

METROPCS COMMUNICATIONS INC (PCS)

10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filed on 05/10/2010

Filed Period 03/31/2010



THOMSON REUTERS

Westlaw[®] BUSINESS

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2010

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
1-33409

METROPCS COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

2250 Lakeside Boulevard

Richardson, Texas

(Address of principal executive offices)

20-0836269

(I.R.S. Employer
Identification No.)

75082-4304

(Zip Code)

(214) 570-5800

(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

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

Accelerated filer

Smaller reporting company

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

On April 30, 2010, there were 353,188,107 shares of the registrant's common stock, \$0.0001 par value, outstanding.

[Table of Contents](#)

METROPCS COMMUNICATIONS, INC.
Quarterly Report on Form 10-Q

Table of Contents

	<u>Page</u>
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2010 and December 31, 2009</u>	1
<u>Condensed Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 31, 2010 and 2009</u>	2
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2010 and 2009</u>	3
<u>Notes to Condensed Consolidated Interim Financial Statements</u>	4
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	36
<u>Item 4. Controls and Procedures</u>	37
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	38
<u>Item 1A. Risk Factors</u>	38
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	*
<u>Item 3. Defaults Upon Senior Securities</u>	*
<u>Item 4. (Removed and Reserved)</u>	*
<u>Item 5. Other Information</u>	*
<u>Item 6. Exhibits</u>	45
<u>SIGNATURES</u>	46

* No reportable information under this item.

[Table of Contents](#)

**PART I.
FINANCIAL INFORMATION**

Item 1. Financial Statements

**MetroPCS Communications, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except share and per share information)
(Unaudited)**

	March 31, 2010 (1)	December 31, 2009 (1)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 914,574	\$ 929,381
Short-term investments	274,857	224,932
Inventories, net	117,594	147,401
Accounts receivable (net of allowance for uncollectible accounts of \$2,267 and \$2,045 at March 31, 2010 and December 31, 2009, respectively)	52,838	51,536
Prepaid expenses	69,557	48,353
Deferred charges	67,312	59,414
Deferred tax assets	5,959	1,948
Other current assets	35,340	28,426
Total current assets	1,538,031	1,491,391
Property and equipment, net	3,263,511	3,252,213
Restricted cash and investments	13,939	15,438
Long-term investments	6,319	6,319
FCC licenses and microwave relocation costs	2,470,568	2,470,181
Other assets	164,182	150,475
Total assets	<u>\$ 7,456,550</u>	<u>\$ 7,386,017</u>
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 552,003	\$ 558,366
Current maturities of long-term debt	19,742	19,326
Deferred revenue	203,802	187,654
Other current liabilities	28,777	32,123
Total current liabilities	804,324	797,469
Long-term debt, net	3,630,872	3,625,949
Deferred tax liabilities	531,112	512,306
Deferred rents	85,906	80,487
Redeemable ownership interest	8,327	7,857
Other long-term liabilities	73,955	73,807
Total liabilities	5,134,496	5,097,875
COMMITMENTS AND CONTINGENCIES (See Note 12)		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$0.0001 per share, 100,000,000 shares authorized; no shares of preferred stock issued and outstanding at March 31, 2010 and December 31, 2009	—	—
Common stock, par value \$0.0001 per share, 1,000,000,000 shares authorized, 352,933,380 and 352,711,263 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively	35	35
Additional paid-in capital	1,645,971	1,634,754
Retained earnings	687,354	664,693
Accumulated other comprehensive loss	(10,680)	(11,340)
Less treasury stock, at cost, 98,449 and no treasury shares at March 31, 2010 and December 31, 2009, respectively	(626)	—
Total stockholders' equity	<u>2,322,054</u>	<u>2,288,142</u>
Total liabilities and stockholders' equity	<u>\$ 7,456,550</u>	<u>\$ 7,386,017</u>

(1) As a result of the adoption of certain provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 (Topic 810, "Consolidation") and in accordance with Accounting Standards Update ("ASU") 2009-17, which amends ASC 810, the Company is required to separately disclose on its condensed consolidated balance sheets the assets of its consolidated variable interest entity ("VIE") that can be used only to settle obligations of the VIE and liabilities for which creditors do not have recourse to the Company.

As of March 31, 2010, \$833.2 million related to the consolidated VIE were included in the Company's total assets, which consist of \$20.0 million of cash and cash equivalents, \$0.1 million of accounts receivable, net, \$8.1 million of prepaid expenses, \$0.6 million of other current assets, \$488.1 million of property and equipment, net, \$0.3 million of restricted cash and investments, \$293.6 million of FCC licenses and \$22.4 million of other assets.

As of December 31, 2009, \$807.2 million related to the consolidated VIE were included in the Company's total assets, which consist of \$16.8 million of cash and cash equivalents, \$0.1 million of accounts receivable, net, \$7.6 million of prepaid expenses, \$0.5 million of other current assets, \$463.7 million of property and equipment, net, \$0.3 million of restricted cash and investments, \$293.6 million of FCC licenses and \$24.6 million of other assets.

As of March 31, 2010, \$39.1 million related to the consolidated VIE were included in the Company's total liabilities, which consist of \$7.2 million of accounts payable and accrued expenses, \$0.2 million of current maturities of long-term debt, \$11.0 million of long-term debt, net, \$12.0 million of deferred rents, and \$8.7 million of other long-term liabilities.

As of December 31, 2009, \$33.7 million related to the consolidated VIE were included in the Company's total liabilities, which consist of \$9.4 million of accounts payable and accrued expenses, \$0.1 million of current maturities of long-term debt, \$4.4 million of long-term debt, net, \$10.9 million of deferred rents, and \$8.9 million of other long-term liabilities.

The accompanying notes are an integral part of these condensed consolidated financial statements.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Condensed Consolidated Statements of Income and Comprehensive Income
(in thousands, except share and per share information)
(Unaudited)

	For the three months ended March 31,	
	2010	2009
REVENUES:		
Service revenues	\$ 853,283	\$ 726,698
Equipment revenues	117,220	68,631
Total revenues	970,503	795,329
OPERATING EXPENSES:		
Cost of service (excluding depreciation and amortization expense of \$94,944 and \$72,318 shown separately below)	284,652	245,575
Cost of equipment	313,738	225,018
Selling, general and administrative expenses (excluding depreciation and amortization expense of \$12,857 and \$9,428 shown separately below)	159,909	136,411
Depreciation and amortization	107,801	81,746
Gain on disposal of assets	(828)	(24,908)
Total operating expenses	865,272	663,842
Income from operations	105,231	131,487
OTHER EXPENSE (INCOME):		
Interest expense	67,482	58,432
Accretion of put option in majority-owned subsidiary	470	377
Interest and other income	(479)	(552)
Impairment loss on investment securities	—	921
Total other expense	67,473	59,178
Income before provision for income taxes	37,758	72,309
Provision for income taxes	(15,097)	(28,336)
Net income	\$ 22,661	\$ 43,973
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities, net of tax	32	(139)
Unrealized losses on cash flow hedging derivatives, net of tax	(6,027)	(6,965)
Reclassification adjustment for gains on available-for-sale securities included in net income, net of tax	(79)	—
Reclassification adjustment for losses on cash flow hedging derivatives included in net income, net of tax	6,734	6,722
Comprehensive income	\$ 23,321	\$ 43,591
Net income per common share:		
Basic	\$ 0.06	\$ 0.12
Diluted	\$ 0.06	\$ 0.12
Weighted average shares:		
Basic	352,782,898	351,090,862
Diluted	354,003,541	356,429,423

The accompanying notes are an integral part of these condensed consolidated financial statements.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	For the three months ended	
	March 31,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 22,661	\$ 43,973
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	107,801	81,746
(Recovery of) provision for uncollectible accounts receivable	(28)	66
Deferred rent expense	5,535	6,292
Cost of abandoned cell sites	535	2,201
Stock-based compensation expense	11,416	10,669
Non-cash interest expense	3,134	2,280
Gain on disposal of assets	(828)	(24,908)
Gain on sale of investments	(129)	—
Impairment loss on investment securities	—	921
(Reduction) accretion of asset retirement obligations	(113)	1,174
Accretion of put option in majority-owned subsidiary	470	377
Deferred income taxes	14,177	26,937
Changes in assets and liabilities:		
Inventories	29,807	52,801
Accounts receivable, net	(1,274)	(10,651)
Prepaid expenses	(21,149)	(24,564)
Deferred charges	(7,899)	(4,538)
Other assets	(475)	1,634
Accounts payable and accrued expenses	43,724	118,211
Deferred revenue	16,148	20,000
Other liabilities	1,519	1,978
Net cash provided by operating activities	225,032	306,599
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(139,295)	(312,647)
Change in prepaid purchases of property and equipment	2,602	11,761
Proceeds from sale of property and equipment	231	2,086
Purchase of investments	(162,372)	(224,405)
Proceeds from maturity of investments	112,500	—
Proceeds from sale of restricted cash and investments	1,500	—
Purchases of and deposits for FCC licenses	—	(7,416)
Microwave relocation costs	(196)	(457)
Net cash used in investing activities	(185,030)	(531,078)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in book overdraft	(49,523)	(99,768)
Proceeds from 9 1/4% Senior Notes	—	492,250
Debt issuance costs	—	(11,925)
Repayment of debt	(4,000)	(4,000)
Payments on capital lease obligations	(667)	(2,165)
Purchase of treasury stock	(626)	—
Proceeds from exercise of stock options	7	2,841
Net cash (used in) provided by financing activities	(54,809)	377,233
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(14,807)	152,754
CASH AND CASH EQUIVALENTS, beginning of period	929,381	697,948
CASH AND CASH EQUIVALENTS, end of period	\$ 914,574	\$ 850,702

The accompanying notes are an integral part of these condensed consolidated financial statements.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

1. Basis of Presentation:

The accompanying unaudited condensed consolidated interim financial statements include the balances and results of operations of MetroPCS Communications, Inc. ("MetroPCS") and its consolidated subsidiaries (collectively, the "Company"). MetroPCS indirectly owns, through its wholly-owned subsidiaries, 85% of the limited liability company member interest in Royal Street Communications, LLC ("Royal Street Communications"). The condensed consolidated financial statements include the balances and results of operations of MetroPCS and its wholly-owned subsidiaries as well as the balances and results of operations of Royal Street Communications and its wholly-owned subsidiaries (collectively, "Royal Street"). The Company consolidates its interest in Royal Street in accordance with ASC 810. In January 2010, in accordance with ASU 2009-17, which amends ASC 810, the Company reconsidered its consolidation conclusion and reaffirmed that Royal Street is a variable interest entity ("VIE"). As required by ASU 2009-17, the Company examined specific criteria and considered factors such as design of the VIE, risk and reward sharing, voting rights, and involvement in significant capital and operating decisions in reaching its conclusion. All intercompany accounts and transactions between MetroPCS and its wholly-owned subsidiaries and Royal Street have been eliminated in the consolidated financial statements. The redeemable ownership interest in Royal Street is included in long-term liabilities.

The condensed consolidated balance sheets as of March 31, 2010 and December 31, 2009, the condensed consolidated statements of income and comprehensive income and cash flows for the periods ended March 31, 2010 and 2009, and the related footnotes are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The unaudited condensed consolidated financial statements included herein reflect all adjustments (consisting of normal, recurring adjustments) which are, in the opinion of management, necessary to state fairly the results for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the fiscal year.

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

The Company has thirteen operating segments based on geographic region within the United States: Atlanta, Boston, Dallas/Ft. Worth, Detroit, Las Vegas, Los Angeles, Miami, New York, Orlando/Jacksonville, Philadelphia, Sacramento, San Francisco and Tampa/Sarasota. Effective January 1, 2010, in accordance with the provisions of ASC 280 (Topic 280, "*Segment Reporting*"), the Company aggregates its thirteen operating segments into one reportable segment.

Federal Universal Service Fund ("FUSF"), E-911 and various other fees are assessed by various governmental authorities in connection with the services that the Company provides to its customers. Beginning in January 2010, the Company introduced a new family of service plans, which include all applicable taxes and regulatory fees ("tax inclusive plans"). The Company reports fees for the tax inclusive plans in cost of service on the accompanying condensed consolidated statements of income and comprehensive income. When the Company separately assesses these fees on its customers, the Company reports these fees on a gross basis in service revenues and cost of service on the accompanying condensed consolidated statements of income and comprehensive income. For the three months ended March 31, 2010 and 2009, the Company recorded \$23.2 million and \$37.3 million, respectively, of FUSF, E-911 and other fees on a gross basis. Sales, use and excise taxes for all service plans are reported on a net basis in selling, general and administrative expenses on the accompanying condensed consolidated statements of income and comprehensive income.

2. Share-based Payments:

In accordance with ASC 718 (Topic 718, "*Compensation – Stock Compensation*"), the Company recognizes stock-based compensation expense in an amount equal to the fair value of share-based payments, which includes stock options granted and restricted stock awards to employees. The Company records stock-based compensation

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

expense in cost of service and selling, general and administrative expenses. Stock-based compensation expense was \$11.4 million and \$10.7 million for the three months ended March 31, 2010 and 2009, respectively. Cost of service for the three months ended March 31, 2010 and 2009 includes \$1.1 million and \$0.8 million, respectively, of stock-based compensation. For the three months ended March 31, 2010 and 2009, selling, general and administrative expenses include \$10.3 million and \$9.9 million, respectively, of stock-based compensation.

Restricted Stock Awards

Restricted stock awards are share awards that entitle the holder to receive shares of the Company's common stock which become fully tradable upon vesting. During the three months ended March 31, 2010 and 2009, pursuant to the Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan, the Company issued 1,836,174 and 1,310,510 restricted stock awards, respectively, to certain employees and, in 2010, the directors of MetroPCS. The restricted stock awards granted to employees generally vest on a four-year vesting schedule with 25% vesting on the first anniversary date of the award and the remainder pro-rata on a monthly or quarterly basis thereafter. The Company determined the grant-date fair value of the restricted stock awards granted during the three months ended March 31, 2010 and 2009 to be \$11.7 million and \$18.9 million, respectively, based on the closing price of the Company's common stock on the New York Stock Exchange on the grant dates. The estimated compensation cost of the restricted stock awards, which is equal to the fair value of the awards on the date of grant, will be recognized on a ratable basis over the four-year vesting period.

Vesting in the restricted stock awards triggers an income tax obligation for the employee that is required to be remitted to the relevant tax authorities. To affect the tax withholding, the Company has agreed to repurchase enough common shares from the employee to cover the income tax obligation. The stock repurchase is being accounted for as treasury stock. During the three months ended March 31, 2010, the Company repurchased 98,449 shares of stock from certain employees to settle the income tax obligation associated with vesting in restricted stock awards.

3. Short-term Investments:

The Company invests its cash balances in, among other things, securities issued and fully guaranteed by the United States or any state, money market funds meeting certain criteria, and demand deposits. These investments are subject to credit, liquidity, market and interest rate risk. At March 31, 2010, the Company had invested a significant portion of its cash and cash equivalents in money market funds consisting of U.S. Treasury securities with an original maturity of 90 days or less.

The Company's short-term investments consist of securities classified as available-for-sale, which are stated at fair value. The securities include U.S. Treasury securities with an original maturity of over 90 days. Unrealized gains, net of related income taxes, for available-for-sale securities are reported in accumulated other comprehensive loss, a component of stockholders' equity, until realized. The estimated fair values of investments are based on quoted market prices as of the end of the reporting period.

Short-term investments, with an original maturity of over 90 days, consisted of the following (in thousands):

	As of March 31, 2010			
	Amortized Cost	Unrealized Gain in Accumulated OCI	Unrealized Loss in Accumulated OCI	Aggregate Fair Value
Equity Securities	\$ 7	\$ —	\$ (5)	\$ 2
U.S. Treasury Securities	274,790	65	—	274,855
Total short-term investments	<u>\$ 274,797</u>	<u>\$ 65</u>	<u>\$ (5)</u>	<u>\$ 274,857</u>

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

	As of December 31, 2009			
	Amortized Cost	Unrealized Gain in Accumulated OCI	Unrealized Loss in Accumulated OCI	Aggregate Fair Value
Equity Securities	\$ 7	\$ —	\$ (5)	\$ 2
U.S. Treasury Securities	224,790	140	—	224,930
Total short-term investments	\$ 224,797	\$ 140	\$ (5)	\$ 224,932

The cost and aggregate fair values of short-term investments by contractual maturity at March 31, 2010 were as follows (in thousands):

	Amortized Cost	Aggregate Fair Value
Less than one year	\$ 274,790	\$ 274,855

4. Derivative Instruments and Hedging Activities:

On November 21, 2006, MetroPCS Wireless, Inc. ("Wireless") entered into a three-year interest rate protection agreement to manage the Company's interest rate risk exposure and fulfill a requirement of Wireless' senior secured credit facility, as amended, (the "Senior Secured Credit Facility"), pursuant to which Wireless may borrow up to \$1.7 billion. The agreement covered a notional amount of \$1.0 billion and effectively converted this portion of Wireless' variable rate debt to fixed-rate debt at an annual rate of 7.169%. The interest rate protection agreement expired on February 1, 2010.

On April 30, 2008, Wireless entered into an additional two-year interest rate protection agreement to manage the Company's interest rate risk exposure. The agreement was effective on June 30, 2008 and covers an aggregate notional amount of \$500.0 million and effectively converts this portion of Wireless' variable rate debt to fixed rate debt at an annual rate of 5.464%. The monthly interest settlement periods began on June 30, 2008. This agreement expires on June 30, 2010. This financial instrument is reported in other current liabilities at fair market value of approximately \$3.7 million as of March 31, 2010.

In March 2009, Wireless entered into three separate two-year interest rate protection agreements to manage the Company's interest rate risk exposure under its Senior Secured Credit Facility. These agreements were effective on February 1, 2010 and cover a notional amount of \$1.0 billion and effectively convert this portion of Wireless' variable rate debt to fixed rate debt at a weighted average annual rate of 4.381%. The monthly interest settlement periods began on February 1, 2010. These agreements expire on February 1, 2012. These financial instruments are reported in other current liabilities and long-term liabilities at fair market value of approximately \$16.0 million and \$4.0 million, respectively, as of March 31, 2010.

The primary risk managed by using derivative instruments is interest rate risk under the Senior Secured Credit Facility. Interest rate protection agreements are entered into to manage interest rate risk associated with the Company's variable-rate borrowings under the Senior Secured Credit Facility. The interest rate protection agreements have been designated as cash flow hedges. If a derivative is designated as a cash flow hedge and the hedging relationship qualifies for hedge accounting under the provisions of ASC 815 (Topic 815, "*Derivatives and Hedging*"), the effective portion of the change in fair value of the derivative is recorded in accumulated other comprehensive income (loss) and reclassified to interest expense in the period in which the hedged transaction affects earnings. The ineffective portion of the change in fair value of a derivative qualifying for hedge accounting is recognized in earnings in the period of the change. For the three months ended March 31, 2010, the change in fair value did not result in ineffectiveness.

At the inception of the cash flow hedges and quarterly thereafter, the Company performs an assessment to determine whether changes in the fair values or cash flows of the derivatives are deemed highly effective in offsetting changes in the fair values or cash flows of the hedged transaction. If at any time subsequent to the inception of the cash flow hedges, the assessment indicates that the derivative is no longer highly effective as a hedge, the Company will discontinue hedge accounting and recognize all subsequent derivative gains and losses in

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

results of operations. The Company estimates that approximately \$19.7 million of net losses that are reported in accumulated other comprehensive loss at March 31, 2010 are expected to be reclassified into earnings within the next 12 months.

Cross-default Provisions

The Company's interest rate protection agreements contain cross-default provisions to the Company's Senior Secured Credit Facility. The Company's Senior Secured Credit Facility allows interest rate protection agreements to become secured if the counterparty to the agreement is a current lender under the facility. If the Company were to default on the Senior Secured Credit Facility, it would trigger these provisions, and the counterparties to the interest rate protection agreements could request immediate payment on interest rate protection agreements in net liability positions, similar to their existing rights as a lender. There are no collateral requirements in the interest rate protection agreements. The aggregate fair value of interest rate protection agreements with cross-default provisions that are in a net liability position on March 31, 2010 is \$23.7 million.

(in thousands)	Fair Values of Derivative Instruments			
	Liability Derivatives			
	As of March 31, 2010		As of December 31, 2009	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under ASC 815				
Interest rate protection agreements	Other current liabilities	\$ (19,661)	Other current liabilities	\$ (24,157)
Interest rate protection agreements	Other long-term liabilities	(4,048)	Other long-term liabilities	(702)
Total derivatives designated as hedging instruments under ASC 815		\$ (23,709)		\$ (24,859)

The Effect of Derivative Instruments on the Condensed Consolidated Statement of Income and Comprehensive Income
For the Three Months Ended March 31,

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	
	2010	2009		2010	2009
	Interest rate protection agreements	\$ (9,806)		\$ (11,423)	Interest expense

5. Property and Equipment:

Property and equipment, net, consisted of the following (in thousands):

	March 31, 2010	December 31, 2009
Construction-in-progress	\$ 236,584	\$ 283,365
Network infrastructure (1)	3,886,183	3,756,300
Office equipment and software	174,843	158,732
Leasehold improvements	56,859	55,631
Furniture and fixtures	14,299	14,033
Vehicles	401	401
	4,369,169	4,268,462
Accumulated depreciation and amortization (1)	(1,105,658)	(1,016,249)
Property and equipment, net	\$ 3,263,511	\$ 3,252,213

(1) As of March 31, 2010 and December 31, 2009, approximately \$192.1 million and \$183.4 million, respectively, of network infrastructure assets were held by the Company under capital lease arrangements. Accumulated amortization relating to these assets totaled \$12.9 million and \$9.8 million as of March 31, 2010 and December 31, 2009, respectively.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

6. FCC Licenses and Microwave Relocation Costs:

The Company operates wireless broadband mobile networks under licenses granted by the Federal Communications Commission ("FCC") for a particular geographic area on spectrum allocated by the FCC for terrestrial wireless broadband services. The Company holds personal communications services ("PCS") licenses granted or acquired on various dates, and in November 2006, the Company acquired a number of advanced wireless services ("AWS") licenses which can be used to provide services comparable to the wireless broadband mobile services provided by the Company, and other advanced wireless services. In June 2008, the Company acquired a 700 MHz license that also can be used to provide similar services. The PCS licenses previously included, and the AWS licenses currently include, the obligation and resulting costs to relocate existing fixed microwave users of the Company's licensed spectrum if the Company's use of its spectrum interferes with their systems and/or reimburse other carriers (according to FCC rules) that relocated prior users if the relocation benefits the Company's system. Accordingly, the Company incurred costs related to microwave relocation in constructing its PCS and AWS networks.

The microwave relocation costs are recorded at cost. Although PCS, AWS and 700 MHz licenses are issued with a stated term, ten years in the case of the PCS licenses, fifteen years in the case of the AWS licenses and approximately ten years for 700 MHz licenses, the renewal of PCS, AWS and 700 MHz licenses is generally a routine matter without substantial cost and the Company has determined that no legal, regulatory, contractual, competitive, economic, or other factors currently exist that limit the useful life of its PCS, AWS and 700 MHz licenses. As such, under the provisions of ASC 350 (Topic 350, "*Intangibles-Goodwill and Other*"), the Company does not amortize PCS, AWS and 700 MHz licenses and microwave relocation costs (collectively, its "indefinite-lived intangible assets") as they are considered to have indefinite lives and together represent the cost of the Company's spectrum. The carrying value of FCC licenses and microwave relocation costs was \$2.5 billion as of March 31, 2010.

In accordance with the requirements of ASC 350, the Company performs its annual indefinite-lived intangible assets impairment test as of each September 30th or more frequently if events or changes in circumstances indicate that the carrying value of the indefinite-lived intangible assets might be impaired. The impairment test consists of a comparison of the estimated fair value with the carrying value. The Company estimates the fair value of its indefinite-lived intangible assets using a direct value methodology in accordance with ASC 805 (Topic 805, "*Business Combinations*"). An impairment loss would be recorded as a reduction in the carrying value of the related indefinite-lived intangible assets and charged to results of operations.

The Company's indefinite-lived intangible assets were aggregated and combined into a single unit of accounting in accordance with ASC 350 based on the management of the business on a national scope. The Company believes that utilizing its indefinite-lived intangible assets as a group represents the highest and best use of the assets, and the value of the indefinite-lived intangible assets would not be significantly impacted by a sale of one or a portion of the indefinite-lived intangible assets, among other factors. Furthermore, if any of the indefinite-lived intangible assets are subsequently determined to have a finite useful life, such assets would be tested for impairment in accordance with ASC 360 (Topic 360, "*Property, Plant, and Equipment*"), and the intangible assets would then be amortized prospectively over the estimated remaining useful life. There also have been no subsequent indicators of impairment including those indicated in ASC 360, and accordingly, no subsequent interim impairment tests were performed.

