in-kind distribution by the LLC or the LLC's receipt of an in-kind payment, the Board of Managers may cause the LLC to sell an appropriate portion of the property at issue and, to the extent permitted by applicable law (as determined by the Board of Managers), any resulting income or gain shall be allocated solely for income tax purposes entirely to the Member or Members in respect of which such withholding obligation arises (in such proportion as the Board of Managers shall determine in its reasonable discretion).

Notice to and Consent of Members

. By executing this Agreement, each Member acknowledges that it has actual notice of and consents to (a) all of the provisions hereof (including the restrictions on Transfer), and (b) all of the provisions of the Certificate.

Further Assurances

. The parties agree to execute and deliver any further instruments or documents and perform any additional acts which are or may become necessary to effectuate and carry on the LLC created by this Agreement.

Binding Effect

. Subject to the restrictions on Transfer set forth in this Agreement, this Agreement shall be binding on and inure to the benefit of the Members and their respective transferees, successors, assigns and legal representatives.

Governing Law

. This Agreement shall be governed by and construed under the laws of the State of Delaware as applied to agreements among Delaware residents entered into and to be performed entirely within Delaware.

Title to LLC Property

. Legal title to all property of the LLC will be held and conveyed in the name of the LLC.

14.3 Any controversy, dispute, or claim arising out of, in connection with, or in relation to the interpretation, performance or breach of this Agreement or any agreement or other instrument executed pursuant hereto or otherwise arising out of the execution of any of the foregoing, including, without limitation, any claim based on contract, tort, or statute, shall be resolved or determined, at the request of any party, by arbitration conducted in New York, New York, in accordance with the then-existing Rules for Commercial Arbitration of the American Arbitration Association. Any judgment or award rendered by the arbitrator will be final, binding and non-appealable, and judgment may be entered by any State or Federal court having jurisdiction thereof. The arbitrator shall be required to decide the controversy in accordance with applicable substantive law. Any controversy concerning whether a dispute is an arbitrable dispute or as to the interpretation or enforceability of this Section 14.10 shall be determined by the arbitrator. The arbitrator shall be a retired or former judge and must have substantial professional experience with regard to corporate or partnership legal matters. All arbitration proceedings shall be held in the strictest of confidence and all parties and counsel shall be bound by such requirement of confidentiality. The parties intend that this agreement to arbitrate be valid, enforceable and irrevocable. The designation of a situs or a governing law for this Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. In the arbitrator's award, the arbitrator shall allocate, in his or her discretion, among the parties to the arbitration all costs of arbitration, including the fees of the arbitrator and reasonable attorney's fees, costs and expert witness expenses of the parties.

Entire Agreement

. This Agreement and the Exhibits hereto constitute the entire agreement among the parties with respect to the subject matter herein. This Agreement and the Exhibits hereto replace and supersede all prior agreements by and among the Members or any of them in respect of the LLC. This Agreement and the Exhibits hereto supersede all prior written and oral statements; and no representation, statement, condition or warranty not contained in this Agreement or the Exhibits hereto will be binding on the Members or the LLC or have any force or effect whatsoever.

Counterparts

. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For the avoidance of doubt, affirmation or signature of this Agreement or Unit purchase or issuance agreement by electronic means (an "**Electronic Signature**") shall

constitute the execution and delivery of a counterpart of this Agreement or a Unit purchase or issuance agreement by or on behalf of such Person intending to be bound by the terms of this Agreement. The parties hereto agree that this Agreement, each Unit purchase or issuance agreement and any additional information incidental thereto may be maintained as electronic records. Any Person providing an Electronic Signature further agrees to take any and all additional actions, if any, evidencing their intent to be bound by the terms of this Agreement, as may be reasonably requested by the Board of Managers.

No State-law Partnership

. The Members intend that the LLC not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes other than for U.S. federal income tax purposes as set forth in Section 14.14, and neither this Agreement nor any other document entered into by the LLC or any Member relating to the subject matter hereof shall be construed to suggest otherwise.

Tax Classification

. It is the intent of the Members that, prior to any conversion of the LLC to a corporate legal entity in compliance with the provisions of this Agreement, the LLC shall always be operated in a manner consistent with its treatment as a "partnership" for federal, state and local income and franchise tax purposes at all times that it has two (2) or more Members. In accordance therewith, (a) no Member shall file any election with any taxing authority to have the LLC treated otherwise, and (b) each Member hereby represents, covenants, and warrants that it shall not maintain a position inconsistent with such treatment. The Members agree that at all times that it has two (2) or more Members, except as otherwise required by applicable law, they (i) will not cause or permit the LLC to elect (A) to be excluded from the provisions of Subchapter K of the Code, or (B) to be treated as a corporation or an association taxable as a corporation for any tax purposes; (ii) will cause the LLC to make any election reasonably determined by the TMP to be necessary or appropriate in order to ensure the treatment of the LLC as a partnership for all tax purposes; (iii) will cause the LLC to file any required tax returns in a manner consistent with its treatment as a partnership for tax purposes; and (iv) have not taken, and will not take, any action that would be inconsistent with the treatment of the LLC as a partnership for such purposes.

Severability

. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future laws applicable to the LLC effective during the term of this Agreement, such provision will be fully severable; this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement.

No Third Party Beneficiary

. This Agreement is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and permitted assigns, and no other Person will have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise. Notwithstanding the foregoing, the Series A-1 Members are express third party beneficiaries of the obligations of Joseph and David set forth in Section 4.1(a) of this Agreement.

Interpretation

. The titles and section headings set forth in this Agreement are for convenience only and shall not be considered as part of agreement of the parties. When the context requires, the plural shall include the singular and the singular the plural, and any gender shall include all other genders. No provision of this Agreement shall be interpreted or construed against any party because such party or its counsel was the drafter thereof.

No Interest in LLC Property; Waiver of Action for Partition

. No Member or assignee has any interest in specific property of the LLC. No Member or assignee shall have the right, and each Member and assignee does hereby agree that it shall not seek, to cause a partition of the LLC's property whether by court action or otherwise.

Aggregation of Units

. All Units held or acquired by Affiliates of Members shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

SERIES A MEMBERS:

JG TC Holdings, LLC

By: /s/ Joseph Gottlieb
Name: Joseph Gottlieb
Title: Member

DG TC Holdings, LLC

By: /s/ David Gottlieb
Name: David Gottlieb
Title: Member

SERIES A-1 MEMBER:

pdvWireless, Inc.

