
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended December 31, 2018

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)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

At February 1, 2019, 14,695,640 shares of the registrant's common stock were outstanding.

Explanatory Note

This Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 (the “Form 10-Q”) contains restated financial statements and information for the fiscal year ended March 31, 2018 filed by pdvWireless Inc. (the “Company”) with the Securities and Exchange Commission (the “SEC”) on August 9, 2018 in its amended Annual Report on Form 10-K/A for the fiscal year ended March 31, 2018 (“Form 10-K/A”).

In connection with preparing the Form 10-Q for the three months ended June 30, 2018, the Company determined that it incorrectly interpreted the effective date of a change to the accounting treatment of its net operating losses (“NOLs”) instituted by the Tax Cuts and Jobs Act of 2017 (“TCJA”), which was signed into law on December 22, 2017. 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 carryforward period.

At the time of preparing its originally filed Annual Report on Form 10-K for the fiscal year ended March 31, 2018, 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 for the NOLs it incurred during Fiscal 2018 to 20 years, rather than apply an indefinite life to those NOLs.

Based on its review of available accounting literature in connection with preparing the Form 10-Q for the three months 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, despite the double benefit it could recognize for the NOLs it incurred during Fiscal 2018. 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 and to not subject those NOLs to the 80% limitation. See Note 2 to the Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional information regarding the restated financial statements and related information contained in this Form 10-Q.

pdvWireless, Inc.
FORM 10-Q
For the quarterly period ended December 31, 2018

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes statements of our expectations, intentions, plans, and beliefs that constitute “forward-looking statements.” These forward-looking statements are principally, but not solely, contained in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These statements include, but are not limited to, statements about our strategies, plans, objectives, expectations, intentions, expenditures and assumptions and other statements contained herein that are not historical facts. 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 about future events and financial, market and business trends. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. Many of these risks, uncertainties and other factors are beyond our ability to control, influence, or predict. The most significant of these risks, uncertainties and other factors are described in “Item 1A—Risk Factors” in Part II of this Quarterly Report on Form 10-Q and in our amended Annual Report on Form 10-K/A for the year ended March 31, 2018 filed with the Securities and Exchange Commission (the “SEC”) on August 9, 2018. As a result, investors are urged not to place undue reliance on any forward-looking statements. These forward-looking statements reflect our views and assumptions only as of the date such forward-looking statements were made. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I. FINANCIAL INFORMATION

Item 1: Consolidated Financial Statements

pdvWireless, Inc.
Consolidated Balance Sheets
(dollars in thousands, except share data)

	December 31, 2018 (Unaudited)	March 31, 2018 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 82,349	\$ 98,318
Accounts receivable, net of allowance for doubtful accounts of \$265 and \$29	583	935
Inventory	—	173
Prepaid expenses and other current assets	1,768	850
Total current assets	84,700	100,276
Property and equipment	10,376	12,775
Intangible assets	107,543	106,606
Capitalized patent costs, net	193	197
Other assets	866	486
Total assets	\$ 203,678	\$ 220,340
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,512	\$ 4,322
Due to related parties	572	—
Accounts payable - officers	31	94
Deferred revenue	797	813
Total current liabilities	7,912	5,229
Noncurrent liabilities		
Deferred revenue	3,662	4,257
Other liabilities	3,878	2,325
Total liabilities	15,452	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 December 31, 2018 and March 31, 2018	—	—
Common stock, \$0.0001 par value per share, 100,000,000 shares authorized and 14,676,408 shares issued and outstanding at December 31, 2018 and 14,487,650 shares issued and outstanding at March 31, 2018	1	1
Additional paid-in capital	347,128	335,767
Accumulated deficit	(158,903)	(127,239)
Total stockholders' equity	188,226	208,529
Total liabilities and stockholders' equity	\$ 203,678	\$ 220,340

See accompanying notes to consolidated financial statements.

pdvWireless, Inc.
 Consolidated Statements of Operations
 (dollars in thousands, except share data)
 (Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Operating revenues				
Service revenue	\$ 1,155	\$ 1,232	\$ 3,798	\$ 3,500
Spectrum revenue	182	182	547	547
Other revenue	164	187	854	532
Total operating revenues	<u>1,501</u>	<u>1,601</u>	<u>5,199</u>	<u>4,579</u>
Cost of revenue				
Sales and service	1,614	2,016	5,562	5,628
Gross loss	<u>(113)</u>	<u>(415)</u>	<u>(363)</u>	<u>(1,049)</u>
Operating expenses				
General and administrative	6,723	5,464	18,882	15,341
Sales and support	620	1,619	3,116	5,009
Product development	654	592	1,864	1,772
Restructuring costs	418	—	8,540	—
Impairment of long-lived assets	200	—	730	—
Total operating expenses	<u>8,615</u>	<u>7,675</u>	<u>33,132</u>	<u>22,122</u>
Loss from operations	<u>(8,728)</u>	<u>(8,090)</u>	<u>(33,495)</u>	<u>(23,171)</u>
Interest expense	—	(1)	—	(2)
Interest income	393	197	1,079	494
Other income (expense)	<u>(16)</u>	<u>(9)</u>	<u>(16)</u>	<u>(29)</u>
Loss before income taxes	<u>(8,351)</u>	<u>(7,903)</u>	<u>(32,432)</u>	<u>(22,708)</u>
Income tax expense	—	(7,804)	—	(6,498)
Net loss	<u>\$ (8,351)</u>	<u>\$ (99)</u>	<u>\$ (32,432)</u>	<u>\$ (16,210)</u>
Net loss per common share basic and diluted	<u>\$ (0.57)</u>	<u>\$ (0.01)</u>	<u>\$ (2.23)</u>	<u>\$ (1.12)</u>
Weighted-average common shares used to compute basic and diluted net loss per share	14,614,793	14,451,313	14,539,377	14,445,627

See accompanying notes to consolidated financial statements.

pdvWireless, Inc.
 Consolidated Statement of Stockholders' Equity/(Deficiency)
 (dollars in thousands, except share data)
 (Unaudited)

	Number of Shares		Preferred Stock	Common	Additional Paid-in Capital	Accumulated Deficit	Total
	Preferred Stock	Common					
	Series AA	Stock					
Balance at September 30, 2018	—	14,573,267	\$ —	\$ 1	\$ 343,930	\$ (150,552)	\$ 193,379
Equity based compensation*	—	18,014	—	—	1,459	—	1,459
Stock option exercises	—	85,127	—	—	1,739	—	1,739
Shares withheld for taxes	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	(8,351)	(8,351)
Balance at December 31, 2018	—	14,676,408	\$ —	\$ 1	\$ 347,128	\$ (158,903)	\$ 188,226
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*	—	68,082	—	—	8,936	—	8,936
Stock option exercises	—	125,976	—	—	2,564	—	2,564
Shares withheld for taxes	—	(5,300)	—	—	(139)	—	(139)
Net loss	—	—	—	—	—	(32,432)	(32,432)
Balance at December 31, 2018	—	14,676,408	\$ —	\$ 1	\$ 347,128	\$ (158,903)	\$ 188,226

* includes restricted shares

See accompanying notes to consolidated financial statements.

pdvWireless, Inc.
Consolidated Statement of Stockholders' Equity/(Deficiency)
(dollars in thousands, except share data)
(Unaudited)

	Number of Shares		Preferred Stock	Common	Additional Paid-in Capital	Accumulated Deficit	Total
	Preferred Stock	Common					
	Series AA	Stock					
Balance at September 30, 2017	—	14,469,164	\$ —	\$ 1	\$ 333,295	\$ (118,782)	\$ 214,514
Equity based compensation*	—	14,406	—	—	1,445	—	1,455
Stock option exercises	—	1,000	—	—	20	—	20
Shares withheld for taxes	—	(15,333)	—	—	(460)	—	(460)
Net loss	—	—	—	—	—	(99)	(99)
Balance at December 31, 2017	—	14,469,237	\$ —	\$ 1	\$ 334,310	\$ (118,881)	\$ 215,430
Balance at April 1, 2017	—	14,442,368	—	\$ 1	\$ 330,566	\$ (102,671)	\$ 227,896
Equity based compensation*	—	30,121	—	—	3,970	—	3,970
Stock option exercises	—	12,081	—	—	234	—	234
Shares withheld for taxes	—	(15,333)	—	—	(460)	—	(460)
Net loss	—	—	—	—	—	(16,210)	(16,210)
Balance at December 31, 2017	—	14,469,237	\$ —	\$ 1	\$ 334,310	\$ (118,881)	\$ 215,430

pdvWireless, Inc.
Consolidated Statements of Cash Flows
(dollars in thousands)
(Unaudited)

	Nine months ended December 31,	
	2018	2017 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (32,432)	\$ (16,210)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	2,141	2,103
Non-cash compensation expense attributable to stock awards	8,936	3,998
Deferred income taxes	—	(6,498)
Bad debt expense	280	26
Loss on disposal of assets	31	36
Impairment of long-lived assets	730	—
Changes in operating assets and liabilities		
Accounts receivable	72	(153)
Inventory	173	3
Prepaid expenses and other assets	(532)	(769)
Accounts payable and accrued expenses	2,190	550
Due to related parties	572	—
Accounts payable - officers	(63)	4
Deferred revenue	(611)	(565)
Other liabilities	1,553	569
Net cash used by operating activities	<u>(16,960)</u>	<u>(16,906)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of intangible assets	(937)	(1,930)
Purchases of equipment	(492)	(748)
Payments for domain name	(5)	—
Net cash used by investing activities	<u>(1,434)</u>	<u>(2,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock option exercise	2,564	234
Payments of withholding tax on net issuance of restricted stock	(139)	(489)
Net cash provided by (used by) financing activities	<u>2,425</u>	<u>(255)</u>
Net change in cash and cash equivalents	<u>(15,969)</u>	<u>(19,839)</u>
CASH AND CASH EQUIVALENTS		
Beginning of the period	98,318	124,083
End of the period	\$ 82,349	\$ 104,244
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the period:		
Taxes paid	\$ 12	\$ 9
Non-cash activities:		
Capital expenditures included in other liabilities	\$ —	\$ 202

See accompanying notes to consolidated financial statements.

pdvWireless, Inc.

Notes to Consolidated Financial Statements
(Unaudited)

1. Nature of Operations

pdvWireless, Inc. (the “Company”) is a private wireless communications company focused on developing and offering its spectrum assets for the deployment of next generation network and mobile communication solutions designed to meet the needs of critical infrastructure and enterprise customers. The Company is the largest holder of licensed spectrum in the Part 90 900 MHz band (i.e., 896-901 MHz paired with 935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico.

The Company’s first priority involves pursuing regulatory initiatives at the Federal Communications Commission (“FCC”) with the goal of modernizing and realigning the 900 MHz band to increase its usability and capacity, including for the future potential deployment of broadband and other advanced technologies and services. While it pursues these FCC initiatives, the Company is utilizing its spectrum assets to operate push-to-talk networks in seven major metropolitan market areas, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. At the same time, the Company is exploring and developing network and mobile communication solutions, leveraging its spectrum to address the unmet needs of its targeted critical infrastructure and enterprise customers. The Company is pursuing opportunities to enable additional network and mobile communication solutions for use by critical infrastructure and enterprise customers with its existing spectrum and currently available non-broadband technologies and, if the Company is successful with its FCC efforts, utilizing its spectrum assets to enable broadband and other advanced wireless service offerings.

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, Reston, Virginia and San Diego, California.

The Company’s revenues are derived substantially from its TeamConnectSM and pdvConnectTM offerings. During the year ended March 31, 2016, the Company began offering its TeamConnect, two-way radio service to businesses located in the seven markets in which it operates push-to-talk networks. Historically, the Company has offered pdvConnect, a proprietary suite of mobile communication and workforce management, principally to enterprise customers who utilize Tier 1 cellular networks.

On June 1, 2018, the Company’s Board of Directors approved an initial plan to restructure its business aimed at reducing the future operating costs of its TeamConnect and pdvConnect businesses and better aligning and focusing its business priorities on its broadband spectrum initiatives. In furtherance of this restructuring and realignment plan, the Company announced in January 2019 that it had entered into agreements to transfer the TeamConnect and pdvConnect businesses. Specifically, the Company entered into: (i) a Customer Acquisition and Resale Agreement (the “A BEEP Agreement”) with A BEEP LLC (“A BEEP”) on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement (the “Goosetown Agreement”) with Goosetown Enterprises, Inc. (“Goosetown”) on January 2, 2019 and (iii) a memorandum of understanding with the principals of Goosetown (the “MOU”) on December 31, 2018. The Company will continue operating its push-to-talk networks in the markets in which customers are being transferred and trunked facilities in other markets in which it holds FCC licenses.

In connection with transferring the TeamConnect and pdvConnect businesses, on December 31, 2018, the Company’s Board of Directors approved the following cost-reduction and restructuring actions (the “December 2018 Cost-Reduction Actions”): (i) the elimination of approximately 20 positions, or 30% of its workforce and (ii) the closure of its office in San Diego, California.

2. Restatement of Previously Issued Financial Statements

In connection with preparing the Form 10-Q for the three months ended June 30, 2018, the Company determined that it incorrectly interpreted the effective date of changes in the accounting treatment of its net operating losses (“NOLs”) in accordance with the new tax 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%.

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 quarterly period ended December 31, 2017 and the year ended March 31, 2018, 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 for its 2018 NOLs 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 those 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-Q reflects the restated financial statements and information filed by the Company with the SEC on August 9, 2018 in its previously amended Quarterly and Annual Reports.

3. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The unaudited consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with US GAAP have been condensed or omitted.

Because certain information and footnote disclosures have been condensed or omitted, these unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in the Company's amended Annual Report on Form 10-K/A for the fiscal year ended March 31, 2018, as filed on August 9, 2018 with the SEC. In the Company's opinion all normal and recurring adjustments considered necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented have been included. The Company believes that the disclosures made in the unaudited consolidated interim financial statements are adequate to make the information not misleading. The results of operations for the interim periods presented are not necessarily indicative of the results for the year.

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.

Use of Estimates

Management may be required 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. Moreover, in certain circumstances, requirements associated with relevant US GAAP guidance can impact the Company's estimates and assumptions. 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the presentation of the corresponding amounts in the financial statements for the three months and nine months ended December 31, 2018. These reclassifications had no effect on previously reported results of operations, cash flows, assets, liabilities or equity for the periods 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.

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 annually on an aggregate basis, as the Company will be utilizing the wireless licenses on an integrated basis as a part of developing its nationwide network. Before employing detailed impairment testing, the Company first evaluates the likelihood of impairment by considering relevant qualitative factors that may have a significant bearing on fair value. If it determines that it is more likely than not that the wireless licenses are impaired, it will apply a quantitative analysis including detailed testing methodologies. Otherwise, it concludes that no impairment exists. In the event a quantitative analysis is required, the Company considers estimates of valuation methods to perform the test of the fair values of the wireless licenses using, among other things, market based and discounted cash flow approaches.

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.

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.

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 at 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.

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 employees, directors, and consultants. 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, 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 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.

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, stock options, restricted stock and warrants are considered to be potentially dilutive securities. Because the Company has reported a net loss for the three and nine months ended December 31, 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 1,386,000 and 1,002,000 at December 31, 2018 and March 31, 2018, 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*. The ASU amends, among other things, the existing guidance by requiring lessees to recognize lease assets (right-of-use) and liabilities (for reasonably certain lease payments) arising from operating leases on the balance sheet. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of operations. For leases with a term of twelve months or less, ASU 2016-02 permits an entity to make an accounting policy election to not recognize a right-of-use asset nor lease liability, but rather to recognize such leases as lease expense, generally on a straight-line basis over the lease term. 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. However, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method to apply the initial application of the new accounting standard at the adoption date and the recognition of a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption. The Company will adopt ASU 2016-02 on April 1, 2019 and intends to elect certain practical expedients, including the optional transition method that allows for the application of the new standard at its adoption date. The comparative financial information will not be restated and will continue to be reported under the previous lease standard in effect during those periods.

While the Company has not yet completed its evaluation of the impact of ASU 2016-02 will have on its consolidated financial statements, the Company expects to recognize a material increase in lease-related assets and liabilities on its consolidated balance sheets. However, the Company does not expect that its adoption of ASU 2016-02 on April 1, 2019 will have a material impact on its consolidated statements of operations or cash flows. Upon adoption, the Company expects that its financial statement disclosures will be expanded to present additional details of its leasing arrangements. While the Company continues to evaluate the impact that ASU 2016-02 will have on its consolidated financial statements and related disclosures, the actual impact of the standard will be dependent upon the Company's lease portfolio at adoption.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment*. ASU 2017-04 eliminated Step 2 from the goodwill impairment test, which required entities to compute the implied fair value of goodwill by determining the fair value of the reporting unit's assets and liabilities as if they were assets acquired and liabilities assumed in a business combination. Instead of Step 2, entities performing their annual impairment test will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Entities will continue to have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The adoption of ASU 2017-04 will be effective for annual, or any interim, goodwill impairment tests in fiscal years beginning after December 15, 2019. The adoption of this guidance is not expected to have an effect on the Company's consolidated financial statements.