Other Spectrum Acquisitions

During the three months ended March 31, 2009, the Company closed on various agreements for the acquisition and exchange of spectrum in the net aggregate amount of approximately \$7.0 million in cash.

On February 2, 2010, the Company entered into a like-kind spectrum exchange agreement covering licenses in certain markets with another service provider ("Service Provider"). The Service Provider will acquire 10 MHz of AWS spectrum in Dallas/Fort Worth, Texas; Shreveport-Bossier City, Louisiana; and an additional 10 MHz of AWS spectrum in certain other Washington markets, as well as an additional 10 MHz of PCS spectrum in Sacramento, California. The Company will acquire 10 MHz of AWS spectrum in Dallas/Fort Worth, Texas and

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Shreveport-Bossier City, Louisiana and an additional 10 MHz of AWS spectrum in Santa Barbara, California; and Tampa-St. Petersburg-Clearwater, Florida. Consummation of this spectrum exchange agreement is subject to customary closing conditions, including FCC consent. In addition, the Company entered into short-term lease agreements with the Service Provider that, subject to FCC approval, authorize the Service Provider and the Company to use the spectrum covered by the spectrum exchange agreement until the spectrum exchange is consummated.

7. Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consisted of the following (in thousands):

	March 31, 2010	December 31, 2009
Accounts payable	\$ 195,043	\$ 164,246
Book overdraft	34,915	84,438
Accrued accounts payable	131,126	131,644
Accrued liabilities	18,127	26,009
Payroll and employee benefits	22,616	30,923
Accrued interest	78,993	42,098
Taxes, other than income	62,787	71,513
Income taxes	8,396	7,495
Accounts payable and accrued expenses	<u>\$ 552,003</u>	<u>\$ 558,366</u>

8. Long-term Debt:

Long-term debt consisted of the following (in thousands):

	March 31, 2010	December 31, 2009
9 1/4 % Senior Notes	\$ 1,950,000	\$ 1,950,000
Senior Secured Credit Facility	1,544,000	1,548,000
Capital Lease Obligations	189,294	181,194
Total long-term debt	3,683,294	3,679,194
Add: unamortized discount on debt	(32,680)	(33,919)
Total debt	3,650,614	3,645,275
Less: current maturities	(19,742)	(19,326)
Total long-term debt	<u>\$ 3,630,872</u>	<u>\$ 3,625,949</u>

9 1/4% Senior Notes due 2014

On November 3, 2006, Wireless completed the sale of \$1.0 billion of principal amount of 9 1/4% Senior Notes due 2014 (the "Initial Notes"). On June 6, 2007, Wireless completed the sale of an additional \$400.0 million of 9 1/4 % Senior Notes due 2014 (the "Additional Notes") under the existing indenture governing the Initial Notes at a price equal to 105.875% of the principal amount of such Additional Notes. On January 20, 2009, Wireless completed the sale of an additional \$550.0 million of 9 1/4 % Senior Notes due 2014 (the "New 9 1/4% Senior Notes" and, together with the Initial Notes and Additional Notes, the "9 1/4% Senior Notes") under a new indenture substantially similar to the indenture governing the Initial Notes at a price equal to 89.50% of the principal amount of such New 9 1/4% Senior Notes resulting in net proceeds of approximately \$480.3 million.

The 9 1/4% Senior Notes are unsecured obligations and are guaranteed by MetroPCS, MetroPCS, Inc., and all of Wireless' direct and indirect wholly-owned subsidiaries, but are not guaranteed by Royal Street and MetroPCS Finance, Inc. ("MetroPCS Finance"). Interest is payable on the 9 1/4% Senior Notes on May 1 and November 1 of each year. Wireless may, at its option, redeem some or all of the 9 1/4% Senior Notes at any time on or after November 1, 2010 for the redemption prices set forth in the indentures governing the 9 1/4% Senior Notes. Wireless may also, at its option, prior to November 1, 2010, redeem some or all of the notes at the "make whole" price set

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

forth in the indentures governing the 9¹/₄% Senior Notes.

Senior Secured Credit Facility

On November 3, 2006, Wireless entered into the Senior Secured Credit Facility, which consists of a \$1.6 billion term loan facility and a \$100.0 million revolving credit facility. On November 3, 2006, Wireless borrowed \$1.6 billion under the Senior Secured Credit Facility. The term loan facility is repayable in quarterly installments in annual aggregate amounts equal to 1% of the initial aggregate principal amount of \$1.6 billion. The term loan facility will mature in November 2013 and the revolving credit facility will mature in November 2011.

The facilities under the Senior Secured Credit Facility are guaranteed by MetroPCS, MetroPCS, Inc. and each of Wireless' direct and indirect present and future wholly-owned domestic subsidiaries. The facilities are not guaranteed by Royal Street and MetroPCS Finance, but Wireless pledged the promissory note that Royal Street has given it in connection with amounts borrowed by Royal Street from Wireless and the limited liability company member interest held by Wireless in Royal Street Communications. The Senior Secured Credit Facility contains customary events of default, including cross-defaults. The obligations are also secured by the capital stock of Wireless as well as substantially all of Wireless' present and future assets and the capital stock and substantially all of the assets of each of its direct and indirect present and future wholly-owned subsidiaries (except as prohibited by law and certain permitted exceptions), but excludes Royal Street.

Under the Senior Secured Credit Facility, Wireless is subject to certain limitations, including limitations on its ability to incur additional debt, make certain restricted payments, sell assets, make certain investments or acquisitions, grant liens and pay dividends. Wireless is also subject to certain financial covenants, including maintaining a maximum senior secured consolidated leverage ratio and, under certain circumstances, maximum consolidated leverage and minimum fixed charge coverage ratios.

The interest rate on the outstanding debt under the Senior Secured Credit Facility is variable. The rate as of March 31, 2010 was 4.678%, which includes the impact of our interest rate protection agreements (See Note 4).

Capital Lease Obligations

The Company has entered into various non-cancelable capital lease agreements, with varying expiration terms through 2025. Assets and future obligations related to capital leases are included in the accompanying condensed consolidated balance sheets in property and equipment and long-term debt, respectively. Depreciation of assets held under capital leases is included in depreciation and amortization expense. As of March 31, 2010, the Company had approximately \$189.3 million of capital lease obligations, with \$3.7 million and \$185.6 million recorded in current maturities of long-term debt and long-term debt, respectively.

9. Fair Value Measurements:

The Company has adopted the provisions of ASC 820 (Topic 820, "*Fair Value Measurements and Disclosures*"), for financial assets and liabilities. ASC 820 became effective for financial assets and liabilities on January 1, 2008. The Company adopted the provisions of ASC 820 for non-financial assets and liabilities upon its effectiveness on January 1, 2009. ASC 820 defines fair value, thereby eliminating inconsistencies in guidance found in various prior accounting pronouncements, and increases disclosures surrounding fair value calculations.

ASC 820 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

- Level 1- Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2- Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.

- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use.

ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The Company's financial assets and liabilities measured at fair value on a recurring basis include cash and cash equivalents, short and long-term investments securities and derivative financial instruments.

Included in the Company's cash and cash equivalents are cash on hand, cash in bank accounts, investments in money market funds consisting of U.S. Treasury securities with an original maturity of 90 days or less. Included in the Company's short-term investments are securities classified as available-for-sale, which are stated at fair value. The securities include U.S. Treasury securities with an original maturity of over 90 days. Fair value is determined based on observable quotes from banks and unadjusted quoted market prices from identical or similar securities in an active market at the reporting date. Significant inputs to the valuation are observable in the active markets and are classified as Level 1 in the hierarchy.

Included in the Company's long-term investments securities are certain auction rate securities, some of which are secured by collateralized debt obligations with a portion of the underlying collateral being mortgage securities or related to mortgage securities. Due to the lack of availability of observable market quotes on the Company's investment portfolio of auction rate securities, the fair value was estimated based on valuation models that rely exclusively on unobservable Level 3 inputs including those that are based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. The valuation of the Company's investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact the Company's valuation include changes to credit ratings of the securities as well as the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral values, discount rates, counterparty risk and ongoing strength and quality of market credit and liquidity. Significant inputs to the investments valuation are unobservable in the active markets and are classified as Level 3 in the hierarchy.

Included in the Company's derivative financial instruments are interest rate swaps. Derivative financial instruments are valued in the market using discounted cash flow techniques. These techniques incorporate Level 1 and Level 2 inputs such as interest rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the derivative valuation for interest rate swaps are observable in the active markets and are classified as Level 2 in the hierarchy.

The following table summarizes assets and liabilities measured at fair value on a recurring basis at March 31, 2010, as required by ASC 820 (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 914,574	\$ —	\$ —	\$ 914,574
Short-term investments	274,857	—	—	274,857
Restricted cash and investments	13,939	—	—	13,939
Long-term investments	—	—	6,319	6,319
Total assets measured at fair value	\$ 1,203,370	\$ —	\$ 6,319	\$ 1,209,689
Liabilities				
Derivative liabilities	\$ —	\$ 23,709	\$ —	\$ 23,709
Total liabilities measured at fair value	\$ —	\$ 23,709	\$ —	\$ 23,709

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

The following table summarizes assets and liabilities measured at fair value on a recurring basis at December 31, 2009, as required by ASC 820 (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 929,381	\$ —	\$ —	\$ 929,381
Short-term investments	224,932	—	—	224,932
Restricted cash and investments	15,438	—	—	15,438
Long-term investments	—	—	6,319	6,319
Total assets measured at fair value	\$ 1,169,751	\$ —	\$ 6,319	\$ 1,176,070
Liabilities				
Derivative liabilities	\$ —	\$ 24,859	\$ —	\$ 24,859
Total liabilities measured at fair value	\$ —	\$ 24,859	\$ —	\$ 24,859

The following table summarizes the changes in fair value of the Company's derivative liabilities included in Level 2 assets, as required by ASC 820 (in thousands):

Fair Value Measurements of Derivative Liabilities Using Level 2 Inputs	Derivative Liabilities	
	Three Months Ended March 31,	
	2010	2009
Beginning balance	\$ 24,859	\$ 54,963
Total losses (realized or unrealized):		
Included in earnings (1)	10,956	11,027
Included in accumulated other comprehensive loss	(9,806)	(11,423)
Transfers in and/or out of Level 2	—	—
Purchases, sales, issuances and settlements	—	—
Ending balance	\$ 23,709	\$ 55,359

(1) Losses included in earnings that are attributable to the reclassification of the effective portion of those derivative liabilities still held at the reporting date as reported in interest expense in the condensed consolidated statements of income and comprehensive income.

The following table summarizes the changes in fair value of the Company's Level 3 assets, as required by ASC 820 (in thousands):

Fair Value Measurements of Assets Using Level 3 Inputs	Long-Term Investments	
	Three Months Ended March 31,	
	2010	2009
Beginning balance	\$ 6,319	\$ 5,986
Total losses (realized or unrealized):		
Included in earnings (2)	—	921
Included in accumulated other comprehensive loss	—	453
Transfers in and/or out of Level 3	—	—
Purchases, sales, issuances and settlements	—	—
Ending balance	\$ 6,319	\$ 4,612

(2) Losses included in earnings that are attributable to the change in unrealized losses relating to those assets still held at the reporting date as reported in impairment loss on investment securities in the condensed consolidated statements of income and comprehensive income.

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

The estimated fair values of the Company's financial instruments are as follows (in thousands):

	March 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Secured Credit Facility	\$ 1,544,000	\$ 1,511,190	\$ 1,548,000	\$ 1,470,600
9 1/4 % Senior Notes	1,950,000	1,991,125	1,950,000	1,979,250
Cash flow hedging derivatives	23,709	23,709	24,859	24,859
Short-term investments	274,857	274,857	224,932	224,932
Long-term investments	6,319	6,319	6,319	6,319

Although the Company has determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop fair value estimates. The fair value estimates are based on information available at March 31, 2010 and December 31, 2009 and have not been revalued since those dates. As such, the Company's estimates are not necessarily indicative of the amount that the Company, or holders of the instruments, could realize in a current market exchange and current estimates of fair value could differ significantly.

10. Common Stock Options Issued to Directors:

Non-employee members of MetroPCS' Board of Directors receive compensation for serving on the Board of Directors, as provided in MetroPCS' Non-Employee Director Remuneration Plan (the "Remuneration Plan"). The Remuneration Plan provides that each non-employee director's annual retainer and board and committee meeting fees will be paid in cash and each director will receive options to purchase common stock vesting over three years on a monthly basis and, starting in 2010, each director will receive an annual award of restricted stock which vests over three years on a quarterly basis.

11. Net Income Per Common Share:

The following table sets forth the computation of basic and diluted net income per common share for the periods indicated (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2010	2009
Basic EPS:		
Net income applicable to common stock	\$ 22,661	\$ 43,973
Amount allocable to common shareholders	99.2%	99.6%
Rights to undistributed earnings	\$ 22,477	\$ 43,810
Weighted average shares outstanding—basic	352,782,898	351,090,862
Net income per common share—basic	\$ 0.06	\$ 0.12
Diluted EPS:		
Rights to undistributed earnings	\$ 22,477	\$ 43,810
Weighted average shares outstanding—basic	352,782,898	351,090,862
Effect of dilutive securities:		
Stock options	1,220,643	5,338,561
Weighted average shares outstanding—diluted	354,003,541	356,429,423
Net income per common share—diluted	\$ 0.06	\$ 0.12

In accordance with ASC 260 (Topic 260, "Earnings Per Share"), unvested share-based payment awards that contain rights to receive non-forfeitable dividends or dividend equivalents, whether paid or unpaid, are considered a "participating security" for purposes of computing earnings or loss per common share and the two-class method of computing earnings per share is required for all periods presented. During the three months ended March 31, 2010 and 2009, the Company issued restricted stock awards. Unvested shares of restricted stock are participating securities such that they have rights to receive forfeitable dividends. In accordance with ASC 260, the unvested restricted stock was considered a "participating security" for purposes of computing earnings per common share and was therefore included in the computation of basic and diluted earnings per common share.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Under the restricted stock award agreements, unvested shares of restricted stock have rights to receive non-forfeitable dividends. For the three months ended March 31, 2010, the Company has calculated diluted earnings per share under both the treasury stock method and the two-class method. There was not a significant difference in the per share amounts calculated under the two methods, and the two-class method is disclosed. For the three months ended March 31, 2010 and 2009, approximately 2.9 million and 1.3 million, respectively, of restricted common shares issued to employees have been excluded from the computation of basic net income per common share since the shares are not vested and remain subject to forfeiture.

For the three months ended March 31, 2010 and 2009, 29.3 million and 14.4 million, respectively, of stock options were excluded from the calculation of diluted net income per common share since the effect was anti-dilutive.

12. Commitments and Contingencies:

Litigation

The Company is involved in litigation from time to time, including litigation regarding intellectual property claims, that the Company considers to be in the normal course of business. Other than the matter listed below, the Company is not currently party to any pending legal proceedings that it believes would, individually or in the aggregate, have a material adverse effect on the Company's financial condition, results of operations or liquidity.

The Company, certain current officers and a director (collectively the "defendants") have been named as defendants in a securities class action lawsuit filed on December 15, 2009 in the United States District Court for the Northern District of Texas, Civil Action No. 3:09-CV-2392. Plaintiff, Ervant Zeronian, alleges that the defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 20(a) of the Exchange Act. The complaint alleges that the defendants made false and misleading statements about the Company's business, prospects and operations. The claims are based upon various alleged public statements made during the period from February 26, 2009 through November 4, 2009. The lawsuit seeks, among other relief, a determination that the alleged claims may be asserted on a class-wide basis, unspecified compensatory damages, attorney's fees, other expenses, and costs. On February 16, 2010, Kevin Hopson, an alleged MetroPCS shareholder, filed a motion in the United States District Court for the Northern District of Texas seeking to be designated as the lead plaintiff in this action.

Due to the complex nature of the legal and factual issues involved in this action, the outcome is not presently determinable. If this matter were to proceed beyond the pleading stage, the Company could be required to incur substantial costs and expenses to defend this matter and/or be required to pay substantial damages or settlement costs, which could materially adversely affect the Company's business, financial condition and results of operations.

13. Supplemental Cash Flow Information:

	Three Months Ended	
	March 31,	
	2010	2009
	(in thousands)	
Cash paid for interest	\$ 27,329	\$ 12,102
Cash paid for income taxes	4	1

Non-cash investing activities

The Company's accrued purchases of property and equipment were approximately \$64.1 million and \$42.4 million for the three months ended March 31, 2010 and 2009, respectively. Included within the Company's accrued purchases are estimates by management for construction services received based on a percentage of completion.

Assets acquired under capital lease obligations were \$8.9 million and \$45.2 million for the three months ended March 31, 2010 and 2009, respectively.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

During the three months ended March 31, 2009, the Company received \$42.6 million in fair value of FCC licenses in exchanges with other parties.

14. Related-Party Transactions:

One of the Company's current directors is a managing director of various investment funds affiliated with one of the Company's greater than 5% stockholders. These funds own in the aggregate an approximate 17% interest in a company that provides services to the Company's customers, including handset insurance programs. Pursuant to the Company's agreement with this related-party, the Company bills its customers directly for these services and remits the fees collected from its customers for these services to the related-party. Transactions associated with these services are included in various line items in the accompanying condensed consolidated balance sheets and condensed consolidated statements of income and comprehensive income. The Company had the following transactions with this related-party (in millions):

	Three Months Ended March 31,	
	2010	2009
Fees received by the Company as compensation for providing billing and collection services included in service revenues	\$ 2.3	\$ 1.9
Handsets sold to the related-party included in equipment revenues	3.1	3.4
	March 31, 2010	December 31, 2009
Accruals for fees collected from customers included in accounts payable and accrued expenses	\$ 4.9	\$ 4.2
Receivables from the related-party included in other current assets	1.0	1.2

One of the Company's current directors is the chairman of an equity firm that holds various investment funds affiliated with one of the Company's greater than 5% stockholders. The equity firm is affiliated with a current director of a company that provides wireless caller ID with name services to the Company. The Company paid approximately \$1.1 million and \$0.1 million to the company for the caller ID with name services during the three months ended March 31, 2010 and 2009, respectively.

One of the Company's current directors is a managing director of various investment funds affiliated with one of the Company's greater than 5% stockholders. These funds own in the aggregate an approximate 16% interest in a company that provides advertising services to the Company. The Company paid approximately \$1.8 million and \$1.4 million to the company for these services during the three months ended March 31, 2010 and 2009, respectively.

One of the Company's current directors is a managing director of various investment funds affiliated with one of the Company's greater than 5% stockholders. These funds own in the aggregate an approximate 62% interest in a company that provides DAS leases and maintenance to wireless carriers, including the Company. In addition, another of the Company's current directors is a general partner of various investment funds which own in the aggregate an approximate 13% interest in the same company. These DAS leases are accounted for as capital or operating leases in the Company's financial statements. Transactions associated with these leases are included in various line items in the accompanying condensed consolidated balance sheets, condensed consolidated statements of income and comprehensive income, and condensed consolidated statements of cash flows. The Company had the following transactions with this related-party (in millions):

	Three Months Ended March 31,	
	2010	2009
Operating lease payments and related expenses included in cost of service	\$ 2.6	\$ 2.3
Capital lease maintenance expenses included in cost of service	1.1	0.3
DAS equipment depreciation included in depreciation expense	5.4	2.6
Capital lease interest included in interest expense	3.5	2.6
Capital lease payments included in financing activities	0.6	0.3

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

	March 31, 2010	December 31, 2009
Network service fees included in prepaid charges	\$ 2.5	\$ 2.3
DAS equipment included in property and equipment, net	284.9	257.0
Deferred network service fees included in other assets	19.8	22.1
Lease payments and related fees included in accounts payable and accrued expenses	3.9	4.9
Current portion of capital lease obligations included in current maturities of long-term debt	3.0	2.8
Non-current portion of capital lease obligations included in long-term debt, net	153.9	146.0
Deferred DAS service fees included in other long-term liabilities	1.4	1.3

15. Guarantor Subsidiaries:

In connection with Wireless' sale of the 9 1/4% Senior Notes and the entry into the Senior Secured Credit Facility, MetroPCS, MetroPCS Inc., and each of Wireless' direct and indirect present and future wholly-owned domestic subsidiaries (the "guarantor subsidiaries"), provided guarantees on the 9 1/4% Senior Notes and Senior Secured Credit Facility. These guarantees are full and unconditional as well as joint and several. Certain provisions of the Senior Secured Credit Facility and the indentures relating to the 9 1/4% Senior Notes restrict the ability of Wireless to loan funds to MetroPCS. However, Wireless is allowed to make certain permitted payments to MetroPCS under the terms of the Senior Secured Credit Facility and the indentures relating to the 9 1/4% Senior Notes. Royal Street and MetroPCS Finance (the "non-guarantor subsidiaries") are not guarantors of the 9 1/4% Senior Notes or the Senior Secured Credit Facility.

The following information presents condensed consolidating balance sheets as of March 31, 2010 and December 31, 2009, condensed consolidating statements of income for the three months ended March 31, 2010 and 2009, and condensed consolidating statements of cash flows for the three months ended March 31, 2010 and 2009 of the parent company (MetroPCS), the issuer (Wireless), the guarantor subsidiaries and the non-guarantor subsidiaries (Royal Street and MetroPCS Finance). Investments in subsidiaries held by the parent company and the issuer have been presented using the equity method of accounting.