By: /s/ Brian D. McAuley
Name: Brian D. McAuley
Title: Chairman

COMMON MEMBERS:

/s/ Brian Levy
Brian Levy

/s/ Joseph Gottlieb
Joseph Gottlieb, individually, solely for purposes of
Section 4.1(a)

/s/ David Gottlieb
David Gottlieb, individually, solely for purposes of
Section 4.1(a)

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Signature Page to
TeamConnect, LLC
Limited Liability Company Agreement

EXHIBIT A
TO THE
LIMITED LIABILITY COMPANY AGREEMENT
OF
TEAMCONNECT, LLC, LLC

[*]

*** CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.**

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EXHIBIT B

Initial Managers

[*]

Officers:

[*]

Tax Matters Member:

[*]

* CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED BECAUSE THE INFORMATION (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

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**PDVWIRELESS, INC.
EXECUTIVE SEVERANCE PLAN
(As Amended on February 12, 2019)**

Purpose of the Plan

The Board believes that it is in the best interests of the Company to encourage the continued employment and dedication of certain executives and key employees by providing economic security to such individuals in the event of certain terminations of employment, and the Plan has been established for this purpose. The Plan is intended to be a “welfare plan” under ERISA providing benefits to a select group of management or highly compensated employees as described in DOL Regulation section 2520.104-24. Capitalized terms used in the Plan are defined in Section 10, except as otherwise specified.

Effective Date

The Plan shall be effective only with respect to a termination of employment covered by the Plan that occurs on or after February 18, 2015 (the “Effective Date”).

Administration

The Committee shall act as the plan administrator and the “named fiduciary” of the Plan for purposes of ERISA. Before a Change in Control, the Committee has sole and absolute discretion and authority to administer the Plan, including the sole and absolute discretion and authority to:

adopt such rules as it deems advisable in connection with the administration of the Plan, and to construe, interpret, apply and enforce the Plan and any such rules and to remedy ambiguities, errors or omissions in the Plan;

determine questions of eligibility and entitlement to benefits and any other terms of the Plan applicable to the Participants; the Committee’s determinations are conclusive and binding on all parties affected by its determinations;

act under the Plan on a case-by-case basis; the Committee’s decisions under the Plan need not be uniform with respect to similarly situated Participants; and

delegate its authority under the Plan to any director, officer, employee, or group of directors, officers and/or employees of the Company.

If any person with administrative authority becomes eligible or makes a claim for Plan benefits, that person will have no authority with respect to any matter specifically affecting his/her individual interest under the Plan, and the Committee will designate another person to exercise such authority.

Notwithstanding anything in the Plan to the contrary, after a Change in Control, neither the Committee nor the Board nor any other person or entity shall have any discretionary authority in the administration of the Plan, and any court or tribunal that adjudicates any dispute, controversy or claim in connection with any Severance Benefits under this Plan will apply a *de novo* standard of review to any determinations made by the Committee or Board following such Change in Control. Such *de novo* standard shall apply notwithstanding the grant of full discretion hereunder to the Committee, Board, or any person or entity or characterization of any decision by the Committee, Board, or by such person or entity as final, binding or conclusive on any party.

Participation

Eligibility under the Plan is limited to Company executive employees specified herein and such other key employees as may be designated by the Committee from time to time. In order to become Participant, the executive or key employee must enter into a written Participation Agreement with the Company.

Severance Benefits

(a) *Before a Change in Control.* If a Participant's employment with the Company is terminated after the Effective Date and before a Change in Control either by the Company for reasons other than Cause, death, or Disability, or by the Participant for Good Reason, then the Participant will be entitled to receive his or her Accrued Benefits and, subject to the Participant's satisfaction of the requirements of Section 6(a) (regarding waiver and release of claims) and Section 6(b) (regarding restrictive covenants), the Company shall provide the Participant with the following Severance Benefits:

(i) payment of the Cash Severance specified in this Section 5(a)(i), which amount shall be paid in installments in accordance with the Company's normal payroll schedule over the Severance Payment Period beginning no later than the first regular payroll period following the expiration of any period during which a Participant may revoke the waiver and release of claims executed pursuant to Section 6(a), so long as that waiver and release becomes effective no later than sixty (60) days after the Participant's termination of employment. Notwithstanding the foregoing, if the period during which a Participant has discretion to execute or revoke the waiver and release of claims straddles two taxable years of the Participant, then the Company shall make the payment in the second of such taxable years, regardless of which taxable year the Participant actually delivers the executed waiver and release to the Company:

- (A) *Tier 1 Executive:* an amount equal to 2.0 times the sum of Base Salary plus Target Bonus;
- (B) *Tier 2 Executive:* an amount equal to 1.0 times the sum of Base Salary plus Target Bonus; and
- (C) *Tier 3 Executive:* an amount specified by the Committee from time to time.

(ii) a pro-rated Target Bonus for the Company's fiscal year in which the termination occurs, pro-rated based on the number of full and partial calendar months during such year prior to the date of termination of employment, which amount shall be paid at the time at which bonuses are paid to actively employed executives for such fiscal year;

(iii) with respect to equity awards outstanding on the effective date of termination of employment:

(A) *Tier 1 and Tier 2 Executives:* (I) all outstanding equity awards granted by the Company prior to the Effective Date to the terminated Tier 1 Executive or Tier 2 Executive, as applicable, shall become fully vested and exercisable for a period of two (2) years following the effective date of such termination or until the option expiration date, if earlier; and (II) all equity awards, if any, granted by the Company to the terminated Tier 1 Executive or Tier 2 Executive, as applicable, after the Effective Date, (x) to the extent vesting of such equity award is subject to vesting based on service, shall be accelerated on a pro rata basis determined by multiplying the number of awards that would have vested on the next scheduled vesting date following the effective date on which the affected Participant's employment terminates by a fraction, the numerator of which is the number of full and partial months (rounded up) that the Participant was employed since the last vesting date (or date of grant of an award if there is no prior vesting date), and the denominator of which is the number of months in the period beginning on the last vesting date (or date of grant if there is no prior vesting date) and ending on the next vesting date, and (y) to the extent such equity award is a stock option or stock appreciation right, shall be exercisable for a period of nine (9) months following the effective date of such termination or until the option expiration date, if earlier.

(B) *Tier 3 Executives:* as specified by the Committee from time to time;

(iv) Health Benefit Continuation; and

(v) Outplacement Assistance.

(b) *Termination Less Than Six Months Before a Change in Control.* If the employment of a Participant who is a Tier 1 or Tier 2 Executive is terminated after the Effective Date either by the Company for reasons other than Cause, death, or Disability, or by the Participant for Good Reason, the Participant begins to receive severance in accordance with Section 5(a), and a Change in Control occurs within six (6) months after the effective date of such termination of employment, then (i) no further payments shall be made pursuant to Sections 5(a)(i) and 5(a)(ii), and the Participant shall receive a single lump sum cash payment upon such Change in Control (or such later date as the release becomes effective as provided in Section

6(a)) equal to the amount (if any) by which (A) the sum of the Cash Severance determined in accordance with Section 5(c)(i) plus the prorated Target Bonus determined in accordance with Section 5(c)(ii), exceeds (B) the amount of any Cash Severance already paid to the Participant under Section 5(a)(i) and the amount of any pro-rated bonus already paid to the Participant under Section 5(a)(ii) for the Company's fiscal year in which the termination occurs based on actual performance, and (ii) all outstanding equity awards granted by the Company to such Participant shall become fully vested upon such Change in Control, and to the extent such equity award is a stock option or stock appreciation right which is not cashed out upon the Change in Control, shall be exercisable for a period for a period of two (2) years following the effective date of such termination or until the option expiration date, if earlier. If a Change in Control occurs more than six (6) months after the effective date of a Participant's termination of employment, all payments specified by Section 5(a) will continue to be paid as scheduled.