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 is evaluating the potential impact that ASU 2018-07 may have on its consolidated financial statements.

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 has not had 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 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 derives 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 is 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 three and nine months ended December 31, 2018 and December 31, 2017 was approximately \$182,000 and \$547,000, respectively.

Other Revenue. The Company derives 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 December 31, 2018 and April 1, 2018, the Company had \$0.2 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 balances sheets for both periods. The amortization of the contract asset for the three and nine months ended December 31, 2018 was not significant.

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 December 31, 2018 and April 1, 2018, the Company had \$0.4 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 December 31, 2018, \$0.3 million was recorded as a component of prepaid and other current assets. As of April 1, 2018, \$0.4 million were recorded as a component of prepaid and other current assets. In addition, the Company recorded \$0.1 million and \$0.4 million resulting from the amortization of its contract assets during the three and nine months ended December 31, 2018, respectively, 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		281
Amortization		(441)
Impairment		(50)
Balance at December 31, 2018	\$	558

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 \$4.9 million has been reduced by revenue recognized in the nine months ended December 31, 2018 of \$0.6 million leaving a remaining liability of \$4.4 million as of December 31, 2018. The revenue will be recognized ratably since the service is provided over the contractual term of approximately ten years.

Adoption Impact. The following table is a comparison of the reported results of operations for the three and nine months ended December 31, 2018 compared to the amounts that would have been reported had the Company not adopted ASC 606 (in thousands):

	Impact on change in accounting policy					
	For the three months ended December 31, 2018			For the nine months ended December 31, 2018		
	As Reported	Impact of		As Reported	Impact of	
	ASC 606	Legacy GAAP		ASC 606	Legacy GAAP	
Service revenue	\$ 1,155	\$ 23	\$ 1,178	\$ 3,798	\$ 82	\$ 3,880
Spectrum revenue	182	—	182	547	—	547
Other revenue	164	—	164	854	(94)	760
Sales and support	620	(112)	508	3,116	(223)	2,893
Net (loss)/income	(8,351)	135	(8,216)	(32,432)	211	(32,221)
Net loss per common share basic and diluted	\$ (0.57)	\$ 0.01	\$ (0.56)	\$ (2.23)	\$ 0.01	\$ (2.22)

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	Impact of	Legacy GAAP
	December 31, 2018	ASC 606	December 31, 2018
Prepaid and other current assets	\$ 1,768	\$ (389)	\$ 1,379
Other assets	866	(169)	697
Accumulated deficit	(158,903)	558	(158,345)

5. Property and Equipment

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

	Estimated useful life	December 31, 2018	March 31, 2018
Network sites and equipment	5-10 years	\$ 15,463	\$ 15,263
Computer equipment	5-7 years	150	184
Computer software	1-3 years	33	10
Furniture and fixture and other equipment	2-5 years	1,183	1,418
Leasehold improvements	Shorter of the lease term or 10 years	354	344
		17,183	17,219
Less accumulated depreciation		7,382	5,468
		9,801	11,751
Construction in process		575	1,024
Property and equipment, net		\$ 10,376	\$ 12,775

Depreciation expense for the three months ended December 31, 2018 and December 31, 2017 amounted to \$0.7 million. The depreciation expense for the nine months ended December 31, 2018 and December 31, 2017 was \$2.1 million. For the three and nine months ended December 31, 2018 and 2017, depreciation expense was primarily classified as cost of revenue in the Company's Consolidated Statements of Operations. During the nine months ended December 31, 2018, the Company recorded a \$0.7 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. 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.

6. 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. The Company believes that no impairment indicators existed as of December 31, 2018 for which the Company would recognize impairment.

During the nine months ended December 31, 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. The Company has made \$0.6 million in refundable deposits which is accounted for in the Consolidated Balance Sheets with \$0.1 million in prepaid expense and other current assets and \$0.5 million in long term assets.

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

	Wireless Licenses
Balance at March 31, 2018	\$ 106,606
Acquisitions	937
Balance at December 31, 2018	<u>\$ 107,543</u>

For the nine months ended December 31, 2017, the Company had \$1.9 million in acquisitions.

7. Related Party Transactions

During the three and nine months ended December 31, 2018, the Company incurred \$136,000 in consulting fees to a consultant firm who is an affiliate of a significant shareholder of the Company. No such services were provided in the three and nine months ended December 31, 2017. The Company purchased \$0.2 million of equipment for the three months ended December 31, 2018 and \$0.4 million for the nine months ended December 31, 2018.

The following amounts were payable to the Company's related parties:

- As of December 31, 2018, the Company owes \$0.4 million to equipment supplier.
- As of December 31, 2018, the Company owes \$0.1 million to a shareholder for consulting services.

8. Note Payable

On October 23, 2015, the Company entered into a promissory note in the amount of \$1.3 million 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. The note payable was paid in full as of March 31, 2018.

9. Impairment and Restructuring Charges

Long-lived Asset Impairment.

During the nine months ended December 31, 2018, 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 \$0.2 million and \$0.7 million in the three and nine months ending December 31, 2018, respectively, to reduce the carrying value of these assets to zero.

Restructuring Charges.

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 December 31, 2018, the Company recorded a liability of \$3.3 million, of which \$2.0 million is reflected in accounts payable and accrued expenses, for the cash payments under both the CEO Transition Agreements with Mr. Pescatore and the consulting and transition agreements with other key employees. These payments will be made over a period of time between eighteen and twenty-four months beginning October 2018. In addition, for the nine months ended December 31, 2018, the Company recorded a non-cash \$1.7 million charge for stock compensation expense due to modifications to the key employee stock grants. For the nine months ended December 31, 2018, the Company recorded a non-cash \$4.5 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. As a result, the Company recorded a \$0.4 million

restructuring charge in the nine months ended December 31, 2018, related to employee severance and benefit costs. There were no restructuring charges related to these costs recorded in the three months ended December 31, 2018.

Total restructuring costs of \$0.4 million on the consolidated statement of operations for the three months ended December 31, 2018 relates to the Continued Service, Consulting and Transition Agreements for key employees, which will be paid over 18 months. For the nine months ended December 31, 2018, total restructuring costs were \$8.5 million consisting of \$4.5 million of stock compensation expense, \$3.6 million for the CEO Transition Agreements and the consulting and transition agreements, with the other key employees, as well as \$0.4 million related to employee severance and benefit costs. As of December 31, 2018, \$2.0 million of accrued restructuring costs were accounted for in accounts payable and accrued expenses and \$1.3 million were accounted for in other liabilities on the Company's Consolidated Balance Sheets. The Company believes that the restructuring efforts will be concluded by the end March 31, 2019.

For the nine months ended December 31, 2018, total accrued restructuring charges were as follows (in thousands):

	Restructure Activity
Balance at March 31, 2018	\$ —
Severance costs	408
Consulting costs	3,567
Facility exit	3
Cash payments	(673)
Balance at December 31, 2018	\$ 3,305

10. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, commonly referred to as the U.S. Tax Cuts and Jobs Act (the "Act"). For tax years ending after December 31, 2017, the Company 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. Thus, the deferred tax liability from the indefinite lived intangibles is offset fully by the deferred tax assets, specifically the net operating losses that do not expire. As a result, the Company recorded no income tax expense for the three and nine months ended December 31, 2018.

As a result of the Act, for the three months ended December 31, 2017, the Company recorded a discrete tax benefit of \$7.8 million related to the reduction in valuation allowance related to the offset of the nine months ending December 31, 2017 net operating loss against the deferred tax liability from the indefinite-lived intangibles. For the nine months ending December 31, 2017, the Company recorded a total tax benefit of \$6.5 million.

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. The audit began at the end of June 2018 and is on-going.

11. Stock Acquisition Rights, Stock Options and Warrants

The Company established the pdvWireless, Inc. 2014 Stock Plan (the "2014 Stock Plan") to attract, retain and reward individuals who contribute to the growth of the Company. While the 2014 Stock Plan superseded previous stock plans. 21,236 stock options remained vested and outstanding as of December 31, 2018, under such previous stock plans.

As of December 31, 2018, 3,511,695 shares of common stock were authorized and reserved for issuance under its 2014 Stock Plan. The number of shares will continue to automatically increase each January 1st 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. The Board of Directors declined to accept the full amount authorized and increased the shares authorized and reserved for issuance under the 2014 Stock Plan increased on January 1, 2019 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 nine months ended December 31, 2018 is as follows:

	Restricted Stock	Weighted Average Grant Date Fair Value
Non-vested restricted stock outstanding at March 31, 2018	217,813	\$ 24.69
Granted	155,180	30.45
Forfeited	(22,334)	(24.40)
Vested	(60,828)	(23.84)
Non-vested restricted stock outstanding at December 31, 2018	<u>289,831</u>	<u>\$ 27.80</u>

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 was approximately \$0.7 million for the three months ended December 31, 2018 and approximately \$3.4 million for the nine months ended December 31, 2018. For the three and nine months ended December 31, 2017, stock compensation expense related to restricted stock was approximately \$0.5 million and \$1.3 million, respectively.

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 nine months ended December 31, 2018. 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 nine months ended December 31, 2018. The expense recorded for these modifications was approximately \$1.4 million in the nine months ended December 31, 2018 and is accounted for in restructuring costs.

Stock compensation expense of \$0.7 million and \$2.0 million for the three and nine months ended December 31, 2018 for restricted stock is accounted for in general and administrative expense in the Company's Consolidated Statement of Operations. At December 31, 2018, there was \$5.8 million of unvested compensation expense related to the restricted stock, which is expected to be recognized over a weighted average period of 2.89 years.

Performance Stock Units

A summary of the performance stock unit activity for the nine months ended December 31, 2018 is as follows:

	Performance Stock	Weighted Average Grant Date Fair Value
Performance stock outstanding at March 31, 2018	109,138	\$ 23.80
Granted	—	—
Forfeited	—	—
Vested	—	—
Performance stock outstanding at December 31, 2018	<u>109,138</u>	<u>\$ 23.80</u>

The 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 goal. 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.

For the three and nine months ended December 31, 2018 and 2017, there was no stock compensation expense recognized for the performance units. At December 31, 2018, there was approximately \$2.6 million of unvested compensation expense related to the outstanding performance stock units.

Stock Options

A summary of stock option activity for the nine months ended December 31, 2018 is as follows:

	Options	Weighted Average Exercise Price
Options outstanding at March 31, 2018	1,968,374	\$ 23.11
Granted during the period	701,484	23.07
Exercised during the period	(125,476)	(20.35)
Forfeited/Expired during the period	(602,487)	(23.07)
Options outstanding at December 31, 2018	<u>1,941,895</u>	<u>\$ 23.29</u>

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 nine months ended December 31, 2018. 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 nine months ended December 31, 2018. 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 nine months ended December 31, 2018. As a result, the 630,684 stock options are reflected as a new grant and the previous grants are treated as forfeited.

The stock options to purchase shares of common stock awarded to the Company employees and consultants during the nine months ended December 31, 2018 was 120,800, of which 112,000 were awarded to employees and 8,800 were awarded to consultants, and which have a ten-year contractual life. Of the 112,000 stock options to purchase shares of common stock that were granted in the nine months ended December 31, 2018, 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, they will vest 25% on the first anniversary of grant, and the remainder will vest in three equal annual installments thereafter. The stock option to purchase 100,000 shares of common stock awarded to the Company's President vests 50% on the second anniversary of grant and 25% each in two annual installments. 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.

Additional information regarding stock options outstanding at December 31, 2018 is as follows:

Exercise Prices	Number Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price of Shares Exercisable
\$ 13.25 - \$ 20.00	1,016,400	4.85	\$ 19.77	1,016,400	\$ 19.77
20.01 - 46.23	895,245	7.46	26.42	472,831	26.55
46.24 - 72.85	30,250	6.26	49.13	22,687	49.13
	<u>1,941,895</u>	6.08	<u>\$ 23.29</u>	<u>1,511,918</u>	<u>\$ 22.33</u>

The Black-Scholes option model requires weighted average assumptions to be used for calculation of the Company's stock compensation expense. The assumptions used during the nine months ended December 31, 2018 were: the expected life of the awards was 5 years; the risk-free interest rate was 2.5%; the expected volatility was 49.71%; the expected dividend yield was 0.0%; and the expected forfeiture rate was 3%.

Performance Stock Options

A summary of the performance stock options as of December 31, 2018 is as follows:

	Performance Options	Weighted Average Exercise Price
Performance options outstanding at March 31, 2018	179,945	\$ 25.83
Performance options granted	—	—
Performance options forfeited/expired	—	—
Performance options outstanding at December 31, 2018	<u>179,945</u>	<u>\$ 25.83</u>

The performance 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 Board of Directors to the terms and conditions (including, but not limited to, the rebidding, 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 nine months ended December 31, 2018 was \$3.2 million. No stock compensation expense related to these agreements was recorded in the three months ending December 31, 2018. 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 stock options (other than the performance stock options) issued was approximately \$0.7 million and \$2.4 million for the three and nine months ended December 31, 2018, respectively. For the three and nine months ended December 31, 2017, the comparable stock compensation expense was approximately \$1.0 million and \$2.7 million, respectively. There was no stock compensation expense related to the performance stock options issued for the three and nine months ended December 31, 2018 and 2017. The stock compensation expense is included in general and administrative expense in the accompanying Consolidated Statement of Operations.

The weighted average fair value for the stock option awards granted during the nine months ended December 31, 2018 was \$7.41 per share. As of December 31, 2018, there was approximately \$4.3 million of unrecognized compensation cost related to non-vested stock options granted under the Company's stock option plans, of which \$2.3 million pertains to the non-performance based stock options which is expected to be recognized over a weighted-average period of 2.8 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 of these Class B Units into shares of its common stock at its election. 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 the 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 consolidated financial statements.

12. Commitments and Contingencies

Leasing Obligations

The Company is obligated under certain lease agreements for office space with lease terms expiring on various dates from January 7, 2019 through March 31, 2027, which includes a ten-year lease extension for its corporate headquarters. The Company entered into multiple lease agreements for tower space related to its TeamConnect business. The lease expiration dates range from February 28, 2020 to June 30, 2026.

Rent expense amounted to approximately \$0.6 million and \$2.0 million for the three and nine months ended December 31, 2018, respectively, of which approximately \$0.4 million and \$1.2 million for the three and nine month periods ended December 31, 2018, respectively, was classified as cost of revenue and the remainder of approximately \$0.2 million and \$0.8 million was classified in operating expenses in the Consolidated Statements of Operations. Total rent expense amounted to approximately \$0.6 million and \$1.9 million for the three and nine months ended December 31, 2017, respectively, of which approximately \$0.4 million and approximately \$1.2 million, respectively, was classified as cost of revenue and the remainder of approximately \$0.2 million and \$0.7 million, respectively, was classified in operating expenses in the Consolidated Statements of Operations. At December 31, 2018, accumulated deferred rent payable amounted to approximately \$2.3 million and is included as part of other liabilities in the accompanying Consolidated Balance Sheet.

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 following the nine months ended December 31, 2018 are as follows (in thousands):

2019 (3 months)	\$	537
2020		2,193
2021		1,905
2022		1,541
2023		1,366
After 2023		2,569
Total	\$	10,111

Litigation

The Company is not involved in any material legal proceedings at this time. However, from time to time, the Company may be involved in litigation that arises from the ordinary operations of the business, such as contractual or employment disputes or other general actions. In the event of an adverse outcome of these proceedings, the Company believes the resulting liabilities would not have a material adverse effect on its financial condition or results of operations.

13. Concentrations of Credit Risk

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

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

As of December 31, 2018, the Company sells its software applications product and extends credit predominately through one domestic third-party carrier. The Company maintains allowances for doubtful accounts based on factors surrounding the write-off history, historical trends, and other information.

14. Business Concentrations

For the three months and nine months ended December 31, 2018, the Company had one Tier 1 domestic carrier that accounted for approximately 21% and 28%, respectively of operating revenues. For the three and nine months ended December 31, 2017, the Company had one Tier 1 domestic carrier that accounted for approximately 40% of operating revenues.

As of December 31, 2018, and March 31, 2018, the Company had one Tier 1 domestic carrier that accounted for approximately 43% and 53%, respectively, of accounts receivable.