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Consolidated Balance Sheet
As of March 31, 2010

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(in thousands)						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 592,509	\$ 301,303	\$ 705	\$ 20,057	\$ —	\$ 914,574
Short-term investments	274,857	—	—	—	—	274,857
Inventories, net	—	103,040	14,554	—	—	117,594
Accounts receivable, net	—	52,741	—	97	—	52,838
Prepaid expenses	—	225	61,200	8,132	—	69,557
Deferred charges	—	67,312	—	—	—	67,312
Deferred tax assets	—	5,959	—	—	—	5,959
Current receivable from subsidiaries	—	498,700	—	16,776	(515,476)	—
Advances to subsidiaries	621,292	921,908	—	1,613	(1,544,813)	—
Other current assets	271	6,481	27,943	645	—	35,340
Total current assets	1,488,929	1,957,669	104,402	47,320	(2,060,289)	1,538,031
Property and equipment, net	—	29,647	2,712,768	521,096	—	3,263,511
Restricted cash and investments	—	13,614	—	325	—	13,939
Long-term investments	6,319	—	—	—	—	6,319
Investment in subsidiaries	827,760	2,227,610	—	—	(3,055,370)	—
FCC licenses and microwave relocation costs	—	3,800	2,173,169	293,599	—	2,470,568
Long-term receivable from subsidiaries	—	813,801	—	—	(813,801)	—
Other assets	—	88,477	53,323	22,382	—	164,182
Total assets	\$ 2,323,008	\$ 5,134,618	\$ 5,043,662	\$ 884,722	\$ (5,929,460)	\$ 7,456,550
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ —	\$ 232,429	\$ 295,586	\$ 23,988	\$ —	\$ 552,003
Current maturities of long-term debt	—	16,000	2,812	930	—	19,742
Current payable to subsidiaries	—	—	16,776	498,700	(515,476)	—
Deferred revenue	—	43,610	160,192	—	—	203,802
Advances to subsidiaries	—	—	1,543,821	992	(1,544,813)	—
Other current liabilities	—	19,757	8,990	30	—	28,777
Total current liabilities	—	311,796	2,028,177	524,640	(2,060,289)	804,324
Long-term debt	—	3,445,320	141,561	43,991	—	3,630,872
Long-term payable to subsidiaries	—	—	—	813,801	(813,801)	—
Deferred tax liabilities	954	530,158	—	—	—	531,112
Deferred rents	—	—	73,933	11,973	—	85,906
Redeemable ownership interest	—	8,327	—	—	—	8,327
Other long-term liabilities	—	11,257	53,973	8,725	—	73,955
Total liabilities	954	4,306,858	2,297,644	1,403,130	(2,874,090)	5,134,496
STOCKHOLDERS' EQUITY:						
Preferred stock	—	—	—	—	—	—
Common stock	35	—	—	—	—	35
Additional paid-in capital	1,645,971	—	—	20,000	(20,000)	1,645,971
Retained earnings (deficit)	687,354	840,549	2,746,018	(538,408)	(3,048,159)	687,354
Accumulated other comprehensive (loss) income	(10,680)	(12,789)	—	—	12,789	(10,680)
Less treasury stock, at cost	(626)	—	—	—	—	(626)
Total stockholders' equity	2,322,054	827,760	2,746,018	(518,408)	(3,055,370)	2,322,054
Total liabilities and stockholders' equity	\$ 2,323,008	\$ 5,134,618	\$ 5,043,662	\$ 884,722	\$ (5,929,460)	\$ 7,456,550

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Consolidated Balance Sheet
As of December 31, 2009

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(in thousands)						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 642,089	\$ 269,836	\$ 682	\$ 16,774	\$ —	\$ 929,381
Short-term investments	224,932	—	—	—	—	224,932
Inventories, net	—	131,599	15,802	—	—	147,401
Accounts receivable, net	—	51,438	—	98	—	51,536
Prepaid expenses	—	201	40,547	7,605	—	48,353
Deferred charges	—	59,414	—	—	—	59,414
Deferred tax assets	—	1,948	—	—	—	1,948
Current receivable from subsidiaries	—	423,275	—	14,574	(437,849)	—
Advances to subsidiaries	610,505	999,234	—	866	(1,610,605)	—
Other current assets	199	7,848	19,913	466	—	28,426
Total current assets	1,477,725	1,944,793	76,944	40,383	(2,048,454)	1,491,391
Property and equipment, net	—	34,128	2,722,813	495,272	—	3,252,213
Restricted cash and investments	—	15,113	—	325	—	15,438
Long-term investments	6,319	—	—	—	—	6,319
Investment in subsidiaries	804,847	2,162,686	—	—	(2,967,533)	—
FCC licenses and microwave relocation costs	—	3,800	2,172,782	293,599	—	2,470,181
Long-term receivable from subsidiaries	—	829,360	—	—	(829,360)	—
Other assets	—	92,973	32,885	24,617	—	150,475
Total assets	\$ 2,288,891	\$ 5,082,853	\$ 5,005,424	\$ 854,196	\$ (5,845,347)	\$ 7,386,017
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ —	\$ 223,973	\$ 310,097	\$ 24,296	\$ —	\$ 558,366
Current maturities of long-term debt	—	16,000	2,451	875	—	19,326
Current payable to subsidiaries	—	—	14,574	423,275	(437,849)	—
Deferred revenue	—	38,502	149,152	—	—	187,654
Advances from subsidiaries	—	—	1,610,605	—	(1,610,605)	—
Other current liabilities	—	24,241	7,851	31	—	32,123
Total current liabilities	—	302,716	2,094,730	448,477	(2,048,454)	797,469
Long-term debt	—	3,448,081	142,096	35,772	—	3,625,949
Long-term payable to subsidiaries	—	—	—	829,360	(829,360)	—
Deferred tax liabilities	749	511,557	—	—	—	512,306
Deferred rents	—	—	69,574	10,913	—	80,487
Redeemable ownership interest	—	7,857	—	—	—	7,857
Other long-term liabilities	—	7,795	57,084	8,928	—	73,807
Total liabilities	749	4,278,006	2,363,484	1,333,450	(2,877,814)	5,097,875
STOCKHOLDERS' EQUITY:						
Preferred stock	—	—	—	—	—	—
Common stock	35	—	—	—	—	35
Additional paid-in capital	1,634,754	—	—	20,000	(20,000)	1,634,754
Retained earnings (deficit)	664,693	818,343	2,641,940	(499,254)	(2,961,029)	664,693
Accumulated other comprehensive (loss) income	(11,340)	(13,496)	—	—	13,496	(11,340)
Total stockholders' equity	2,288,142	804,847	2,641,940	(479,254)	(2,967,533)	2,288,142
Total liabilities and stockholders' equity	\$ 2,288,891	\$ 5,082,853	\$ 5,005,424	\$ 854,196	\$ (5,845,347)	\$ 7,386,017

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Consolidated Statement of Income
Three Months Ended March 31, 2010

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(in thousands)						
REVENUES:						
Service revenues	\$ —	\$ —	\$ 854,770	\$ 47,179	\$ (48,666)	\$ 853,283
Equipment revenues	—	3,136	114,084	—	—	117,220
Total revenues	—	3,136	968,854	47,179	(48,666)	970,503
OPERATING EXPENSES:						
Cost of service (excluding depreciation and amortization expense shown separately below)	—	—	305,154	28,164	(48,666)	284,652
Cost of equipment	—	3,031	310,707	—	—	313,738
Selling, general and administrative expenses (excluding depreciation and amortization expense shown separately below)	—	105	154,856	4,948	—	159,909
Depreciation and amortization	—	32	91,389	16,380	—	107,801
Gain on disposal of assets	—	—	(283)	(545)	—	(828)
Total operating expenses	—	3,168	861,823	48,947	(48,666)	865,272
(Loss) income from operations	—	(32)	107,031	(1,768)	—	105,231
OTHER EXPENSE (INCOME):						
Interest expense	—	65,179	2,117	38,226	(38,040)	67,482
Other expense	—	—	841	—	(841)	—
Earnings from consolidated subsidiaries	(22,205)	(64,925)	—	—	87,130	—
Accretion of put option in majority-owned subsidiary	—	470	—	—	—	470
Interest and other income	(456)	(38,058)	(5)	(841)	38,881	(479)
Total other (income) expense	(22,661)	(37,334)	2,953	37,385	87,130	67,473
Income (loss) before provision for income taxes	22,661	37,302	104,078	(39,153)	(87,130)	37,758
Provision for income taxes	—	(15,097)	—	—	—	(15,097)
Net income (loss)	\$ 22,661	\$ 22,205	\$ 104,078	\$ (39,153)	\$ (87,130)	\$ 22,661

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Consolidated Statement of Income
Three Months Ended March 31, 2009

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(in thousands)						
REVENUES:						
Service revenues	\$ —	\$ —	\$ 727,591	\$ 35,636	\$ (36,529)	\$ 726,698
Equipment revenues	—	3,429	65,202	—	—	68,631
Total revenues	—	3,429	792,793	35,636	(36,529)	795,329
OPERATING EXPENSES:						
Cost of service (excluding depreciation and amortization expense shown separately below)	—	—	256,379	25,725	(36,529)	245,575
Cost of equipment	—	3,326	221,692	—	—	225,018
Selling, general and administrative expenses (excluding depreciation and amortization expense shown separately below)	—	103	130,941	5,367	—	136,411
Depreciation and amortization	—	109	68,924	12,713	—	81,746
(Gain) loss on disposal of assets	—	—	(24,979)	71	—	(24,908)
Total operating expenses	—	3,538	652,957	43,876	(36,529)	663,842
(Loss) income from operations	—	(109)	139,836	(8,240)	—	131,487
OTHER EXPENSE (INCOME):						
Interest expense	—	62,857	(1,614)	29,023	(31,834)	58,432
Earnings from consolidated subsidiaries	(41,942)	(104,223)	—	—	146,165	—
Accretion of put option in majority-owned subsidiary	—	377	—	—	—	377
Interest and other income	(2,952)	(29,398)	(34)	(2)	31,834	(552)
Impairment loss on investment securities	921	—	—	—	—	921
Total other (income) expense	(43,973)	(70,387)	(1,648)	29,021	146,165	59,178
Income (loss) before provision for income taxes	43,973	70,278	141,484	(37,261)	(146,165)	72,309
Provision for income taxes	—	(28,336)	—	—	—	(28,336)
Net income (loss)	\$ 43,973	\$ 41,942	\$ 141,484	\$ (37,261)	\$ (146,165)	\$ 43,973

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Consolidated Statement of Cash Flows
Three Months Ended March 31, 2010

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(in thousands)						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income (loss)	\$ 22,661	\$ 22,205	\$ 104,078	\$ (39,153)	\$ (87,130)	\$ 22,661
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	—	32	91,389	16,380	—	107,801
Recovery of uncollectible accounts receivable	—	(28)	—	—	—	(28)
Deferred rent expense	—	—	4,356	1,179	—	5,535
Cost of abandoned cell sites	—	—	521	14	—	535
Stock-based compensation expense	—	—	11,416	—	—	11,416
Non-cash interest expense	—	3,134	—	—	—	3,134
Gain on disposal of assets	—	—	(283)	(545)	—	(828)
Gain on sale of investments	(129)	—	—	—	—	(129)
Accretion (reduction) of asset retirement obligations	—	—	13	(126)	—	(113)
Accretion of put option in majority-owned subsidiary	—	470	—	—	—	470
Deferred income taxes	—	14,177	—	—	—	14,177
Changes in assets and liabilities	(21,621)	101,597	(101,550)	1,012	80,963	60,401
Net cash provided by (used in) operating activities	911	141,587	109,940	(21,239)	(6,167)	225,032
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of property and equipment	—	(4,182)	(109,304)	(25,809)	—	(139,295)
Change in prepaid purchases of property and equipment	—	2,602	—	—	—	2,602
Proceeds from sale of plant and equipment	—	—	231	—	—	231
Purchase of investments	(162,372)	—	—	—	—	(162,372)
Proceeds from maturity of investments	112,500	—	—	—	—	112,500
Proceeds from sale of restricted cash and investments	—	1,500	—	—	—	1,500
Issuance of related party debt	—	(163,000)	—	—	163,000	—
Proceeds from related party debt	—	106,975	—	—	(106,975)	—
Microwave relocation costs	—	—	(196)	—	—	(196)
Net cash (used in) provided by investing activities	(49,872)	(56,105)	(109,269)	(25,809)	56,025	(185,030)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Change in book overdraft	—	(50,015)	—	492	—	(49,523)
Proceeds from long-term loan	—	—	—	163,000	(163,000)	—
Repayment of debt	—	(4,000)	—	(106,975)	106,975	(4,000)
Payments on capital lease obligations	—	—	(648)	(6,186)	6,167	(667)
Purchase of treasury stock	(626)	—	—	—	—	(626)
Proceeds from exercise of stock options	7	—	—	—	—	7
Net cash (used in) provided by financing activities	(619)	(54,015)	(648)	50,331	(49,858)	(54,809)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(49,580)	31,467	23	3,283	—	(14,807)
CASH AND CASH EQUIVALENTS, beginning of period	642,089	269,836	682	16,774	—	929,381
CASH AND CASH EQUIVALENTS, end of period	\$ 592,509	\$ 301,303	\$ 705	\$ 20,057	\$ —	\$ 914,574

[Table of Contents](#)

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

Consolidated Statement of Cash Flows
Three Months Ended March 31, 2009

	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
(in thousands)						
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income (loss)	\$ 43,973	\$ 41,942	\$ 141,484	\$ (37,261)	\$ (146,165)	\$ 43,973
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	—	109	68,924	12,713	—	81,746
Provision for uncollectible accounts receivable	—	66	—	—	—	66
Deferred rent expense	—	—	5,209	1,083	—	6,292
Cost of abandoned cell sites	—	—	956	1,245	—	2,201
Stock-based compensation expense	—	—	10,669	—	—	10,669
Non-cash interest expense	—	2,288	(8)	—	—	2,280
(Gain) loss on disposal of assets	—	—	(24,979)	71	—	(24,908)
Accretion of asset retirement obligations	—	—	1,012	162	—	1,174
Accretion of put option in majority-owned subsidiary	—	377	—	—	—	377
Impairment loss in investment securities	921	—	—	—	—	921
Deferred income taxes	—	26,937	—	—	—	26,937
Changes in assets and liabilities	209,613	(283,881)	81,435	5,133	142,571	154,871
Net cash provided by (used in) operating activities	254,507	(212,162)	284,702	(16,854)	(3,594)	306,599
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchases of property and equipment	—	(10,115)	(279,098)	(23,434)	—	(312,647)
Change in prepaid purchases of property and equipment	—	11,761	—	—	—	11,761
Proceeds from sale of plant and equipment	—	—	670	1,416	—	2,086
Purchase of investments	(224,405)	(105,000)	—	—	105,000	(224,405)
Proceeds from maturity of investments	—	59,785	—	—	(59,785)	—
Purchases of and deposits for FCC licenses	—	(3,800)	(3,616)	—	—	(7,416)
Microwave relocation costs	—	—	(457)	—	—	(457)
Net cash (used in) provided by investing activities	(224,405)	(47,369)	(282,501)	(22,018)	45,215	(531,078)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Change in book overdraft	—	(96,891)	—	(2,877)	—	(99,768)
Proceeds from long-term loan	—	—	—	105,000	(105,000)	—
Proceeds from 9 1/4% Senior Notes Due 2014	—	492,250	—	—	—	492,250
Debt issuance costs	—	(11,925)	—	—	—	(11,925)
Repayment of debt	—	(4,000)	—	(59,785)	59,785	(4,000)
Payments on capital lease obligations	—	—	(2,165)	(3,594)	3,594	(2,165)
Proceeds from exercise of stock options	2,841	—	—	—	—	2,841
Net cash provided by (used in) financing activities	2,841	379,434	(2,165)	38,744	(41,621)	377,233
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	32,943	119,903	36	(128)	—	152,754
CASH AND CASH EQUIVALENTS, beginning of period	598,823	78,121	624	20,380	—	697,948
CASH AND CASH EQUIVALENTS, end of period	\$ 631,766	\$ 198,024	\$ 660	\$ 20,252	\$ —	\$ 850,702

MetroPCS Communications, Inc. and Subsidiaries
Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)

16. Recent Accounting Pronouncements:

In December 2009, the FASB issued ASU 2009-17, "*Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*," amending ASC 810 to address the impact of eliminating qualifying-special-purpose-entities, now requiring reporting entities to reassess the primary beneficiary determinations using qualitative measures. Additionally, enhanced disclosures will require the provision of more transparent information from any enterprise that holds a variable interest in a variable interest entity. The provisions of this new authoritative guidance became effective for fiscal years beginning after November 15, 2009. The implementation of this standard did result in enhanced disclosures, but did not affect the Company's financial condition, results of operations or cash flows.

In January 2010, the FASB issued ASU 2010-06, "*Improving Disclosures about Fair Value Measurements*," ("ASU 2010-06") amending ASC 820. ASU 2010-06 requires several new disclosures including separate disclosures for significant amounts transferred in and out of Level 1 and 2 fair value measurements including reasons for the transfer, and reconciliation for Level 3 fair value measurements separately presenting purchase, sales, issuances, and settlements on a gross basis. Additionally, clarification of existing disclosures is requiring reporting entities to provide fair value measurement disclosures for each class of assets and liabilities as well as disclosures about inputs and valuation techniques. ASU 2010-06 became effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The implementation of this standard did result in enhanced disclosures, but did not affect the Company's financial condition, results of operations or cash flows.

17. Subsequent Events:

On April 26, 2010, Wireless received written notice from C9 Wireless, LLC, ("C9 Wireless"), that C9 Wireless is exercising its right to put to Wireless its entire membership interest in Royal Street Communications, pursuant to the Amended and Restated Limited Liability Company Agreement of Royal Street Communications, LLC. The purchase of the membership interest in Royal Street Communications is conditioned on receipt of FCC consent and is expected to close on or after December 22, 2010.

[Table of Contents](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Any statements made in this report that are not statements of historical fact, including statements about our beliefs and expectations, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and should be evaluated as such. Forward-looking statements include information concerning our competitive position, our launch of 4G in the second half of 2010, the value of our tax inclusive plans, guidance for 2010, our positioning with regard to market and competitive challenges, the services and applications available through 4G, and possible or assumed future results of operations, including statements that may relate to our plans, objectives, strategies, goals, future events, future revenues or performance, capital expenditures, financing needs, outcomes of litigation and other information that is not historical information. These forward-looking statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "views," "projects," "should," "would," "could," "may," "will," "forecast," and other similar expressions. Forward-looking statements are contained throughout this report, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Legal Proceedings," and "Risk Factors."

We base the forward-looking statements or projections made in this report on our current expectations, plans and assumptions that have been made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such times. As you read and consider this report, you should understand that these forward-looking statements or projections are not guarantees of future performance or results. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many of these factors are beyond our control and that many factors could affect our actual financial results, performance or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections. Factors that may materially affect such forward-looking statements and projections include, but are not limited, to:

- the highly competitive nature of our industry;
- our ability to maintain our cost structure;
- our and our competitors current and planned promotions, marketing and sales initiatives;
- our ability to negotiate and maintain acceptable roaming arrangements;
- the seasonality of our business and any failure to have strong customer growth in the first and fourth quarters;
- increases or changes in taxes and regulatory fees;
- the rapid technological changes in our industry;
- the current economic environment in the United States and the state of the capital markets in the United States;
- our exposure to counterparty risk in our financial agreements;
- our ability to meet the demands and expectations of our customers, to maintain adequate customer care and manage our churn rate;
- our ability to achieve planned growth and churn rates;
- our ability to manage our rapid growth, train additional personnel and maintain our financial and disclosure controls and procedures;

[Table of Contents](#)

- our ability to secure the necessary products, services, spectrum, content and network infrastructure equipment;
- our ability to respond to technology changes, and to maintain and upgrade our networks and business systems;
- our deployment of new technologies, such as long term evolution, or LTE, in our networks and its success and our ability to offer new services using such new technology;
- our ability to adequately enforce or protect our intellectual property rights and defend against suits filed by others;
- governmental regulation affecting our services and the costs of compliance and our failure to comply with such regulations;
- our capital structure, including our indebtedness amounts and the limitations imposed by the covenants in our indebtedness;
- changes in consumer preferences or demand for our products;
- our inability to attract and retain key members of management;
- our reliance on third parties to provide distribution, products, software and services that are integral to our business;
- the performance of our suppliers and other third parties on whom we rely; and
- other factors described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009 as updated or supplemented under "Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.

These forward-looking statements and projections speak only as to the date made and are subject to and involve risks, uncertainties and assumptions, many of which are beyond our ability to control or ability to predict. You should not place undue reliance on these forward-looking statements and projections, which are based on current expectations and speak only as of the date of this report. The results presented for any period, including the three months ended March 31, 2010, may not be reflective of results for any subsequent period or for the fiscal year. All future written and oral forward-looking statements and projections attributable to us or persons acting on our behalf are expressly qualified in their entirety by our cautionary statements. We do not intend to, and do not undertake a duty to, update any forward-looking statement or projection in the future to reflect the occurrence of events or circumstances, except as required by law.

Company Overview

Except as expressly stated, the financial condition and results of operations discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations are those of MetroPCS Communications, Inc. and its consolidated subsidiaries, including MetroPCS Wireless, Inc. and Royal Street Communications, LLC. References to "MetroPCS," "MetroPCS Communications," "our Company," "the Company," "we," "our," "ours" and "us" refer to MetroPCS Communications, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

We are a wireless telecommunications carrier that currently offers wireless broadband mobile services primarily in the greater Atlanta, Boston, Dallas/Ft. Worth, Detroit, Las Vegas, Los Angeles, Miami, New York, Orlando/Jacksonville, Philadelphia, Sacramento, San Francisco and Tampa/Sarasota metropolitan areas. In 2005, Royal Street Communications, LLC, or Royal Street Communications, and with its wholly-owned subsidiaries, or collectively, Royal Street, was granted licenses by the Federal Communications Commission, or FCC, in Los Angeles and various metropolitan areas throughout northern Florida. We own 85% of the limited liability company member interest in Royal Street Communications, but may only elect two of the five members of Royal Street Communications' management committee. We have a wholesale arrangement with Royal Street under which we

[Table of Contents](#)

purchase up to 85% of the engineered capacity of Royal Street's systems allowing us to sell our standard products and services under the MetroPCS brand to the public. Additionally, upon Royal Street's request, we have provided and will provide financing to Royal Street under a loan agreement. As of March 31, 2010, the maximum amount that Royal Street could borrow from us under the loan agreement was approximately \$2.4 billion of which Royal Street had borrowed approximately \$1.6 billion and had net outstanding borrowings of \$1.1 billion through March 31, 2010. Royal Street has incurred an additional \$10.5 million in net borrowings through April 30, 2010. C9 Wireless, LLC, or C9, has the right to put its member interest in Royal Street Communications to us for a return of capital plus a fixed return, or the put. The put is subject to customary closing conditions, including consent of the Federal Communications Commission, or FCC. On April 26, 2010, we received a written notice from C9 that it was exercising the put with the closing to not occur before the fifth anniversary of the grant of FCC licenses to Royal Street, or on or after December 22, 2010.

As a result of the significant growth we have experienced since we launched operations, our results of operations to date are not necessarily indicative of the results that can be expected in future periods. Moreover, we expect that our number of customers will continue to increase, which will continue to contribute to increases in our revenues and operating expenses.

We sell products and services to customers through our Company-owned retail stores as well as indirectly through relationships with independent retailers. We offer service which allows our customers to place unlimited local calls from within our local service area and to receive unlimited calls from any area while in our local service area, under simple and affordable flat-rate monthly service plans. In January 2010, we introduced a new family of service plans, which include all applicable taxes and regulatory fees, offering nationwide voice, text and web services beginning at \$40 per month. For an additional \$5 to \$20 per month, our customers may select alternative service plans that offer additional features on an unlimited basis. For additional usage fees, we also provide certain other value-added services. All of these plans require payment in advance for one month of service. If no payment is made in advance for the following month of service, service is suspended at the end of the month that was paid for by the customer and, if the customer does not pay within thirty days, the customer is terminated. Our flat-rate plans differentiate our service from the more complex plans and long-term contract requirements of traditional wireless carriers. In addition, the above products and services are offered by us under the MetroPCS brand in the metropolitan areas where we purchase services from Royal Street.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States, or GAAP, requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" of our Form 10-K for the year ended December 31, 2009 filed with the United States Securities and Exchange Commission, or SEC, on March 1, 2010.

Other than the adoption of Financial Accounting Standards Board, or FASB, Accounting Standards Update, or ASU, 2009-17, "*Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*" and ASU 2010-06, "*Improving Disclosures about Fair Value Measurements*," our accounting policies and the methodologies and assumptions we apply under them have not changed from our Form 10-K for the year ended December 31, 2009.

Revenues

We derive our revenues from the following sources:

Service. We sell wireless broadband mobile services. The various types of service revenues associated with wireless broadband mobile for our customers include monthly recurring charges for airtime, monthly recurring charges for optional features (including nationwide long distance, unlimited international long distance, unlimited text messaging, international text messaging, voicemail, downloads, ringtones, games and content applications, unlimited directory assistance, enhanced directory assistance, ring back tones, mobile Internet browsing, mobile instant messaging, push e-mail and nationwide roaming) and charges for long distance service. Service revenues

[Table of Contents](#)

also include intercarrier compensation and nonrecurring reactivation service charges to customers.

Equipment. We sell wireless broadband mobile handsets and accessories that are used by our customers in connection with our wireless services. This equipment is also sold to our independent retailers to facilitate distribution to our customers.

Costs and Expenses

Our costs and expenses include:

Cost of Service. The major components of our cost of service are:

- *Cell Site Costs.* We incur expenses for the rental of cell sites, network facilities, engineering operations, field technicians and related utility and maintenance charges.
- *Inter-carrier Compensation.* We pay charges to other telecommunications companies for their transport and termination of calls originated by our customers and destined for customers of other networks. These variable charges are based on our customers' usage and generally applied at pre-negotiated rates with other carriers, although some carriers have sought to impose such charges unilaterally.
- *Variable Long Distance.* We pay charges to other telecommunications companies for long distance service provided to our customers. These variable charges are based on our customers' usage, applied at pre-negotiated rates with the long distance carriers.
- *Customer Support.* We pay charges to nationally recognized third-party providers for customer care, billing and payment processing services.

Cost of Equipment. Cost of equipment primarily includes the cost of handsets and accessories purchased from third-party vendors to resell to our customers and independent retailers in connection with our services. We do not manufacture any of this equipment.

Selling, General and Administrative Expenses. Our selling expenses include advertising and promotional costs associated with marketing and selling to new customers and fixed charges such as retail store rent and retail associates' salaries. General and administrative expenses include support functions, including technical operations, finance, accounting, human resources, information technology and legal services. We record stock-based compensation expense in cost of service and in selling, general and administrative expenses for expense associated with employee stock options and restricted stock awards, which is measured at the date of grant, based on the estimated fair value of the award.

Depreciation and Amortization. Depreciation is applied using the straight-line method over the estimated useful lives of the assets once the assets are placed in service, which are seven to ten years for network infrastructure assets, three to ten years for capitalized interest, up to fifteen years for capital leases, three to eight years for office equipment, which includes software and computer equipment, three to seven years for furniture and fixtures and five years for vehicles. Leasehold improvements are amortized over the term of the respective leases, which includes renewal periods that are reasonably assured, or the estimated useful life of the improvement, whichever is shorter.

Interest Expense and Interest Income. Interest expense includes interest incurred on our borrowings and capital lease obligations, amortization of debt issuance costs and amortization of discounts and premiums on long-term debt. Interest income is earned primarily on our cash, cash equivalents and short term investments.

Income Taxes. For the three months ended March 31, 2010 and 2009, we paid no federal income taxes and an insignificant amount of state income tax.