(c) *After a Change in Control.* If a Participant's employment with the Company is terminated within 24 months after a Change in Control either by the Company for reasons other than Cause, death, or Disability, or by the Participant for Good Reason, then the Participant will be entitled to receive his or her Accrued Benefits and, subject to the Participant's satisfaction of the requirements of Section 6(a) (regarding waiver and release of claims) and Section 6(b) (regarding restrictive covenants), the Company shall provide the Participant with the following Severance Benefits in lieu of those provided under Section 5(a):

(i) payment of the Cash Severance specified in this Section 5(c)(i), which amount shall be paid in a lump sum cash amount no later three (3) business days following the expiration of any period during which a Participant may revoke the waiver and release of claims executed pursuant to Section 6(a), so long as that waiver and release becomes effective no later than sixty (60) days after the Participant's termination of employment (or the Change in Control Date, for a Participant whose termination of employment is deemed to occur on the Change in Control Date). Notwithstanding the foregoing, if the period during which a Participant has discretion to execute or revoke the waiver and release of claims straddles two taxable years of the Participant, then the Company shall make the payment in the second of such taxable years, regardless of which taxable year the Participant actually delivers the executed waiver and release to the Company:

- (A) *Tier 1 Executive:* an amount equal to 2.0 times the sum of Base Salary plus Target Bonus;
- (B) *Tier 2 Executive:* an amount 1.0 times the sum of Base Salary plus Target Bonus; and
- (C) *Tier 3 Executive:* an amount specified by the Committee from time to time.

(ii) a pro-rated Target Bonus for the Company's fiscal year in which the termination occurs, pro-rated based on the number of full and partial calendar months during such year prior to the date of termination of employment, which amount shall be paid at the time and subject to the same conditions as the Cash Severance;

(iii) with respect to equity awards outstanding on the effective date of termination of employment:

(A) *Tier 1 and Tier 2 Executives:* (I) all outstanding equity awards granted by the Company to the terminated Tier 1 Executive or Tier 2 Executive, as applicable, shall become fully vested, and to the extent such equity award is a stock option or stock appreciation right which is not cashed out upon the Change in Control, shall be exercisable for a period for a period of two (2) years following the effective date of such termination or until the option expiration date, if earlier;

(B) *Tier 3 Executives:* as specified by the Committee from time to time;

(iv) Health Benefit Continuation; and

(v) Outplacement Assistance.

(d) *Form of Severance under Existing Agreement.* Participants who are covered by an existing employment or severance agreement with the Company on the Effective Date agree that their existing rights under that agreement are terminated and replaced with the provisions of this Plan; provided, however, that for the duration of the original remaining term of the employment or severance agreement only, the timing and form of severance (i.e., lump sum or installments) in the employment or severance agreement shall supersede the timing and form of payment provisions in this Section 5 and control the timing and form of payment of the Cash Severance. The Participation Agreement shall provide that, unless otherwise agreed to in writing by the Participant and the Company, that any defined terms in any outstanding equity awards held by the Participant as of the Effective Date shall be superseded and replaced in their entirety by the defined terms in Section 10 of this Plan (including, but not limited to, “Cause”, “Change of Control”, “Disability” and “Good Reason”).

(e) *Employment with Successor.* Notwithstanding anything to the contrary under the Plan, no Severance Benefits shall be paid to a Tier 2 or Tier 3 Executive (but this sentence shall not apply to a Tier 1 Executive) who is offered comparable employment by an entity that purchases a unit or asset of the Company or, following a Change in Control, by a successor to the Company. “Comparable employment” is determined in good faith based on the facts and circumstances in each case, but means employment with duties, responsibilities, Base Salary, annual short-term incentive opportunity, annual long-term incentive opportunity and location that are substantially similar in the aggregate to the Participant’s prior employment with the Company. A Participant who accepts comparable employment with a successor to the Company following a Change in Control remains entitled to receive Severance Benefits if the Participant’s employment is terminated as specified under Section 5(c) (including for purposes of clarity by the Participant for Good Reason).

(f) *Release of Claims and Restrictive Covenants.* Notwithstanding anything in this Plan to the contrary, the Severance Benefits are subject to and contingent on the Participant’s

satisfaction of the requirements of Section 6(a) (regarding waiver and release of claims) and Section 6(b) (regarding restrictive covenants).

(g) *Code Section 280G Cutback.* If the Severance Benefits provided by this Plan or other benefits otherwise payable to the Participant (a) constitute “parachute payments” within the meaning of Code section 280G, and (b) but for this Section 5(g), would be subject to the excise tax imposed by Code section 4999 (“Excise Tax”), then such Severance Benefits or other benefits shall be payable either in full or in such lesser amount which would result in no portion of such Severance Benefits or other benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the Excise Tax, results in the receipt by the Participant, on an after-tax basis, of the greatest amount of such Severance Benefits and other benefits under this Plan or otherwise, notwithstanding that all or some portion of such Severance Benefits or other benefits may be taxable under Code section 4999. Any reduction in the Severance Benefits and other benefits required by this Section 5(g) shall be made in the following order: (i) reduction of cash payments; (ii) reduction of accelerated vesting of equity awards other than stock options; (iii) reduction of accelerated vesting of stock options; and (iv) reduction of other benefits paid or provided to the Participant. The calculations in this Section 5(g) will be performed by the professional firm engaged by the Company for general tax purposes as of the day prior to the date of the Change in Control. If the tax firm so engaged by the Company is serving as accountant or auditor for the acquiring company, the Company shall appoint a nationally recognized tax firm to make the determinations required by this Section 5(g). The Company shall bear all expenses with respect to the determinations by such firm required to be made by this Section 5(g). The Company and the Participant shall furnish such tax firm such information and documents as the tax firm may reasonably request in order to make its required determination. The tax firm will provide its calculations, together with detailed supporting documentation, to the Company and the Participant as soon as practicable following its engagement. Any good faith determinations of the tax firm made hereunder shall be final, binding and conclusive upon the Company and the Participant. As a result of the uncertainty in the application of Code section 409A, 280G or 4999 at the time of the initial determination by the professional tax firm described in this Section 5(g), it is possible that the Internal Revenue Service (the “IRS”) or other agency will claim that an Excise Tax greater than that amount, if any, determined by such professional firm for the purposes of Section 5(g) is due (the “Additional Excise Tax”). The Participant shall notify the Company in writing of any claim by the IRS or other agency that, if successful, would require payment of Additional Excise Tax. The Participant and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to payments made or due to the Participant. The Company shall pay all reasonable fees, expenses and penalties of the Participant relating to a claim by the IRS or other agency. In the event it is finally determined that a further reduction would have been required under this Section 5(g) to place the Participant in a better after-tax position, the Participant shall repay the Company such amount within thirty (30) days thereof in order to effect such result.