15. Subsequent Event

In June 2018, as discussed above, 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 furtherance of this restructuring plan, the Company has entered into agreements to transfer its TeamConnect and pdvConnect businesses. Specifically, the Company entered into: (i) the A BEEP Agreement with A BEEP on January 2, 2019, (ii) the Goosetown Agreement with Goosetown on January 2, 2019 and (iii) the MOU on December 31, 2018. The Company will continue operating trunked facilities in the markets in which customers are being transferred and in other markets in which it holds FCC licenses.

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 will initially continue to provide these services for a 90-day period 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. Within the 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.

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 will initially continue to provide these services for a 90-day period 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. Within the 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.

MOU

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. 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, billing and collection services related to the Company's pdvConnect applications. The Company has agreed to provide transition services to the LLC for a 90-day period to facilitate an orderly transition of the customer care, billing and collection services.

The Company is obligated to pay the LLC a monthly service fee for 24 months for its assumption of the Company's support obligations under the Goosetown and A BEEP Agreements. The LLC is obligated to pay the Company a certain portion of the billed revenue received by the LLC from pdvConnect customers for a 48-month period.

December 2018 Cost-Reduction Actions

In connection with transferring the TeamConnect and pdvConnect businesses, on December 31, 2018, the Company's Board of Directors approved the December 2018 Cost-Reduction Actions: (i) the elimination of approximately 20 positions, or 30% of our workforce and (ii) the closure of our office in San Diego, California. The Company expects to record a restructuring charge in the fourth quarter of fiscal 2019 of approximately \$0.9 million, primarily related to employee severance, retention and benefit costs and rent for the San Diego office. An additional \$0.2 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.

Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis of the financial condition and results of operations of pdvWireless, Inc. (“PDV,” the “Company,” “we,” “us,” or “our”) should be read in conjunction with our financial statements and notes thereto included in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto included in our amended Annual Report on Form 10-K/A for the year ended March 31, 2018, filed with the SEC on August 9, 2018. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those identified or referenced in “Item 1A—Risk Factors” in Part II of this Quarterly Report on Form 10-Q and in our amended Annual Report on Form 10-K/A. As a result, investors are urged not to place undue reliance on any forward-looking statements. Except to the limited extent required by applicable law, the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report.

Overview

We are a wireless communications company focused on developing and offering our spectrum assets for the deployment of next generation network and mobile communication solutions designed to meet the needs of critical infrastructure and enterprise customers. We are the largest holder of licensed spectrum in the Part 90 900 MHz band (i.e., 896-901 MHz paired with 935-940 MHz) throughout the contiguous United States, plus Hawaii, Alaska and Puerto Rico. On average, we hold approximately 60% of the channels in our portion of the 900 MHz band in the top 20 metropolitan market areas in the United States. We maintain offices in Woodland Park, New Jersey and Reston, Virginia.

We have initiated and are currently pursuing a regulatory proceeding at the Federal Communications Commission (“FCC”) aimed at modernizing and realigning the Part 90 900 MHz spectrum band to increase its usability and capacity, including for the future deployment of broadband and other advanced technologies and services. While we pursue these FCC initiatives, we are utilizing our spectrum assets to operate push-to-talk networks in seven major metropolitan market areas, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. At the same time, we are exploring opportunities to enable additional network and mobile communication solutions for use by critical infrastructure and enterprise customers with our existing spectrum and currently available non-broadband technologies and, if we are successful with our FCC efforts, utilizing our spectrum assets to enable broadband and other advanced wireless service offerings.

Spectrum Initiatives

Our spectrum is our most valuable asset. Although we can use our spectrum for narrowband and wideband wireless services without the need to obtain any further FCC authorizations or rule modifications, many of the future business opportunities that we have identified require higher bandwidth than we possess given the current configuration of our spectrum. As a result, we are pursuing a number of initiatives to increase the usability, efficiency and capacity of our 900 MHz spectrum.

In November 2014, we and the Enterprise Wireless Alliance (“EWA”) submitted a Joint Petition for Rulemaking to the FCC to propose the 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.

On August 4, 2017, the FCC issued a Notice of Inquiry (“NOI”) that we believe signified its interest in conducting a serious and comprehensive evaluation of the current and future rules governing the 900 MHz band. In the NOI, the FCC announced 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 enable increased access to spectrum, improved spectrum efficiency and expanded flexibility for a variety of potential uses and applications, including broadband and other advanced technologies and services. The FCC stated that the purpose of the NOI was to gather information from interested parties to assist it in its decision-making process. 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 our Joint Petition and other pending proposals that involved the 900 MHz band. However, a broadband reconfiguration option included in the NOI was consistent with our Joint Petition proposal, and all information we previously provided to the FCC to support the realignment and modernization of the 900 MHz band remained relevant.

We and EWA filed a joint response to the FCC’s NOI on October 2, 2017 and reply comments on November 1, 2017. On May 1, 2018, we and the EWA augmented elements of our initial joint response to the NOI based on our discussions and interactions with incumbents and other interested parties to the NOI proceeding. This filing was intended to address and resolve issues and concerns expressed by incumbents in and adjacent to the portion of the 900 MHz band proposed for broadband use. Our most recent responsive filing proposes shifting the contemplated 3 X 3 MHz broadband allocation 400 kHz down to a new location in the 900 MHz band, a

change that we believe addresses the concern regarding potential interference previously expressed by incumbents in the narrowband PCS spectrum immediately above the top end of our portion of the 900 MHz band. Our most recent responsive filing also proposed a means to increase the alternatives through which licenses for a new 3 X 3 900 MHz broadband service could be put to use by utilities and other members of the critical infrastructure industry, as well as by other private enterprise companies. We believe these alternatives add elements of flexibility and, ideally, could shorten the time required to introduce important broadband communication capabilities to these market segments.

We have responded to all outstanding requests for information from the FCC, and we are currently awaiting FCC action. Based on our discussions with the staff of the FCC, we believe that the proceeding is under active consideration. The FCC's next step could be issuance of a Notice of Proposed Rulemaking based on the NOI and the record developed in response to it, 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. We are aware of statements made by FCC personnel in various settings indicating that the FCC is considering issuing an action that is generally consistent with many aspects of our recent proposals and related comments. While such statements do not constitute an official FCC announcement or position, we remain optimistic concerning the prospects for future regulatory actions directed at moving the FCC processes toward authorizing and enabling broadband use of a portion of the 900 MHz band spectrum. Moreover, certain of the matters proposed in our most recent responsive filing are contingent on other developments, such as formalizing our tentative agreement with the Association of American Railroads to exchange their frequencies, some of which are located immediately below the lower end of the originally proposed 900 MHz broadband allocation, for PDV frequencies further down in the 900 MHz band, to accommodate our proposed 400 kHz shift of that allocation. In addition, all aspects of potential changes in the configuration and/or use of frequencies in the 900 MHz band remain subject to necessary FCC approvals.

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 broadband and other advanced technologies and services. Nevertheless, obtaining a favorable result from the FCC may take a significant amount of time and resources, including the delay caused by the recent government shut-down. Moreover, there is no assurance that following the conclusion of the NOI process, the FCC will ultimately propose and adopt rules that will allow utilization of our licensed 900 MHz spectrum to offer broadband and other advanced technologies and services. The full text of the NOI, as well as comments and related correspondences are available on the FCC's public website at <https://www.fcc.gov/document/900-mhz-notice-inquiry>.

To prepare for the filings we have submitted with the FCC and to build support for a 900 MHz broadband realignment, we have met and are working with, and intend to continue to meet and work 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 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 businesses on how broadband capabilities could enhance their operations and initiatives (for example, supporting grid modernization requirements or monitoring and/or controlling their own system or network elements via machine-to-machine type services); (iv) gaining a better understanding of the size of the operational incumbent base and the nature of the systems they are currently operating; (v) refining and modifying aspects of our proposal to seek to minimize potential concerns and problems expressed by certain incumbents; (vi) gaining additional support for our proposal (as so refined and modified); (vii) accelerating the availability of a sub-1 GHz broadband spectrum allocation for use in a private network context designed to meet the specialized requirements of utilities, other critical infrastructure industry members and private enterprise users; and (viii) evaluating and proposing voluntary license relocation opportunities to certain incumbent licensees.

With certain incumbent licensees, we are continuing to attempt to build consensus and to resolve any concerns they have expressed regarding our broadband initiatives; with others, we are soliciting their support and cooperation to structure and implement mutually beneficial relocations; and with select critical infrastructure enterprises, we are jointly investigating how the future broadband capabilities that we are pursuing could be employed to meet their anticipated needs and future operating plans. A number of critical infrastructure and enterprise companies have put on the record their needs and unique requirements for networks and services utilizing broadband and other next generation technologies. We believe the public identification of these needs and requirements lends support to our proposal at the FCC. As an indication of the interest in our efforts, we have provided business proposals to several incumbents to assist with their communication needs. We anticipate that the FCC process will continue to afford other companies with the opportunity to identify new use case requirements on the record. We anticipate that if the FCC proceeding continues to move forward, we will need to investigate, and potentially address, some of these new use case requirements.

In addition to our efforts with incumbents, utilities, the FCC, and other interested parties, we also have been working with the Department of Energy and others within the Administration to highlight the benefits that our proposal can bring to the utility and critical infrastructure sectors. We believe these benefits align with both the goals of the Administration as well as with the efforts of the Department of Energy to modernize the grid and enhance its security. We are also working with representative organizations from the energy and electrical sectors, as well as their regulators, to support our efforts.

Restructuring and Realignment Plan

We currently utilize our spectrum assets to operate push-to-talk networks in seven major metropolitan market areas, including Atlanta, Baltimore/Washington, Chicago, Dallas, Houston, New York and Philadelphia. In fiscal 2016, we began utilizing our push-to-talk networks to offer TeamConnect, a push-to-talk communication service for enterprise customers. Historically, we also offered pdvConnect, a proprietary suite of mobile communication and workforce management application, principally to enterprise customers who utilize Tier 1 cellular networks.

On June 1, 2018, our Board of Directors approved an initial plan to restructure our business aimed at reducing the future operating costs of our TeamConnect and pdvConnect businesses and better aligning and focusing our business priorities on our broadband spectrum initiatives. In furtherance of this restructuring and realignment plan, we announced in January 2019 that we had entered into agreements to transfer our TeamConnect and pdvConnect businesses. Specifically, we entered into: (i) a Customer Acquisition and Resale Agreement (the “A BEEP Agreement”) with A BEEP LLC (“A BEEP”) on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement (the “Goosetown Agreement”) with Goosetown Enterprises, Inc. (“Goosetown”) on January 2, 2019 and (iii) a memorandum of understanding with the principals of Goosetown (the “MOU”) on December 31, 2018. We will continue operating our networks in the markets in which customers are being transferred and trunked facilities in other markets in which we hold FCC licenses.

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 (the “MVNO Arrangements”) for a two (2)-year period. We also granted Goosetown a license to sell the TeamConnect Mobile, TeamConnect Hub and TeamConnect for Smart Devices applications (the “Licensed Applications”).

Under these agreements, A BEEP and Goosetown agreed to provide customer care, billing and collection services for their respective acquired customers. We will initially continue to provide these services for a 90-day period to help facilitate the transitioning of the acquired customers. Additionally, we will continue to maintain and pay all site lease, backhaul and utility costs required to operate the MotoTRBO Systems for a two (2)-year period. A BEEP and Goosetown will migrate the acquired customers off of our MotoTRBO systems over the two-year period. A BEEP and Goosetown each agreed to pay the Company a certain portion of the recurring revenue they receive from the acquired customers ranging from 100% to 20% during the terms of the Agreements. Additionally, A BEEP has agreed to pay the Company 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 48 months. Goosetown has agreed to pay the Company 20% of recurring revenues from the Licensed Applications for a period of 48 months. In consideration for the customers and assets being transferred to A BEEP and Goosetown, we will record 20% of the billed revenue as Other income/(expense) in our consolidated income statements in future periods.

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. The Goosetown principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC will assume our software support and maintenance obligations under the Goosetown and A BEEP Agreements. The LLC will also assume customer care, billing and collection services related to our pdvConnect application. We have agreed to provide transition services to the LLC for a 90-day period to facilitate an orderly transition of the customer care, billing and collection services. We are also obligated to pay the LLC a monthly services fee for 24 months for its assumption of our support obligations under the Goosetown and A BEEP Agreements. In consideration for the transferred assets and pdvConnect customers, the LLC is obligated to pay the Company a certain portion of the billed revenue received by the LLC from pdvConnect customers for a 48-month period. We will record this payment as Other income/(expense) in our consolidated income statements in future periods.

In connection with transferring the TeamConnect and pdvConnect businesses, on December 31, 2018, our Board of Directors approved the following cost-reduction and restructuring actions (the “December 2018 Cost-Reduction Actions”): (i) the elimination of approximately 20 positions, or 30% of our workforce and (ii) the closure of our office in San Diego, California. We expect to record a restructuring charge in the fourth quarter of fiscal 2019 of approximately \$0.9 million, primarily related to employee severance, retention and benefit costs and rent for the San Diego office. An additional \$0.2 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. We anticipate 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.

Critical Accounting Policies and Estimates

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. Revenues are recognized when a contract with a customer exists and control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect 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 Standard Codification 606 *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 obligations. Judgment may be used to determine the standalone selling prices if for items that are not sold separately, including services provided at no additional charge. Most of our performance obligations are satisfied at a point in time as services are provided.

Our contract assets include the portion of our future service invoices which have been allocated to the discounted price of the radios and amortized as a reduction against service revenue over the contract period. We also 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. The Company has determined that certain sales commissions meet the requirements to be capitalized and recognized as an asset.

Our contract liabilities primarily relate to advance consideration received from customers for our spectrum services, for which revenue is recognized over time, as the services are performed. These contract liabilities are recorded as deferred revenue on the consolidated balance sheets.

In September 2014, Motorola paid us an upfront, fully-paid fee of \$7.5 million in order to use a portion of our wireless spectrum licenses. The payment of the fee is accounted for as deferred revenue on our consolidated balance sheets and is recognized ratably in accordance with ASC 606 over the contractual term of approximately ten years.

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 stock 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.

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 or enabling a nationwide network. Before employing detailed impairment testing, we first evaluate the likelihood of impairment by considering relevant qualitative factors that may have a significant bearing on fair value. If we determine that it is more likely than not that the wireless licenses are impaired, we will apply a quantitative analysis including detailed testing methodologies. Otherwise, we conclude that no impairment exists. In the event a quantitative analysis is required, we consider estimates of valuation methods to perform the test of the fair values of the wireless licenses using, among other things, market based and discounted cash flow approaches.

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 2014.

JOBS Act. So long as we remain an emerging growth company, or 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 of 1933, as amended, 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 no later than the relevant dates on which adoption of such standards is required for other public companies.

We will remain an emerging growth company until the earlier of (a) the last day of the fiscal year following January 26, 2020, (b) the last day of the fiscal year in which we have total annual gross revenue of at least \$1.07 billion, (c) the date on which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the end of the prior second fiscal quarter (currently September 30th), or the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period.

Results of Operations

Comparison of the three and nine months ended December 31, 2018 and 2017

The following table sets forth our results of operations for the three and nine months ended December 31, 2018 and 2017. The period-to-period comparison of financial results is not necessarily indicative of the financial results we will achieve in future periods.

(dollars in thousands, except share data)	Three months ended		Nine months ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating revenues				
Service revenue	\$ 1,155	\$ 1,232	\$ 3,798	\$ 3,500
Spectrum revenue	182	182	547	547
Other revenue	164	187	854	532
Total operating revenues	1,501	\$ 1,601	\$ 5,199	\$ 4,579
Cost of revenue				
Sales and service	1,614	2,016	5,562	5,628
Gross loss	(113)	(415)	(363)	(1,049)
Operating expenses				
General and administrative	6,723	5,464	18,882	15,341
Sales and support	620	1,619	3,116	5,009
Product development	654	592	1,864	1,772
Restructuring costs	418	—	8,540	—
Impairment of long-lived assets	200	—	730	—
Total operating expenses	8,415	7,675	33,132	22,122
Loss from operations	(8,728)	(8,090)	(33,495)	(23,171)
Interest expense	—	(1)	—	(2)
Interest income	393	197	1,079	494
Other income (expense)	(16)	(9)	(16)	(29)
Loss before income taxes	(8,351)	(7,903)	(32,432)	(22,708)
Income tax expense	—	(7,804)	—	(6,498)
Net loss	\$ (8,351)	\$ (99)	\$ (32,432)	\$ (16,210)
Net loss per common share basic and diluted	\$ (0.57)	\$ (0.01)	\$ (2.23)	\$ (1.12)
Weighted-average common shares used to compute basic and diluted net loss per share	14,614,793	14,451,313	14,539,377	14,445,627

Operating revenues. Overall operating revenues decreased by \$0.1 million, or 6.2%, to \$1.5 million for the three months ended December 31, 2018 from \$1.6 million for the three months ended December 31, 2017. For the nine months ended December 31, 2018, operating revenues increased by \$0.6 million, or 13.5%, to \$5.2 million from \$4.6 million for the nine months ended December 31, 2017. The decrease in the three months is primarily attributable to lower revenue in our pdvConnect business due to the loss of a customer. The increase in the nine months ended December 31, 2018 resulted from a \$0.7 million increase in service revenue in our TeamConnect business resulting from an increase in the number of TeamConnect subscribers for the nine months ended December 31, 2018. This increase was partially offset by \$0.3 million lower pdvConnect revenue due to the loss of a customer. Other revenue, which consists primarily of equipment sales for our product offering, Diga-Talk, remained relatively flat for the three months ended December 31, 2018 and increased by \$0.3 million, or 61%, to \$0.8 million from \$0.5 million for the nine months ended December 31, 2018.