[Table of Contents](#)

Seasonality

Our customer activity is influenced by seasonal effects related to traditional retail selling periods and other factors that arise from our target customer base. Based on historical results, we generally expect net customer additions to be strongest in the first and fourth quarters. Softening of sales and increased customer turnover, or churn, in the second and third quarters of the year usually combine to result in fewer net customer additions. However, sales activity and churn can be strongly affected by the launch of new and surrounding metropolitan areas and promotional activity, which could reduce or outweigh certain seasonal effects.

Results of Operations

Three Months Ended March 31, 2010 Compared to Three Months Ended March 31, 2009

Operating Items

Set forth below is a summary of certain consolidated financial information for the periods indicated:

	Three Months Ended March 31,		Change
	2010	2009	
	(in thousands)		
REVENUES:			
Service revenues	\$ 853,283	\$ 726,698	17%
Equipment revenues	117,220	68,631	71%
Total revenues	970,503	795,329	22%
OPERATING EXPENSES:			
Cost of service (excluding depreciation and amortization disclosed separately below)(1)	284,652	245,575	16%
Cost of equipment	313,738	225,018	39%
Selling, general and administrative expenses (excluding depreciation and amortization disclosed separately below)(1)	159,909	136,411	17%
Depreciation and amortization	107,801	81,746	32%
Gain on disposal of assets	(828)	(24,908)	(97)%
Total operating expenses	865,272	663,842	30%
Income from operations	\$ 105,231	\$ 131,487	(20)%

(1) Cost of service and selling, general and administrative expenses include stock-based compensation expense. For the three months ended March 31, 2010, cost of service includes approximately \$1.1 million and selling, general and administrative expenses includes \$10.3 million of stock-based compensation expense. For the three months ended March 31, 2009, cost of service includes approximately \$0.8 million and selling, general and administrative expenses includes \$9.9 million of stock-based compensation expense.

Service Revenues. Service revenues increased approximately \$126.6 million, or 17%, to approximately \$853.3 million for the three months ended March 31, 2010 from approximately \$726.7 million for the three months ended March 31, 2009. The increase in service revenues is primarily attributable to net customer additions of approximately 1.3 million customers for the twelve months ended March 31, 2010.

Equipment Revenues. Equipment revenues increased approximately \$48.6 million, or approximately 71%, to \$117.2 million for the three months ended March 31, 2010 from \$68.6 million for the three months ended March 31, 2009. The increase is primarily attributable to a higher average price of handsets activated accounting for approximately \$24.5 million and an increase in upgrade handset sales to existing customers accounting for approximately \$22.1 million.

Cost of Service. Cost of service increased approximately \$39.1 million, or approximately 16%, to approximately \$284.7 million for the three months ended March 31, 2010 from approximately \$245.6 million for the three months ended March 31, 2009. The increase in cost of service is primarily attributable to the 21% growth in our customer base, the deployment of additional network infrastructure during the twelve months ended March 31, 2010 and costs associated with our unlimited international calling product. In addition, stock-based compensation expense included in cost of service expenses increased \$0.3 million for the three months ended March 31, 2010 as compared to the same period in 2009. The increase in stock-based compensation is primarily related to restricted stock awards and

[Table of Contents](#)

the stock options granted to employees throughout the twelve months ended March 31, 2010.

Cost of Equipment. Cost of equipment increased \$88.7 million, or 39%, to \$313.7 million for the three months ended March 31, 2010 from \$225.0 million for the three months ended March 31, 2009. The increase is primarily attributable to higher upgrade handset costs to existing customers which led to an approximate \$68.0 million increase as well as a higher average cost of handsets activated accounting for an approximate \$20.0 million increase in cost of equipment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased approximately \$23.5 million, or 17%, to \$159.9 million for the three months ended March 31, 2010 from \$136.4 million for the three months ended March 31, 2009. Selling expenses increased by approximately \$14.3 million, or 19%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in selling expenses is primarily attributable to a \$15.2 million increase in marketing and advertising expenses as well as an approximate \$1.8 million increase in employee related costs to support our growth. These increases were partially offset by a \$3.4 million decrease in MetroFLASH expense. General and administrative expenses increased \$8.8 million, or 17%, for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009 primarily due to our growth. In addition, stock-based compensation expense included in selling, general and administrative expenses increased \$0.4 million for the three months ended March 31, 2010 as compared to the same period in 2009. The increase in stock-based compensation is primarily related to restricted stock awards and the stock options granted to employees throughout the twelve months ended March 31, 2010.

Depreciation and Amortization. Depreciation and amortization expense increased approximately \$26.1 million, or approximately 32%, to \$107.8 million for the three months ended March 31, 2010 from \$81.7 million for the three months ended March 31, 2009. The increase related primarily to an increase in network infrastructure assets placed into service during the twelve months ended March 31, 2010 to support the continued growth and expansion of our network.

Gain on Disposal of Assets. Gain on disposal of assets decreased approximately \$24.1 million, or approximately 97%, to \$0.8 million for the three months ended March 31, 2010 from \$24.9 million for the three months ended March 31, 2009. The decrease in the gain on disposal of assets was primarily related to significant asset sales and exchanges consummated during the three months ended March 31, 2009.

Non-Operating Items

	Three Months Ended March 31,		
	2010	2009	Change
	(in thousands)		
Interest expense	\$ 67,482	\$ 58,432	16%
Provision for income taxes	15,097	28,336	(47)%
Net income	22,661	43,973	(49)%

Interest Expense. Interest expense increased approximately \$9.1 million, or approximately 16%, to approximately \$67.5 million for the three months ended March 31, 2010 from \$58.4 million for the three months ended March 31, 2009. The increase in interest expense was primarily due to a decrease in capitalized interest costs, an additional \$550.0 million of 9 1/4% senior notes due 2014, or New 9 1/4% Senior Notes, that were issued in January 2009 and interest on capital lease obligations that were placed into service during the twelve months ended March 31, 2010. In addition, our weighted average interest rate decreased to 7.71% for the three months ended March 31, 2010 compared to 8.15% for the three months ended March 31, 2009, which includes the impact of our interest rate protection agreements. Average debt outstanding for the three months ended March 31, 2010 and 2009 was \$3.5 billion and \$3.4 billion, respectively.

Provision for Income Taxes. Income tax expense was approximately \$15.1 million and \$28.3 million for the three months ended March 31, 2010 and 2009, respectively. The effective tax rate was approximately 40.0% and 39.2% for the three months ended March 31, 2010 and 2009, respectively. For the three months ended March 31, 2010, our

Table of Contents

effective rate differs from the statutory federal rate of 35.0% due to net state and local taxes of \$10.5 million, non-deductible expenses of \$0.2 million, and a net change in uncertain tax positions of \$0.1 million. For the three months ended March 31, 2009, our effective rate differs from the statutory federal rate of 35.0% due to net state and local taxes of \$13.9 million, tax credits of \$2.9 million, non-deductible expenses of \$0.3 million, impairment on investment securities of \$0.3 million, and a net change in uncertain tax positions of \$0.4 million.

Net Income. Net income decreased \$21.3 million, or approximately 48%, to approximately \$22.7 million for the three months ended March 31, 2010 compared to approximately \$44.0 million for the three months ended March 31, 2009. The decrease was primarily attributable to a 20% decrease in income from operations and an approximate 16% increase in interest expense, partially offset by an approximate 47% decrease in provision for income taxes.

Performance Measures

In managing our business and assessing our financial performance, we supplement the information provided by financial statement measures with several customer-focused performance metrics that are widely used in the wireless industry. These metrics include average revenue per user per month, or ARPU, which measures service revenue per customer; cost per gross customer addition, or CPGA, which measures the average cost of acquiring a new customer; cost per user per month, or CPU, which measures the non-selling cash cost of operating our business on a per customer basis; and churn, which measures turnover in our customer base. For a reconciliation of non-GAAP performance measures and a further discussion of the measures, please read "— Reconciliation of non-GAAP Financial Measures" below.

The following table shows metric information for the three months ended March 31, 2010 and 2009.

	Three Months Ended March 31,	
	2010	2009
Customers:		
End of period	7,331,126	6,050,527
Net additions	691,602	683,694
Churn:		
Average monthly rate	3.7%	5.0%
ARPU	\$ 39.83	\$ 40.40
CPGA	\$ 146.18	\$ 134.23
CPU	\$ 18.79	\$ 16.69

Customers. Net customer additions were 691,602 for the three months ended March 31, 2010, compared to 683,694 for the three months ended March 31, 2009. Total customers were 7,331,126 as of March 31, 2010, an increase of 21% over the customer total as of March 31, 2009 and 10% over the customer total as of December 31, 2009. The increase in total customers is primarily attributable to the continued demand for our service offerings.

Churn. As we do not require a long-term service contract, our churn percentage is expected to be higher than traditional wireless carriers that require customers to sign a one- to two-year contract with significant early termination fees. Average monthly churn represents (a) the number of customers who have been disconnected from our system during the measurement period less the number of customers who have reactivated service, divided by (b) the sum of the average monthly number of customers during such period. We classify delinquent customers as churn after they have been delinquent for 30 days. In addition, when an existing customer establishes a new account in connection with the purchase of an upgraded or replacement phone and does not identify themselves as an existing customer, we count the phone leaving service as a churn and the new phone entering service as a gross customer addition. Churn for the three months ended March 31, 2010 was 3.7%, compared to 5.0% for the three months ended March 31, 2009. The decrease in churn was primarily related to the acceptance of our *Wireless for All* tax and regulatory fee inclusive service plans. Our customer activity is influenced by seasonal effects related to traditional retail selling periods and other factors that arise from our target customer base. Based on historical results, we generally expect net customer additions to be strongest in the first and fourth quarters. Softening of sales and increased churn in the second and third quarters of the year usually combine to result in fewer net customer additions during these quarters. See – "Seasonality."

[Table of Contents](#)

Average Revenue Per User. ARPU represents (a) service revenues plus impact to service revenues of promotional activity less pass through charges for the measurement period, divided by (b) the sum of the average monthly number of customers during such period. ARPU was \$39.83 and \$40.40 for three months ended March 31, 2010 and 2009, respectively. The \$0.57 decrease in ARPU was primarily attributable to our new *Wireless for All* service plans that were introduced in January 2010, which include all applicable taxes and regulatory fees.

Cost Per Gross Addition. CPGA is determined by dividing (a) selling expenses plus the total cost of equipment associated with transactions with new customers less equipment revenues associated with transactions with new customers during the measurement period adjusted for impact to service revenues of promotional activity by (b) gross customer additions during such period. Retail customer service expenses and equipment margin on handsets sold to existing customers when they are identified, including handset upgrade transactions, are excluded, as these costs are incurred specifically for existing customers. CPGA costs increased to \$146.18 for the three months ended March 31, 2010 from \$134.23 for the three months ended March 31, 2009. This was primarily driven by increased promotional activities in all our metropolitan areas.

Cost Per User. CPU is determined by dividing (a) cost of service and general and administrative costs (excluding applicable stock-based compensation expense included in cost of service and general and administrative expense) plus net loss on handset equipment transactions unrelated to initial customer acquisition, divided by (b) the sum of the average monthly number of customers during such period. CPU increased to \$18.79 for the three months ended March 31, 2010 from \$16.69 for the three months ended March 31, 2009. This was primarily driven by the increase in handset subsidies on existing customers, regulatory fees on our *Wireless for All* tax and regulatory fee inclusive service plans, as well as the costs associated with our unlimited international calling plan.

Reconciliation of non-GAAP Financial Measures

We utilize certain financial measures and key performance indicators that are not calculated in accordance with GAAP to assess our financial and operating performance. A non-GAAP financial measure is defined as a numerical measure of a company's financial performance that (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the comparable measure calculated and presented in accordance with GAAP in the statement of income or statement of cash flows; or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the comparable measure so calculated and presented.

ARPU, CPGA, and CPU are non-GAAP financial measures utilized by our management to judge our ability to meet our liquidity requirements and to evaluate our operating performance. We believe these measures are important in understanding the performance of our operations from period to period, and although every company in the wireless industry does not define each of these measures in precisely the same way, we believe that these measures (which are common in the wireless industry) facilitate key liquidity and operating performance comparisons with other companies in the wireless industry. The following tables reconcile our non-GAAP financial measures with our financial statements presented in accordance with GAAP.

ARPU — We utilize ARPU to evaluate our per-customer service revenue realization and to assist in forecasting our future service revenues. ARPU is calculated exclusive of pass through charges that we collect from our customers and remit to the appropriate government agencies.

Average number of customers for any measurement period is determined by dividing (a) the sum of the average monthly number of customers for the measurement period by (b) the number of months in such period. Average monthly number of customers for any month represents the sum of the number of customers on the first day of the month and the last day of the month divided by two. The following table shows the calculation of ARPU for the periods indicated.

[Table of Contents](#)

	Three Months Ended March 31,	
	2010	2009
	(in thousands, except average number of customers and ARPU)	
Calculation of Average Revenue Per User (ARPU):		
Service revenues	\$ 853,283	\$ 726,698
Add:		
Impact to service revenues of promotional activity	778	—
Less:		
Pass through charges	(23,745)	(37,643)
Net service revenues	<u>\$ 830,316</u>	<u>\$ 689,055</u>
Divided by: Average number of customers	<u>6,949,153</u>	<u>5,685,830</u>
ARPU	<u>\$ 39.83</u>	<u>\$ 40.40</u>

CPGA — We utilize CPGA to assess the efficiency of our distribution strategy, validate the initial capital invested in our customers and determine the number of months to recover our customer acquisition costs. This measure also allows us to compare our average acquisition costs per new customer to those of other wireless broadband mobile providers. Equipment revenues related to new customers, adjusted for the impact to service revenues of promotional activity, are deducted from selling expenses in this calculation as they represent amounts paid by customers at the time their service is activated that reduce our acquisition cost of those customers. Additionally, equipment costs associated with existing customers, net of related revenues, are excluded as this measure is intended to reflect only the acquisition costs related to new customers. The following table reconciles total costs used in the calculation of CPGA to selling expenses, which we consider to be the most directly comparable GAAP financial measure to CPGA.

	Three Months Ended March 31,	
	2010	2009
	(in thousands, except gross customer additions and CPGA)	
Calculation of Cost Per Gross Addition (CPGA):		
Selling expenses	\$ 89,146	\$ 74,906
Less: Equipment revenues	(117,220)	(68,631)
Add: Impact to service revenues of promotional activity	778	—
Add: Equipment revenue not associated with new customers	63,313	41,215
Add: Cost of equipment	313,738	225,018
Less: Equipment costs not associated with new customers	(134,744)	(67,058)
Gross addition expenses	<u>\$ 215,011</u>	<u>\$ 205,450</u>
Divided by: Gross customer additions	<u>1,470,865</u>	<u>1,530,565</u>
CPGA	<u>\$ 146.18</u>	<u>\$ 134.23</u>

CPU — We utilize CPU as a tool to evaluate the non-selling cash expenses associated with ongoing business operations on a per customer basis, to track changes in these non-selling cash costs over time, and to help evaluate how changes in our business operations affect non-selling cash costs per customer. In addition, CPU provides management with a useful measure to compare our non-selling cash costs per customer with those of other wireless providers. We believe investors use CPU primarily as a tool to track changes in our non-selling cash costs over time and to compare our non-selling cash costs to those of other wireless providers, although other wireless carriers may calculate this measure differently. The following table reconciles total costs used in the calculation of CPU to cost of service, which we consider to be the most directly comparable GAAP financial measure to CPU.

[Table of Contents](#)

	Three Months Ended March 31,	
	2010	2009
(in thousands, except average number of customers and CPU)		
Calculation of Cost Per User (CPU):		
Cost of service	\$ 284,652	\$ 245,575
Add: General and administrative expense	70,763	61,505
Add: Net loss on equipment transactions unrelated to initial customer acquisition	71,431	25,843
Less: Stock-based compensation expense included in cost of service and general and administrative expense	(11,416)	(10,669)
Less: Pass through charges	(23,745)	(37,643)
Total costs used in the calculation of CPU	<u>\$ 391,685</u>	<u>\$ 284,611</u>
Divided by: Average number of customers	6,949,153	5,685,830
CPU	<u>\$ 18.79</u>	<u>\$ 16.69</u>

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and short-term investments, and cash generated from operations. At March 31, 2010, we had a total of approximately \$1.2 billion in cash, cash equivalents and short-term investments. Over the last three years, the capital and credit markets have become increasingly volatile as a result of adverse economic and financial conditions that have triggered the failure and near failure of a number of large financial services companies and a global recession. We believe that this increased volatility and global recession may make it difficult at times to obtain additional financing, sell additional equity or debt securities, or to refinance existing indebtedness. We believe that, based on our current level of cash, cash equivalents and short-term investments, and our anticipated cash flows from operations, the current adverse economic and financial conditions in the credit and capital markets will not have a material impact on our liquidity, cash flow, financial flexibility or our ability to fund our operations in the near-term.

On January 20, 2009, Wireless completed the sale of the New 9 1/4% Senior Notes. The net proceeds from the sale of the New 9 1/4% Senior Notes were approximately \$480.3 million. The net proceeds will be used for general corporate purposes which could include working capital, capital expenditures, future liquidity needs, additional opportunistic spectrum acquisitions, corporate development opportunities and future technology initiatives.

Our strategy has been to offer our services in major metropolitan areas and their surrounding areas, which we refer to as operating segments. We are seeking opportunities to enhance our current operating segments and to potentially provide service in new geographic areas. From time to time, we may purchase spectrum and related assets from third parties or the FCC. We believe that our existing cash, cash equivalents and short-term investments and our anticipated cash flows from operations will be sufficient to fully fund planned expansion.

The construction of our network and the marketing and distribution of our wireless communications products and services have required, and will continue to require, substantial capital investment. Capital outlays have included license acquisition costs, capital expenditures for construction of our network infrastructure, costs associated with clearing and relocating non-governmental incumbent licenses, funding of operating cash flow losses incurred as we launch services in new metropolitan areas and other working capital costs, debt service and financing fees and expenses. Our capital expenditures for the three months ended March 31, 2010 were approximately \$139.3 million and capital expenditures for the year ended December 31, 2009 were approximately \$831.7 million. The expenditures for the three months ended March 31, 2010 were primarily associated with our efforts to increase the service area and capacity of our existing network through the addition of cell sites, DAS and switches. We believe the increased service area and capacity in existing markets will improve our service offerings, helping us to attract additional customers and retain existing customers and increase revenues.

As of March 31, 2010, we owed an aggregate of approximately \$3.5 billion under our senior secured credit facility and 9 1/4% senior notes as well as approximately \$189.3 million under our capital lease obligations.

Our senior secured credit facility calculates consolidated Adjusted EBITDA as: consolidated net income *plus* depreciation and amortization; gain (loss) on disposal of assets; non-cash expenses; gain (loss) on extinguishment of debt; provision for income taxes; interest expense; and certain expenses of MetroPCS Communications, Inc. *minus* interest and other income and non-cash items increasing consolidated net income.

Table of Contents

We consider consolidated Adjusted EBITDA, as defined above, to be an important indicator to investors because it provides information related to our ability to provide cash flows to meet future debt service, capital expenditures and working capital requirements and fund future growth. We present consolidated Adjusted EBITDA because covenants in our senior secured credit facility contain ratios based on this measure. Other wireless carriers may calculate consolidated Adjusted EBITDA differently. If our consolidated Adjusted EBITDA were to decline below certain levels, covenants in our senior secured credit facility that are based on consolidated Adjusted EBITDA, including our maximum senior secured leverage ratio covenant, may be violated and could cause, among other things, an inability to incur further indebtedness and in certain circumstances a default or mandatory prepayment under our senior secured credit facility. Our maximum senior secured leverage ratio is required to be less than 4.5 to 1.0 based on consolidated Adjusted EBITDA plus the impact of certain new markets. The lenders under our senior secured credit facility use the senior secured leverage ratio to measure our ability to meet our obligations on our senior secured debt by comparing the total amount of such debt to our consolidated Adjusted EBITDA, which our lenders use to estimate our cash flow from operations. The senior secured leverage ratio is calculated as the ratio of senior secured indebtedness to consolidated Adjusted EBITDA, as defined by our senior secured credit facility. For the twelve months ended March 31, 2010, our senior secured leverage ratio was 1.64 to 1.0, which means for every \$1.00 of consolidated Adjusted EBITDA, we had \$1.64 of senior secured indebtedness. In addition, consolidated Adjusted EBITDA is also utilized, among other measures, to determine management's compensation under their annual cash performance awards. Consolidated Adjusted EBITDA is not a measure calculated in accordance with GAAP, and should not be considered a substitute for operating income, net income, or any other measure of financial performance reported in accordance with GAAP. In addition, consolidated Adjusted EBITDA should not be construed as an alternative to, or more meaningful than cash flows from operating activities, as determined in accordance with GAAP.

The following table shows the calculation of our consolidated Adjusted EBITDA, as defined in our senior secured credit facility, for the three months ended March 31, 2010 and 2009.

	Three Months Ended March 31,	
	2010	2009
	(in thousands)	
Calculation of Consolidated Adjusted EBITDA:		
Net income	\$ 22,661	\$ 43,973
Adjustments:		
Depreciation and amortization	107,801	81,746
Gain on disposal of assets	(828)	(24,908)
Stock-based compensation expense (1)	11,416	10,669
Interest expense	67,482	58,432
Accretion of put option in majority-owned subsidiary (1)	470	377
Interest and other income	(479)	(552)
Impairment loss on investment securities	—	921
Provision for income taxes	15,097	28,336
Consolidated Adjusted EBITDA	\$ 223,620	\$ 198,994

(1) Represents a non-cash expense, as defined by our senior secured credit facility.

[Table of Contents](#)

In addition, for further information, the following table reconciles consolidated Adjusted EBITDA, as defined in our senior secured credit facility, to cash flows from operating activities for the three months ended March 31, 2010 and 2009.

	Three Months Ended March 31,	
	2010	2009
	(in thousands)	
Reconciliation of Net Cash Provided by Operating Activities to Consolidated Adjusted EBITDA:		
Net cash provided by operating activities	\$ 225,032	\$ 306,599
Adjustments:		
Interest expense	67,482	58,432
Non-cash interest expense	(3,134)	(2,280)
Interest and other income	(479)	(552)
Recovery of (provision for) uncollectible accounts receivable	28	(66)
Deferred rent expense	(5,535)	(6,292)
Cost of abandoned cell sites	(535)	(2,201)
Gain on sale of investments	129	—
Accretion of asset retirement obligations	113	(1,174)
Provision for income taxes	15,097	28,336
Deferred income taxes	(14,177)	(26,937)
Changes in working capital	(60,401)	(154,871)
Consolidated Adjusted EBITDA	\$ 223,620	\$ 198,994

Operating Activities

Cash provided by operating activities decreased approximately \$81.6 million to \$225.0 million during the three months ended March 31, 2010 from approximately \$306.6 million for the three months ended March 31, 2009. The decrease was primarily attributable to a decrease in cash flows from working capital changes and a decrease in net income during the three months ended March 31, 2010 compared to the same period in 2009.

Investing Activities

Cash used in investing activities was \$185.0 million during the three months ended March 31, 2010 compared to approximately \$531.1 million during the three months ended March 31, 2009. The decrease was due primarily to \$174.5 million decrease in net purchases of short term investments as well as approximately \$173.4 million decrease in purchases of property and equipment.

Financing Activities

Cash used in financing activities was \$54.8 million during the three months ended March 31, 2010 compared to cash provided by financing activities of \$377.2 million during the three months ended March 31, 2009. The difference between cash used in financing activities for the three months ended March 31, 2010 and the cash provided by financing activities for the three months ended March 31, 2009 was due primarily to \$480.3 million in net proceeds from the issuance of the New 9 1/4% Senior Notes in January 2009, partially offset by a \$50.2 million decrease in cash used for changes in book overdraft.

Capital Lease Obligations

We have entered into various non-cancelable capital lease agreements, with expirations through 2025. Assets and future obligations related to capital leases are included in the accompanying consolidated balance sheets in property and equipment and long-term debt, respectively. Depreciation of assets held under capital lease obligations is included in depreciation and amortization expense.

Capital Expenditures and Other Asset Acquisitions and Dispositions

Capital Expenditures. We currently expect to incur capital expenditures in the range of \$600.0 million to \$800.0 million on a consolidated basis for the year ending December 31, 2010.

[Table of Contents](#)

During the three months ended March 31, 2010, we incurred approximately \$139.3 million in capital expenditures. During the year ended December 31, 2009, we incurred approximately \$831.7 million in capital expenditures. The capital expenditures for the three months ended March 31, 2010 were primarily associated with our efforts to increase the service area and capacity of our existing network through the addition of cell sites, DAS and switches.