Terms and Conditions of Participation

Waiver and Release of Claims. As a condition to receiving Severance Benefits under the Plan, each Participant shall be required to sign and deliver to the Company, and may

not revoke or violate the terms of, a general release of all claims against the Company, and the directors, officers, and employees of each of them, in the form attached as Exhibit A or such other form reasonably satisfactory to the Committee. In no case will payments be made or begin before the end of any revocation period required by applicable law or regulation in connection with any release or waiver that the Participant is asked to sign.

(b) *Restrictive Covenants.* By executing the Participation Agreement, the Participant agrees to abide by the following restrictive covenants as consideration for the Severance Benefits provided under Section 5, and acknowledges that the provisions and covenants contained in this Section 6(b) are ancillary and material to the terms of the Plan and that the limitations contained herein are reasonable in geographic and temporal scope and do not impose a greater restriction or restraint than is necessary to protect the goodwill and other legitimate business interests of the Company. The Participant also acknowledges and agrees that the provisions of this Section 6(b) do not adversely affect the Participant's ability to earn a living in any capacity that does not violate the covenants contained herein. The Company acknowledges and agrees that before Participant shall be determined to have breached any provision or covenant contained in this Section 6(b), the Participant shall have been given notice of any such alleged breach (including the grounds for the Company's determination in reasonable detail) and been given forty-five (45) days after receipt of such notice of such breach to (1) cure or remedy any such breach that is reasonably susceptible of cure or remedy or (2) provide the Company with support that Participant did not breach this Section 6(b). During this forty-five (45) day notice period, a Tier 1 Executive will be afforded the opportunity to make a presentation to the Board regarding the matters referred to in the Company's notice.

(i) *Confidential Information.* The Participant shall hold in a fiduciary capacity for the benefit of the Company and all of its subsidiaries, partnerships, joint ventures, limited liability companies, and other affiliates (collectively, the "Company Group"), all secret or confidential information, knowledge or data relating to the Company Group and its businesses (including, without limitation, any proprietary and not publicly available information concerning any processes, methods, trade secrets, intellectual property, research secret data, costs, names of users or purchasers of their respective products or services, business methods, operating or manufacturing procedures, or programs or methods of promotion and sale) that the Participant has obtained or obtains during the Participant's employment by the Company Group and that is not public knowledge (other than as a result of the Participant's violation of this Section 6(b)(i)) ("Confidential Information"). The Participant shall not communicate, divulge or disseminate Confidential Information at any time during or after the Participant's employment and/or service as a consultant with the Company Group, except with prior written consent of a corporate officer of Company, or as otherwise required by law or legal process. All records, files, memoranda, reports, customer lists, drawings, plans, documents and the like that the Participant uses, prepares or comes into contact with during the course of the Participant's employment shall remain the sole property of the Company and/or the Company Group, as applicable, and shall be turned over to the applicable Company Group company upon termination of the Participant's employment.

(ii) *Non-Recruitment of Company Group Employees, Etc.* During the Participant's employment with the Company Group and for the Restricted Period, the Participant shall not (1) solicit or participate in the solicitation of any person who was employed by the Company Group at any time during the six-month period prior to the Participant's termination of

employment to leave the employ of Company Group; or (2) on behalf of the Participant or any other person, hire, employ, or engage any such person, provided that these restrictions shall only apply so long as the person remains employed by the Company Group and for six months after they cease to be employed by the Company Group. The Participant further agrees that, during the Participant's employment with the Company Group and for the Restricted Period, if an employee of the Company Group contacts the Participant about prospective employment, the Participant will inform that employee that the Participant cannot discuss the matter further without informing the Company Group.

(iii) *Non-Solicitation of Business.* The Participant acknowledges and agrees that Company's customers and any information regarding Company's customers is confidential and constitutes trade secrets. In recognition of the confidential and trade secret nature of information regarding Company's customers, the Participant agrees that during the Restricted Period, the Participant shall not (either directly or indirectly or as an officer, agent, employee, partner or director of any other company, partnership or entity) solicit on behalf of any Competitor of the Company Group the business of (1) any customer of the Company Group during the time of the Participant's employment or as of the date of Participant's termination of employment, or (2) any potential customer of the Company Group which the Participant knew to be an identified, prospective purchaser of services or products of the Company Group as of the date of Participant's termination of employment.

(iv) *Employment by Competitor.* During the Restricted Period, the Participant shall not invest in (other than in a publicly traded company with a maximum investment of no more than one percent (1%) of outstanding shares), counsel, advise, or be otherwise engaged or employed by, any Competitor of the Company Group.

(v) *No Disparagement.*

(1) The Participant and the Company shall at all times refrain from taking actions or making statements, written or oral, that denigrate, disparage or defame the goodwill or reputation of the Participant or the Company Group, as the case may be, or any of its trustees, officers, security holders, partners, agents or former or current employees and directors. The Participant further agrees not to make any negative statement to third parties relating to the Participant's employment or any aspect of the businesses of Company Group and not to make any statements to third parties about the circumstances of the termination of the Participant's employment, or about the Company Group or its trustees, directors, officer, security holders, partners, agents or former or current employees and directors, except as may be required by a court or government body.

(2) The Participant further agrees that, following termination of employment for any reason, the Participant shall assist and cooperate with the Company with regard to any matter or project in which the Participant was involved during the Participant's employment with the Company, including but not limited to any litigation that may be pending or arise after such termination of employment (other than any litigation in which the Company asserts a claim against Participant or alleges that Participant breached one of the restrictive covenants in this Section 6(b)). The Company shall not unreasonably request such cooperation of the Participant and shall cooperate with the Participant in scheduling any assistance by the

Participant taking into account the Participant's business and personal affairs and shall compensate the Participant for any lost wages and/or expenses associated with such cooperation and assistance.

(vi) *Inventions.* All plans, discoveries and improvements, whether patentable or unpatentable, made or devised by the Participant, whether alone or jointly with others, from the date of the Participant's initial employment by the Company and continuing until the end of any period during which the Participant is employed by the Company Group, relating or pertaining in any way to the Participant's employment with or the business of the Company Group (each, an "Invention"), shall be promptly disclosed in writing to the Secretary of the Board and are hereby transferred to and shall redound to the benefit of the Company and shall become and remain its sole and exclusive property. The Participant agrees to execute any assignment to the Company or its nominee, of the Participant's entire right, title and interest in and to any Invention and to execute any other instruments and documents requisite or desirable in applying for and obtaining patents, trademarks or copyrights, at the expense of the Company, with respect thereto in the United States and in all foreign countries, that may be required by the Company. The Participant further agrees to cooperate, while employed and thereafter, to the extent and in the manner required by the Company, in the prosecution or defense of any patent or copyright claims or any litigation, or other proceeding involving any trade secrets, processes, discoveries or improvements covered by this covenant, but all necessary expenses thereof shall be paid by the Company. The Participant agrees to disclose promptly in writing to Company all innovations (including Inventions) conceived, reduced to practice, created, derived, developed, or made by the Participant during the term of employment and for three months thereafter, whether or not the Participant believes such innovations are subject to this Section 6(b)(vi), to permit a determination by Company as to whether or not the innovations should be the property of Company. Any such information will be received in confidence by Company.