Cost of revenue. Cost of revenue for the three months ended December 31, 2018 decreased by approximately \$0.4 million, or 20.0%, to \$1.6 million from \$2.0 million for the three months ended December 31, 2017. The decrease for the three month period resulted from lower headcount costs due to employees reassigned to other areas of the business to support our strategic initiatives as well as lower costs to maintain our 900 MHz network. For the nine months ended December 31, 2018, cost of revenue remained relatively flat at \$5.6 million.

Gross loss. Gross loss improved by \$0.3 million, or 72.9% to (\$113,000) in the three months ended December 31, 2018 from (\$0.4 million) for the three months ended December 31, 2017. The gross loss improved by \$0.7 million, or 65.4%, to (\$0.4 million) in the nine months ended December 31, 2018 from (\$1.1 million) for the nine months ended December 31, 2017. The improvement in both the three and nine month periods resulted from lower handset sales to end users for our TeamConnect business and lower headcount costs due to the reassignment of employees as well as lower costs related to maintaining our 900 MHz network.

General and administrative expenses. General and administrative expenses for the three months ended December 31, 2018 increased by \$1.2 million, or 23.0%, to \$6.7 million from \$5.4 million for the three months ended December 31, 2017. The increase resulted primarily from \$0.9 million in professional services and consulting expenses related to our strategic initiatives. For the nine months ended December 31, 2018, general and administrative expenses increased by \$3.5 million, or 23.1%, to \$18.9 million from \$15.3 million for the nine months ended December 31, 2017. The increase principally resulted from \$1.0 million in costs related to existing headcount, \$1.1 million in professional services and consulting expenses related to our strategic initiatives, and \$0.5 million in stock compensation,

Sales and support expenses. Sales and support expenses for the three months ended December 31, 2018 decreased by \$1.0 million, or 61.7%, to \$0.6 million from \$1.6 million for the three months ended December 31, 2017. For the nine months ended December 31, 2018, sales and support expenses decreased by \$1.9 million, or 37.8%, to \$3.1 million from \$5.0 million for the nine months ended December 31, 2017. These decreases were attributable to the reduction in force that occurred in June and August 2018 resulting in lower headcount and related costs.

Product development expenses. Product development expenses remained relatively flat for the three and nine months ended December 31, 2018 as compared to the three and nine months ended December 31, 2017.

Restructuring costs. Restructuring costs were incurred as a result of the April and June 2018 announcements of a restructuring plan to shift our focus and resources 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 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"). In addition, we entered into consulting and transition agreements with several other key employees. In the three months ended December 31, 2018, a \$0.4 million liability was recorded for the cash payments under the consulting and transition agreements for the other key employees. Additional stock compensation expense was recorded of \$4.5 million for the nine months ended December 31, 2018.

Impairment of long-lived assets. The impairment for the three and nine months ended December 31, 2018 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 expense. Interest expense incurred for the three and nine months ended December 31, 2017 relates to our promissory note issued in October 2015 in connection with the acquisition of wireless licenses. The promissory note was paid in March 2018.

Interest income. The \$0.4 million and \$1.1 million in interest income earned for the three and nine months ended December 31, 2018, respectively, resulted from higher returns on the amounts held in our money market funds.

Income tax expense. For the three and nine months ended December 31, 2018, there was no income tax expense recorded as a result of the U.S. Tax Cuts and Jobs Act (the "Act"), passed on December 22, 2017. The Act provided that net operating losses are indefinite lived deferred tax assets and can be fully offset by our deferred tax liability related to our indefinite lived intangible assets. A non-cash income tax benefit of \$7.8 million and \$6.5 million for the three and nine months ended December 31, 2017 compared to none in the prior year. The tax benefit for both periods resulted from the passage of the Tax Cuts and Jobs Act ("TCJA") on December 22, 2017 that included a provision whereby the operating losses incurred in years ending after December 31, 2017 may be carried forward indefinitely. We treat the 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. The income tax benefit for the quarter reduced the valuation allowance.

Liquidity and Capital Resources

At December 31, 2018, we had cash and cash equivalents of \$82.3 million.

Our accounts receivable is heavily concentrated in one Tier 1 domestic carrier partner. As of December 31, 2018, our accounts receivable balance was approximately \$0.6 million, of which approximately \$0.2 million, or approximately 43%, was due from this third-party Tier 1 domestic carrier partner.

Net cash used by operating activities. Net cash used in operating activities was \$17.0 million for the nine months ended December 31, 2018, as compared to \$16.9 million for the nine months ended December 31, 2017. The majority of net cash used by operating activities during the nine months ended December 31, 2018 resulted from the net loss of \$32.4 million, partially offset by non-cash stock-based compensation of \$8.9 million. The majority of net cash used by operating activities during the nine months ended December 31, 2017 resulted from the net loss of \$16.2 million, which includes the costs incurred to support our TeamConnect business, partially offset by the deferred tax benefit of \$6.5 million and by a reduction in stock-based compensation of \$4.0 million.

Net cash used by investing activities. Net cash used in investing activities was approximately \$1.4 million for the nine months ended December 31, 2018, as compared to \$2.7 million used for the nine months ended December 31, 2017. The net cash used during the nine months ended December 31, 2018 resulted from wireless license acquisitions and the purchase of equipment. The net cash used

during the nine months ended December 31, 2017 resulted from \$1.9 million in wireless license acquisitions and \$0.7 million for the continuing equipment purchases and construction costs related to the buildout of our network for our TeamConnect business.

Net cash provided by (used by) financing activities. For the nine months ended December 31, 2018, net cash provided by financing activities was \$2.4 million which was principally due to \$2.6 million in cash received from the proceeds from stock option exercises. For the nine months ended December 31, 2017, there was (\$0.3) million in cash used by financing activities resulting from payments made for withholding tax for restricted stock vestings.

Our future capital requirements will depend on many factors, including: the timeline and results of our FCC initiatives and related activities; the costs related to our implementation of our current the initial restructuring plan and any future restructuring actions approved by our Board of Directors for our TeamConnect and pdvConnect businesses; the cost and time to identify, develop and commercialize any network and mobile communication solutions we pursue as part of our long-term business plan; 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 deployment of broadband and other advanced technologies and services. 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 the CEO Transition Agreements. In the nine months ended December 31, 2018, we recorded a liability of \$1.8 million for the cash payments under the CEO Transition Agreements. These payments will be made over twenty-four months beginning October 2018. 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. In the nine months ended December 31, 2018, we recorded a liability of \$1.4 million for the cash payments to be made to those key employees. These payments will be made over eighteen months beginning October 2018. 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 June 2018, we announced that our Board approved an initial plan to restructure our business aimed at reducing the future operating costs of our TeamConnect and pdvConnect business operations and better aligning and focusing our business priorities on our spectrum initiatives aimed at modernizing and realigning the Part 90 900 MHz band to increase its usability and capacity. As part of the restructuring plan, we eliminated approximately 20 positions, or 20% of our workforce, in June 2018 primarily from our TeamConnect and pdvConnect businesses. Overall, we expect that this workforce reduction will decrease operating costs by \$1.6 million on an annualized basis. The cash payments associated with this workforce reduction were made during the three months ended September 30, 2018. The reduction in costs will assist in limiting our capital requirements over the next 12 months. We believe our cash and cash equivalents on hand will be sufficient to meet our financial obligations through at least the next 12 months.

In furtherance of this restructuring and realignment plan, we announced in January 2019 that we had entered into the A Beep Agreement, Goosetown Agreement and MOU. In connection with transferring the TeamConnect and pdvConnect businesses, on December 31, 2018, our Board of Directors approved the December 2018 Cost-Reduction Actions, as further describe above under Restructuring and Realignment Plan. An additional \$0.2 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 November 3, 2016, 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 November 16, 2016, 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.

On February 6, 2018, 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 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 cannot predict with certainty when, if ever, we will require additional capital to further fund our current or future business plans and initiatives. Presently, we intend to cover our spectrum initiatives and future operating expenses through cash on hand and from revenue derived from our planned sales of our TeamConnect services and product offerings and from our licensing, leasing or selling our spectrum consistent with our spectrum initiatives. We may experience greater than expected cash usage to support our operating activities and business plan and/or our revenues may be lower, or take more time to develop, than we anticipate. See “Risk Factors” in our amended Annual Report on Form 10-K/A for the year ended March 31, 2018, filed with the SEC on August 9, 2018 for risks and uncertainties that could cause our operating costs to be more than we currently anticipate and/or our revenue and operating results to be lower than we currently anticipate. As a result, we cannot provide assurance that we will not require additional funding in the future. In addition, we intend to acquire businesses, technologies or spectrum or license technologies from third parties for or in connection with our spectrum initiatives. We also intend to pursue the development and offering of additional next generation network and mobile communications solutions. As a result, we may decide to raise additional capital through debt or equity financing, including pursuant to our Shelf Registration Statement, to the extent we believe this is necessary to successfully complete these acquisitions or license these technologies or pursue spectrum or other business opportunities. 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 would have a material adverse effect on our business, operating results, financial condition and liquidity.

Off-balance sheet arrangements

As of December 31, 2018 and March 31, 2018, we did not have and do not have any relationships with unconsolidated entities or financial partnerships that were established for the purpose of facilitating off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Item 3. 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.

Our operations are based in the United States and, accordingly, all of our transactions are denominated in U.S. dollars. We are currently not exposed to market risk from changes in foreign currency.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, had concluded that our disclosure controls and procedures were not effective as of December 31, 2018 because of a material weakness in our internal control over financial reporting as of such date as discussed below.

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.

Changes in Internal Control over Financial Reporting

In connection with preparing our Quarterly Report on Form 10-Q, for the quarter ended June 30, 2018, management became aware of an error related to the Company’s interpretation and application of the effective date of changes in the accounting treatment of its 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”). This error resulted in a restatement to the Company’s financial statements for the fiscal year ended March 31, 2018 and quarter ended December 31, 2017. The error was caused by an inadequate design in controls pertaining to the Company’s review and analysis of changing tax legislation. The deficiency represents a material weakness in the Company’s internal control over financial reporting.

Management has taken steps to remediate the material weakness identified above. The remediation plan included (i) the implementation of new controls designed to evaluate the impact of income tax policies and changes in tax law and (ii) additional training focused on new tax legislation. However, management has concluded that the material weakness continued to exist as of

December 31, 2018 because the remedial controls it implemented had not operated for a sufficient period of time for management to conclude through testing that such remedial controls were operating effectively as of December 31, 2018.

Management believes the measures described above and others that may be implemented will remediate the material weakness identified. As management continues to evaluate and improve the Company's internal control over financial reporting, it may decide to take additional measures to address control deficiencies or determine to modify, or under appropriate circumstances not to complete, certain of the remediation measures identified.

Further, due to the adoption of ASC 606 effective April 1, 2018, the Company has begun designing and implementing additional internal controls over processes specific to the recording, processing and reporting requirements underlying the new revenue recognition requirements.

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. 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.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not involved in any material legal proceedings.

Item 1A. Risk Factors.

In evaluating us and our common stock, we urge you to carefully consider the risks (including those disclosed below) and other information in this Quarterly Report on Form 10-Q as well as the risk factors disclosed in our amended Annual Report on Form 10-K/A for the year ended March 31, 2018, filed with the Securities and Exchange Commission (the “SEC”) on August 9, 2018 (the “Form 10-K/A”). Other than the risk factor related to our restructuring plans and action for our TeamConnect and pdvConnect businesses, which we have updated and set forth below, there have been no material changes from the risk factors as previously disclosed in our amended Annual Report on Form 10-K/A. Any of the risks discussed in this Quarterly Report on Form 10-Q, in our Form 10-K/A, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition.

We may fail to effectively execute on the transfer of our TeamConnect and pdvConnect businesses and our related restructuring plans, which could result in higher costs and lower revenues than expected, and cause us not to achieve the expected long-term operational benefits.

In June 2018, we announced an initial plan to restructure our business aimed at reducing the future operating costs of our narrowband operations and better aligning and focusing our business priorities on our 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. At that time, our Board of Directors authorized workforce reductions and the implementation of a number of cost reduction initiatives. Our Board also indicated that it planned to continue to review and assess the Company’s TeamConnect and pdvConnect businesses and their prospects both as stand-alone businesses and as complementary businesses to our potential future 900 MHz broadband network deployments in those markets.

In January 2019, we announced that our Board had determined that it was in the best interests of the Company and its stockholders to transfer the TeamConnect and pdvConnect businesses. Specifically, we entered (i) a Customer Acquisition and Resale Agreement (the “A BEEP Agreement”) with A BEEP LLC (“A BEEP”) on January 2, 2019, (ii) a Customer Acquisition, Resale and Licensing Agreement (the “Goosetown Agreement”) with Goosetown Enterprises, Inc. (“Goosetown”) on January 2, 2019, and (iii) a memorandum of understanding with the principals of Goosetown (the “MOU”) on December 31, 2018. We also granted Goosetown a license to sell the TeamConnect Mobile, TeamConnect Hub and TeamConnect for Smart Devices applications (the “Licensed Applications”). Under the A BEEP and Goosetown Agreements, A BEEP and Goosetown agreed to provide customer care, billing and collection services for their respective acquired customers. We will initially continue to provide these services for a 90-day period to help facilitate the transitioning of the acquired customers. Additionally, we will continue to maintain our push-to-talk networks and pay all site lease, backhaul and utility costs required to operate the networks for a two (2)-year period. A BEEP and Goosetown each agreed to pay the Company a certain portion of the recurring revenue they receive from the acquired customers ranging from 100% to 20% during the terms of the Agreements. Additionally, A BEEP has agreed to pay the Company a portion of recurring revenue from our customers who utilize A BEEP’s push-to-talk Diga-Talk Plus application service ranging from 35% to 15% for a period of 48 months. Goosetown has agreed to pay the Company 20% of recurring revenues from the Licensed Applications for a period of 48 months. Under the terms of the MOU, we agreed to assign the intellectual property rights to our TeamConnect and pdvConnect applications to TeamConnect LLC (the “LCC”), a new entity formed by the principals of Goosetown, in exchange for a 19.5% ownership interest in the LLC. The Goosetown principals have agreed to fund the future operations of the LLC, subject to certain limitations. The LLC will assume our software support and maintenance obligations under the Goosetown and A BEEP Agreements. The LLC will also assume customer care, billing and collection services related to our pdvConnect application. We have agreed to provide transition services to the LLC for a 90-day period to facilitate an orderly transition of the customer care, billing and collection services. We are also obligated to pay the LLC a monthly services fee for 24 months for its assumption of our support obligations under the Goosetown and A BEEP Agreements. In consideration for the transferred assets, the LLC is obligated to pay the Company a certain portion of the billed revenue received by the LLC from pdvConnect customers for a 48-month period.

In connection with the transfer of the TeamConnect and pdvConnect businesses, our Board also approved the elimination of approximately 20 positions, or 30% of our workforce, and the closure of our office in San Diego, California.

We may fail to effectively execute on the transfer of our TeamConnect and pdvConnect businesses and our related restructuring plans. These actions may cost more and take more time than we currently estimate. In addition, we may not be successful in transferring our customer obligations pursuant to our agreements, which may result in higher customer churn and lower

revenues than we anticipate. Further, if A BEEP or Goosetown fail to comply with their obligations under the terms of the agreements, we may be subject to litigation or damage claims. Any failure to properly execute on the transfer of our TeamConnect and pdvConnect businesses and the related restructuring plans approved by our Board could cause us not to achieve the expected long-term operational benefits of these actions, and adversely affect our financial condition, operating results and future operations. Further, the transfer of these businesses results in the Company's prospects to be more reliant on our current spectrum initiatives, and a successful regulatory result.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Use of Proceeds

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 December 31, 2018, we have used approximately \$24.0 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.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information.

Not applicable.

Table of Contents

Item 6. Exhibits.