Other Acquisitions and Dispositions. On February 2, 2010, we entered into a like-kind spectrum exchange agreement covering licenses in certain markets with another service provider, or Service Provider. The Service Provider will acquire 10 MHz of AWS spectrum in Dallas/Fort Worth, Texas; Shreveport-Bossier City, Louisiana; and an additional 10 MHz of AWS spectrum in certain other Washington markets, as well as an additional 10 MHz of PCS spectrum in Sacramento, California. We will acquire 10 MHz of AWS spectrum in Dallas/Fort Worth, Texas and Shreveport-Bossier City, Louisiana and an additional 10 MHz of AWS spectrum in Santa Barbara, California; and Tampa-St. Petersburg-Clearwater, Florida. Consummation of this spectrum exchange agreement is subject to customary closing conditions, including FCC consent. In addition, we have entered into short-term lease agreements with the Service Provider that, subject to FCC approval, authorize the Service Provider and us to use the spectrum covered by the spectrum exchange agreement until the spectrum exchange is consummated.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Inflation

We believe that inflation has not materially affected our operations.

Effect of New Accounting Standards

We believe that the adoption of new accounting standards has not materially affected our results of operations. For further discussion see Note 16 to the financial statements included in this report.

Fair Value Measurements

We do not expect changes in the aggregate fair value of our financial assets and liabilities to have a material adverse impact on the condensed consolidated financial statements. See Note 9 to the financial statements included in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market prices and rates, including interest rates. We do not routinely enter into derivatives or other financial instruments for trading, speculative or hedging purposes, unless it is hedging interest rate risk exposure or is required by our senior secured credit facility. We do not currently conduct business internationally, so we are generally not subject to foreign currency exchange rate risk.

As of March 31, 2010, we had approximately \$1.5 billion in outstanding indebtedness under our senior secured credit facility that bears interest at floating rates based on the London Inter Bank Offered Rate, or LIBOR, plus 2.25%. The interest rate on the outstanding debt under our senior secured credit facility as of March 31, 2010 was 4.678%, which includes the impact of our interest rate protection agreements. On April 30, 2008, to manage our interest rate risk exposure, we entered into a two-year interest rate protection agreement. The agreement was effective on June 30, 2008, covers a notional amount of \$500.0 million and effectively converts this portion of our variable rate debt to fixed rate debt at an annual rate of 5.464%. The monthly interest settlement periods began on June 30, 2008. The interest rate protection agreement expires on June 30, 2010. In March 2009, we entered into three separate two-year interest rate protection agreements to manage the Company's interest rate risk exposure and fulfill a requirement of our senior secured credit facility. These agreements were effective on February 1, 2010 and cover a notional amount of \$1.0 billion and effectively convert this portion of our variable rate debt to fixed rate

[Table of Contents](#)

debt at a weighted average annual rate of 4.381%. The monthly interest settlement periods began on February 1, 2010. These agreements expire on February 1, 2012. If market LIBOR rates increase 100 basis points over the rates in effect at March 31, 2010, annual interest expense on the approximate \$44.0 million in variable rate debt that is not subject to interest rate protection agreements would increase approximately \$0.4 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported as required by the SEC and that such information is accumulated and communicated to management, including our CEO and CFO, as appropriate, to allow for appropriate and timely decisions regarding required disclosure. Our management, with participation by our CEO and CFO, has designed the Company's disclosure controls and procedures to provide reasonable assurance of achieving these desired objectives. As required by SEC Rule 13a-15(b), we conducted an evaluation, with the participation of our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2010, the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures (as defined by SEC Rule 13a-15(e)), our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is necessarily required to apply judgment in evaluating the cost-benefit relationship of possible controls and objectives. Based upon that evaluation, our CEO and CFO have concluded that our disclosure controls and procedures are effective as of March 31, 2010.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in litigation from time to time, including litigation regarding intellectual property claims, that we consider to be in the normal course of business. Other than the matter listed below we are not currently party to any pending legal proceedings that we believe would, individually or in the aggregate, have a material adverse effect on our financial condition, results of operations or cash flows.

MetroPCS, certain current officers and a director (collectively, the "defendants") have been named as defendants in a securities class action lawsuit filed on December 15, 2009 in the United States District Court for the Northern District of Texas, Civil Action No. 3:09-CV-2392. Plaintiff, Ervant Zeronian, alleges that the defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 20(a) of the Exchange Act. The complaint alleges that the defendants made false and misleading statements about MetroPCS' business, prospects and operations. The claims are based upon various alleged public statements made during the period from February 26, 2009 through November 4, 2009. The lawsuit seeks, among other relief, a determination that the alleged claims may be asserted on a class-wide basis, unspecified compensatory damages, attorney's fees, other expenses, and costs. On February 16, 2010, Kevin Hopson, an alleged MetroPCS shareholder, filed a motion in the United States District Court for the Northern District of Texas seeking to be designated as the lead plaintiff in this action.

Due to the complex nature of the legal and factual issues involved in this action, the outcome is not presently determinable. If this matter were to proceed beyond the pleading stage, MetroPCS could be required to incur substantial costs and expenses to defend this matter and/or be required to pay substantial damages or settlement costs, which could materially adversely affect our business, financial condition and results of operations.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those previously disclosed in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2009 filed with the SEC on March 1, 2010, other than the changes and additions to the Risk Factors set forth below. You should be aware that the risk factors included in all our filings with the SEC and those as modified in this section and other information contained in our filings with the SEC may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and operating results.

We may face additional competition from existing or new entrants as a result of future FCC auctions of spectrum and/or through legislative change or actions by the FCC allowing the development of new products and services by existing competitors and allowing other non-telecommunications businesses to enter the industry.

The FCC in the past has taken, and may in the future take, steps to make additional spectrum available for wireless services in each of our metropolitan areas. Any auction and licensing of new spectrum may result in new competitors and/or allow existing competitors to acquire additional spectrum, which could allow them to offer services that we may not be able to offer, or offer on a competitive basis, with the licenses we hold or to which we have access due to technological or economic constraints. For example, the FCC recently released its National Broadband Plan, which recommends that the FCC make available 500 MHz of spectrum for broadband wireless services within the next ten years of which 300 MHz is recommended to be made newly available for mobile use within five years. Of this 300 MHz of spectrum, 70 MHz is recommended to come through the auction of allocated, but unassigned spectrum, which could occur within the next 18 months. In addition, 110 MHz is recommended to become available through the revision of existing technical and service rules for wireless communication services, or WCS, and mobile satellite services which also could occur within the next 18 months. Further, 120 MHz of spectrum may become available from digital television broadcasters through an incentive auction which is recommended to be held in 24 to 36 months, assuming the FCC receives congressional authority to hold such an incentive auction. The FCC also has taken recent actions, and may take further actions, to impose new construction requirements on broadband spectrum licenses. For example, the revision of the WCS and mobile satellite service

[Table of Contents](#)

rules may be coupled with more stringent build out requirements. And, as it did in approving a recent transaction involving satellite service provider Skyterra, the Commission may condition its approval of a license transfer by requiring the acquirer to meet new stringent ancillary terrestrial equipment, or ATC, coverage requirements. Stringent construction requirements could be detrimental to us by fostering increased competition at an earlier date. Also, the FCC has taken, and in the future may take, regulatory actions designed to provide greater capacity and flexibility to other licensees, including our competitors, and could allow companies that are not currently our competitors to offer competing products and services. In addition, some companies in non-telecommunications businesses, including cable, energy companies and utility companies, also are expanding their services to offer communications and broadband services. Moreover, some companies in non-regulated portions of the telecommunications business, such as Internet search engine companies, are offering products and services that compete with our more highly regulated services. We cannot control most of these factors and the continuing consolidation and resulting economies of scale and access to greater resources and additional competition could result in greater product, service, pricing and cost disadvantages to us which could have a material adverse effect on our business, financial condition and operating results.

Recent competitive pressures have caused us to change our service plans, which may prove to be unsuccessful in the long term. A number of other carriers, resellers and MVNOs are offering, or in the future may offer, service plans similar to, or competitive with, our service plans with more extensive geographic coverage than ours and other differentiating features. In response to increasing competition in the pre-paid market, we have introduced new service plans, which all include service coverage on a nationwide, tax-inclusive basis. Our new service plans, however, may not succeed in the long term or we may need to change our business strategy. If we have a disproportionate number of our customers on our lower priced service plans or if our customers do not purchase our service plans in the mix we anticipate, it could result in lower revenues and lower profitability, which could have a material adverse effect on our business, financial condition and operating results. From time to time, we evaluate our products, service offerings and the demands of our target customers and may, as a result, amend, change, discontinue or adjust our products, service offerings or initiate or offer new permanent, trial or promotional product or service offerings. These new or changed product and service offerings may not succeed in the long term or prove to be profitable. These new or changed product and service offerings may result in reduced revenues, increased expenses, and other adverse financial or operational consequences, which could have a material adverse effect on our business, financial condition and operating results.

We may not be able to respond quickly or effectively to new marketing and sales initiatives launched by our competitors.

Many of our competitors have far greater resources, including sales and marketing resources with far larger marketing budgets than we do. We do not know and cannot anticipate what sales and marketing initiatives our competitors may launch or the magnitude of their efforts. As a result, our response may be ineffective after our competitors have already launched their sales and marketing initiatives, may be delayed by longer lead-time elements in our business system, such as network resources and billing software, and may result in us having increased marketing and distribution costs. Further, our business model is premised on the company achieving and maintaining a low cost structure, which we achieve by centralizing certain sales and marketing activities and designing and implementing major sales and marketing efforts across all of the metropolitan areas we serve.

Further, in general, we also do not spend as much on advertising and marketing as some of our competitors. We generally have had, and anticipate in the future having, less sales and marketing resources than our competitors, and we have spent, and anticipate spending, less on advertising and marketing than our competitors. We generally do not have the resources to respond to all advertising and marketing initiatives of our competitors and consequently our efforts may be ineffective, or our response may be inadequate to the competitive initiatives, which may allow our competitors to gain competitive share and to have an effect on our brand and sales and marketing efforts. We may not have time to conduct extensive customer focus groups or sales trials before launching our sales and marketing initiatives companywide. As a result, our initial sales and marketing initiatives may not adequately respond to our competitors' sales and marketing initiatives. If we are unable to respond quickly enough or effectively to new marketing and sales initiatives launched by our competitors, it could have a material adverse effect on our business, financial condition, and operating results.

[Table of Contents](#)

We are dependent on certain network technology improvements, which may not occur or may be materially delayed.

Most national wireless broadband mobile carriers have greater spectrum capacity than we do that can be used to support 3G and 4G services. These national wireless broadband mobile carriers currently are investing substantial capital to deploy the necessary equipment to deliver 3G enhanced services, and have invested in additional spectrum to deliver 4G services, and some have announced plans to deploy 4G technology in their networks. Two of our national wireless broadband mobile competitors acquired a significant portion of the 700 MHz spectrum auctioned by the FCC. We hold a 700 MHz license which is in a different spectrum block than the 700 MHz licenses held by the two largest national wireless broadband mobile competitors, which presents certain risks such that some equipment manufacturers are focusing their 700 MHz equipment development efforts on the channel blocks held by the major carriers, and the 700 MHz equipment made by these manufacturers will not be cross-compatible for use on the 700 MHz channel block we hold. As a result, we may be unable to use, or may be materially delayed in using, our 700 MHz spectrum. And, we may have higher costs for devices and equipment for our 700 MHz spectrum and the prospects for both inbound and outbound roaming may be limited on 700 MHz. This may affect our ability to offer roaming on 4G broadband services. The national wireless broadband mobile carriers in many instances on average have more spectrum in each of the metropolitan areas in which we operate, or plan to operate, than we and Royal Street have combined, and may have spectrum with better propagation characteristics. We do not plan to invest any further capital into 3G broadband technology and will instead develop 4G technology to enable us to offer customers new and advanced services. We are planning to design, roll-out and begin selling LTE services in most of our currently served metropolitan areas by the end of 2010. Our decision to develop 4G technology will require significant capital expenditures. In order to meet this objective, we are required to deploy LTE equipment at a substantial number of our existing cell sites. In some cases, because of the limited amount of spectrum available to us in certain metropolitan areas, we will be required to deploy LTE on 1.4 or 3 MHz channels adjacent to our existing CDMA network in those metropolitan areas. This deployment will require engineering solutions, which may not work as anticipated, or which may take longer to deploy than anticipated. We currently are dependent on a limited number of infrastructure and equipment providers to assist us in the development and deployment of our 4G network and to manufacture equipment for use on our network. Our plans to move to 4G technology may result in additional risks and expenditures such as, among other things:

- inability to timely develop and engineer design and network changes for the launch of 4G services;
- reliance on existing engineering staff in each of our metropolitan markets to oversee our LTE deployment;
- delay in the development and deployment of our 4G networks due to lack of necessary equipment and products being designed and manufactured or due to limited staffing resources and lack of proper coordination across all our markets;
- network and system compatibility issues;
- unanticipated and unforeseen costs or higher costs attributable to the lack of experience with 4G technology and the implementation of the deployment of 4G technology and the maintenance of the 4G technology and network;
- inability to acquire or lease additional cell sites or lease additional space at existing cell sites needed for expansion;
- obtaining necessary permits and regulatory approvals or third-party approvals for network construction, implementation and deployment;
- possible quality and reliability issues of the 4G network once deployed due to integration, compatibility or coverage concerns; and
- dependency of limited number of providers for necessary engineering, design and manufacture of technology, equipment and products compatible with 4G technology, such as EVRC-B or 4G capable handsets.

[Table of Contents](#)

In the meantime, our limited spectrum may require us to lease more cell sites to provide equivalent service, spend greater capital compared to our competitors, deploy more expensive network equipment, such as six-sector antennas, or use DAS systems and deploy equipment sooner than our competitors. There can be no assurance that we can lease adequate tower sites or additional spectrum or have access to DAS systems. Moreover, once deployed on a commercial basis, our 4G technology may not perform as expected or deliver the quality and types of services we expect. We cannot assure you that necessary quantities of equipment and compatible devices will be available on commercially reasonable terms, or at all, or will operate on our network or will provide the customer with the quality and quantity of features desired, nor that when delivered such equipment and devices will be at cost-effective prices.

If the anticipated development and deployment of our 4G technology improvements are not achieved, or are not achieved in the projected timeframes, or at the costs we anticipate or can afford, or are not developed by our existing suppliers, we may not have adequate spectrum in certain metropolitan areas, which may limit our ability to increase our customer base, may inhibit our ability to achieve additional economies of scale, may limit our ability to offer new services offered by our competitors, may require us to spend considerably more capital and incur more operating expenses than our competitors with more spectrum, and may force us to purchase additional spectrum at a potentially material cost. If our network infrastructure vendors do not supply such improvements, or materially delay the delivery of such improvements, and other network equipment manufacturers are able to develop such technology, we may be at a material competitive disadvantage to our competitors and we may be required to change network infrastructure vendors, which would result in lost time and expense. Further, our LTE expansion may result in the degradation of our existing services. There can be no assurance that we can deploy and implement our LTE services timely and at a level that will meet customer expectations, provide wireless broadband mobile data service on a profitable basis or that vendors will develop and make available to companies of our size popular applications and handsets with features, functionality and pricing desired by customers. These risks could reduce our customer growth, increase our costs of providing services and increase our churn, which could have a material adverse effect on our business, financial condition and operating results.

Business, political, regulatory and economic factors may significantly affect our operations, the manner in which we conduct our business and slow our rate of growth.

The United States economy has deteriorated significantly, unemployment rates have increased and such conditions may continue for the foreseeable future. Our business is being and could be further affected by such economic conditions, unemployment rates, as well as consumer spending, in the areas in which we operate. These factors are outside of our control. If economic conditions and unemployment rates continue to deteriorate, or remain depressed, our existing and future customer base may be disproportionately and adversely affected due to the generally lower per capita income of our customer base (versus the national facility-based wireless broadband mobile carriers), which may be disproportionately affected by any disruption in the United States economy, including an economic downturn or recession. In addition, a number of our customers work in industries which may be disproportionately affected by an economic slowdown or recession. More generally, adverse changes in the economy are likely to negatively affect our customers' ability to pay for existing services and to decrease their interest in purchasing new services. These same economic conditions may negatively impact our third-party service providers who experience cash flow problems, liquidity concerns or are unable to obtain or refinance credit such that they may no longer be able to operate. See the risk factor entitled "*We rely on third parties to provide products, software and services that are integral to our business.*" The resulting impact of such economic conditions on our customers, on consumer and discretionary spending and on our service providers could have a material adverse effect on demand for our services and on our business, financial condition and operating results.

The FCC recently announced its National Broadband Plan. In it, the FCC has indicated that it plans to require all 700 MHz licensees to provide roaming and priority access to public safety first responders. This could cause us to have to provide service to public safety users and to deny service to our own customers at times of national emergency. This could cause our customers using our 700 MHz spectrum to leave our service.

Additionally, there have been significant changes in the political climate and in the composition of the FCC as a result of the outcome of recent state elections and the Presidential election in the United States. Several recent actions indicate that the FCC will be proactive in the regulation of wireless services, and we cannot predict with any

[Table of Contents](#)

certainly the nature and extent of the changes in federal, state and local laws, regulations and policy we will face, or the effect of such elections on any pending legislation. For example, changes in the political climate could affect the extent to which further consolidation of wireless carriers will be approved by the government and such changes could reduce our strategic merger and acquisition options. Any changes in regulation, new policy initiatives, increased taxes or any other changes in federal law may have an adverse effect on our business, financial condition and operating results.

We use a single provider for most of our domestic and international long distance services.

We currently use a single provider for most of the domestic and international long distance services that we provide to our customers under a long-term contract. This arrangement requires us to send a significant portion of our domestic and international long distance traffic to the provider for transmission and termination. If the provider experiences service outages or other problems affecting its services, our customers may have difficulty completing domestic and international calls. As all of our service plans include domestic long distance services, any such disruption could have a significant effect on our customers which may cause them to become dissatisfied with our service. In addition, one of our service plans also includes international long distance and a disruption in that service or the cessation of service to destinations which our customers want to call, could cause our customers to leave our service. If substantial numbers of customers are dissatisfied or leave our service it could result in higher churn which could have a material adverse effect on our business, financial condition and operating results.

Future regulatory changes may also affect our ability to enter into new or maintain existing roaming agreements on competitive terms.

Our ability to replicate other carriers' roaming service offerings at rates that will make us, or allow us to be, competitive is uncertain at this time. The FCC recently clarified that broadband commercial mobile radio service, or CMRS providers must offer automatic roaming services on just, reasonable and non-discriminatory terms, but found that a CMRS provider is not required to offer roaming services if the request is not reasonable. The FCC will presume in the first instance that a request for automatic roaming is reasonable if the requesting carrier provides technologically compatible services. However, in assessing whether a denial is reasonable, the FCC will consider the request based on a totality of the circumstances and may use a number of factors, including the extent of the requesting carrier's build-out where it holds spectrum, and whether alternative roaming partners are available, to determine whether a particular roaming request can be denied. The FCC also has not extended full roaming rights to roaming services that are classified as information services (such as high-speed wireless Internet access services), or for roaming services that are not classified as CMRS (such as non-interconnected services). If we are unable to enter into or maintain roaming agreements for roaming services that our customers desire at reasonable rates, including in areas where we have licenses or lease spectrum but have not constructed facilities, we may be unable to compete effectively and attract and retain customers, and we may lose revenues. We also may be unable to continue to receive roaming services in areas in which we hold licenses or lease spectrum after the expiration or termination of our existing roaming agreements. We also may be obligated to allow customers of other technically compatible carriers to roam automatically on our systems, which may enhance their ability to compete with us. If these risks occur, they may have a material adverse effect on our business, financial condition and operating results.

We are subject to significant federal and state regulation.

The FCC regulates the licensing, construction, modification, operation, ownership, sale and interconnection of wireless communications systems, as do some state and local regulatory agencies. We cannot assure you that the FCC or any state or local agencies having jurisdiction over our business will not impose new or revised regulatory requirements, new or increased costs, or require changes in our current or planned operations. Indeed, the FCC has initiated a series of inquiries and rulemaking proceedings pertaining to the wireless industry that could result in material changes in the applicable rules and policies. The FCC and state regulatory agencies also are increasingly focused on the quality of service and customer support that wireless carriers provide and the FCC and several agencies have proposed or enacted new and potentially burdensome regulations in this area. The Communications Act, from which the FCC obtains its authority and state regulatory enabling legislation, may be interpreted in a manner that imposes additional costs for compliance or be further amended in a manner that could be adverse to us. Further, with the recent change in party affiliation of the President of the United States and changes in the composition of Federal and state legislatures and regulatory commissions, there may be additional legislative or

[Table of Contents](#)

regulatory changes that affect our business. The FCC also may change its rules, which could result in adverse consequences to our business, including harmful interference to our existing networks and spectrum. For example, the FCC is considering various wireless network open access and net neutrality policies that could limit our ability to manage our subscribers' use of our network and require us to provide access on our network to third parties on terms and conditions that may jeopardize the flat-rate, unlimited usage pricing plans that lies at the heart of our business model. To maintain the quality of our network and user experience, we manage our network by limiting the bandwidth used by our subscribers' applications, in part by restricting the types of applications that may be used over our network. If the FCC or other regulatory authorities were to adopt regulations that constrain our ability to employ bandwidth management practices, excessive use of bandwidth-intensive applications would likely reduce the quality of our services for all subscribers. A decline in the quality of our services could harm our business, or even result in litigation from dissatisfied subscribers. In addition, if the FCC were to adopt requirements that broadband services be offered as common carrier services it could have an adverse effect on our current flexibility in how we offer these services and could result in a number of other adverse consequences. The FCC also is considering various spectrum allocations in bands adjacent or proximate to those licensed to us that may result in interference to our systems. If, as a result of interference, our customers experience a significant increase in dropped calls or significantly degraded service, we could experience higher churn and we may have difficulty adding additional customers, which could have an adverse effect on our business, our financial condition and operating results. In addition, the interference may cause our networks to have reduced capacity, which may require us to incur additional costs of adding cell sites or DAS nodes and to spend additional capital or may limit our ability to serve our customers, limit our growth, or increase our churn.

We also are subject, or potentially subject, to a number of additional federal, state, and local laws, rules, ordinances and requirements, including, but not limited to, common carrier obligations; universal service obligations; number portability requirements; number pooling rules; rules governing billing, subscriber privacy and customer proprietary network information; tower lighting and painting; roaming obligations; rules that require wireless service providers to configure their networks to facilitate electronic surveillance by law enforcement officials; rate averaging and integration requirements; emergency warning requirements; rules governing spam, telemarketing and truth-in-billing; outage reporting; and rules requiring us to offer equipment and services that are accessible to and usable by persons with disabilities, among others. There are also pending proceedings including, but not limited to proceedings exploring the imposition of various types of nondiscrimination and open access obligations on our handsets and networks; the prohibition of handset exclusivity; the possible re-imposition of bright-line spectrum aggregation requirements; further regulation of special access used for wireless backhaul services; and the effects of the siting of communications towers on migratory birds, among others. Additionally, we may be subject to claims for violations of environmental law, regardless of fault, as a lessee or owner of any of our tower sites. Some of these requirements and pending proceedings, including without limitation those described above, pose technical and operational challenges to which we, and the industry as a whole, have not yet developed clear solutions and may require us to spend money to become in compliance. We remit all applicable federal, state and local fees, costs and expenses as required, but we do not recover in all instances these regulatory and compliance fees, costs and expenses directly from our customers on our tax and regulatory fee exclusive plans and we absorb the costs of these fees, costs and expenses on our tax inclusive plans. If we were to pass on these costs to our customers in the future, it may affect our ability to retain and attract new customers. Further, these requirements generally are the subject of pending FCC, federal, state, local or judicial proceedings, and we are unable to predict how they may affect our business, financial condition or results of operations.

Our operations also are subject to various other regulations, including certain regulations promulgated by the Federal Trade Commission, the Federal Aviation Administration, the Environmental Protection Agency, the Occupational Safety and Health Administration, the Department of Labor, the FCC, and other federal, state and local regulatory agencies and legislative bodies. Adverse decisions or regulations of these regulatory bodies could negatively impact our operations and costs of doing business. Because of our smaller size, more limited spectrum holdings, concentration of operations in a few states in major metropolitan areas, and composition of our current and prospective customer base, governmental regulations and orders can disproportionately increase our costs and affect our competitive position compared to other larger telecommunications providers. We are unable to predict the scope, pace or financial impact of regulations and other policy changes that could be adopted by the various governmental entities that oversee portions of our business. As previously noted herein, a variety of changes in regulatory policies are under consideration and depending upon the outcomes, the changes could have a material adverse effect on our business, financial condition and operating results.