(vii) *Acknowledgement and Enforcement.* The Participant acknowledges and agrees that: (1) the purpose of the foregoing covenants is to protect the goodwill, trade secrets and other Confidential Information of the Company; (2) because of the nature of the business in which the Company Group is engaged and because of the nature of the Confidential Information to which the Participant has access, the Company would suffer irreparable harm and it would be impractical and excessively difficult to determine the actual damages of the Company Group in the event the Participant breached any of the covenants of this Section 6(b); and (3) remedies at law (such as monetary damages) for any breach of the Participant's obligations under this Section 6(b) would be inadequate. The Participant therefore agrees and consents that (X) if the Participant commits any breach of a covenant under this Section 6(b) during the applicable period of restriction specified therein, all unpaid Severance Benefits will be immediately forfeited, and (Y) if the Participant commits any breach of a covenant under this Section 6(b) or threatens to commit any such breach at any time, the Company shall have the right (in addition to, and not in lieu of, any other right or that may be available to it) to temporary and permanent injunctive relief from a court of competent jurisdiction, without posting any bond or other security and without the necessity of proof of actual damage.

(viii) *Similar Covenants in Other Agreements Unaffected.* The Participant may be or become subject to covenants contained in other agreements (including but not limited to stock option and restricted stock unit agreements) which are similar to those contained in this

Section 6(b). Further, a breach of the covenants contained in this Section 6(b) may have implications under the terms of such other agreements, including but not limited to a forfeiture of equity awards and long-term cash compensation. The Participant acknowledges the foregoing and understands that the covenants contained in this Section 6(b) are in addition to, and not in substitution of, the similar covenants contained in any such other agreements.

(c) *At-Will Employment.* Each Participant is employed by the Company on an “at will” basis and nothing in this Plan shall give any Participant any right to continue in the employ of the Company. A Participant shall have no rights under the Plan if the Participant’s employment is terminated by the Company, or any successor, with Cause or by the Participant without Good Reason, or due to the Participant’s death or Disability.

(d) *Nonduplication; No Impact on Benefits.*

Payments to a Participant under the Plan shall be in lieu of any severance or similar payments that otherwise might be payable under any Company plan, program, policy or agreement with the Company that provides Severance Benefits upon termination of employment.

Benefits payable under the Plan, whether paid in a lump sum or in periodic payments, will not increase or decrease the benefits otherwise available to a Participant under any company-sponsored retirement plan, welfare plan or any other employee benefit plan or program, unless otherwise expressly provided for in any particular plan or program.

Any Severance Benefits specified under the Plan shall be reduced by the amount of any payment required by the Company to the Participant (A) because of insufficient advance notice of employment loss as may be required by law; or (B) under applicable law because of the termination of employment.

Benefit Claims

Initial Claim. Any claims concerning eligibility, participation, benefits or other aspects of the Plan must be submitted in writing and directed to the Committee, within thirty (30) days after the communication of the determination that is the basis of the claim. Within thirty (30) days after receiving a claim, the Committee will (i) either accept or deny the claim completely or partially and (ii) notify the Participant of acceptance or denial of the claim. If a claim is partially or wholly denied, the Committee will provide a written denial to the Participant no later than ninety (90) days after receipt of the initial claim request. The written denial shall include specific reasons for the denial, specific references to the Plan provisions upon which the denial was based, a description of any additional material or information necessary for the Participant to perfect the claim, an explanation of why such material is necessary, and instructions on the Plan’s claim review procedure.

Appeals. The Participant may request in writing to the Board a review of a denied claim within thirty (30) days after receipt of such denial. Such written request must contain an explanation as to why the Participant is seeking a review. For purposes of the review, the Participant has the right to (i) submit written comments, documents, records and other information relating to the claim for benefits; (ii) request, free of charge, reasonable access to,

and copies of, all documents, records, and other information relevant to the claim for benefits; and (iii) a review that takes into account all comments, documents, records, and other information the Participant submitted relating to the claim, regardless of whether the information was submitted or considered in the initial decision. A decision on such review will be rendered in writing within thirty (30) days of the Board's receipt of a request for review. A written notice affirming the denial of a claim will set forth the specific reasons for the decision and make specific reference to Plan provisions upon which the decision or appeal is based. In preparation for filing such a request for review, the Participant or the Participant's authorized representative may review pertinent Plan documents, and as part of the written request for review, may submit issues and comments concerning the claim. No claim may be brought before or submitted to a court of law or other governmental entity unless and until the claims process under this Section 7 has been exhausted.

Recoupment

Right of Recoupment. If, at any time, the Board or the Committee, as the case may be, determines that any action or omission by the Participant constituted a violation of the restrictive covenants in Section 6(b) to the material detriment of the Company, then the Participant's participation in the Plan shall be immediately terminated and the Participant shall repay to the Company, upon notice to the Participant by the Company, up to 100% of the pre-tax amount paid to the Participant pursuant to this Plan. The Board or the Committee, as the case may be, shall determine the date of occurrence of such violation and the percentage of the pre-tax amount received pursuant to this Plan that must be repaid to the Company.

Method of Recoupment. To the extent permitted by applicable law, the Company may enforce the recoupment of any or all amounts due under this Section 8 by withholding future payment of any Severance Benefits, seeking reimbursement of previously paid Severance Benefits, demanding direct cash payment, reducing any amount of compensation owed by the Company to the Participant, and/or such other means determined by the Board or Committee.

Nonexclusive Remedy. The Company's right of recoupment under this Section 8 is in addition to any remedy available to the Company with respect to any Participant, including, but not limited to, the initiation of civil or criminal proceedings and any right to repayment under the Sarbanes-Oxley Act of 2002, Dodd-Frank Wall Street Reform and Consumer Protection Act, and any other applicable law.

General

Amendment and Termination of the Plan. The Board or the Committee may amend or terminate the Plan in any respect (including any change to the Severance Benefits) only with two years notice to Participants; provided, however, that (i) any amendment or termination will not be effective if there is a Change in Control during the two year notice period, and (ii) the Plan cannot be amended or terminated during the twenty-four (24) month period after a Change in Control. A Participant ceasing to be eligible for a benefit under the Plan before a Change in Control, as described in Section 4, is not an amendment or termination of the Plan.