Exhibit No.	Description of Exhibit
3.1(1)	Amended and Restated Certificate of Incorporation of pdvWireless, Inc. (the “Company”).
3.2(2)	Certificate of Amendment No. 1 to Amended and Restated Certificate of Incorporation of the Company.
3.3(3)	Amended and Restated Bylaws of the Company.
4.1(1)	Form of Common Stock Certificate of the Company.
4.2(1)	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.
4.3(1)	Amended and Restated Investor Rights Agreement, dated October 2010, by and among the Company and investors named therein.
4.4(1)	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.
10.1#	Customer Acquisition and Resale Agreement, dated January 2, 2019, by and between the Company and A BEEP LLC.
10.2#	Customer Acquisition, Resale and Licensing Agreement, dated January 2, 2019, by and between the Company and Goosetown Enterprises, Inc.
10.3#	Memorandum of Understanding, dated December 31, 2018, by and between the Company and the principals of Goosetown Enterprises, Inc.
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14 and 15d-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.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14 and 15d-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.
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

- (1) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (File No. 333-201156), filed with the SEC on December 19, 2014.
- (2) Incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (File No. 001-36827), filed with the SEC on November 5, 2015.
- (3) Incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K (File No. 001-36827), filed with the SEC on June 27, 2017.

* The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q 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.

Portions of these exhibits (indicated by asterisks) have been omitted pursuant to a request for confidential treatment. These portions have been submitted separately to the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 8, 2018

pdvWireless, Inc.

/s/ Morgan E. O'Brien
Morgan E. O'Brien
Chief Executive Officer
(Principal Executive Officer)

/s/ Timothy A. Gray
Timothy A. Gray
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CONFIDENTIAL TREATMENT REQUESTED.
CUSTOMER ACQUISITION AND RESALE AGREEMENT**

THIS CUSTOMER ACQUISITION AND RESALE AGREEMENT (“Agreement”) is entered into effective January 2nd, 2019 (“Effective Date”) by pdvWireless, Inc. (“Operator”), a Delaware corporation having its principal place of business at 3 Garret Mountain Plaza, Suite 401, Woodland Park, NJ 07424 and ABEEP, LLC (“Reseller”), an Illinois limited liability company, having its principal place of business at 452 N. Chicago St., Joliet, IL 60432.

- A. Operator provides facilities-based wireless voice and data services on its TeamConnect Metro and Campus (a.k.a. MotoTRBO) systems (“Systems”) to System Customers in the Geographic Markets (as defined below).
- B. Operator resells Reseller’s cellular push-to-talk Diga-Talk Plus (“PoC”) service to Operator customers (“PoC Customers”) operating within and outside of the Geographic Markets.
- C. Reseller wishes to acquire the System Customers, purchase access to the Systems in the Geographic Markets, and resell access to the Systems, under a Mobile Virtual Network Operation (“MVNO”) Arrangement (as defined below) [*].
- D. Operator wishes to assign the System Customers to Reseller, along with access to the Systems [*], and to assign the PoC Customers to Reseller.

In consideration of the mutual agreements and the terms and conditions below, the parties agree as follows:

Definitions.

“Billed Revenue” means any recurring revenue in the form of any money or other consideration received or recognized by Reseller (or any affiliates) from PoC Customers and System Customers in accordance with the provisions in Exhibit A. Billed Revenue does not include taxes or other fees assessed, collected or otherwise imposed by a governmental authority.

“Customers” means PoC Customers and System Customers.

“Geographic Markets” means the geographic territories and sites set forth in Exhibit B.

[*]

[*]

“MVNO Arrangement” has the meaning given to it in Section 2.

[*]

“PoC Customers” means Operator’s customers, wherever located, utilizing Reseller’s Diga-Talk Plus service.

[*]

“System Customers” means Operator’s customers operating on the Systems in the Geographic Markets as of the Effective Date, including System Customers’ then operational units and any units added by System Customers after the Effective Date.

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

“Transition Date” means the date on which Reseller assumes the System Customers responsibilities described in Section 2.3.

“Transition Period” means up to a ninety (90)-day period after the Effective Date, as further described in Section 2.3.

MVNO Arrangement.

MVNO Services. As of the Effective Date [*], Reseller will purchase from Operator access to the Systems for resale to System Customers in the Geographic Markets. On the Transition Date, Operator will assign to Reseller all Long-Term Equipment Rental (a.k.a. Managed Services) Assets as defined in Operator’s System Customer agreements and used by System Customers in the Geographic Markets, which are identified on Exhibit C. Prior to the end of the Transition Period and except as provided in Section 2.3, Reseller, at its own expense, will provide maintenance for the Systems, as well as customer care, billing, and collections services for all System Customers. Reseller’s use of the Systems will terminate [*].

Operator Obligations. Until the earlier of (a) [*], and (b) twenty-four (24) months after the Effective Date, Operator will: (i) pay all site lease, backhaul and utility costs associated with the Systems, which operate on equipment owned by Operator; and (ii) provide for Reseller’s use as needed in performing any repairs to the System unused/underutilized equipment or spares of any capital equipment related to the Systems that cannot reasonably be repaired.

Transition Period. For a maximum period of ninety (90) days following the Effective Date, Operator will provide business operations personnel and continue providing customer care, billing and collections services to facilitate the transitioning of System Customers to the MVNO Arrangement until Reseller has advised Operator that it is ready to perform those services. Operator agrees to provide a letter to System Customers, the substance of which letter shall be mutually agreed upon by the parties hereto, advising the System Customers that [*].

PoC Customers. As of the Transition Date, at its own expense, Reseller will assume all responsibility for PoC Customer service, billing, and collections.

Customer Acquisition. Reseller will compensate Operator for access to the Systems and the acquisition of PoC Customers and System Customers according to the provisions of Section 6 and the schedule in Exhibit A.

[*]

Customer Payments; Reporting.

Payments. Reseller shall pay Operator a percentage of monthly Billed Revenue as further defined in Exhibit A (“Payments”). Payments are due within thirty (30) days of the end of the calendar month in which PoC Customers and System Customers are billed by Reseller. Reseller shall only be required to pay Operator for the actual amount collected by Reseller with respect to any pre-Transition Date revenue received by Reseller.

Reporting. Within ten (10) business days following the close of a calendar month, Reseller shall provide Operator with the following written reports for the previous calendar month: (a) all Billed Revenue and collections; (b) PoC Customer and System Customer activations and deactivations; and (c) such other information as Operator reasonably requests. [*]

Audit Rights. Reseller will maintain all books and records relevant to compliance with this Agreement until at least five (5) years after termination of this Agreement. Operator will be entitled to audit the books, records and facilities of Reseller (or any affiliates, if applicable) with respect to compliance with this Agreement. Reseller will pay the reasonable audit costs if the audit concludes that Operator has been underpaid by more than five percent (5%) for any period. The audit shall take place at a location designated by Reseller. This provision will survive expiration or termination of this Agreement.

Representations and Warranties.

Mutual. Each party represents to the other that: (a) it has full authority to execute and deliver this Agreement and to perform its obligation hereunder; (b) this Agreement constitutes its valid and binding obligation entered into freely and in accordance with its business judgment as the result of arm's-length bargaining and is enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights or equitable principles generally; and (c) neither the execution nor the delivery of this Agreement, nor the carrying out of its obligations hereunder will conflict with or result in any violation of or constitute a default under any term of its articles of incorporation or bylaws, or any material agreement, mortgage, indenture, license, permit, lease or other instrument, judgment, decree, order, law or regulation by which it is bound. __

Compliance with Laws. Reseller shall comply with all applicable laws and regulations and shall obtain all applicable permits and licenses required in connection with its obligations under this Agreement. Without limiting the generality of the foregoing, Reseller shall comply fully with all applicable data protection, privacy, and similar laws and regulations of the United States. The parties acknowledge that certain Customers may impose additional compliance requirements, which Reseller must satisfy.

Taxes. Reseller is solely responsible for reporting, withholding and paying any and all employment-related taxes, payments, and withholdings, including federal, state, and local income taxes, related to its operations under the MVNO Arrangement.

Warranty Disclaimer. OPERATOR MAKES NO WARRANTIES WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT AND DISCLAIMS ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT.

Term and Termination.

Term. This Agreement will expire upon Reseller's delivery of the Payment and reports as set out in Section 6 for [*], unless terminated earlier as provided in this Agreement; except that Sections 6.3, 7.4, 8.2(c), 8.3, 9, 10, 11, and 14 shall survive expiration or termination of this Agreement.

Termination for Breach.

By Reseller. If Reseller materially breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from Operator, Operator may terminate this Agreement by written notice. In addition, Operator may terminate this Agreement immediately upon written notice to Reseller in the event of dishonesty, fraud, misrepresentation or similar cause by Reseller.

By Operator. If Operator materially breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from Reseller, Reseller may terminate this Agreement by written notice. In addition, Reseller may terminate this Agreement immediately upon written notice to Reseller in the event of dishonesty, fraud, misrepresentation or similar cause by Operator.

In the event of termination by Operator due to Reseller's failure to cure a material breach of this Agreement, including, but not limited to, its failure to make the Payment specified in Section 6.1, Operator shall have the right, without further notice, to resume responsibility for customer care, billing and collection services for any System Customers still operating on the Systems. Reseller shall cooperate in providing to Operator all System Customers data needed for Operator to provide those services and Reseller shall use commercially reasonable efforts to facilitate the transition. In the event of termination prior to Reseller remitting to Operator the Payment for the prior month, Reseller shall promptly remit the Payment to Operator. Notwithstanding the foregoing, in the event of a bona fide dispute as to the amount of the payment which Reseller was required to make, Operator and Reseller agree that prior to Operator taking action to resume responsibility for customer care, billing and collection services, the dispute shall be resolved by binding arbitration as provided in Section 14.7, and then, and only then, in the event that Reseller fails to pay Operator the amount so determined to be due, shall Operator have the right to resume responsibility for customer care, billing and collection services for any System Customer.

Long-Term Equipment Rental Assets. In the event the Agreement is terminated prior to expiration of the term, ownership of the Long-Term Equipment Rental Assets assigned to Reseller on the Effective Date pursuant to Section 2.1 and identified on Exhibit C shall revert back to Operator and any equipment held by Reseller shall be returned to Operator within thirty (30) days in the same condition as at assignment, normal wear and tear excluded.

Confidentiality.

Definition. "**Confidential Information**" means: (a) all non-public information (including but not limited to trade secrets, proprietary information, and information about products, business methods and business plans) relating to the business of Operator, Reseller, or any Customer or to the business of such parties' suppliers, or other partners) that is either marked or otherwise identified as confidential or proprietary, or that a reasonable person would understand to be considered confidential by the party to which it pertains (even if not so marked or identified); and (b) all information that such party is obligated by law or contract to treat as confidential for the benefit of third parties, including all data from Customers in connection with MVNO Services.

Non-disclosure Obligation. Each party agrees to hold all Confidential Information in trust and confidence at all times and not to disclose, reveal, or divulge any Confidential Information, directly or indirectly, intentionally or negligently, to any person without the express written consent of the party whose Confidential Information it is.

Use Limitation. Reseller agrees not to use any Confidential Information for its own benefit or for any other purpose outside the scope of providing the MVNO Services without express written consent thereto.

Exceptions. Neither party is obligated under this section for Confidential Information that (a) is generally known, or readily ascertainable by proper means, by the public other than through a breach of this Agreement; (b) was known by the party on a nonconfidential basis prior to receipt under this Agreement as evidenced by written records; or (c) is rightly received from a third party not subject to any nondisclosure obligations with respect to such Confidential Information.

Subpoena or Order. If either party receives service of a subpoena or order or other compulsory instrument issued by or under the authority of a court of competent jurisdiction or by a governmental agency that requests all or any part of the Confidential Information, that party shall: (a) provide the other party with prompt written notice of the existence, terms, and circumstances surrounding such request or

requirement; (b) consult with the other party on the advisability of taking steps to resist or narrow that request; (c) if disclosure of Confidential Information is required, furnish only such portion of the Confidential Information as the party is advised in writing by its counsel is legally required to be disclosed; and (d) cooperate with the other party in its efforts to obtain an order excusing the Confidential Information from disclosure, or an order or other reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is required to be disclosed.

Limited Liability. NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT OR OTHERWISE, OPERATOR WILL NOT BE LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR (A) AMOUNTS THAT IN THE AGGREGATE ARE IN EXCESS OF THE AMOUNTS PAID TO OPERATOR HEREUNDER OR (B) ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR LOST DATA OR (C) COST OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY, OR SERVICES OR (D) FOR LOSS OR CORRUPTION OF DATA OR INTERRUPTION OF USE. OPERATOR SHALL HAVE NO LIABILITY FOR ANY FAILURE OR DELAY DUE TO MATTERS BEYOND ITS REASONABLE CONTROL. THIS SECTION DOES NOT LIMIT LIABILITY FOR BODILY INJURY OF A PERSON.

Indemnification.

Indemnification. Each party shall indemnify, defend and hold the other Party harmless, along with its employees, officers, owners, and agents, from and against any third-party claim (a "Claim"), and reimburse them for all liabilities, losses, costs, damages, and expenses (including reasonable attorney fees and court costs) (collectively, "Losses"), related to or arising out of Claims of bodily injury (including death), damage to property (including loss of use of property and loss of access to the Systems) that occurs in connection with the indemnifying party's performance under this Agreement, to the extent that such injury or damage is caused by the acts, errors, or omissions of the indemnifying party or its employees or agents. In addition, Operator shall indemnify, defend and hold Reseller harmless of and from any third-party claims, demands, liabilities, losses, costs, damages and expenses arising out of or relating to (a) a site lease to which Operator is a party, (b) proper use of the software used for the Systems, to the extent such software is owned by Operator, and (c) [*], in each case except to the extent such claims arise from or relate to the acts or omissions of Reseller.

Procedures. The indemnified party shall (a) notify the indemnifying party promptly in writing of each Claim; (b) tender to the indemnifying party sole control of the defense or settlement of each Claim at the indemnifying party's expense; and (c) cooperate with and, at indemnifying party's expense, assist in such defense. The indemnified party will have the right to participate at its own expense in any Claim or related settlement negotiations using counsel of its own choice.

Insurance.

Nature and Amounts. During the [*], Reseller and Operator shall maintain sufficient insurance coverage to enable it to meet its obligations created by this Agreement and by law. Without limiting the foregoing, Reseller and Operator shall maintain at its sole cost and expense at least the following insurance covering its obligations under this Agreement: (a) Commercial General Liability including (i) bodily injury, (ii) property damage, (iii) contractual liability coverage, and (iv) personal injury, in an amount not less than Five Million Dollars (\$5,000,000) per occurrence; (b) Workers' Compensation at statutory limits).

Specific Requirements. Reseller and Operator shall cause each of the above policies to (a) name the other party as an additional insured, and (b) contain a provision requiring at least thirty (30) days' prior

written notice to the other party Operator of any cancellation, modification or non-renewal. Reseller and Operator shall furnish to each other certificates of insurance and such other documentation relating to such policies within fifteen (15) days following the Effective Date and as Reseller and Operator may otherwise reasonably request.

FCC Compliance. The parties agree to comply with all applicable FCC rules and regulations governing the licenses (“Licenses”) authorizing the operation of the Systems and specifically agree as follows: (i) Reseller shall not represent itself as the licensee of the Systems, and Operator shall, in cooperation with Reseller, take all actions necessary to keep the Licenses in force and shall prepare and submit to the FCC or any other relevant authority all reports, applications, renewals, filings or other documents necessary to keep the Licenses in force and in good standing; (ii) Neither Reseller nor Operator shall represent itself as the legal representative of the other before the FCC, but will cooperate with each other with respect to FCC matters concerning the Licenses; (iii) Reseller shall ensure that all applicable FCC regulations are met with respect to operation of the Systems, and Operator may conduct periodic audits of part or all of Reseller’s operations to ensure full compliance with FCC rules and regulations; (iv) Nothing in this Agreement is intended to diminish or restrict Operator’s obligations as an FCC licensee and both parties desire that this Agreement be in compliance with the rules and regulations of the FCC. In the event that the FCC determines that any provision of this Agreement violates any FCC rule, policy or regulation, both parties will make good faith efforts immediately to correct the problem and bring this Agreement into compliance consistent with the intent of this Agreement; and (v) Operator at all times retains ultimate supervisory control over the deployment and operation of the Frequencies.

General Provisions.

Independent Contractors. This Agreement will not be construed as creating an employment, agency, partnership, or joint venture relationship or as permitting any party hereto to incur obligations on behalf of the other party.

Assignment. This Agreement is not assignable or transferable by either party without the prior written consent of the other, except to a successor to all or substantially all of Operator’s assets or business relating to the subject matter of this Agreement, provided such consent shall not be unreasonably withheld. All other assignments or transfers (including by operation of law) shall require the express prior written consent of Operator. Notwithstanding the foregoing, Operator may subcontract any of its obligations hereunder to a third party.