[Table of Contents](#)

Compliance with current or future federal, state, or local laws, regulations, rules, and ordinances could have a material adverse effect on our business, financial condition and operating results, including but not limited to, increasing our operating expenses or costs, requiring us to obtain new or additional authorizations or permits, requiring us to change our business and customer service processes, limiting our ability to attract and retain certain customer segments, increasing our costs and expenses to offer services, increasing the costs of our services to our customers, requiring system and network upgrades, increasing cost of insurance coverage, requiring us to hire additional employees, requiring us to spend significant additional capital, limiting the capacity of our networks, limiting the services we can offer our customers, requiring us to change our business strategy and service plans. A failure to meet, or maintain compliance with, federal, state or local regulations, laws, rules or ordinances also could have a material adverse effect on our business, financial condition and operating results, including, but not limited to, subjecting us to fines, forfeitures, penalties, license revocations, or other sanctions, including the imposition of mandatory reporting requirements, limitations on our ability to participate in future FCC auctions or acquisitions of spectrum, and compliance programs and corporate monitors. In addition, a material failure to comply with regulations or statutory requirements may limit our ability to draw certain amounts under our senior secured credit facility or could result in a default under our indebtedness.

Royal Street owns certain licenses that we do not and might never control.

Our agreements with Royal Street Communications, which were reviewed and approved by the FCC, allow us to actively participate in the development of the Royal Street licenses and networks, and we have the right to purchase, on a wholesale basis, 85% of the engineered capacity provided by the Royal Street systems and to resell those services on a retail basis under our brand. We, however, do not control Royal Street or the Royal Street licenses. Further, the FCC's rules restrict our ability to acquire or control Royal Street during the period that Royal Street must maintain its eligibility as a DE, which is currently through December 2010. C9, an unaffiliated third party and controlling member of Royal Street Communications, has a put right through June 2012 to require us, subject to the approval of the FCC, to purchase all or part of its ownership interest in Royal Street Communications, but we have no corresponding call right to require C9 to sell to us, its ownership interest in Royal Street Communications. On April 26, 2010, C9 provided us with notice that it has elected to put its entire membership interest in Royal Street Communications to us in accordance with Royal Street Communication's LLC Agreement. The proposed transaction is subject to prior FCC approval and we cannot be certain whether or not the FCC will approve C9's transfer of its interest in Royal Street Communications to us, how long it will take the FCC to act or whether any approval will be subject to conditions that are adverse or unacceptable to us. Accordingly, we may not close on the acquisition of C9's membership interest in Royal Street Communications at all or in the near term, or we may consummate such put subject to conditions that are adverse or unacceptable to us. If we are unable to acquire C9's membership interest in Royal Street Communications or acquire it without adverse or unacceptable conditions, we cannot be certain that the Royal Street licenses will be developed in a manner fully consistent with our business plan or our transition plans to our 4G platform, which could have a material adverse effect on our business, financial condition, and operating results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

None.

Item 5. Other Information

None.

[Table of Contents](#)

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1†	Master Services Agreement effective March 31, 2010 by and between MetroPCS Wireless, Inc. and InComm Holdings, Inc.
10.2	MetroPCS Communications, Inc. Third Amended and Restated Non-Employee Director Remuneration Plan, effective March 11, 2010
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551, this Exhibit is furnished to the SEC and shall not be deemed to be "filed."
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551, this Exhibit is furnished to the SEC and shall not be deemed to be "filed."

† Confidential Treatment requested.

[Table of Contents](#)

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 thereunto duly authorized.

Date: May 10, 2010

METROPCS COMMUNICATIONS, INC.
By: /s/ Roger D. Linqvist
Roger D. Linqvist
President, Chief Executive Officer and
Chairman of the Board

Date: May 10, 2010

By: /s/ J. Braxton Carter
J. Braxton Carter
Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	Description
10.1†	Master Services Agreement effective March 31, 2010 by and between MetroPCS Wireless, Inc. and InComm Holdings, Inc.
10.2	MetroPCS Communications, Inc. Third Amended and Restated Non-Employee Director Remuneration Plan, effective March 11, 2010
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551, this Exhibit is furnished to the SEC and shall not be deemed to be "filed."
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Pursuant to SEC Release 34-47551, this Exhibit is furnished to the SEC and shall not be deemed to be "filed."

† Confidential Treatment requested.

Please note that the representations and warranties of each party set forth in the Master Services Agreement have been made solely for the benefit of the other party. You should not rely on such representations and warranties, which (i) have been qualified in some circumstances by confidential disclosures to the other party in connection with the agreement, (ii) were made only as of the date of the Master Services Agreement or such other date as is specified in the agreement, and (iii) may have been included in the agreement for the purpose of allocating risk between the parties rather than establishing matters as facts.

MASTER SERVICES AGREEMENT

by and between

MetroPCS Wireless, Inc.

and

InComm Holdings, Inc.

March 31, 2010

CONFIDENTIAL

***Where this marking appears throughout this Exhibit 10.1, information has been omitted pursuant to a request for confidential treatment and such information has been filed with the Securities and Exchange Commission separately.

TABLE OF CONTENTS

<u>ARTICLE</u>		<u>PAGE</u>
ARTICLE 1 GENERAL		
1.1	Purpose	1
1.2	Special Terms Relating to Growth and Restructurings	2
1.3	Benefits of Agreement	2
1.4	Non-Exclusive Relationship/No Volume Commitment	2
1.5	Definitions	2
1.6	Conflicts in Interpretation	3
1.7	Audited Financial Statements	3
ARTICLE 2 SERVICES		
2.1	Service Addenda	3
	2.1.1 Service Addenda as of the Effective Date	3
	2.1.2 Future Service Addenda	3
2.2	Statements of Work	4
2.3	Covenant of Cooperation	4
2.4	Supplier Affiliates' Personnel	4
2.5	Compliance With Vendor Ethics Policy	4
ARTICLE 3 FEES AND PAYMENT TERMS		
3.1	Time and Method of Payment	5
	3.1.1 Invoicing	5
	3.1.2 Payments	5
	3.1.3 Credits Owed by Supplier to MetroPCS	5
3.2	Disputed Amounts; Timely Invoicing; Timely Disputes	5
	3.2.1 Disputed Amounts	5
	3.2.2 Timely Invoicing	6
	3.2.3 Timely Disputes	6
3.3	Taxes	6
	3.3.1 General	6
	3.3.2 Exemptions	7
	3.3.3 Special Provision Relating to State Sales and Use Taxes	7
	3.3.4 Protested Taxes	7
3.4	Contracting Expenses	8
ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS		
4.1	Services	8
4.2	Pricing and Terms and Conditions Warranty	9
4.3	Intellectual Property Warranty	9
4.4	Warranty of Authority	9
4.5	Pending Litigation Warranty	9
4.6	***	9
4.7	Additional Warranties	9

4.8	Warranty Disclaimer	9
ARTICLE 5 TERM AND TERMINATION		10
5.1	Term	10
5.2	Events of Default	10
5.3	Rights and Remedies of Supplier Upon Default of MetroPCS	11
5.4	Rights and Remedies of MetroPCS Upon Default of Supplier	11
	5.4.1 General	11
	5.4.2 Right to Set Off	11
5.5	Liability Limitations	12
	5.5.1 Disclaimer of Non-Direct Damages	12
	5.5.2 Exclusions from Liability Limitations	12
	5.5.3 Lost Profits	12
5.6	Termination for Force Majeure	13
5.7	Termination for Supplier Charge in Control	13
5.8	Termination Without Cause	13
5.9	Transition Rights	14
5.10	No Interruption of Services	14
5.11	Attorneys' Fees	15
5.12	Non-Exclusive Remedies	15
5.13	Survival	15
ARTICLE 6 INTELLECTUAL PROPERTY RIGHTS, CONFIDENTIALITY AND SECURITY		15
6.1	Intellectual Property Rights	15
6.2	Confidential Information	16
	6.2.1 Duty of Care	16
	6.2.2 Disclosures of Confidential Information	16
	6.2.3 Uses of Confidential Information	17
	6.2.4 Return or Destruction of Confidential Information	17
	6.2.5 Notification Obligation	17
	6.2.6 Injunctive Relief	18
	6.2.7 Ownership	18
	6.2.8 Survival	18
6.3	Personal Information Statutes	18
ARTICLE 7 INDEMNIFICATION AND INSURANCE		18
7.1	General	18
7.2	Proprietary Rights Infringement Indemnification	19
	7.2.1 General	19
	7.2.2 Remedies	19
	7.2.3 Additional Indemnification Obligations	19
7.3	Procedures for Indemnification	20
	7.3.1 General	20
	7.3.2 Defense Assumed	20
	7.3.3 Defense Declined	20

7.3.4	Settlement of Claims	20
7.3.5	Contributory Negligence; Right of Contribution	21
7.4	Insurance	21
ARTICLE 8 DISPUTE RESOLUTION		
8.1	Executive Level Performance Review	21
8.2	Voluntary, Non-Binding Mediation	21
8.3	Equitable Relief	22
ARTICLE 9 MISCELLANEOUS		
9.1	Notices	22
9.2	Approval of Subcontractors	22
9.3	Audits	23
	9.3.1 Records Retention	23
	9.3.2 Procedures	23
	9.3.3 Audit Discrepancies	23
9.4	Force Majeure	24
9.5	Binding Nature and Assignment	24
9.6	Media Releases and Public Disclosures of Agreement	25
9.7	Counterparts; Electronic Signatures	25
9.8	Severability	25
9.9	Waiver	25
9.10	Governing Law/Exclusive Jurisdiction	26
9.11	Compliance with Laws	26
9.12	No Construction Against Drafter	26
9.13	Relationship of Parties	26
9.14	Time is of the Essence	27
9.15	Non Intervention	27
9.16	Entire Agreement; Modifications	27
	9.16.1 General	27
	9.16.2 Prior Agreement	27
	9.16.3 Modifications	28

SCHEDULES, ATTACHMENTS AND EXHIBITS

Schedule 1.5	Defined Terms
Schedule 2	Checklist for Developing Service Addenda and Statements of Work
Schedule 2.5	Vendor Ethics Policy
Schedule 7.4	Insurance Requirements
Exhibit 1	Service Addenda
	Service Addendum One – Domestic Long Distance Services
	Service Addendum Two – International Long Distance Services

Long Distance MSA

MASTER SERVICES AGREEMENT

This Master Services Agreement ("**Agreement**") is made and entered into this 31st day of March, 2010 (the "**Effective Date**"), by and between MetroPCS Wireless, Inc., a Delaware corporation with its principal place of business at 2250 Lakeside Boulevard, Richardson, Texas 75082 (including its permitted successors and assigns, "**MetroPCS**"), and InComm Holdings, Inc., a Georgia corporation with its principal place of business at 250 Williams Street, Suite 250, Atlanta, GA 30303 (including its permitted successors and assigns, "**Supplier**" or "**InComm**").

RECITALS:

WHEREAS, InComm (through its Affiliates) is a provider of: (a) domestic and international long distance termination services through its Affiliate, U.S. South Communications, Inc., a Colorado corporation; (b) bill payment and transaction processing services through its Affiliate, QPay, Inc., a Florida corporation; and (c) certain other services; and

WHEREAS, MetroPCS offers an integrated set of wireless telecommunications products and services to its customers; and

WHEREAS, MetroPCS wants to purchase from InComm, and InComm (through its Affiliates) wants to supply to MetroPCS, the Services specifically described in the Service Addendum or Statement of Work that is applicable to each particular Service, all in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MetroPCS and InComm, intending to be legally bound, hereby agree to the foregoing and as follows:

ARTICLE 1 — GENERAL

1.1 Purpose. This Agreement sets forth the terms and conditions under which InComm (through its Affiliates) shall provide Services to MetroPCS, its Affiliates and its Designated Entities. InComm and the applicable InComm Affiliate shall execute each Service Addendum and Statement of Work, and in doing so, such InComm Affiliate shall become a party to this Agreement and shall be jointly and severally liable with InComm for performance of this Agreement (including, without limitation, the applicable Service Addendum or Statement of Work). Except to the extent expressly specified otherwise in the Terms and Conditions or in the applicable Service Addendum or Statement of Work, all references to "Supplier" (but not "InComm," "InComm Holdings" or similar derivations), or to Supplier as a "party" or one of the "parties," that are contained in the Terms and Conditions as incorporated into the Service Addendum or Statement of Work shall be deemed to mean the InComm Affiliate that executes the applicable Service Addendum or Statement of Work. Unless the context clearly requires a different interpretation, all references to Sections, Articles, Schedules, Exhibits and Attachments that are contained in the Terms and Conditions are to Sections, Articles, Schedules, Exhibits and Attachments of or to the Terms and Conditions.

1.2 Special Terms Relating to Growth and Restructurings. If a party or one of its Affiliates acquires a new Affiliate (or, in MetroPCS' case, a new Affiliate or Designated Entity) following the Effective Date and such new Affiliate (or, in MetroPCS' case, new Affiliate or Designated Entity) is a party to one (1) or more agreements with the other party or one of such other party's Affiliates (or, in MetroPCS' case, an Affiliate or Designated Entity) for the provision or receipt of services (each, a "**Pre-Existing Agreement**"), then within *** following a party's written request, the parties shall meet, telephonically or otherwise, and discuss in good faith the terms and conditions under which such Pre-Existing Agreement may be included as part of this Agreement and/or the possible termination of such Pre-Existing Agreement. However, under no circumstances will either party or its Affiliates (or, in MetroPCS' case, an Affiliate or Designated Entity) be under any obligation *** .

1.3 Benefits of Agreement. All rights and benefits granted hereunder to MetroPCS may be exercised and enjoyed by any MetroPCS Affiliate or Designated Entity, and MetroPCS shall have the right to sell, resell and/or otherwise make available all Services purchased under this Agreement to its Affiliates and/or Designated Entities, subject to the terms of this Agreement. References to MetroPCS and to Supplier in this Agreement shall include the parties' respective Affiliates (and, in MetroPCS' case, Designated Entities), as applicable and where the context so requires. For purposes of determining available discounts and MetroPCS' compliance with any exclusivity, routing, volume and/or quantity obligations under a Service Addendum or a Statement of Work, as applicable, the total volume of purchases made by MetroPCS, its Affiliates and Designated Entities pursuant to this Agreement shall be considered to determine whether the applicable discount, exclusivity, routing, volume, quantity or other measurement factor has been achieved or satisfied.

1.4 Non-Exclusive Relationship/No Volume Commitment. Except to the extent expressly agreed otherwise in a Service Addendum or Statement of Work: (a) this Agreement establishes a non-exclusive relationship between the parties and does not grant Supplier an exclusive privilege to furnish to MetroPCS any or all of the services that MetroPCS may require, need or desire, and MetroPCS expressly reserves the right to contract with others for the purchase of services comparable or identical to the Services that are the subject of this Agreement; and (b) *** MetroPCS shall not be obligated to *** . If and to the extent a Service Addendum or Statement of Work includes exclusivity, routing, volume and/or quantity obligations, such obligations shall not apply: (c) except to the extent expressly agreed otherwise in a Service Addendum or Statement of Work: (i) during any Transition Period; (ii) during any period that a Force Majeure Event prevents, hinders or delays performance of the Services; or (iii) in respect of any Person that becomes an Affiliate or Designated Entity of MetroPCS following the Effective Date; or (d) under any other circumstances that may be described in a Service Addendum or Statement of Work.

1.5 Definitions. Capitalized terms used herein shall have the meanings ascribed to them in the Terms and Conditions including, without limitation, the meanings set forth in the attached **Schedule 1.5**. Additional definitions may be set forth in the applicable Service Addendum or Statement of Work.

1.6 Conflicts in Interpretation. The following order of precedence shall be followed in resolving any conflicts between the terms of this Agreement:

(a) first, the terms of any Service Addendum or Statement of Work, including all Schedules, Exhibits, Attachments and Addenda thereto, provided that no order of precedence shall be applied among such Service Addenda or Statements of Work;

(b) second, the terms contained in the body of the Terms and Conditions; and

(c) third, the terms contained in the Schedules, Exhibits, Attachments and Addenda to the Terms and Conditions (excluding Service Addenda attached as part of **Exhibit 1** and Statements of Work, which, for purposes of precedent, shall be treated as set forth in **subsection (a)** above), provided that no order of precedence shall be applied among such Schedules, Exhibits, Attachments and Addenda.

1.7 Audited Financial Statements. *** .

ARTICLE 2 — SERVICES

2.1 Service Addenda.

2.1.1 Service Addenda as of the Effective Date. Attached hereto as part of **Exhibit 1** are the following Service Addenda: (a) Service Addendum One, Domestic Long Distance Services; and (b) Service Addendum Two, International Long Distance Services. InComm (through its Affiliates) shall provide the Services described in such Service Addenda in accordance with the terms and conditions of the Agreement (including the applicable Service Addendum).

2.1.2 Future Service Addenda. MetroPCS and Supplier may mutually agree in writing following the Effective Date to develop and attach hereto as part of **Exhibit 1** one or more additional Service Addenda. Each Service Addendum shall incorporate by reference the Terms and Conditions and shall contain contract terms and conditions that are specific to the Services to be acquired from Supplier under that Service Addendum including, without limitation:

- (a) a description of the Services;
- (b) complete pricing information for the Service(s);
- (c) SLAs for the Service(s), if applicable; and
- (d) other relevant terms and conditions.

Each future Service Addendum must be signed by a Senior Vice President or higher-level corporate officer of MetroPCS, and by an Executive Vice President or higher-level officer of Supplier, in order to be effective against the applicable party. Neither party shall be entitled to rely upon or to enforce the terms of any Service Addendum that is not authorized as provided in the preceding sentence. Once so authorized, InComm (through its Affiliates) shall provide the Services described in each such Service Addendum in accordance with the terms and conditions of the Agreement (including the applicable Service Addendum). Attached hereto as **Schedule 2** is a checklist to which the parties can refer when developing future Service Addenda.

2.2 Statements of Work. Any Services that are not within the scope of a specific Service Addendum may be acquired from Supplier pursuant to a mutually agreed Statement of Work. Each Statement of Work must be signed by a Senior Vice President or higher-level corporate officer of MetroPCS, and by an Executive Vice President or higher-level officer of Supplier, in order to be effective against the applicable party. Neither party shall be entitled to rely upon or to enforce the terms of any Statement of Work that is not authorized as provided in the preceding sentence. Once so authorized, InComm (through its Affiliates) shall provide the Services described in each such Statement of Work in accordance with the terms and conditions of the Agreement (including the applicable Statement of Work). Attached hereto as **Schedule 2** is a checklist to which the parties can refer when developing Statements of Work.

2.3 Covenant of Cooperation. Supplier acknowledges that MetroPCS is now and will continue during the Term to work directly and indirectly with both Supplier and its Affiliates and a number of Third Parties to develop, install, maintain and support MetroPCS' telecommunications products, systems and services. Having acknowledged the foregoing, each of MetroPCS and Supplier agrees to cooperate with the other and with their respective Affiliates (and, in MetroPCS' case, its Designated Entities) and all applicable Third Parties designated by the other party, which cooperation Supplier acknowledges may involve the disclosure of Supplier Confidential Information to MetroPCS, its Affiliates, Designated Entities and MetroPCS-designated Third Parties, provided that: (a) Supplier shall not be required to disclose any information whose disclosure is prohibited by licensing or other similar contractual limitations to which Supplier is bound; and (b) disclosures of Supplier Confidential Information to Third Parties is acknowledged by MetroPCS to be subject to **Section 6.2.2** including, without limitation, **Section 6.2.2(b)**, of the Terms and Conditions.

2.4 Supplier Affiliates' Personnel. Supplier's Affiliates shall provide sufficient qualified Personnel with appropriate experience to perform such Affiliates' obligations under each applicable Service Addendum and Statement of Work.

2.5 Compliance With Vendor Ethics Policy. Supplier and its Affiliates shall comply with MetroPCS' Vendor Ethics Policy, a current copy of which is attached hereto as **Schedule 2.5**.

ARTICLE 3 — FEES AND PAYMENT TERMS

3.1 Time and Method of Payment.

3.1.1 Invoicing. Supplier shall have the right to issue invoices for the Services in accordance with the invoicing terms specified in the applicable Service Addendum or Statement of Work. All such invoices shall be detailed and clearly describe the amounts invoiced (including relevant calculations) and any applicable credits. Unless otherwise agreed by the parties in writing, all Supplier invoices shall be expressed in, and all amounts payable under this Agreement shall be payable in, United States dollars. MetroPCS shall pay all undisputed amounts owed to Supplier under this Agreement within the period of time following MetroPCS' receipt of Supplier's invoice that is specified in the applicable Service Addendum or Statement of Work, or if none is specified, then within *** following MetroPCS' receipt of Supplier's invoice. Undisputed, overdue invoices shall bear interest at the rate of *** percent *** per month, or the maximum rate permitted by Law, whichever is less. Supplier shall submit all invoices to the following address:

MetroPCS Wireless, Inc.
2250 Lakeside Boulevard
Richardson, Texas 75082

or to such other address as may be specified by MetroPCS upon written notice to Supplier.

3.1.2 Payments. MetroPCS shall submit all payments to Supplier at the following address: 250 Williams Street, Suite M-100, Atlanta, Georgia, Attention: *** .

3.1.3 Credits Owed by Supplier to MetroPCS. Any *** that accrue in accordance with the terms of this Agreement shall *** . The parties agree that the actual damages resulting from performance failures are difficult to calculate and that the *** reflect the parties' best estimate of the diminished value of the Services as a result of any failure to provide the Services in accordance with the applicable SLAs, and accordingly do not constitute nor shall be construed or interpreted as penalties. All *** or other credits owed by Supplier to MetroPCS shall be *** .

3.2 Disputed Amounts; Timely Invoicing; Timely Disputes.

3.2.1 Disputed Amounts. If an invoiced amount is disputed in good faith by MetroPCS then, until resolution of the dispute occurs pursuant to **Article 8**, MetroPCS may *** , and within the time period specified in **Section 3.2.3**, sending a written notice to Supplier (with notice being sent to the person specified in **Section 3.1.2** at the address specified in such Section) that describes with reasonable particularity the nature of the dispute and the disputed amount. Within sixty (60) days following its receipt of MetroPCS' dispute notice, Supplier shall notify MetroPCS in writing as to whether it agrees with the dispute, describing therein with reasonable particularity the reasons supporting any disagreement with the dispute. If and to the extent Supplier agrees with MetroPCS' position respecting the dispute, MetroPCS shall not be required to pay the disputed amount. If and to the extent Supplier disagrees with MetroPCS' position respecting the dispute, the parties promptly shall attempt to resolve the dispute in accordance with the terms set forth in **Article 8**. *** .

3.2.2 Timely Invoicing. Supplier shall issue each invoice for Services under a Service Addendum or Statement of Work within *** following the date that the applicable Service was provided. Subject to the exception described below in this **Section 3.2.2** relating to financial audits, Supplier may not, and Supplier waives its right to, invoice MetroPCS for any Services more than *** following the date that the applicable Service was provided. Notwithstanding anything to the contrary in this Section, Supplier shall have the right to invoice MetroPCS for Services more than *** following the date that the applicable Service was provided to the extent that: (a) Supplier conducts a financial audit pursuant to **Section 9.3** of the Terms and Conditions; and (b) such audit reveals that: (i) such Services were provided during the *** period preceding the date on which MetroPCS received the audit notice from Supplier; and (ii) Supplier previously failed to invoice MetroPCS for such Services but as a result of the audit desires to do so.

3.2.3 Timely Disputes. If MetroPCS wants to dispute an invoice, MetroPCS must so notify Supplier (with notice being sent to the person specified in **Section 3.1.2** at the address specified in such Section) within *** following the date of its receipt of the applicable invoice. If MetroPCS *** as described in **Section 3.2.1**, MetroPCS *** shall provide to Supplier a written explanation of the reasons for doing so. Subject to the exception described below in this **Section 3.2.3** relating to financial audits, MetroPCS may not, and MetroPCS waives its right to, dispute an invoice more than *** following the date of its receipt of the applicable invoice. Notwithstanding anything to the contrary in this Section, MetroPCS shall have the right to dispute an invoice more than *** following the date of its receipt of the applicable invoice to the extent that: (a) MetroPCS conducts a financial audit pursuant to **Section 9.3** of the Terms and Conditions; and (b) such audit reveals that: (i) the Services to which the invoice relates were provided during the *** period preceding the date on which Supplier received the audit notice from MetroPCS; and (ii) MetroPCS previously failed to dispute such invoice but as a result of the audit desires to do so.

3.3 Taxes.

3.3.1 General. Supplier's prices are exclusive of any national, federal, state, provincial, local or other sales, use, excise, value-added, customs and other taxes or like charges arising hereunder and MetroPCS shall reimburse Supplier, or pay all such taxes and charges directly, as appropriate. If Supplier has paid or will pay such taxes or charges on MetroPCS' behalf, Supplier shall separately list on its invoices any such taxes or charges, except where MetroPCS furnishes evidence of a lawful exemption. If value-added tax on the supplies of Supplier is payable by MetroPCS under a reverse charge procedure (*i.e.*, shifting of liability, accounting or payment requirement to recipient of supplies), MetroPCS shall ensure that Supplier will not effectively be held liable for this value-added tax by the relevant taxing authorities or other parties. Where applicable, Supplier shall ensure that its invoices to MetroPCS are issued in such a way that these invoices meet the requirements for deduction of input value-added tax by MetroPCS. MetroPCS shall in no event be liable for the payment of any taxes or like charges based upon the net income of Supplier.