Funding. Benefits payable under the Plan will be paid only from the general assets of the Company. The Plan does not create any right to, or interest in, any specific assets of the Company.

No Mitigation. The Participant shall not be obligated to seek other employment in mitigation of the amounts payable under any provision of the Plan, and the obtaining of such other employment shall not effect any reduction of the Company's obligations to pay the Severance Benefits provided under the Plan (unless in violation of the restrictive covenants specified under Section 6(b)).

Withholding. The Company may withhold from any payments made under the Plan all federal, state, local or other taxes required pursuant to any law or governmental regulation or ruling.

Right to Offset. To the extent permitted by law, the Company may offset against any obligation to pay any portion of the severance benefit under the Plan any outstanding amount of whatever nature that the Participant then owes to the Company in the capacity as an employee. However, no amount of "deferred compensation" (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) that is payable to a Participant under the Plan may be used to offset any amount that the Participant then owes to the Company.

Successors. All rights under the Plan are personal to the Participant and without the prior written consent of the Committee shall not be assignable by the Participant. The Plan shall inure to the benefit of and be enforceable by the Participant's legal representative. The Plan shall inure to the benefit of, and be binding upon, the Company and its successors and assigns. Any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Pacific DataVision shall be required to assume expressly and agree to perform the obligations set forth in the Plan in the same manner and to the same extent as the Company would be required to do so.

Governing Law. The Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware or by United States federal law.

Severability. If any provision of the Plan is declared illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the provision shall be reformed, if possible, to the extent necessary to render it legal, valid and enforceable, or otherwise deleted, and the remainder of the terms of the Plan shall not be affected except to the extent necessary to reform or delete such illegal, invalid or unenforceable provision.

Notices. Notices and all other communications provided for under the Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States certified mail, return receipt requested, or by overnight courier, postage prepaid, to the Company's corporate headquarters address, to the attention of the Committee, or to the Participant at the home address most recently communicated by the Participant to the Company in writing.

409A Compliance.

The Plan is intended to comply with, or otherwise be exempt from, Code section 409A. The preceding provision, however, shall not be construed as a guarantee by the Company of any particular tax effect to a Participant under the Plan. The Company shall not be liable to a Participant for any payment made under the Plan, at the direction or with the consent of the Participant, which is determined to result in an additional tax, penalty or interest under Code section 409A, nor for reporting in good faith any payment made under the Plan as an amount includible in gross income under Code section 409A.

“Termination of employment,” or words of similar import, as used in this Plan means, for purposes of any payments under this Plan that are payments of deferred compensation subject to Code section 409A, the Participant’s “separation from service” as defined in Code section 409A. For purposes of Code section 409A, the right to a series of installment payments under this Plan shall be treated as a right to a series of separate payments.

With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, a Participant, as specified under this Plan: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Code section 105(b); (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

If a payment obligation under the Plan arises on account of a Participant’s termination of employment while a “specified employee” (as defined under Code section 409A and the regulations thereunder and determined in good faith by the Committee), any payment of “deferred compensation” (as defined under Treasury Regulation section 1.409A-1(b)(1), after giving effect to the exemptions in Treasury Regulation sections 1.409A-1(b)(3) through (b)(12)) shall be made within fifteen (15) days after the end of the six-month period beginning on the date of such termination of employment or, if earlier, within fifteen (15) days after appointment of the personal representative or executor of the Participant’s estate following the death of the Participant.

(k) *Arbitration.* The Company and the Participant agree to attempt to resolve any dispute between them quickly and fairly. Any dispute related to the Plan which remains unresolved shall be resolved exclusively by final and binding arbitration conducted within fifty (50) miles of the Company’s headquarters, pursuant to the then-current rules of the American Arbitration Association with respect to employment disputes. The Company shall bear any and all costs of the arbitration process plus, if a Participant substantially prevails on all issues raised in an arbitration related to the Plan that is commenced following a Change in Control, any reasonable attorneys’ fees incurred by the Participant with regard to such arbitration.

Definitions

The following definitions apply to the Plan:

“Accrued Benefits” means (i) the Participant’s Base Salary through the date of termination of employment, (ii) any accrued but unused paid time off and floating holiday pay, and (iii) unreimbursed business expenses. The Company will pay the Accrued Benefits to the Participant in a cash lump sum within ten (10) days after the Participant’s termination of employment with the Company.

“Affiliate” means any other entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, the Company (including, but not limited to, joint ventures, limited liability companies, and partnerships).

“Base Salary” means the annual rate of base salary in effect as of the date of termination of employment, determined without regard to any reduction thereof that constitutes Good Reason.

“Board” means the Board of Directors of PdvWireless, Inc.

“Cash Severance” means the amount specified in Section 5(a) or Section 5(c), as applicable.

“Cause” means:

(i) the willful and continued failure of the Participant to perform substantially the Participant’s duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), as determined by the Board with respect to any Tier 1 Executive and as determined by the Company’s Chief Executive Officer with respect to any Tier 2 or 3 Executive no earlier than thirty (30) days after a written demand for substantial performance is delivered to the Participant, which specifically identifies the manner in which the Company believes that the Participant has willfully and continuously failed to perform substantially the Participant’s duties with the Company (provided, however, that with respect to any Tier 1 Executive, the failure to achieve individual or Company-based performance goals, budgets or targets shall not be deemed to be a failure of the Participant to perform his or her duties for purposes of this definition of Cause);

(ii) the willful engaging by the Participant in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or Participant’s ability to perform his or her duties with the Company;

(iii) conviction (including a plea of guilty or *nolo contendere*) of a felony; or

(iv) a material breach of the restrictive covenants in Section 6(b) subject to the cure provisions provided in Section 6(b) of the Plan.

“Change in Control” means the effective date of the occurrence of any of the following events:

(i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than thirty percent (30%) of the total Fair Market Value or total combined voting power of the Company’s then-outstanding securities entitled to vote generally in the election of Directors; provided, however, that a Change in Control shall not be deemed to have occurred if such degree of beneficial ownership results from any of the following: (A) an acquisition by any person who on the Effective Date is the beneficial owner of more than thirty percent (30%) of such voting power, (B) any acquisition directly from the Company, including, without limitation, pursuant to or in connection with a public offering of securities, (C) any acquisition by the Company, (D) any acquisition by a trustee or other fiduciary under an employee benefit plan of a Participating Company or (E) any acquisition by an entity owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of the voting securities of the Company; or

(ii) an Ownership Change Event (as defined below) or series of related Ownership Change Events (collectively, a “*Transaction*”) in which the shareholders of the Company immediately before the Transaction do not retain immediately after the Transaction direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding securities entitled to vote generally in the election of Directors or, in the case of an Ownership Change Event described in clause (iii) of that definition, the entity to which the assets of the Company were transferred (the “*Transferee*”), as the case may be; or

(iii) a majority of members of the Incumbent Directors (as defined below) is replaced during any twelve (12)-month period;

provided, however, that a Change in Control shall be deemed not to include an event described in subsection (i) until the earlier of (a) the person has two or more representatives on the Board of Directors or (b) the person becomes the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the total Fair Market Value or total combined voting power of the Company’s then-outstanding securities entitled to vote generally in the election of Directors.