Publicity. Neither party shall, without the written consent of the other party, issue any news release, public announcement, advertisement, or other form of publicity regarding the Agreement. The parties will cooperate in notifying Customers of the Agreement.

No Third-Party Beneficiaries. This Agreement is an agreement between the parties and confers no rights upon any of the parties’ employees, agents, contractors, or customers, or upon any other person or entity.

Notices. Any notice, report, approval or consent required or permitted hereunder shall be in writing and will be deemed to have been duly given to a party if delivered personally or mailed by first-class, registered or certified US mail, postage prepaid to the address of that party as set forth on the first page of this Agreement; or such other address as is provided by that party to the other upon ten (10) days written notice.

No Waiver; Entire Agreement. No failure to exercise, and no delay in exercising, on the part of either party, any privilege, any power or any rights hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right or power hereunder preclude further exercise of any other right hereunder. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. Any waivers or amendments shall be effective only if made in writing and signed by authorized representatives of the parties. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of this Agreement.

Jurisdiction; Venue. This Agreement shall be governed by and construed pursuant to the laws of the State of New Jersey and the United States without regard to conflicts of laws provisions thereof. Unless otherwise elected by Operator in writing for a particular instance, the exclusive jurisdiction and venue for actions related to the subject matter hereof shall be the state and U.S. federal courts located in New Jersey, and both parties consent to the jurisdiction of such courts; provided that without limiting Operator right to seek injunctive or other equitable relief in court. Either party may elect (by written notice given prior filing a complaint or, in the case of the defendant, prior to answering a complaint) to resolve a dispute by binding arbitration in the English language in New Jersey under the rules of JAMS, and the decision of the arbitrator will be enforceable in any court. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees.

Counterparts. This Agreement may be executed in one or more counterparts, which shall be effective as original agreements of the Parties executing such counterpart. Original signatures transmitted by electronic mail or facsimile shall be effective to create such counterparts.

OPERATOR

pdvWireless, Inc.

RESELLER

A BEEP, LLC

By: McAuley
Name: Brian D. McAuley
Title: Chairman

/s/ Brian D.
By: /s/ Frank B. Anderson
Name: Frank B. Anderson
Title: Manager

Exhibit A

Payment to Operator*

System Customers:

- Pre-Transition Date: 100% of Billed Revenue
- [*]: 35% of Billed Revenue.
- [*]
 - [*] – 20% of Billed Revenue; and,
 - [*] – 20% of [*].

PoC Customers:

- 35% of Billed Revenue for [*] after the Effective Date; and
 - 15% of Billed Revenue for the [*].
- * Once a Customer account is more than sixty (60) days in arrears, no Payment will be due to Operator unless the Customer subsequently become current at which time the Payment obligation will apply to the Billed Revenue during the period of arrears and thereafter. In the event the Customer defaults on the payments due, Reseller shall have the right to offset the amount due to Operator to recover the prior Payment to Operator that was never collected by Reseller._

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit B

Geographic Markets & Associated Sites

Atlanta

[*]

Chicago

[*]

Dallas

[*]

Houston

[*]

Phoenix

[*]

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit C

Long-Term Equipment Rental Assets

Market	No. of Radios	Book Value As of 11/30/18
Atlanta	[*]	\$99,130
Chicago	[*]	\$46,931
Dallas	[*]	\$66,460
Houston	[*]	\$8,351
Total	[*]	\$220,873

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED.

CUSTOMER ACQUISITION, RESALE AND LICENSING AGREEMENT

THIS CUSTOMER ACQUISITION, RESALE, AND LICENSING AGREEMENT (“Agreement”) is entered into effective January 2nd, 2019 (“Effective Date”) by pdvWireless, Inc. (“Operator”), a Delaware corporation having its principal place of business at 3 Garrett Mountain Plaza, Suite 401, Woodland Park, NJ 07424 and Goosetown Enterprises, Inc. (“Reseller”), a New York corporation, having its principal place of business at 58 N. Harrison Ave., Congers, New York 10920.

- A. Operator provides facilities-based wireless voice and data services on its TeamConnect Metro and Campus (a.k.a. MotoTRBO) systems (“Systems”) to System Customers (as defined below) in the Geographic Markets (as defined below).
- B. Operator provides advanced wireless applications through the Licensed Applications (as defined below) to Application Customers (as defined below)
- C. Reseller wishes to acquire the System Customers, purchase access to the Systems in the Geographic Markets, and resell access to the Systems, under a Mobile Virtual Network Operation (“MVNO”) Arrangement (as defined below) [*].
- D. Reseller wishes to acquire a license from Operator to sell the Licensed Applications to Application Customers (as defined below).
- E. Operator wishes to assign the System Customers to Reseller, along with access to the Systems [*], and to assign the Application Customers to Reseller and grant Reseller a license to sell the Licensed Applications in accordance with Section 4 below.

In consideration of the mutual agreements and the terms and conditions below, the parties agree as follows:

Definitions.

“Application Customers” means Operator’s customers utilizing the Licensed Applications as of the Effective Date, including any units added by Application Customers during the [*] after the Effective Date.

“Billed Revenue” means any recurring revenue in the form of any money or other consideration received or recognized by Reseller (or any affiliates) from Application Customers and System Customers in accordance with the provisions in Exhibit C. Billed Revenue does not include taxes or other fees assessed, collected or otherwise imposed by a governmental authority.

“Customers” shall mean Application Customers and System Customers.

“Geographic Markets” means the geographic territories and sites set forth in Exhibit A.

“Licensed Applications” means the applications set forth in Exhibit B.

[*]

[*]

“MVNO Arrangement” has the meaning given to it in Section 2.

[*]

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

[*]

“System Customers” means Operator’s customers operating on the Systems in the Geographic Markets as of the Effective Date, including System Customers’ then operational units and any units added by System Customers after the Effective Date.

“Transition Date” means the date on which Reseller assumes the Application Customers and System Customers responsibilities described in Section 2.3.

“Transition Period” means up to a ninety (90)-day period after the Effective Date, as further described in Section 2.3.

MVNO Arrangement.

MVNO Services. As of the Effective Date and [*], Reseller will purchase from Operator access to the Systems for resale to System Customers in the Geographic Markets. On the Transition Date, Operator will assign to Reseller all Long-Term Equipment Rental (a.k.a. Managed Services) Assets as defined in Operator’s System Customer agreements and used by System Customers in the Geographic Markets, which are identified on Exhibit E. Prior to the end of the Transition Period, Reseller, at its own expense, will provide maintenance for the Systems, as well as customer care, billing, and collections services for all System Customers. Reseller’s use of the Systems will terminate once [*]. There are no entities from Geographic Markets other than those listed in Exhibit A that use or will use these Systems.

Operator Obligations. Until the earlier of (a) [*], and (b) twenty-four (24) months after the Effective Date, Operator will: (i) pay all site lease, backhaul and utility costs associated with the Systems, which operate on equipment owned by Operator; and (ii) replace with unused/underutilized equipment or spares any capital equipment related to the Systems that cannot reasonably be repaired.

Transition Period. For a maximum period of ninety (90) days following the Effective Date, Operator will provide business operations personnel and continue providing customer care, billing and collections services to facilitate the transitioning of System Customers to the MVNO Arrangement until Reseller is ready to perform those services.

Customer Acquisition. Reseller will compensate Operator for the acquisition of System Customers and for the acquisition of and the license to sell Licensed Applications to Application Customers according to the provisions of Section 6 and the schedule in Exhibit C.

License; Intellectual Property.

License. Subject to and conditioned upon the terms of this Agreement and Reseller’s compliance therewith, Operator hereby grants to Reseller a non-exclusive, perpetual license to sell Licensed Applications to Application Customers and to non-Customers in any geographic area, unless terminated in accordance with Section 4.3.

Proprietary Rights. As between the parties, Operator shall retain exclusive ownership of all patents, intellectual property and trademarks associated with the Licensed Applications. Operator shall be free to use or market the Licensed Applications, including any enhancements made by its licensees.

Termination. Reseller’s license to use Licensed Applications will terminate immediately if (i) Reseller becomes insolvent or ceases business; (ii) bankruptcy or receivership proceedings are initiated against Reseller; or (iii) Reseller seeks relief under any applicable bankruptcy or similar debtor laws.

[*]

Customer Payments; Reporting.

Payments. Reseller shall pay Operator a percentage of monthly Billed Revenue as further defined in Exhibit C ("Payments"). Payments are due within thirty (30) days of the end of the calendar month in which Application Customers and System Customers are billed by Reseller.

Reporting. Within ten (10) business days following the close of a calendar month, Reseller shall provide Operator with the following written reports for the previous calendar month: (a) all Billed Revenue and collections; (b) Application Customer and System Customer activations and deactivations; and (c) such other information as Operator reasonably requests. [*].

Audit Rights. Reseller will maintain all books and records relevant to compliance with this Agreement until at least five (5) years after termination of this Agreement. Operator will be entitled to audit at its own expense the books, records and facilities of Reseller and any affiliates with respect to compliance with this Agreement. Reseller will pay the reasonable audit costs if the audit concludes that Operator has been underpaid by more than five percent (5%) for any period. The audit shall take place at a location designated by the Reseller. This provision will survive expiration or termination of this Agreement.

Representations and Warranties.

Mutual. Each party represents to the other that: (a) it has full authority to execute and deliver this Agreement and to perform its obligation hereunder; (b) this Agreement constitutes its valid and binding obligation entered into freely and in accordance with its business judgment as the result of arm's-length bargaining and is enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights or equitable principles generally; and (c) neither the execution nor the delivery of this Agreement, nor the carrying out of its obligations hereunder will conflict with or result in any violation of or constitute a default under any term of its articles of incorporation or bylaws, or any material agreement, mortgage, indenture, license, permit, lease or other instrument, judgment, decree, order, law or regulation by which it is bound. ___

Compliance with Laws. Reseller shall comply with all applicable laws and regulations and shall obtain all applicable permits and licenses required in connection with its obligations under this Agreement. Without limiting the generality of the foregoing, Reseller shall comply fully with all applicable data protection, privacy, and similar laws and regulations of the United States. The parties acknowledge that certain Customers may impose additional compliance requirements, which Reseller must satisfy.

Taxes. Reseller is solely responsible for reporting, withholding and paying any and all employment-related taxes, payments, and withholdings, including federal, state, and local income taxes, related to its operations under the MVNO Arrangement.

Warranty Disclaimer. OPERATOR MAKES NO WARRANTIES WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT AND DISCLAIMS ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT.

Term and Termination.

Term. This Agreement will expire upon Reseller's delivery of the Payment and reports as set out in Section 6 for the [*], unless terminated earlier as provided in this Agreement; except that Sections 4.1

(unless this Agreement is terminated for Reseller's breach), 4.2, 4.3, 6.3, 7.4, 8.2(c), 8.3, 9, 10, 11, and 14 shall survive expiration or termination of this Agreement.

Termination for Breach.

By Reseller. If Reseller materially breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from Operator, Operator may terminate this Agreement by written notice. In addition, Operator may terminate this Agreement immediately upon written notice to Reseller in the event of dishonesty, fraud, misrepresentation or similar cause by Reseller.

By Operator. If Operator materially breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from Reseller, Reseller may terminate this Agreement by written notice. In addition, Reseller may terminate this Agreement immediately upon written notice to Reseller in the event of dishonesty, fraud, misrepresentation or similar cause by Operator.

In the event of termination by Operator due to Reseller's failure to cure a material breach of this Agreement, including, but not limited to, its failure to make the Payment specified in Section 6.1, Operator shall have the right, without further notice, to resume responsibility for customer care, billing and collection services for Application Customers and any System Customers still operating on the Systems. Reseller shall cooperate in providing to Operator all Application Customer and System Customer data needed for Operator to provide those services and Reseller shall use commercially reasonable efforts to facilitate the transition. In the event of termination prior to Reseller remitting to Operator the Payment for the prior month, Reseller shall promptly remit the Payment to Operator.

Long-Term Equipment Rental Assets. In the event the Agreement is terminated prior to expiration of the term, ownership of the Long-Term Equipment Rental Assets assigned to Reseller on the Effective Date pursuant to Section 2.1 and identified on Exhibit E shall revert to Operator and any equipment held by Reseller shall be returned to Operator within thirty (30) days in the same condition as at assignment, normal wear and tear excluded. In the event [*], Operator understands that the Long-Term Equipment Rental Assets may have been replaced with different equipment. The original Long-Term Equipment Rental Assets are planned to be sold to recover some costs associated with [*]. The proceeds of the sale of these assets will be retained by the Reseller.

Confidentiality.

Definition. "**Confidential Information**" means: (a) all non-public information (including but not limited to trade secrets, proprietary information, and information about products, business methods and business plans) relating to the business of Operator, Reseller, or any Customer or to the business of such parties' suppliers, or other partners) that is either marked or otherwise identified as confidential or proprietary, or that a reasonable person would understand to be considered confidential by the party to which it pertains (even if not so marked or identified); and (b) all information that such party is obligated by law or contract to treat as confidential for the benefit of third parties, including all data from Customers in connection with MVNO Services.

Non-disclosure Obligation. Each party agrees to hold all Confidential Information in trust and confidence at all times and not to disclose, reveal, or divulge any Confidential Information, directly or indirectly, intentionally or negligently, to any person without the express written consent of the party

whose Confidential Information it is. Reseller is permitted to provide information to its attorney or accountant as it pertains to their ability to provide services to Reseller.

Use Limitation. Reseller agrees not to use any Confidential Information for its own benefit or for any other purpose outside the scope of providing the MVNO Services without express written consent thereto.

Exceptions. Neither party is obligated under this section for Confidential Information that (a) is generally known, or readily ascertainable by proper means, by the public other than through a breach of this Agreement; (b) was known by the party on a nonconfidential basis prior to receipt under this Agreement as evidenced by written records; or (c) is rightly received from a third party not subject to any nondisclosure obligations with respect to such Confidential Information.

Subpoena or Order. If either party receives service of a subpoena or order or other compulsory instrument issued by or under the authority of a court of competent jurisdiction or by a governmental agency that requests all or any part of the Confidential Information, that party shall: (a) provide the other party with prompt written notice of the existence, terms, and circumstances surrounding such request or requirement; (b) consult with the other party on the advisability of taking steps to resist or narrow that request; (c) if disclosure of Confidential Information is required, furnish only such portion of the Confidential Information as the party is advised in writing by its counsel is legally required to be disclosed; and (d) cooperate with the other party in its efforts to obtain an order excusing the Confidential Information from disclosure, or an order or other reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is required to be disclosed.

Limited Liability. NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT OR OTHERWISE, OPERATOR WILL NOT BE LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR (A) AMOUNTS THAT IN THE AGGREGATE ARE IN EXCESS OF THE AMOUNTS PAID TO OPERATOR HEREUNDER DURING THE TWELVE (12)-MONTH PERIOD PRIOR TO THE DATE THE CAUSE OF ACTION AROSE OR (B) ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR LOST DATA OR (C) COST OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY, OR SERVICES OR (D) FOR LOSS OR CORRUPTION OF DATA OR INTERRUPTION OF USE. OPERATOR SHALL HAVE NO LIABILITY FOR ANY FAILURE OR DELAY DUE TO MATTERS BEYOND ITS REASONABLE CONTROL. THIS SECTION DOES NOT LIMIT LIABILITY FOR BODILY INJURY OF A PERSON.

Indemnification.

Indemnification. Each party shall defend the other Party, along with its employees, officers, owners, and agents, from and against any third-party claim (a "Claim"), and reimburse them for all liabilities, losses, costs, damages, and expenses (including reasonable attorney fees and court costs) (collectively, "Losses"), related to or arising out of Claims of bodily injury (including death), damage to property (including loss of use of property and loss of access to the Systems) that occurs in connection with the indemnifying party's performance under this Agreement, to the extent that such injury or damage is caused by the acts, errors, or omissions of the indemnifying party or its employees or agents.

Procedures. The indemnified party shall (a) notify the indemnifying party promptly in writing of each Claim; (b) tender to the indemnifying party sole control of the defense or settlement of each Claim at the indemnifying party's expense; and (c) cooperate with and, at indemnifying party's expense, assist in such

defense. The indemnified party will have the right to participate at its own expense in any Claim or related settlement negotiations using counsel of its own choice.

Insurance.

Nature and Amounts. During the [*] Reseller and Operator shall maintain sufficient insurance coverage to enable it to meet its obligations created by this Agreement and by law. Without limiting the foregoing, Reseller shall maintain at its sole cost and expense at least the following insurance covering its obligations under this Agreement: (a) Commercial General Liability including (i) bodily injury, (ii) property damage, (iii) contractual liability coverage, and (iv) personal injury, in an amount not less than Five Million Dollars (\$5,000,000) per occurrence and (b) Workers' Compensation at statutory limits.