3.3.2 Exemptions. Supplier shall not collect otherwise applicable taxes or like charges if a valid tax exemption certificate is furnished by MetroPCS to Supplier. If Supplier collects taxes and MetroPCS either: (a) subsequently determines that the taxes were not due; or (b) had previously issued to Supplier a valid exemption certificate or (c) MetroPCS subsequently provides a valid exemption certificate, Supplier will make all reasonable efforts to assist MetroPCS in obtaining a refund of such taxes collected in error, including, but not limited to, issuing a credit memo and/or filing a refund claim on behalf of MetroPCS if requested to do so in writing by MetroPCS.

3.3.3 Special Provision Relating to State Sales and Use Taxes. If MetroPCS receives Services in the United States from Supplier and such transfer is subject to sales or use tax of a particular state in the United States, MetroPCS will reimburse Supplier for any such taxes paid by Supplier over and above the purchase price for such goods; provided, however, that MetroPCS shall not reimburse Supplier for any such taxes charged against Supplier or MetroPCS on account of Supplier's mis-delivery or other failure to comply with MetroPCS' delivery instructions.

3.3.4 Protested Taxes. Supplier shall promptly notify MetroPCS in writing of: (a) any Tax Assessment by a state or local taxing authority; and (b) any decision with respect to a Tax Assessment which has been appealed or protested; provided, however, that Supplier shall in all instances give MetroPCS written notice of such event no later than *** prior to the date by which a response, protest, contest, or other appeal of such Tax Assessment must be filed. In the first instance, Supplier shall have the exclusive right to contest any Tax Assessment at its own expense. If all or any portion of a Tax Assessment must be paid in order to contest the imposition of any such Tax Assessment in connection with a contest that Supplier elects to pursue, or to avoid the existence of a lien on the assets of Supplier during the pendency of such contest, Supplier shall be responsible for such payment and shall be entitled to the benefit of any refund or recovery. MetroPCS shall pay all valid final and non-appealable Tax Assessments (or reimburse Supplier in the event Supplier pays any or all valid final and non-appealable Tax Assessments) upon presentation by Supplier of proof of a valid final and non-appealable Tax Assessment. MetroPCS' liability for valid final and non-appealable Tax Assessments will be limited to the actual tax that was originally due without respect to any sampling projection that may occur during a tax audit. A "**valid final and non-appealable Tax Assessment**" shall mean one that is issued by a state or local taxing authority in accordance with the applicable Law and which is not subject to any further administrative or judicial review and all times for appeal, reconsideration, or requests for reassessment have run without an appeal, reconsideration, or request for reassessment having been taken. If Supplier elects not to contest a Tax Assessment, Supplier must either: (c) waive its right to reimbursement from MetroPCS for that Tax Assessment in which event MetroPCS shall have no right to contest the Tax Assessment and MetroPCS shall have no liability for such Tax Assessment; or (d) promptly notify MetroPCS in writing that it is: (1) not responding, protesting, contesting, or appealing the Tax Assessment; and (2) seeking reimbursement for the Tax Assessment as if it were a valid final and non-appealable Tax Assessment which notice shall set forth the legal and/or factual basis for not contesting the Tax Assessment along with a copy of the Tax Assessment; provided, however, that Supplier shall in all instances give MetroPCS written notice of such decision to not protest, contest or appeal such Tax Assessment no later than *** prior to the date by which a response, contest, protest or other appeal of such Tax Assessment must be filed; provided, further, that Supplier may not elect the option set forth in **subsection (d)** (e.g., to notify MetroPCS and not protest, contest, or appeal a Tax Assessment) unless Supplier has a good faith belief that there is no reasonable basis in Law or fact for a contest, protest, or appeal of such Tax Assessment; provided, finally, that in the event that Supplier elects the option set forth in **subsection (d)** and fails to notify MetroPCS in writing in time to allow MetroPCS to file a response, protest, or contest, Supplier shall be deemed to have waived its right to seek reimbursement from MetroPCS for that Tax Assessment. In the instance Supplier notifies MetroPCS that it is not contesting the Tax Assessment, MetroPCS may elect, at its sole discretion, to pursue the contest of the Tax Assessment in good faith, at its own expense, or to pay to Supplier the Tax Assessment. If MetroPCS elects to contest a Tax Assessment and, further, in the event that all or a portion of a Tax Assessment must be paid in order to contest the imposition of any such Tax Assessment or to avoid the existence of a lien on the assets of Supplier during the pendency of such contest, MetroPCS shall be responsible for such payment. If any such contest must be pursued in the name of Supplier, Supplier shall permit MetroPCS to pursue and control the contest in the name of Supplier, and Supplier shall have the opportunity to participate fully in the preparation of such contest at its own expense. In any contest of a Tax Assessment, the party bringing the protest shall promptly furnish the other party with written notice of the pending proceeding, copies of all filings in any proceeding, protest, contest, or legal challenge, all rulings issued in connection therewith, all correspondence between such party and the state or local taxing authority, the final resolution thereof, and any action therein that would affect Supplier's obligation to collect and remit, and the party bringing the contest shall allow the other party to participate in such contest with its own counsel at its own expense.

3.4 Contracting Expenses. Each party shall bear all costs and expenses paid or incurred by it in connection with the planning, preparation, negotiation and consummation of the Agreement (including each Service Addendum and Statement of Work).

ARTICLE 4 — REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Services. Supplier represents and warrants to MetroPCS that it shall perform the Services in a good, workmanlike and professional manner in accordance with Supplier's standards for the Services and industry practices and standards that generally are applicable to the Services in the country in which the Services are provided; provided, however, that where this Agreement specifies a particular standard or criteria for performance, this warranty is not intended to and does not diminish that standard or criteria for performance. Without limiting the generality of the foregoing, Supplier represents and warrants to MetroPCS that the Services shall at all times ***. Without limiting any other rights and remedies that may then be available to MetroPCS, Supplier's failure to provide Services that *** to MetroPCS and may be the basis for an Event of Default and termination as provided in **Sections 5.2(d) and 5.4** of the Terms and Conditions. The amounts and terms and conditions governing *** shall be set forth in the applicable Service Addendum or Statement of Work.

4.2 Pricing and Terms and Conditions Warranty. The applicable Service Addendum or Statement of Work may include a Supplier representation and warranty regarding the *** for Comparable Services.

4.3 Intellectual Property Warranty. Supplier represents and warrants to MetroPCS that: (a) there are no lawsuits pending against Supplier that allege that the Services infringe upon the Intellectual Property Rights of any Third Party ("**Third Party IP Right**"); and (b) ***, there is no Third Party demand or threatened claim, suit or proceeding against Supplier alleging violation or infringement of a Third Party IP Right. Supplier will not have breached the terms of this Section if *** Supplier: (c) ***, and (d) fully indemnifies, defends and holds harmless the MetroPCS Indemnified Parties in respect of such event as set forth in **Section 7.2**.

4.4 Warranty of Authority. Each party represents and warrants to the other party that: (a) it has the right to enter into this Agreement (including each Service Addendum and Statement of Work executed hereunder); and (b) there are no outstanding assignments, grants, licenses, encumbrances, obligations or agreements (whether written, oral or implied) that are inconsistent with this Agreement (including each Service Addendum and Statement of Work executed hereunder).

4.5 Pending Litigation Warranty. Each party represents and warrants to the other party that, as of the Effective Date, there is no action, suit, claim, investigation or proceeding pending, or to the best of such party's knowledge, threatened against, by or affecting such party or the Services which, if adversely decided, might adversely affect such party's ability to enter into this Agreement. Supplier represents and warrants to MetroPCS that, as of the Effective Date, there is no action, suit, claim, investigation or proceeding pending, or, to the best of Supplier's knowledge, threatened against, by or affecting Supplier and/or the Services which if adversely decided, might adversely affect: (a) Supplier's performance of its obligations hereunder; or (b) receipt of the Services by MetroPCS, its Affiliates and Designated Entities.

4.6 * .**

4.7 Additional Warranties. Supplier's performance under this Agreement shall include, in addition to the warranties set forth in this **Article 4**, all representations and warranties expressly set forth in elsewhere in the Agreement (including in any Service Addendum or Statement of Work).

4.8 Warranty Disclaimer. **THE WARRANTIES SET FORTH IN THIS AGREEMENT (INCLUDING IN ANY SERVICE ADDENDUM OR STATEMENT OF WORK) ARE THE ONLY WARRANTIES MADE BY A PARTY, AND NO OTHER WARRANTY, EXPRESS OR IMPLIED, WILL APPLY INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT.**

ARTICLE 5 — TERM AND TERMINATION

5.1 Term. Unless earlier terminated as provided herein: (a) the Agreement shall remain in effect during the Term; and (b) the term during which Services shall be provided to MetroPCS, its Affiliates and Designated Entities shall be set forth in the applicable Service Addendum or Statement of Work and shall in all events extend through the length of any Transition Period.

5.2 Events of Default. Each of the following events shall constitute an event of default (each, an "*Event of Default*"), the occurrence of which shall constitute a material breach of this Agreement:

(a) Either party's material breach of any representation or warranty set forth in this Agreement (including in any Service Addendum or Statement of Work), which material breach shall constitute a Supplier Event of Default or MetroPCS Event of Default, as applicable, unless such material breach is cured within *** days following the breaching party's receipt of written notice from the non-breaching party setting forth the nature of such breach with reasonable particularity;

(b) Supplier fails to maintain insurance coverage in accordance with the terms of **Section 7.4**, which failure shall constitute a Supplier Event of Default unless within *** following Supplier's receipt of written notice of such failure: (i) such failure is cured; and (ii) Supplier provides MetroPCS with evidence of insurance coverage in accordance with the terms of **Section 7.4** for the period during which insurance coverage was not maintained;

(c) MetroPCS fails to timely pay any undisputed amount owed to Supplier, which failure shall constitute a MetroPCS Event of Default unless such failure is cured within *** days following MetroPCS' receipt of written notice of non-payment from Supplier that describes with reasonable particularity the amounts Supplier claims it is owed;

(d) Supplier (through its Affiliates) fails to achieve *** in a manner that constitutes an Event of Default as expressly agreed to by the parties in an applicable Service Addendum or Statement of Work, which failure shall constitute a Supplier Event of Default *** ;

(e) A party fails to perform any other material obligation under this Agreement (including under a Service Addendum or Statement of Work), which failure shall constitute an Event of Default respecting the applicable party unless such failure is cured within *** days following such party's receipt of written notice from the other party setting forth the nature of such failure with reasonable particularity;

(f) The institution of bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against Supplier under any section or chapter of the Bankruptcy Code, as amended, or under any similar Laws, if such proceedings have not been dismissed or discharged within *** days after they are instituted; or the insolvency or making of an assignment for the benefit of creditors or the admittance by Supplier of any involuntary debts as they mature or the institution of any reorganization arrangement or other readjustment of debt plan of Supplier not involving the Bankruptcy Code; or any corporate action taken by the Board of Directors of Supplier in furtherance of any of the above actions, any of which events shall constitute a Supplier Event of Default; and

(g) Appointment of a receiver for all or substantially all of Supplier's assets, or any corporate action taken by Supplier's Board of Directors in furtherance of the above action, any of which events shall constitute a Supplier Event of Default.

A party shall notify the non-performing party within *** following the date on which it knows an Event of Default has occurred, and if the Event of Default is based upon an action or omission for which there is no corresponding notice and opportunity to cure, then the non-performing party must exercise its right of termination within *** of the delivery of said notice, and failure to exercise such right within such time period shall be deemed a waiver of the right to terminate based on the applicable Event of Default.

5.3 Rights and Remedies of Supplier Upon Default of MetroPCS. Upon the occurrence of a MetroPCS Event of Default, subject to the terms of **Sections 5.9, 5.10** and **5.12**, Supplier shall be entitled to:

- (a) terminate this Agreement (including any Service Addenda and/or Statements of Work), in whole or in part; and/or
- (b) subject to the terms of **Section 5.5**, recover damages from MetroPCS; and/or
- (c) if applicable, seek to obtain the additional rights and remedies set forth in **Section 8.3**.

5.4 Rights and Remedies of MetroPCS Upon Default of Supplier.

5.4.1 General. Upon the occurrence of a Supplier Event of Default, subject to the terms of **Section 5.12**, MetroPCS shall be entitled to:

- (a) terminate this Agreement (including any Service Addenda and/or Statements of Work), in whole or in part;
- (b) subject to the terms of **Section 5.5**, recover damages from Supplier;
- (c) if applicable, obtain the additional remedies described in **Section 5.9**; and/or
- (d) if applicable, seek to obtain the additional rights and remedies set forth in **Section 8.3**.

5.4.2 Right to Set Off. In accordance with the terms set forth in this **Section 5.4.2**, MetroPCS shall have the right to set off any undisputed amounts owed to Supplier against *** (including in any Service Addendum or Statement of Work). In order to exercise the set-off rights granted under this Section, MetroPCS must provide written notice to Supplier (with notice being sent to the person specified in **Section 3.1.2** at the address specified in such Section) at least *** prior to exercising such right, setting forth in such notice the basis for such set-off claim with reasonable particularity and including with such notice documentation reasonably supportive of the set-off claim ("**Set-Off Notice**"). Within *** following its receipt of a Set-Off Notice, Supplier shall notify MetroPCS in writing as to whether it agrees with or objects to the Set-Off Notice, and if Supplier objects to the Set-Off Notice, then Supplier shall specify in such notice with reasonable particularity the reason for its objections and include with such notice documentation reasonably supportive of its objections ("**Set-Off Response**"). If Supplier agrees with the Set-Off Notice, then MetroPCS may exercise its set-off rights. If Supplier objects to the Set-Off Notice, then promptly following MetroPCS' receipt of the Set-Off Response, the parties shall meet in an effort to resolve the issues relating to the Set-Off Notice. If the parties have not resolved such issues within *** following MetroPCS' receipt of the Set-Off Response, then MetroPCS may exercise its set-off rights, and the parties shall treat the Set-Off Notice as a dispute and submit it to the dispute resolution procedures set forth in **Article 8** of the Terms and Conditions.

5.5 Liability Limitations.

5.5.1 Disclaimer of Non-Direct Damages. EXCEPT AS PROVIDED IN SECTIONS ***, NEITHER PARTY SHALL BE LIABLE FOR ANY DAMAGES FOR LOST PROFITS, LOST REVENUES, OR LOSS OF GOODWILL, OR FOR CONSEQUENTIAL, SPECIAL, INDIRECT, EXEMPLARY OR PUNITIVE DAMAGES, ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING ANY SERVICE ADDENDUM OR STATEMENT OF WORK), REGARDLESS OF THE FORM IN WHICH ANY ACTION IS BROUGHT (E.G., CONTRACT, TORT, NEGLIGENCE, OR OTHERWISE), EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

5.5.2 Exclusions from Liability Limitations. Notwithstanding anything that may be contained in this Agreement to the contrary, the liability limitations and remedies limitations contained in **Section 5.5.1** shall not apply to: (a) *** (b) personal injury, including death, and damage to tangible property caused by the negligent or intentional acts of a party or its Personnel; (c) *** ; or (d) attorneys' fees and costs recoverable by a party, including as provided in **Section 5.11**.

5.5.3 Lost Profits. If MetroPCS breaches any *** that may be included in a Service Addendum or Statement of Work and fails to cure such breach within *** following MetroPCS' receipt of written notice from Supplier setting forth the nature of such failure with reasonable particularity, then notwithstanding any contrary terms that may be contained in **Section 5.5.1**, the liability limitations and remedies limitations contained in **Section 5.5.1** shall not prevent Supplier from seeking to recover profits it lost as a result thereof, provided that any recovery of such lost profits shall not exceed:

(a) in respect of Service Addendum One (Domestic Long Distance Service): (i) if the breach occurred during *** following the effective date of such Service Addendum, *** ; or (ii) if the breach occurred after *** following the effective date of such Service Addendum, the dollar amount of the termination fees that would have been payable by MetroPCS *** effective as of the date on which the breach first occurred; or

(b) in respect of Service Addendum Two (International Long Distance Service): (i) if the breach occurred during *** following the effective date of such Service Addendum, ***; or (ii) if the breach occurred after *** following the effective date of such Service Addendum, the dollar amount of the termination fees that would have been payable by MetroPCS *** effective as of the date on which the breach first occurred; or

(c) in respect of any other Service Addendum or Statement of Work, the dollar amount of the termination fees that would have been payable by MetroPCS *** effective as of the date on which the breach first occurred.

5.6 Termination for Force Majeure. If: (a) a Force Majeure Event substantially prevents, hinders or delays Supplier's performance of its obligations hereunder for a period of *** or more; and (b) such delay ***, subject to Supplier's obligations under **Sections 5.9** and **5.10**, MetroPCS may at any time terminate the Agreement by delivering a written termination notice to Supplier ***, except for the obligation to pay for Services satisfactorily performed by Supplier prior to the occurrence of the Force Majeure Event. For the avoidance of doubt, any termination pursuant to this Section shall not constitute a termination under any other provision of this Agreement.

5.7 Termination for Supplier Change in Control. In its sole and absolute discretion, MetroPCS shall have the right to terminate this Agreement (including all Service Addenda and Statements of Work): (a) upon the occurrence of a Supplier Change in Control that results in Supplier being directly or indirectly owned or controlled by a MetroPCS Competitor; (b) if Supplier sells to a MetroPCS Competitor all or substantially all of the assets used to provide the Services; or (c) *** . Upon the occurrence of any of the events described in the foregoing **subsections (a)** or **(b)**: (d) MetroPCS shall notify the Supplier successor in writing of its intent to terminate pursuant to this **Section 5.7** and will allow the successor *** days following receipt of such notice to respond in writing to MetroPCS' concerns and take appropriate steps to address each of such concerns; and (e) MetroPCS will in good faith review and consider such written response from the successor. If MetroPCS nonetheless wants to terminate this Agreement pursuant to the foregoing **subsections (a)** or **(b)**, or if MetroPCS wants to terminate this Agreement pursuant to the foregoing **subsection (c)**: (f) MetroPCS shall deliver a written termination notice to Supplier; and (g) such termination shall be ***, but subject to Supplier's obligations under **Sections 5.9** and **5.10**. For the avoidance of doubt, any termination pursuant to this Section shall not constitute a termination under any other provision of this Agreement.

5.8 Termination Without Cause. MetroPCS shall have the right to terminate a Service Addendum or Statement of Work without cause in accordance with the terms and conditions set forth therein, which terms and conditions may include a requirement that MetroPCS pay a termination fee in connection with any such termination. In such event: (a) except to the extent otherwise requested by MetroPCS pursuant to **Section 5.9**, Supplier immediately shall discontinue providing the terminated Services; (b) MetroPCS shall be obligated to pay to Supplier the fees for Services provided by Supplier up through and including the conclusion of the Transition Period under the applicable Service Addendum or Statement of Work; and (c) the parties shall comply with any other requirements or obligations respecting termination for convenience that may be set forth in the applicable Service Addendum or Statement of Work.

5.9 Transition Rights. Upon a complete or partial termination (including expiration) of this Agreement (including any Service Addendum or Statement of Work) for any reason, MetroPCS shall have the right, for the period of time specified in the applicable Service Addendum or Statement of Work (which period shall be *** if not otherwise specified in the applicable Service Addendum or Statement of Work) (such period, the "**Transition Period**") to receive the Services and all other Services reasonably necessary and appropriate to allow MetroPCS to effectuate an orderly transition to other replacement services; provided, however, that if Supplier completely or partially terminates this Agreement (including any Service Addendum or Statement of Work) following a **Section 5.2(c)** Event of Default, as conditions to such rights, MetroPCS must: (a) cure any payment default(s); (b) pay *** for ongoing Services (unless otherwise agreed by the parties, the amount *** will be equal to *** ; and (c) as applicable, pay *** (in accordance with the terms set forth in **Article 3**) any invoiced amounts **, or receive a credit **. Promptly following the conclusion of the Transition Period under the applicable Service Addendum, the parties shall *** during the Transition Period, and Supplier promptly shall **, or MetroPCS shall *** in accordance with the terms set forth in **Article 3**. Unless specified otherwise in the applicable Service Addendum or Statement of Work, the Services provided by Supplier (through its Affiliates) during the Transition Period shall be provided at the then-applicable rates under the Agreement.

5.10 No Interruption of Services. Irrespective of whether the parties have availed themselves of the dispute resolution procedures set forth in **Article 8**, Supplier shall not take any action, or omit to take any action, with the intent to deny, withdraw, interrupt or otherwise restrict provision or receipt of the Services during the Term by MetroPCS, its Affiliates and/or its Designated Entities unless, and then only to the extent: (a) the parties have agreed in advance and in writing to such denial, withdrawal, interruption or other restriction; (b) Supplier has determined in good faith that such denial, withdrawal, interruption or other restriction is reasonably necessary to prevent or limit damage to Supplier's systems (*e.g.*, damage that may be caused by Disabling Codes or unanticipated traffic volumes that, if unchecked, could overload Supplier's systems to the point of failure) or a Third Party's perpetration of fraud, provided that: (i) Supplier promptly shall notify MetroPCS' Chief Financial Officer verbally of such event (which verbal notification shall be confirmed in writing promptly following the occurrence of the circumstances causing such denial, withdrawal, interruption or other restriction), including in such notice reasonable details respecting such event; and (ii) Supplier shall take all reasonable measures to limit to the shortest time possible under the circumstances the period of time during which such denial, withdrawal, interruption or other restriction is in effect; (c) authority to do so is conferred by a court of competent jurisdiction; or (d) the Term of this Agreement or any applicable Service Addendum or Statement of Work has ended (as a result of expiration or termination) and the Transition Period has expired; provided, however, that in the case of Supplier's termination of this Agreement or any applicable Service Addendum or Statement of Work following a **Section 5.2(c)** Event of Default, Supplier will continue to provide the Services to MetroPCS, its Affiliates and its Designated Entities during the applicable Transition Period only if and to the extent MetroPCS complies with the requirements set forth in **Sections 5.9(a), (b) and (c)** of the Terms and Conditions, as applicable, and provided further that any denial, withdrawal, interruption or other restriction that occurs as a result of MetroPCS' failure to comply with the requirements set forth in **Sections 5.9(a), (b) and (c)** shall: (i) remain in effect only until such time as MetroPCS cures such failure; and (ii) give rise to an option for Supplier on written notice given to MetroPCS promptly following the occurrence of any such denial, withdrawal, interruption or other restriction, to reduce the length of the Transition Period from *** in length).

5.11 Attorneys' Fees. If a party brings a claim, suit or proceeding against the other party arising out of or relating to the Agreement, or pertaining to a declaration of rights under the Agreement, the trier of fact may, in the exercise of its discretion, award the party it finds to be the prevailing party in such claim, suit or proceeding that portion or all of its fees, costs and expenses (including, without limitation, court costs and reasonable fees for attorneys and expert witnesses) that it deems to be appropriate under the facts and circumstances. The term "prevailing party" for purposes of this Section shall include a defendant or plaintiff, as applicable, who has by motion, judgment, verdict or dismissal by an arbitrator, arbitration panel or a court, successfully: (a) defended against any claim, suit or proceeding that has been asserted against it, in the case of a defendant; and/or (b) asserted any claim, suit or proceeding against a defendant, in the case of a plaintiff.

5.12 Non-Exclusive Remedies. Subject to the terms and restrictions set forth in the Terms and Conditions, the remedies provided in this Agreement are neither exclusive nor mutually exclusive, and the parties shall be entitled to any and all such remedies, and any and all other remedies that may be available to the parties at law or in equity, by statute or otherwise, individually or in any combination thereof.