For purposes of subsections (i) and (ii), indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or through one or more subsidiary corporations or other business entities.

In addition for purposes of subsections (i) and (ii), the Committee shall determine whether multiple acquisitions of the voting securities of the Company and/or multiple Ownership Change Events are related and to be treated in the aggregate as a single Change in Control, and its determination shall be final, binding and conclusive.

For purposes of this definition of Change in Control, “*Incumbent Director*” means a director who either (i) is a member of the Board as of the Effective Date or (ii) is elected, or

nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but excluding a director who was elected or nominated in connection with an actual or threatened proxy contest relating to the election of directors of the Company or at the request of a person who is the “beneficial owner” (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than five percent (5%) of the total Fair Market Value or total combined voting power of the Company’s then-outstanding securities entitled to vote generally in the election of Directors); and “Ownership Change Event” means the occurrence of any of the following with respect to the Company: (i) the direct or indirect sale or exchange in a single or series of related transactions by the shareholders of the Company of securities of the Company representing more than fifty percent (50%) of the total combined voting power of the Company’s then outstanding securities entitled to vote generally in the election of Directors; (ii) a merger or consolidation in which the Company is a party; or (iii) the sale, exchange, or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and Treasury guidance promulgated under it.

“Committee” means the Compensation Committee of the Board. The Committee may delegate some or all of its authority under the Plan to any person, persons or subcommittee, in which event, the term “Committee” includes such person, persons or subcommittee to the extent of such delegation.

“Company” means PdvWireless, Inc. and any Affiliate.

“Competitive Activity” means any design, development, sale, promotion, production, marketing, licensing, distribution or provision of any service, technology, product or product feature that is, directly or indirectly, or is intended to be, competitive with one or more services, technologies, products or product features provided by the Company Group.

“Competitor of the Company Group” means any Person that is engaged or preparing to engage in any Competitive Activity.

“Disability” means incapacity due to physical or mental illness which has rendered the Participant unable effectively to carry out his/her duties and obligations to the Company or unable to participate effectively and actively in the management of the Company for a period of ninety (90) consecutive days or for shorter periods aggregating to one-hundred twenty (120) days (whether or not consecutive) during any consecutive twelve (12) months.

“Effective Date” has the meaning specified in Section 2.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and guidance promulgated under it.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and guidance promulgated under it.

“Good Reason” means, without the Participant’s consent:

(i) a material diminution in the Participant’s Base Salary, other than a material diminution that results from a determination by both the President/CEO and the Chairman that the Company’s financial condition is such that a reduction in compensation is appropriate and the reduction is applied uniformly to all Company officers;

(ii) a material diminution in the Participant’s authority, duties, or responsibilities, which shall include (A) with respect to any Participant who is a member of the Board, any failure of the Board to appoint or the stockholders of the Company to elect such Participant as a member of the Board, or any removal of Participant from the Board for reasons other than Cause, and (B) with respect to any Participant who is a Tier 1 Executive, following a Change of Control, a material change in the Company’s long-term business plan or its strategy to increase the value of its FCC licenses; or

(iii) any requirement that the Participant relocate, by more than fifty (50) miles, the principal location from which the Participant performs services for the Company immediately prior to the termination of employment or the occurrence of the Change in Control.

It shall be a condition precedent to the Participant’s right to terminate Participant’s employment for Good Reason (before or after a Change in Control) that (i) the Participant shall have first given the Company written notice stating with reasonable specificity the breach on which such termination is premised within ninety (90) days after the Participant becomes aware or should have become aware of such breach, and (ii) if such breach is susceptible of cure or remedy, such breach has not been cured or remedied within fifteen (15) days after receipt of such notice.

“Health Benefit Continuation” means payment by the Company of the premium for COBRA coverage, if elected by the Participant and his/her eligible dependents, upon loss of coverage under the Company’s group health plan for active employees of the Company due to termination of employment, until the earlier of (i) the end of the Severance Payment Period, (ii) the date that the Participant becomes eligible for coverage under another group health plan, or (iii) the end of the eighteen (18)-month maximum COBRA coverage period.

“Outplacement Assistance” means payment by the Company of the cost of providing outplacement services for a period of twelve (12) months at a cost not exceeding \$25,000 for each Tier 1 and Tier 2 Executive and for a period of nine (9) months at a cost not exceeding \$15,000 for each Tier 3 Executive, so long as (i) the Participant commences utilization of the services within six months following the date of termination of employment; and (ii) the services are provided by a recognized outplacement provider. Payment shall be made by the Company directly to the service provider promptly following the provision of the outplacement services and the presentation to the Company of documentation of the provision of the services, and in all events by no later than the end of the year after the year in which such expense was incurred.

“Participant” means a person who has become a participant pursuant to Section 4 of the Plan.

“Participation Agreement” means a written agreement with the Company in such form as the Committee may specify which obligates the Participant to comply with all of the terms and

conditions of participation in the Plan and, with respect to any Participant who is a Tier 3 Executive, which specifies the Severance Benefits payable to such Participant.

“Plan” means this PdvWireless, Inc. Executive Severance Plan.

“Pacific DataVision” means PdvWireless, Inc., a Delaware corporation.

“Restricted Period” means twenty-four (24) months for a Tier 1 Executive, eighteen (18) months for a Tier 2 Executive, and twelve (12) months for a Tier 3 Executive.

“Severance Benefits” means the benefits specified in Section 5 of this Plan.

“Severance Payment Period” means twenty-four (24) months for a Tier 1 Executive, eighteen (18) months for a Tier 2 Executive, and such period as may be specified by the Committee for a Tier 3 Executive.

“Target Bonus” means the Participant’s short-term incentive bonus target in effect on the Participant’s date of termination of employment, provided, however, that following a Change in Control, the Target Bonus shall be the greater of (1) the Participant’s short-term incentive bonus target in effect on the Participant’s date of termination of employment, and (2) the Participant’s short-term incentive bonus target in effect on the date of the Change in Control.

“Tier 1 Executives” means Brian McAuley, Morgan O’Brien, Rob Schwartz, Tim Gray, and such other executives as the Committee shall specify from time to time.

“Tier 2 Executives” means all Officers of the Company who are not classified as a Tier 1 Executive and such other executives as the Committee shall specify from time to time.

“Tier 3 Executives” means such executives as the Committee shall specify from time to time.

WAIVER AND RELEASE AGREEMENT

THIS WAIVER AND RELEASE AGREEMENT (this "Release") is entered into as of [____], by [____] (the "Executive") in consideration of severance pay and benefits (the "Severance") provided to the Executive by PdvWireless, Inc., a Delaware corporation (the "Corporation"), pursuant to the PdvWireless, Inc. Executive Severance Plan (the "Severance Plan").