Specific Requirements. Reseller and Operator shall cause each of the above policies to (a) name the other party as an additional insured, and (b) contain a provision requiring at least thirty (30) days' prior written notice to the other party of any cancellation, modification or non-renewal. Reseller and Operator shall furnish to each other certificates of insurance and such other documentation relating to such policies within fifteen (15) days following the Effective Date and as Reseller and Operator may otherwise reasonably request.

13. FCC Compliance. The parties agree to comply with all applicable FCC rules and regulations governing the licenses ("Licenses") authorizing the operation of the Systems and specifically agree as follows: (i) Reseller shall not represent itself as the licensee of the Systems, and Operator shall, in cooperation with Reseller, take all actions necessary to keep the Licenses in force and shall prepare and submit to the FCC or any other relevant authority all reports, applications, renewals, filings or other documents necessary to keep the Licenses in force and in good standing; (ii) Neither Reseller nor Operator shall represent itself as the legal representative of the other before the FCC, but will cooperate with each other with respect to FCC matters concerning the Licenses; (iii) Reseller shall ensure that all applicable FCC regulations are met with respect to operation of the Systems, and Operator may conduct periodic audits of part or all of Reseller's operations to ensure full compliance with FCC rules and regulations; (iv) Nothing in this Agreement is intended to diminish or restrict Operator's obligations as an FCC licensee and both parties desire that this Agreement be in compliance with the rules and regulations of the FCC. In the event that the FCC determines that any provision of this Agreement violates any FCC rule, policy or regulation, both Parties will make good faith efforts immediately to correct the problem and bring this Agreement into compliance consistent with the intent of this Agreement; and (v) Operator at all times retains ultimate supervisory control over the deployment and operation of the Frequencies.

1. General Provisions.

Independent Contractors. This Agreement will not be construed as creating an employment, agency, partnership, or joint venture relationship or as permitting any party hereto to incur obligations on behalf of the other party.

Assignment. This Agreement is not assignable or transferable by either party without the prior written consent of the other, except to a successor to all or substantially all of Operator's assets or business relating to the subject matter of this Agreement. All other assignments or transfers (including by operation of law) shall require the express prior written consent of Operator. Notwithstanding the foregoing, Operator may subcontract any of its obligations hereunder to a third party.

Publicity. Neither party shall, without the written consent of the other party, issue any news release, public announcement, advertisement, or other form of publicity regarding the Agreement. The parties will cooperate in notifying Customers of the Agreement.

No Third-Party Beneficiaries. This Agreement is an agreement between the parties and confers no rights upon any of the parties' employees, agents, contractors, or customers, or upon any other person or entity.

Notices. Any notice, report, approval or consent required or permitted hereunder shall be in writing and will be deemed to have been duly given to a party if delivered personally or mailed by first-class, registered or certified US mail, postage prepaid to the address of that party as set forth on the first page of this Agreement; or such other address as is provided by that party to the other upon ten (10) days written notice.

No Waiver; Entire Agreement. No failure to exercise, and no delay in exercising, on the part of either party, any privilege, any power or any rights hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right or power hereunder preclude further exercise of any other right hereunder. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. Any waivers or amendments shall be effective only if made in writing and signed by authorized representatives of the parties. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of this Agreement.

Jurisdiction; Venue. This Agreement shall be governed by and construed pursuant to the laws of the State of New Jersey and the United States without regard to conflicts of laws provisions thereof. Unless otherwise elected by Operator in writing for a particular instance, the sole jurisdiction and venue for actions related to the subject matter hereof shall be the state and U.S. federal courts located in New Jersey, and both parties consent to the jurisdiction of such courts; provided that without limiting Operator right to seek injunctive or other equitable relief in court. Either party may elect (by written notice given prior filing a complaint or, in the case of the defendant, prior to answering a complaint) to resolve a dispute by binding arbitration in the English language in New Jersey under the rules of JAMS, and the decision of the arbitrator will be enforceable in any court. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees.

Counterparts. This Agreement may be executed in one or more counterparts, which shall be effective as original agreements of the Parties executing such counterpart. Original signatures transmitted by electronic mail or facsimile shall be effective to create such counterparts.

OPERATOR

pdvWireless, Inc.

RESELLER

Goosetown Enterprises, Inc.

By: McAuley
Name: Brian D. McAuley
Title: Chairman

/s/ Brian D.
By: /s/ Joseph Gottieb
Name: Joseph Gottieb
Title: President

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit A
Geographic Markets

Baltimore/Washington DC

[*]

New York

[*]

Philadelphia

[*]

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit B

Licensed Applications

- TeamConnect Mobile:
- TeamConnect Hub:
- TeamConnect for Smart Devices (a.k.a. Motorola Wave)

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit C

Payment to Operator*

TeamConnect Metro and Campus (a.k.a. MotoTRBO) System Customers:

- Pre-Transition Date: 100% of Billed Revenue.
- [*]: 35% of Billed Revenue
- [*]
 - [*] – 20% of Billed Revenue;
 - [*] – 20% of Billed Revenue; and,
 - [*] – 20% of [*].

TeamConnect Mobile, TeamConnect Hub and TeamConnect for Smart Device Customers:

- 20% of Billed Revenue for [*] after the Effective Date.
- * Once a Customer account is more than sixty (60) days in arrears, no Payment will be due to Operator unless the Customer subsequently become current at which time the Payment obligation will apply to the Billed Revenue during the period of arrears and thereafter. In the event the Customer defaults on the payments due, Reseller shall have the right to offset the amount due to Operator to recover the prior Payment to Operator that was never collected by Reseller.

Exhibit D

Support Requirements – Licensed Applications

The term “Support” in Section 5.2 means [*].

[*].

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit E

Long-Term Equipment Rental Assets

Market	No. of Radios	Book Value As of 11/30/18
Baltimore / Washington, DC	[*]	\$4,467
New York	[*]	\$17,830
Philadelphia	[*]	\$11,247
Total	[*]	\$33,545

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED.

MEMORANDUM OF UNDERSTANDING

This **MEMORANDUM OF UNDERSTANDING** (“**MoU**”) is established as of December 31st, 2018 (“**MoU Effective Date**”) between pdvWireless, Inc. (“**pdvWireless**”), a Delaware corporation having its principal place of business at 3 Garrett Mountain Plaza, Suite 401, Woodland Park, NJ 07424 and TeamConnect, LLC (“**TeamConnect**”), a Delaware limited liability company, having its principal place of business at 58 N. Harrison Ave., Congers, New York 10920.

The parties agree as follows:

1. TeamConnect was formed on December 7, 2018.
2. The limited liability company operating agreement of TeamConnect (the “**Operating Agreement**”) shall be negotiated in good faith based on the terms set forth on Appendix 1.
3. Promptly following the MoU Effective Date, but not later than January 30, 2019 which date may be extended by mutual agreement of the parties if necessary (the “**Closing Date**”), TeamConnect shall enter into an IP Assignment, Software Support, and Development Services Agreement (the “**IP Assignment**”) in the form attached hereto as Appendix 2.
4. Promptly following the MoU Effective Date, TeamConnect shall cause the employees of pdvWireless listed on Appendix 3 (the “**Offered Employees**”) to have been offered at will employment with TeamConnect, which employment shall be subject to closing of the transactions contemplated by this MoU by the Closing Date. The Offered Employees who accept employment with LLC Entity shall be referred to as “**Transferred Employees**.” For the avoidance of doubt, pdvWireless shall be responsible for (i) any wages, salaries and other compensation and employee benefits (including any vacation pay, severance pay, notice pay, insurance, supplemental pension, deferred compensation, bonuses, retirement and any other benefits, premiums, claims and related costs) due to any of the Transferred Employees relating to or arising out of their employment with pdvWireless, and (ii) any extension of the vesting and exercise periods relating to any stock options and/or restricted stock units of pdvWireless held by any of the Transferred Employees.
5. If TeamConnect receives payment of accounts receivable after the Closing Date that belong to pdvWireless, TeamConnect will promptly remit such funds to pdvWireless, less a 2% processing fee.
6. Any public announcement of the transactions contemplated by this MoU shall be subject to the mutual consent of each party, not to be unreasonably withheld or delayed.

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

In witness whereof, the parties hereto have caused this MoU to be executed by their duly authorized agents as of the date first above written.

pdvWireless, Inc.

TeamConnect, LLC

By: McAuley
Name: Brian D. McAuley
Title: Chairman

/s/ Brian D.
By: /s/ Joseph Gottlieb
Name: Joseph Gottlieb
Title: Member

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

APPENDIX 1

Terms to be reflected in TeamConnect, LLC's Operating Agreement

[OMITTED]

3

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

IP ASSIGNMENT, SOFTWARE SUPPORT AND DEVELOPMENT SERVICES AGREEMENT

THIS IP ASSIGNMENT, SOFTWARE SUPPORT AND DEVELOPMENT SERVICES AGREEMENT (“Agreement”) is entered into effective January 7, 2019 (“Effective Date”) by pdvWireless, Inc. (“Assignor”), a Delaware corporation having its principal place of business at 3 Garrett Mountain Plaza, Suite 401, Woodland Park, NJ 07424 and Team Connect, LLC (“Assignee”), a Delaware limited liability company, having its principal place of business at 58 N. Harrison Ave Congers, NY 10920.

- A. Assignor and Goosetown Enterprises, Inc. (“Goosetown”) have entered into that certain Customer Acquisition, Resale and Licensing Agreement (“Goosetown Acquisition Agreement”), pursuant to which Assignor agreed to support certain software applications.
- B. Assignor and A BEEP, LLC (“A BEEP”) have entered into that certain Customer Acquisition and Resale Agreement (“A BEEP Acquisition Agreement”), pursuant to which Assignor agreed to support certain software applications. Assignor represents that the ABEEP Acquisition Agreement has substantially similar terms and conditions to the Goosetown Acquisition Agreement.
- C. Assignee has offered employment to those certain employees of Assignor listed on Exhibit C (“Offered Employees”).
- D. Pursuant to this Agreement (i) Assignor shall assign certain intellectual property (including patents and trademarks) relating to certain software applications (as further described herein, (ii) Assignee shall agree to provide certain services to fulfill Assignor’s software support and maintenance obligations under the Goosetown Acquisition Agreement and A BEEP Acquisition Agreement, and (iii) Assignee shall assume certain customer care, billing and collections services in connection with the pdvConnect Application (defined below);

In consideration of the mutual agreements and the terms and conditions below, the parties agree as follows:

Definitions.

“Billed Revenue” means any recurring revenue in the form of any money or other consideration received or recognized by Assignee (or any affiliates) from pdvConnect Customers. Billed Revenue does not include taxes or other fees assessed, collected or otherwise imposed by a governmental authority.

[*]

“Network Management Software” means the software applications which provides Traffic Optimization functionality (compressing and removing repetitive content from LTE message traffic and in particular utility traffic), Lifecycle Orchestration functionality (leveraging cloud computing tools for private LTE networks to systematically and in an automated fashion, deploy applications at the edge and leveraging web tools to eliminate human error in the corresponding IT and LTE network elements) and Virtual Network Simulation functionality (providing the capability to model applications and network elements prior to deployment). The software enables users to perform test runs of a deployment or maintenance that includes configuration changes of applications, LTE network elements, IT network

elements and firewalls, enabling them the opportunity to fail, fix, and retry configurations without causing harm to their actual network.

“pdvConnect Application” means the workforce management software application which enables companies to track mobile workers via GPS as well as quickly capture field activities and a worker’s status. It includes the functionality to send optional photos with voice details back to the office. Use of pdvConnect eliminates wasted time, reduces fuel costs, minimizes worker calls back to their office as well as waiting on hold and filling out forms.

“pdvConnect Customers” mean Assignor’s customers utilizing the pdvConnect Application as of the Effective Date, including any units added by pdvConnect Customers during the forty-eight (48) months after the Effective Date.

Space Use. Assignee will assume 1,200 square feet (roughly 30%) of the of the San Diego office space (“Space”) at gross cost to Assignee of \$3,660.00 per month (“Space Use Costs”) until such time that Assignee finds another space, or the existing lease terminates in July of 2019, whichever occurs first (“Space Use Period”). Assignee shall comply with all of Assignor’s non-monetary obligations relating to its use of the Space, and all other reasonable instructions of Assignor in connection therewith.

Services. The following shall collectively be referred to as the “Services.”

Software Maintenance and Support. Beginning on the Effective Date and until the earlier of (a) [*], and (b) twenty-four (24) months following the effective date of the Goosetown Acquisition Agreement and the A BEEP Acquisition Agreement (or whichever is last executed, if not executed contemporaneously with this Agreement) (“Support Services Term”), Assignee will provide support for and maintain the existing software functionality of the following software applications (collectively, the “Supported Applications”): TeamConnect Mobile, TeamConnect Hub, the pdvConnect Application, and the locate and manage functionality of TeamConnect Metro and TeamConnect Campus, in each case as further specified in Exhibit A (“Support Services”). Assignee agrees to assign the Transferred Employees to provide the Support Services during the Support Services Term so long as such Transferred Employee remains employed by Assignee.

pdvConnect Customer Care, Billings and Collections Services. For a maximum period of ninety (90) days following the Effective Date, Assignor will provide business operations personnel and continue providing customer care, billing and collections services to facilitate the transitioning of pdvConnect Customers to Assignee until Assignee has advised Assignor that it is ready to perform those services. Beginning within ninety (90) days of the Effective Date, Assignee will provide business operations personnel and continue providing customer care, billing and collections services with respect to the pdvConnect Application (“pdvConnect Customer Services”).

Software Development Services. For a period of forty-eight (48) months following the Effective Date, Assignee will provide Assignor with software development, engineering and project management services, as needed, on a cost basis (“Development Services”). Unless otherwise agreed in writing, Assignor shall own all right, title and interest (including patent rights, copyright rights, trade secret rights, mask work rights, trademark rights, *sui generis* database rights and all other rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), works of authorship, mask works, designations, designs, know-how, ideas and information made or conceived or reduced to practice, in whole or in part, by Assignee in connection with the Development Services (collectively, “Inventions”) and Assignee will promptly disclose and provide all Inventions to Assignor. All Inventions are works made for hire to the extent allowed by law. In addition, if any Invention does not qualify as a work made for

hire, Assignee hereby makes all assignments necessary to accomplish the foregoing ownership. Assignee shall further assist Assignor, at Assignor's expense, to further evidence, record and perfect such assignments, and to perfect, obtain, maintain, enforce, and defend any rights assigned. Assignee hereby irrevocably designates and appoints Assignor and its agents as attorneys-in-fact to act for and in Assignee's behalf to execute and file any document and to do all other lawfully permitted acts to further the foregoing with the same legal force and effect as if executed by Assignee. Assignee shall retain all rights to any Inventions that were used or developed by Assignee prior to, or independent from, performing the Development Services and that may have been used as part of the Development Services ("Pre-Existing Inventions"), provided that Assignee hereby grants Assignor a non-exclusive, royalty-free, perpetual, irrevocable, transferable, fully paid-up, worldwide right in and to the Pre-Existing Inventions to the extent needed to fully exploit the Inventions; provided that in no event shall Assignor use any Pre-Existing Inventions to compete with Assignee in the business relating to the Assigned Intellectual Property.

Intellectual Property, IP Addresses and IT Assets.

Intellectual Property Assignment. Subject to and conditioned upon the software licenses granted by Assignor to Goosetown under the Goosetown Acquisition Agreement ("Goosetown Licenses"), Assignor hereby assigns 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.")) Assignee hereby agrees to assume, and Assignor hereby transfers, the Goosetown Licenses to Assignee.

IP Addresses Assignment. Assignor shall assign to Assignee the Internet Protocol Addresses related to the Assigned Intellectual Property. Assignee will cooperate with Assignor to insure continued use of the addresses needed by Assignor during the Support Services Terms.

IT Assets. By no later than May 31, 2019, Assignor and Assignee shall cooperate to separate Assignor's corporate related IT hardware and equipment assets that are collocated with IT hardware used for the Assigned Intellectual Property and any equipment not associated with the Assigned Intellectual Property will be removed and relocated from both the data center and the San Diego office by Assignor at the Assignor's expense. A list of assets that are to be separated will be developed by March 1, 2019 (or such later date if mutually agreed to by the parties) to allow both parties to purchase any needed replacement hardware that may be required for shared physical assets that may exist.

Payments; Reporting.

Space Use. During the Space Use Period, Assignee shall pay the Space Use Costs to Assignor on a monthly basis, at least five (5) calendar days prior to the beginning of the applicable month.