1. *Waiver and Release.* Subject to the last sentence of the first paragraph of this Section 1, the Executive, on his own behalf and on behalf of Executive's heirs, executors, administrators, attorneys and assigns, hereby unconditionally and irrevocably releases, waives and forever discharges the Corporation and each of its affiliates, parents, successors, predecessors, and the subsidiaries, directors, owners, members, shareholders, officers, agents, and employees of the Corporation and its affiliates, parents, successors, predecessors, and subsidiaries (collectively, all of the foregoing are referred to as the "Employer"), from any and all causes of action, claims and damages, including attorneys' fees, whether known or unknown, foreseen or unforeseen, presently asserted or otherwise arising through the date of Executive's signing of this Release, concerning Executive's employment or separation from employment. Subject to the last sentence of the first paragraph of this Section 1, this Release includes, but is not limited to, any payments, benefits or damages arising under any federal law (including, but not limited to, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, Executive Order 11246, the Family and Medical Leave Act, and the Worker Adjustment and Retraining Notification Act, each as amended); any claim arising under any state or local laws, ordinances or regulations (including, but not limited to, any state or local laws, ordinances or regulations requiring that advance notice be given of certain workforce reductions); and any claim arising under any common law principle or public policy, including, but not limited to, all suits in tort or contract, such as wrongful termination, defamation, emotional distress, invasion of privacy or loss of consortium. Notwithstanding any other provision of this Release to the contrary, this Release does not encompass, and Executive does not release, waive or discharge, the obligations of the Corporation or any affiliate (a) to make the payments and provide the other benefits contemplated by the Severance Plan, or (b) under any restricted stock agreement, option agreement or other agreement pertaining to Executive's equity ownership, or (c) under any indemnification or similar agreement with Executive.

The Executive understands that by signing this Release, Executive is not waiving any claims or administrative charges which cannot be waived by law. Executive is waiving, however, any right to monetary recovery or individual relief should any federal, state or local agency (including the Equal Employment Opportunity Commission) pursue any claim on Executive's behalf arising out of or related to Executive's employment with and/or separation from employment with the Corporation or any affiliate.

The Executive further agrees without any reservation whatsoever, never to sue the Employer or become a party to a lawsuit on the basis of any and all claims of any type lawfully and validly released in this Release.

1. *Acknowledgments.* The Executive is signing this Release knowingly and voluntarily. Executive acknowledges that:

(a) Executive is hereby advised in writing to consult an attorney before signing this Release;

(b) Executive has relied solely on Executive's own judgment and/or that of Executive's attorney regarding the consideration for and the terms of this Release and is signing this Release knowingly and voluntarily of Executive's own free will;

(c) Executive is not entitled to the Severance unless Executive agrees to and honors the terms of this Release;

(d) Executive has been given at least twenty-one (21) calendar days to consider this Release, or Executive has expressly waived Executive's right to have at least twenty-one (21) days to consider this Release;

(e) Executive may revoke this Release within seven (7) calendar days after signing it by submitting a written notice of revocation to the Employer. Executive further understands that this Release is not effective or enforceable until after the seven (7) day period of revocation has expired without revocation, and that if Executive revokes this Release within the seven (7) day revocation period, Executive will not receive the Severance;

(f) Executive has read and understands the Release and further understands that, subject to the limitations contained herein, it includes a general release of any and all known and unknown, foreseen or unforeseen claims presently asserted or otherwise arising through the date of Executive's signing of this Release that Executive may have against the Employer; and

(g) No statements made or conduct by the Employer has in any way coerced or unduly influenced Executive to execute this Release.

2. *No Admission of Liability.* This Release does not constitute an admission of liability or wrongdoing on the part of the Employer, the Employer does not admit there has been any wrongdoing whatsoever against Executive, and the Employer expressly denies that any wrongdoing has occurred.

3. *Entire Agreement.* There are no other agreements of any nature between the Employer and the Executive with respect to the matters discussed in this Release, except as expressly stated herein, and in signing this Release, the Executive is not relying on any agreements or representations, except those expressly contained in this Release.

4. *Execution.* It is not necessary that the Employer sign this Release following the Executive's full and complete execution of it for it to become fully effective and enforceable.

5. *Severability.* If any provision of this Release is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Release shall continue in full force and effect.

6. *Governing Law.* This Release shall be governed by the laws of the State of Delaware, excluding the choice of law rules thereof.

7. *Headings.* Section and subsection headings contained in this Release are inserted for the convenience of reference only. Section and subsection headings shall not be deemed to be a part of this Release for any purpose, and they shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned has duly executed this Release as of the day and year first herein above written.

EXECUTIVE:

[_____]

Consent of Independent Registered Public Accounting Firm

We have issued our report dated May 20, 2019, with respect to the consolidated financial statements included in the Annual Report of pdvWireless, Inc. on Form 10-K for the year ended March 31, 2019. We consent to the incorporation by reference of said report in the Registration Statements of pdvWireless, Inc. on Form S-3 (File No. 333-214417) and on Forms S-8 (No. 333-229565, No. 333-222890, No. 333-215934, No. 333-209543 and No. 333-201699).

/s/ GRANT THORNTON LLP

New York, New York

May 20, 2019

Consent of Independent Registered Public Accounting Firm

**The Board of Directors and Stockholders of
pdvWireless, Inc.**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-230847) and Form S-8 (No. 333-229565, No. 333-222890, No. 333-215934, No. 333-209543 and No. 333-201699) of our report dated June 5, 2018 (except for the effects of the restatement as discussed in Notes 2 and 12 to the consolidated financial statements, as to which the date is August 9, 2018), relating to our audits of pdvWireless, Inc., as of March 31, 2018 and for each of the two years ended March 31, 2018 which appear in this Form 10-K.

/s/ PKF O'Connor Davies, LLP

New York, New York
May 20, 2019

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CERTIFICATIONS UNDER SECTION 302

I, Morgan E. O'Brien, Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 10-K of pdvWireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 20, 2019

/s/ Morgan E. O'Brien
Morgan E. O'Brien
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS UNDER SECTION 302

I, Timothy A. Gray, Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K of pdvWireless, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 20, 2019

/s/ Timothy A. Gray

Timothy A. Gray
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of pdvWireless, Inc. (the "Company") on Form 10-K for the period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Morgan E. O'Brien, Chief Executive Officer of the Company, and Timothy A. Gray, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 20, 2019

/s/ Morgan E. O'Brien

Morgan E. O'Brien
Chief Executive Officer
(Principal Executive Officer)

Dated: May 20, 2019

/s/ Timothy A. Gray

Timothy A. Gray
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to pdvWireless, Inc. and will be retained by pdvWireless, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission, and is not to be incorporated by reference into any filing of pdvWireless, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.