Support Services Payments. In consideration of the Support Services, and provided that Assignee has assumed Assignor's data center lease (the "Data Center Lease"), Assignor shall pay Assignee [*] per month during the Support Services Term (for a total amount of [*]) ("Monthly Payment"). If Assignee does not assume the Data Center Lease, the Monthly Payment will be decreased by [*] per month to [*] per month. Furthermore, Assignee shall immediately notify Assignor should any of the costs set forth in Exhibit D decrease and will further reduce the Monthly Payment due by the amount of the cost decrease. The Monthly Payment shall be due within thirty (30) days following receipt of an invoice from Assignee. Assignor shall continue to pay for the network connectivity utilized for the current systems during the Support Services Term.

pdvConnect Customer Services Payments. In consideration of the pdvConnect Customer Services, Assignee shall pay Assignor 20% of the monthly Billed Revenue 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 Assignee. Once a pdvConnect Customer account is more than sixty (60) days in arrears, no pdvConnect Payment will be due to Assignor unless the pdvConnect Customer subsequently become 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, Assignee shall have the right to offset the amount due to Assignor to recover the prior pdvConnect Payment to Assignor that was never collected by Assignee.

Reporting. Within five (5) business days following the close of a calendar month, Assignee shall provide Assignor 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 Assignor reasonably requests.

Audit Rights. Assignee will maintain all books and records relevant to compliance with this Agreement until at least five (5) years after termination of this Agreement. Assignor will be entitled to audit at its own expense the books, records and facilities of Assignee and any affiliates with respect to compliance with this Agreement. Assignee will pay the reasonable audit costs if the audit concludes that Assignor has been underpaid by more than five percent (5%) for any period. The audit shall take place at a location designated by the Assignee. This provision will survive expiration or termination of this Agreement.

Prepaid Services. Assignor shall remit to Assignee any prepaid service revenue with respect to the pdvConnect Application that is for the post-assignment time period, less the pdvConnect Payments due to Assignor on such revenue.

Representations and Warranties.

Mutual. Each party represents to the other that: (a) it has full authority to execute and deliver this Agreement and to perform its obligation hereunder; (b) this Agreement constitutes its valid and binding obligation entered into freely and in accordance with its business judgment as the result of arm's-length bargaining and is enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights or equitable principles generally; and (c) neither the execution nor the delivery of this Agreement, nor the carrying out of its obligations hereunder will conflict with or result in any violation of or constitute a default under any term of its articles of incorporation or bylaws, or any material agreement, mortgage, indenture, license, permit, lease or other instrument, judgment, decree, order, law or regulation by which it is bound.---

Assignor. Assignor represents that to the best of its knowledge, (a) it owns all necessary rights to the Assigned Intellectual Property to make the assignments herein, (b) the Assigned Intellectual Property does not infringe the intellectual property rights of a third party, (c) there are no liens or any other encumbrances on any of the Assigned Intellectual Property, (d) it has not received any written claims regarding Assignor's rights to use the Assigned Intellectual Property, and (e) the execution, delivery and performance of this Agreement will not impair the right of Assignee to use, sell, license or dispose of the Assigned Intellectual Property.

Assignee. Assignee represents that it shall (a) perform the Services in a professional and workmanlike manner in accordance with customary industry practices, and, where applicable, in a manner generally consistent with the historical provision by Assignor of such services and with the same standard of care as historically provided, and (b) assign sufficient resources and qualified personnel as are

reasonably required to perform the Services in accordance with the standards set forth in the preceding sentence. Furthermore, Assignee shall notify Assignor in writing within three (3) business days in the event any of the Offered Employees give notice to Assignee to leave, or otherwise leave, the employment of Assignee.

Warranty Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, ASSIGNOR MAKES NO WARRANTIES WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT AND DISCLAIMS ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT.

Term and Termination.

Term. This Agreement will continue for a period of forty-eight (48) months from the Effective Date, unless terminated earlier as provided in this Agreement; except that Sections 5.5, 7.2(c), 7.3, 8-12 and any outstanding payment obligations shall survive expiration or termination of this Agreement.

Termination for Breach.

By Assignee. If Assignee materially breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from Assignor, Assignor may terminate this Agreement by written notice. However, if such breach is non-monetary in nature and is not reasonably capable of being cured within such thirty (30) day period, such thirty (30) day period may be extended to not more than an additional thirty (30) days (in Assignor's reasonable discretion), provided that Assignee is diligently pursuing the cure of such breach in good faith. In addition, Assignor may terminate this Agreement immediately upon written notice to Assignee in the event of material dishonesty, fraud, misrepresentation or similar cause by Assignee in connection with the performance of its obligations under this Agreement.

By Assignor. If Assignor materially breaches this Agreement and fails to cure such breach within thirty (30) days of receipt of written notice thereof from Assignee, Assignee may terminate this Agreement by written notice. However, if such breach is non-monetary in nature and is not reasonably capable of being cured within such thirty (30) day period, such thirty (30) day period may be extended to not more than an additional thirty (30) days (in Assignee's reasonable discretion), provided that Assignor is diligently pursuing the cure of such breach in good faith. In addition, Assignee may terminate this Agreement immediately upon written notice to Assignee in the event of material dishonesty, fraud, misrepresentation or similar cause by Assignor in connection with the performance of its obligations under this Agreement.

pdvConnect Customers. In the event of termination by Assignor due to Assignee's failure to cure a material breach of this Agreement, including, but not limited to, its failure to make the pdvConnect Payments specified in Section 5.3, Assignor shall have the right, without further notice, to resume responsibility for customer care, billing and collection services for pdvConnect Customers. Assignee shall cooperate in providing to Assignor all pdvConnect Customer data needed for Assignor to provide those services and Assignee shall use commercially reasonable efforts to facilitate the transition. In the event of termination prior to Assignee remitting to Assignor the pdvConnect Payment for the prior month, Assignee shall promptly remit the pdvConnect Payment to Assignor.

Intellectual Property Assets. In the event the Agreement is terminated by Assignor pursuant to Section 7.2(a) prior to expiration of the term, ownership of the Assigned Intellectual Property shall revert to Assignor and any tangible embodiments of the same held by Assignee shall be returned to Assignor

within thirty (30) days in the same condition as at assignment, normal wear and tear excluded. Otherwise, the Assigned Intellectual Property shall continue to be owned by Assignee notwithstanding the expiration or other termination of this Agreement.

Confidentiality.

Definition. “**Confidential Information**” means: (a) all non-public information (including but not limited to trade secrets, proprietary information, and information about products, business methods and business plans) relating to the business of Assignor, Assignee, or any customer or to the business of such parties’ suppliers, or other partners) that is either marked or otherwise identified as confidential or proprietary, or that a reasonable person would understand to be considered confidential by the party to which it pertains (even if not so marked or identified); and (b) all information that such party is obligated by law or contract to treat as confidential for the benefit of third parties, including all data from customers in connection with Services.

Non-disclosure Obligation. Each party agrees to hold all Confidential Information in trust and confidence at all times and not to disclose, reveal, or divulge any Confidential Information, directly or indirectly, intentionally or negligently, to any person without the express written consent of the party whose Confidential Information it is. Assignee is permitted to provide information to its attorney or accountant as it pertains to their ability to provide services to Assignee.

Use Limitation. Assignee agrees not to use any Confidential Information for its own benefit or for any other purpose outside the scope of providing the Services without express written consent thereto.

Exceptions. Neither party is obligated under this section for Confidential Information that (a) is generally known, or readily ascertainable by proper means, by the public other than through a breach of this Agreement; (b) was known by the party on a nonconfidential basis prior to receipt under this Agreement as evidenced by written records; or (c) is rightly received from a third party not subject to any nondisclosure obligations with respect to such Confidential Information.

Subpoena or Order. If either party receives service of a subpoena or order or other compulsory instrument issued by or under the authority of a court of competent jurisdiction or by a governmental agency that requests all or any part of the Confidential Information, that party shall: (a) provide the other party with prompt written notice of the existence, terms, and circumstances surrounding such request or requirement; (b) consult with the other party on the advisability of taking steps to resist or narrow that request; (c) if disclosure of Confidential Information is required, furnish only such portion of the Confidential Information as the party is advised in writing by its counsel is legally required to be disclosed; and (d) cooperate with the other party in its efforts to obtain an order excusing the Confidential Information from disclosure, or an order or other reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information that is required to be disclosed.

Limited Liability. NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT OR OTHERWISE, ASSIGNOR AND ASSIGNEE WILL NOT BE LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY FOR (A) AMOUNTS THAT IN THE AGGREGATE ARE IN EXCESS OF THE AMOUNTS PAID TO ASSIGNOR AND ASSIGNEE, AS APPLICABLE, HEREUNDER DURING THE TWELVE (12)-MONTH PERIOD PRIOR TO THE DATE THE CAUSE OF ACTION AROSE OR (B) ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOST PROFITS OR LOST DATA OR (C) COST OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY, OR SERVICES OR (D) FOR LOSS OR CORRUPTION OF DATA OR INTERRUPTION OF USE. ASSIGNOR AND ASSIGNEE SHALL HAVE NO LIABILITY FOR ANY FAILURE OR DELAY DUE TO MATTERS BEYOND ITS REASONABLE CONTROL. THIS SECTION DOES

NOT LIMIT LIABILITY FOR BODILY INJURY OF A PERSON, AND SHALL NOT LIMIT LIABILITY FOR INDEMNIFICATION UNDER SECTION 10, BREACHES OF CONFIDENTIALITY OR A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

Indemnification.

Indemnification. Each party shall defend the other Party, along with its employees, officers, owners, and agents, from and against any third-party claim (a "Claim"), and reimburse them for all liabilities, losses, costs, damages, and expenses (including reasonable attorney fees and court costs) (collectively, "Losses"), related to or arising out of (a) Claims of bodily injury (including death), damage to property (including loss of use of property) that occurs in connection with the indemnifying party's performance under this Agreement, to the extent that such injury or damage is caused by the acts, errors, or omissions of the indemnifying party or its employees or agents, (b) with respect to Assignee, any Claim that the Development Services, the Inventions or the Pre-Existing Inventions infringe the intellectual property rights of a third party or (c) with respect to Assignor, for a period of 24 months after the Effective Date, any breach of Assignor's representations and warranties in Section 6.2 relating to the Assigned Intellectual Property. The foregoing indemnification obligations in Section 10.1(c) shall not apply to any Claims relating to (i) use in an application or environment for which it was not designed or contemplated, (ii) modifications, alterations, combinations or enhancements after the Effective Date, (iii) Assignee's continuing allegedly infringing activity after being notified thereof.

Procedures. The indemnified party shall (a) notify the indemnifying party promptly in writing of each Claim; (b) tender to the indemnifying party sole control of the defense or settlement of each Claim at the indemnifying party's expense, or if the indemnifying party does not reasonably assume the defense of the Claim, the indemnified party may assume control of the defense and settlement of the Claim at the expense of the indemnifying party; and (c) cooperate with and, at indemnifying party's expense, assist in such defense. The indemnified party will have the right to participate at its own expense in any Claim or related settlement negotiations using counsel of its own choice.

Insurance.

Nature and Amounts. Assignee and Assignor shall maintain sufficient insurance coverage to enable it to meet its obligations created by this Agreement and by law. Without limiting the foregoing, Assignee and Assignor shall maintain at its sole cost and expense at least the following insurance covering its obligations under this Agreement: (a) Commercial General Liability including (i) bodily injury, (ii) property damage, (iii) contractual liability coverage, and (iv) personal injury, in an amount not less than Five Million Dollars (\$5,000,000) per occurrence and (b) Workers' Compensation at statutory limits.

Specific Requirements. Assignee and Assignor shall cause each of the above policies to (a) name the other party as an additional insured, and (b) contain a provision requiring at least thirty (30) days' prior written notice to the other party of any cancellation, modification or non-renewal. Assignee and Assignor shall furnish to each other certificates of insurance and such other documentation relating to such policies within fifteen (15) days following the Effective Date and as Assignee and Assignor may otherwise reasonably request.

General.

Independent Contractors. This Agreement will not be construed as creating an employment, agency, partnership, or joint venture relationship or as permitting any party hereto to incur obligations on behalf of the other party.

Assignment. This Agreement is not assignable or transferable by either party without the prior written consent of the other, except to a successor to all or substantially all of Assignor's assets or business relating to the subject matter of this Agreement. All other assignments or transfers (including by operation of law) shall require the express prior written consent of Assignor.

Publicity. Neither party shall, without the written consent of the other party, issue any news release, public announcement, advertisement, or other form of publicity regarding the Agreement. The parties will cooperate in notifying pdvConnect Customers of the Agreement. Notwithstanding the foregoing, Assignee hereby grants Assignor the right to market and sell all current and future products and services sold, leased or licensed by Assignee. Assignee represents that the cost of these products to Assignor shall not be more than the price charged to Goosetown, Inc. for such products, regardless of any volume purchased.

No Third-Party Beneficiaries. This Agreement is an agreement between the parties and confers no rights upon any of the parties' employees, agents, contractors, or customers, or upon any other person or entity.

Notices. Any notice, report, approval or consent required or permitted hereunder shall be in writing and will be deemed to have been duly given to a party if delivered personally or mailed by first-class, registered or certified US mail, postage prepaid to the address of that party as set forth on the first page of this Agreement; or such other address as is provided by that party to the other upon ten (10) days written notice.

No Waiver; Entire Agreement. No failure to exercise, and no delay in exercising, on the part of either party, any privilege, any power or any rights hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right or power hereunder preclude further exercise of any other right hereunder. If any provision of this Agreement shall be adjudged by any court of competent jurisdiction to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable. Any waivers or amendments shall be effective only if made in writing and signed by authorized representatives of the parties. This Agreement is the complete and exclusive statement of the mutual understanding of the parties and supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of this Agreement.

Jurisdiction; Venue. This Agreement shall be governed by and construed pursuant to the laws of the State of New Jersey and the United States without regard to conflicts of laws provisions thereof. Either party may elect (by written notice given prior filing a complaint or, in the case of the defendant, prior to answering a complaint) to resolve a dispute by binding arbitration in the English language in New Jersey under the rules of JAMS, and the decision of the arbitrator will be enforceable in any court. In any action or proceeding to enforce rights under this Agreement, the prevailing party will be entitled to recover costs and attorneys' fees.

Further Assurances. After the Effective Date, each party agrees to execute such other and further documents, and take such other and further actions, as the other party may reasonably request to give effect to the transactions contemplated by this Agreement.

Counterparts. This Agreement may be executed in one or more counterparts, which shall be effective as original agreements of the Parties executing such counterpart. Original signatures transmitted by electronic mail or facsimile shall be effective to create such counterparts.

ASSIGNOR

pdvWireless, Inc.

ASSIGNEE

TeamConnect, LLC

By:

McAuley

Name: Brian D. McAuley

Title: Chairman

/s/ Brian D.

By: /s/ Joseph Gottlieb

Name: Joseph Gottlieb

Title: Member

Exhibit A

Support Requirements

The term “Support” in Section 3.1 means [*].

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit B

Assigned Intellectual Property

Patents

- " Seven US Patents
- " Two European Patents
- " Two Canadian Patents

Links to US patents

- 1) Systems and methods for push-to-talk wireless applications (9,325,681);
- 2) System and methods for using a plurality of receiver identifications to create and retrieve a digital project log (8,577,843);
- 3) Systems and methods for communicating using voice messages (8,291,028);
- 4) Systems and methods for push-to-email communication with location information (8,140,627);
- 5) Systems and methods for push-to-talk wireless applications (7,743,073);
- 6) Systems and methods for communicating using voice messages (7,653,691); and,
- 7) System and method for originating, storing, processing and delivering message data (7,054,863).

Trademarks

- TeamConnect; and,
- pdvConnect.

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit C

Offered Employees

[OMITTED]

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Exhibit D

Data Center Lease & Employee Costs

- 1) Data Center Monthly Rent @ [*] per month over [*];
- 2) Telco & Software Licensing Costs @ [*] per month [*];
- 3) Employee Costs
 - a. [*]
 - b. [*]
 - c. [*]

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Appendix 3

Offered Employees

[OMITTED]

*CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Morgan E. O'Brien, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 function):
 - 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.

Date: February 8, 2019

By: /s/ Morgan E. O'Brien

Morgan E. O'Brien

Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Timothy A. Gray, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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;
 - a) 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;
 - b) 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
 - c) 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 function):
 - 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.

Date: February 8, 2019

By: /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 quarterly report of pdvWireless, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Morgan E. O'Brien, Chief Executive 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.

Date: February 8, 2019

By: /s/ Morgan E. O'Brien

Morgan E. O'Brien

Chief Executive Officer
(Principal Executive 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 that accompanies the Report 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 Report), irrespective of any general incorporation language contained in such filing.

**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 quarterly report of pdvWireless, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, 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.

Date: February 8, 2019

By: /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 that accompanies the Report 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 Report), irrespective of any general incorporation language contained in such filing.