5.13 Survival. Any terms of the Agreement (including any Service Addendum or Statement of Work) that expressly or by their nature reasonably would be presumed to survive beyond the Term (including any Service Addendum or Statement of Work) shall so survive including, without limitation, the terms set forth in the following Sections of the Agreement: **Sections 1.4, 1.6., 3.1, 3.2** (for twelve (12) months following the Termination Date only), **3.3, 4.8, 5.3, ***, 5.5, 5.9, 5.10, 5.11, 5.12, 5.13, 7.1, 7.2, 7.3, 7.4** (only in respect of Supplier's obligation to provide copies of its insurance policies to MetroPCS), **9.1, 9.3** (for twelve (12) months following the Termination Date only), **9.6, 9.8, 9.9, 9.10, 9.11, 9.12, 9.13 and 9.16, Article 6 and Section D(2) of Schedule 7.4.**

ARTICLE 6 — INTELLECTUAL PROPERTY RIGHTS, CONFIDENTIALITY AND SECURITY

6.1 Intellectual Property Rights. Each party is and shall remain the sole and exclusive owner of its Pre-Existing Materials. "**Pre-Existing Materials**" means any and all technology or other materials, and Intellectual Property Rights therein and thereto, either: (a) developed, licensed or owned by a party, its Affiliates or, in MetroPCS' case, a Designated Entity, before the Effective Date; or (b) acquired and/or developed by a party, its Affiliates or, in MetroPCS' case, a Designated Entity, without charge to the other party, its Affiliates or, in MetroPCS' case, a Designated Entity, and without using any of the Confidential Information of a party, its Affiliates or, in MetroPCS' case, a Designated Entity.

6.2 Confidential Information.

6.2.1 Duty of Care. The Recipient shall use the same degree of care and protection with respect to the Discloser's Confidential Information that it exercises with respect to its own Confidential Information, but in all events at least a reasonable degree of care.

6.2.2 Disclosures of Confidential Information. Except as hereinafter permitted in this Section, without the prior written consent of the Discloser, which consent the Discloser may withhold in its sole discretion, the Recipient shall not directly or indirectly disclose, distribute, republish or transmit the Discloser's Confidential Information to any Third Party. Notwithstanding the foregoing:

(a) the Recipient may disclose the Discloser's Confidential Information as permitted under the terms of the Agreement;

(b) MetroPCS may disclose Supplier Confidential Information to *** who or that have a reasonable need to know, provided that disclosures to its auditors must be made pursuant to written confidentiality obligations that are no less stringent than those set forth in this **Section 6.2** and that cover the portions of the Supplier Confidential Information that will be disclosed, and subject to the terms of the foregoing **subsection (a)**, MetroPCS may disclose Supplier Confidential Information to *** only with Supplier's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned, provided that any such approved disclosures must be made pursuant to written confidentiality obligations that are no less stringent than those set forth in this **Section 6.2** and that cover the portions of the Supplier Confidential Information that will be disclosed;

(c) Supplier may disclose MetroPCS Confidential Information to its auditors and to those of its Authorized Users who or that have a reasonable need to know, provided that disclosures to its auditors must be made pursuant to written confidentiality obligations that are no less stringent than those set forth in this **Section 6.2** and that cover the portions of the MetroPCS Confidential Information that will be disclosed, and subject to the terms of the foregoing **subsection (a)**, Supplier may disclose MetroPCS Confidential Information to other Third Parties only with MetroPCS' prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned, provided that any such approved disclosures must be made pursuant to written confidentiality obligations that are no less stringent than those set forth in this **Section 6.2** and that cover the portions of the MetroPCS Confidential Information that will be disclosed;

(d) the Recipient may disclose the Discloser's Confidential Information to its attorneys, accountants, financial advisors, banks and other financing sources and other similar advisors who or that have a reasonable need to know such Confidential Information; and

(e) the Recipient may disclose the Discloser's Confidential Information if the disclosure is required by Law (including to the Securities and Exchange Commission and/or in accordance with the rules and requirements of any stock exchange), or by subpoena, order of a court or regulatory or governmental agency or other similar legal process, provided that such disclosure is made in accordance with the terms of **Section 6.2.5**.

6.2.3 Uses of Confidential Information. Without the prior written consent of the Discloser, which consent the Discloser may withhold in its sole discretion, the Recipient shall not directly or indirectly use or allow its Personnel to use the Discloser's Confidential Information except as reasonably necessary in connection with the Agreement including, without limitation, in connection with a party's performance of its obligations under the Agreement and/or a party's exercise of rights granted under the Agreement.

6.2.4 Return or Destruction of Confidential Information. Subject to the further terms of this Section, upon the expiration or termination of the Agreement and the expiration of the Transition Period, and at any other time upon the Discloser's written request, the Recipient promptly shall: (a) return to the Discloser, or delete or destroy, all Discloser Confidential Information (and all copies thereof) then in its possession or control, in whatever form, or, in the case of a written request by the Discloser, the Confidential Information specified in such request as then in the Recipient's possession or control, in whatever form; and (b) unless the Discloser otherwise consents in writing, deliver to the Discloser, or delete or destroy, any copies, duplicates, summaries, abstracts or other representations of any such Confidential Information or any part thereof, in whatever form, then in the possession or control of the Recipient. Notwithstanding any of the foregoing: (c) the Recipient may retain copies of the Discloser Confidential Information to the extent required by Law and/or to the extent otherwise permitted under this Agreement; and (d) if any return, deletion or destruction of Confidential Information will have an adverse effect on Supplier's ability to deliver Services or MetroPCS' ability to receive Services, then the parties shall discuss reasonably available alternatives to such return, deletion or destruction.

6.2.5 Notification Obligation. If the Recipient becomes aware of any unauthorized use or disclosure of the Discloser's Confidential Information, the Recipient promptly and fully shall notify the Discloser of all facts known to it concerning such unauthorized use or disclosure and shall use its commercially reasonable efforts to mitigate any potential harm or further unauthorized use or disclosure of such Confidential Information. In addition, if the Recipient or any of its Personnel are requested or required (by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena, civil investigative demand or other similar process) to disclose any of the Discloser's Confidential Information, the Recipient, to the extent permitted by Law, shall not disclose the Confidential Information without providing the Discloser with reasonable prior written notice of any such request or requirement so that the Discloser may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. Notwithstanding the foregoing, the Recipient shall use commercially reasonable efforts to preserve the confidentiality of the Discloser's Confidential Information including, without limitation, by cooperating with the Discloser at the Discloser's expense to obtain an appropriate protective order or other reliable assurance that confidential treatment will be accorded the Confidential Information by such tribunal.

6.2.6 Injunctive Relief. If the Recipient or anyone acting on its behalf or operating under its control, including its Personnel and representatives, publishes, transmits, releases, discloses or uses any Discloser Confidential Information in violation of the terms of this **Section 6.2**, or if the Discloser anticipates that the Recipient may violate or continue to violate any restriction set forth in this **Section 6.2**, then subject to the terms of **Section 9.10**, the Discloser may seek to have the provisions of this **Section 6.2** specifically enforced by a court having equity jurisdiction, without being required to post bond or other security, it being acknowledged and agreed that any such violation may cause irreparable injury to the Discloser and that monetary damages may not provide an adequate remedy.

6.2.7 Ownership. Each party retains ownership of its Confidential Information.

6.2.8 Survival. The terms of this **Section 6.2** shall survive the expiration or termination of this Agreement for ***.

6.3 Personal Information Statutes. Supplier acknowledges that MetroPCS Confidential Information includes personal information pertaining to residents of different states and that most states (including the state of Texas at Tex. Bus. & Com. Code §48.001 et seq.) have adopted statutes (each, a "**Personal Information Statute**") aimed at protecting individuals whose personal information is collected and/or maintained by entities such as MetroPCS, its Affiliates and Designated Entities. Having acknowledged the foregoing, Supplier agrees that if there is any unauthorized access to or disclosure of MetroPCS Confidential Information that is the subject of a Personal Information Statute, to the extent such unauthorized access or disclosure is attributable to a breach by Supplier of its obligations under the Agreement with respect to MetroPCS Confidential Information, Supplier shall: (a) promptly report such unauthorized disclosure or access to MetroPCS; (b) mitigate, to the extent practicable, any harmful effect of such disclosure or access that is known to Supplier; and (c) cooperate with MetroPCS in the providing of any notices that MetroPCS deems reasonably appropriate respecting such unauthorized access or disclosure. Additionally, Supplier shall bear: (d) *** Supplier to comply with its legal obligations relating to such breach; and (e) in addition to any other damages for which Supplier may be liable, *** by MetroPCS, its Affiliates and/or Designated Entities in complying with its or their legal obligations relating to such breach. Nothing contained herein shall be deemed to affect Supplier's indemnification obligations under **Section 7.1**.

ARTICLE 7 — INDEMNIFICATION AND INSURANCE

7.1 General. The party against whom a claim for indemnification is made (the "**Indemnifying Party**") shall indemnify, defend and hold harmless the other party and such other party's Affiliates (and, in the case of MetroPCS, the Designated Entities), and their respective members, directors, officers, managers, shareholders, employees, representatives, agents, dealers, attorneys, successors and assigns (collectively, the "**Indemnified Parties**"), from and against any and all notices, charges, claims, demands, liabilities, damages, proceedings, obligations, judgments, actions, causes of action, suits, complaints, losses, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs and fees, including costs of appeal) (collectively, "**Losses**") arising out of, in connection with, or relating to: (a) personal injury, including death, and/or tangible property damage caused by the willful, negligent or intentional acts or omissions (including, without limitation, active or passive negligence) of the Indemnifying Party or its Personnel; or (b) a Third Party Action that arises out of, in connection with, or relating to, a failure by the Indemnifying Party or its Personnel to comply with the terms of this Agreement; provided, however, that a party shall not be obligated to indemnify, defend, or hold harmless the other party for the other party's own negligence or willful misconduct.

7.2 Proprietary Rights Infringement Indemnification.

7.2.1 General. In the event of any Third Party Action against any MetroPCS Indemnified Party alleging: (a) *** (each, an "**Infringement Claim**"), Supplier, at its expense, will indemnify, defend and hold harmless the MetroPCS Indemnified Parties from and against any and all Losses arising out of any such Infringement Claim. Without MetroPCS' prior written consent, Supplier will not agree to any settlement or any compromise that does not provide a full and complete release of the MetroPCS Indemnified Parties from any and all liability with respect to such Infringement Claim. If the terms of such a proposed settlement would require a MetroPCS Indemnified Party to take any action (including, without limitation, to pay money damages that will not be paid in full by Supplier, or to refrain from taking any action), Supplier shall obtain MetroPCS' prior written consent to those terms of the settlement.

7.2.2 Remedies. If receipt of any Service by MetroPCS and/or its Affiliates and/or its Designated Entities is enjoined or in Supplier's opinion is likely to be enjoined or subject to an Infringement Claim, Supplier, at its expense and at Supplier's option (following consultation with MetroPCS), will either: (a) *** . If, *** , none of the foregoing options can be implemented by Supplier within *** , MetroPCS may terminate the affected Services (without liability for such termination) and Supplier shall, *** procure for MetroPCS, its Affiliates and Designated Entities a transitional period of continued receipt of such Service as provided in **Section 5.9** of the Terms and Conditions, and in any event make available to MetroPCS, its Affiliates and Designated Entities the other transition services described therein.

7.2.3 Additional Indemnification Obligations. If and to the extent Supplier reasonably believes that any development services requested by MetroPCS under a Service Addendum or Statement of Work might give rise to a Third Party claim of intellectual property rights infringement or misappropriation, then Supplier shall so notify MetroPCS promptly in writing prior to performing the services, and: (a) at MetroPCS' request, the parties will work together to develop a solution that the parties agree is non-infringing; (b) MetroPCS may decide not to proceed with its development services request; or (c) if MetroPCS nonetheless elects to move forward with its development services request, then the parties may agree in the applicable Service Addendum or Statement of Work to intellectual property indemnification obligations that are in addition to those set forth in this **Section 7.2**.

7.3 Procedures for Indemnification.

7.3.1 General. Promptly after becoming aware of same, the Indemnified Party shall notify the Indemnifying Party of any Third Party Action covered under the terms of **Sections 7.1** or **7.2**, as applicable, for which the Indemnified Party seeks indemnification. For a period that shall not exceed *** days following any such notification, as provided herein, the Indemnified Party and Indemnifying Party shall investigate and discuss in good faith whether such claim is subject to indemnification under **Sections 7.1** or **7.2**, as applicable. During such discussions, the Indemnified Party shall give the Indemnifying Party reasonable access to all records, data and Personnel of the Indemnified Party as may be reasonably necessary to make such determination. If the parties are unable to agree on whether the Indemnifying Party is required to indemnify the Indemnified Party under the terms of **Sections 7.1** or **7.2**, as applicable, the Indemnifying Party, at its option, shall either assume or decline defense of the Third Party Action, including negotiations for its settlement or compromise.

7.3.2 Defense Assumed. If the Indemnifying Party assumes defense of a Third Party Action as described herein, the Indemnified Party shall reasonably cooperate at the Indemnifying Party's sole expense (provided that the Indemnifying Party shall not be required to pay the Indemnified Party for time spent by the employees of the Indemnified Party or its Affiliates providing such reasonable cooperation) with the Indemnifying Party in the defense of such Third Party Action and may be represented, at the Indemnified Party's expense, by counsel of its choice, provided that, where the Indemnifying Party has assumed defense of a Third Party Action, the Indemnifying Party shall have sole control over such defense. The Indemnifying Party shall not be responsible for defending Third Party Actions other than those described in **Sections 7.1** or **7.2**, as applicable, even if brought in the same suit. In addition to the foregoing, if a court of competent jurisdiction later determines that a Third Party Action for which the Indemnifying Party assumed defense was not eligible for indemnification under **Sections 7.1** or **7.2**, as applicable, within *** following such determination, the Indemnified Party shall reimburse the Indemnifying Party in full for all Losses incurred in connection with such Third Party Action.

7.3.3 Defense Declined. If the Indemnifying Party declines to assume defense of any Third Party Action, and it is later determined by a court of competent jurisdiction that such Third Party Action was eligible for indemnification under **Sections 7.1** or **7.2**, as applicable, within *** following such determination, the Indemnifying Party shall reimburse the Indemnified Party in full for all Losses incurred in connection with such Third Party Action.

7.3.4 Settlement of Claims. The Indemnifying Party shall not settle any Third Party Action without the prior written consent of the Indemnified Parties if such settlement: (a) materially diminishes any of the Indemnified Party's rights under this Agreement or seeks to impose additional obligations on the Indemnified Party; or (b) arises out of or is a part of any criminal action, suit or proceeding or contains a stipulation or admission or acknowledgement of any liability or wrongdoing (whether in contract, tort or otherwise) on the part of the Indemnified Party.

7.3.5 Contributory Negligence; Right of Contribution. Nothing contained herein shall bar a claim for contributory negligence between the parties or a party's right of contribution.

7.4 Insurance. Without in any way limiting the Supplier's indemnification obligations under this Agreement including, without limitation, **Sections 7.1 or 7.2**, Supplier shall maintain in effect at all times during the Term insurance with a carrier with an A.M. Best rating of A-XII or better. Such insurance shall include, without limitation, the minimum requirements and minimum limits set forth herein and in **Schedule 7.4**, and Supplier shall designate MetroPCS, its Affiliates and Designated Entities as "additional insureds" on such insurance policies as specified in **Schedule 7.4**. Supplier shall, on or before the Effective Date and thereafter upon MetroPCS' reasonable written request, provide MetroPCS with validated copies of all applicable endorsements naming MetroPCS, its Affiliates and Designated Entities as "additional insureds", as required, and evidencing such coverage in the minimum amounts, which shall also state that MetroPCS shall be provided a minimum of *** prior written notice of: (i) any proposed cancellation, (ii) an expiration without renewal, or (iii) any proposed change in carriers or material terms of coverage. Excluding Third Party carriers providing long-distance services to Supplier, Supplier shall require, obtain or otherwise arrange for levels of insurance coverage for all subcontractors that, at a minimum, satisfies the Supplier's minimum requirements under this Agreement including, without limitation, with respect to limits, terms and conditions of such coverage. Supplier shall use commercially reasonable efforts to have MetroPCS added as an additional insured on its subcontractors' insurance policies. Supplier shall maintain, in its files, evidence of all subcontractors' insurance coverage and shall provide proof of such coverage to MetroPCS. If coverage is denied or reimbursement of a properly presented claim is disputed by the carrier for insurance provided as described above, upon written request, Supplier shall provide MetroPCS with a copy of the involved insurance policy or policies within *** of receipt of such request. The terms of this Section shall not be deemed to limit the liability of Supplier hereunder, or to limit any rights MetroPCS may have including, without limitation, rights of indemnity or contribution. The minimum limits of insurance required under this Agreement shall not be construed to affect or reduce in any manner the limit of insurance afforded MetroPCS under such policies. Language in any insurance policy purchased by Supplier limiting the limit of liability thereunder to any minimum limit required in this Agreement shall not apply.

ARTICLE 8 — DISPUTE RESOLUTION

8.1 Executive Level Performance Review. Upon request, appropriate executive officers of MetroPCS and Supplier shall meet in an effort to resolve any dispute. Written minutes of such meetings shall be kept by the parties. If these representatives are unable to resolve the dispute within *** days after the representatives have commenced negotiations, or *** have passed since the initial request for negotiations at this level, then the dispute may be submitted to non-binding mediation in accordance with **Section 8.2**.

8.2 Voluntary, Non-Binding Mediation. If executive-level performance review does not result in successful resolution of the dispute, the parties may, but shall not be obligated to, mutually agree in writing to submit the dispute to non-binding mediation. Mediation must occur within *** after the parties agree to submit the dispute to mediation, and the duration of the mediation shall be limited to ***. The parties mutually shall select an independent mediator experienced in commercial contract telecommunications disputes, and each shall designate a representative(s) to meet with the mediator in good faith in an effort to resolve the dispute. The specific format for the mediation shall be left to the discretion of the mediator and the designated party representatives and may include the preparation of agreed-upon statements of fact or written statements of position furnished to the other party.

8.3 Equitable Relief. Notwithstanding anything that may be contained herein to the contrary, the parties shall be entitled to seek injunctive or other equitable relief whenever the facts or circumstances would permit a party to seek such injunctive or other equitable relief.

ARTICLE 9 — MISCELLANEOUS

9.1 Notices. Any written notice required or permitted to be delivered pursuant to this Agreement shall be in writing and shall be deemed delivered: (a) upon delivery if delivered in person; (b) one (1) business day after deposit with a national overnight courier, provided that confirmation of such overnight delivery is received by the sender; or (c) as otherwise permitted pursuant to the applicable Service Addendum or Statement of Work, in each case (except in the cases described in **Sections 3.2.1, 3.2.3 and 5.4.2**) addressed to the following addresses or to the addresses otherwise required by the applicable Service Addendum or Statement of Work:

If to MetroPCS:
MetroPCS Wireless, Inc.
2250 Lakeside Boulevard
Richardson, Texas 75082
Attention: Chief Financial Officer

With a copy to:

MetroPCS Wireless, Inc.
2250 Lakeside Boulevard
Richardson, Texas 75082
Attention: Legal Department

If to Supplier:
U.S. South Communications, Inc.
250 Williams Street, Suite 250
Atlanta, GA 30303
Attention: ***

With a copy to:

InComm Holdings, Inc.
250 Williams Street, Suite 250
Atlanta, GA 30303
Attention: ***

or to such other address as may be specified by either party upon written notice given to the other.

9.2 Subcontractors. Services performed by Supplier subcontractors (including their Personnel) shall be deemed Services performed by Supplier, and Supplier will be responsible for such performance by its subcontractors as if such Services were performed by Supplier. Notwithstanding the terms of the applicable subcontract, MetroPCS' acceptance of any subcontractor or the availability or unavailability of subcontractor insurance, Supplier shall be responsible for the acts and omissions of its subcontractors (including their Personnel) to the same extent as if such acts or omissions were committed by Supplier and Supplier were responsible for such acts or omissions pursuant to the terms of this Agreement. MetroPCS shall be responsible for the acts and omissions of its Affiliates and Designated Entities (including their Personnel) to the same extent as if such acts or omissions were committed by MetroPCS and MetroPCS were responsible for such acts or omissions pursuant to the terms of this Agreement, including, without limitation, MetroPCS shall be liable for any and all payment obligations and charges incurred by its Affiliates and Designated Entities under this Agreement.

9.3 Audits.

9.3.1 Records Retention. The parties each shall retain all records and information specifically required to be retained under the terms of a Service Addendum or Statement of Work or otherwise reasonably necessary to verify amounts invoiced and paid under the Agreement and MetroPCS' compliance with any exclusivity, routing, volume, purchase and other similar requirements under this Agreement or any Service Addendum or Statement of Work (collectively, the "**Records**"). Each party shall retain Records for the applicable calendar year (or portion thereof) occurring during the Term for a period of *** from the end of such calendar year, or such longer period of time as may be required under the applicable Service Addendum or Statement of Work, or by applicable Law.

9.3.2 Procedures. Audits shall:

(a) be conducted by *** designated by the auditing party, and the individual representatives of such *** auditor who will be conducting the audit shall be identified by name to the audited party in advance;

(b) be subject to the confidentiality provisions set forth in the Agreement (including, without limitation, **Sections 6.2.2(b) and (c)**);

(c) occur no more than *** ;

(d) be conducted during mutually agreed business hours;

(e) be conducted upon reasonable prior written notice;

(f) be designed so as not to unreasonably interfere with a party's business operations;

(g) be performed in compliance with the audited party's security rules (which shall in no event be applied in a manner that prevents or unreasonably interferes with performance of the audit); and

(h) only cover the period between the date that the audited party received the written notice described in the foregoing **subsection (e)** and the *** period preceding such date.

9.3.3 Audit Discrepancies. If an audit reveals that MetroPCS breached its obligations to Supplier under a Service Addendum or Statement of Work in the manner described in the applicable Service Addendum or Statement of Work, then MetroPCS may be obligated to reimburse Supplier *** as provided in such Service Addendum or Statement of Work, and Supplier shall be entitled to exercise any other legal and equitable remedies available to Supplier under this Agreement (including the applicable Service Addendum or Statement of Work) or applicable Law. If an audit reveals that Supplier improperly invoiced MetroPCS for Services, or breached its obligations to MetroPCS under a Service Addendum or Statement of Work in the manner described in the applicable Service Addendum or Statement of Work, then: (a) Supplier may be obligated to reimburse MetroPCS *** as provided in such Service Addendum or Statement of Work, (b) *** ; and (c) MetroPCS shall be entitled to exercise any other legal and equitable remedies available to MetroPCS under this Agreement (including the applicable Service Addendum or Statement of Work) or applicable Law.

9.4 Force Majeure. A party shall be excused from performing its obligations hereunder, in whole or in part, to the extent: (a) caused by the other party or by an act of God, war, riot, civil commotion, explosion, fire, government action, court order, epidemic, or any other similar cause; (b) any such cause was not foreseen, was not foreseeable, and was beyond the reasonable control of the non-performing party; and (c) the non-performing party's performance is actually delayed, hindered or prevented, and then only during the period of time that performance is actually delayed, hindered or prevented (each, a "**Force Majeure Event**"). A Force Majeure Event shall not have occurred to the extent the non-performing party is solely at fault in failing to prevent or mitigate, or for causing, such failure to perform, unless within *** following the occurrence thereof the non-performing party cures such failure to perform, in which event the portion of such *** period required by the non-performing party to cure such failure to perform shall qualify as a Force Majeure Event. The non-performing party promptly shall (but in any event within *** of the occurrence of the events or circumstances that may constitute a Force Majeure Event), notify the party to which performance is due by telephone (to be confirmed in writing within *** of the inception of such events or circumstances) and describe at a reasonable level of detail such events or circumstances, the material steps being taken to address such events or circumstances, possible alternatives or workarounds that may be available, the expected duration of such events or circumstances and any other information reasonably requested by MetroPCS.

9.5 Binding Nature and Assignment. Subject to all other provisions herein contained, this Agreement shall be binding on the parties and their successors and permitted assigns. Except as provided in this **Section 9.5**, neither party shall assign or otherwise transfer this Agreement, or any part hereof, nor delegate any of its duties hereunder, to any Third Party without the prior written consent of the other party, which consent must be given by a Senior Vice-President or higher-level corporate officer of MetroPCS and by an Executive Vice President or higher-level officer of Supplier and may be withheld, delayed or conditioned in such other party's sole and absolute discretion. Notwithstanding the foregoing: (a) at any time upon written notice to Supplier, MetroPCS shall have the right to assign this Agreement to any acquirer of, or successor in interest to, MetroPCS, whether by merger, consolidation, purchase, operation of Law or otherwise, or to any Affiliate or Designated Entity, and upon Supplier's written request, MetroPCS shall cause any such acquirer or successor in interest to assume MetroPCS' obligations under the Agreement in writing; and (b) at any time upon written notice to MetroPCS (but in all events subject to the terms of **Section 5.7**), Supplier shall have the right to assign this Agreement to any acquirer of, or successor in interest to, Supplier, whether by merger, consolidation, purchase, operation of Law or otherwise, and upon MetroPCS' written request, Supplier shall cause any such acquirer or successor in interest to assume Supplier's obligations under the Agreement in writing. Any assignments not permitted hereunder shall be void *ab initio*. Subject to the requirements of, and restrictions set forth in, this Section, any rights granted to a party under this Agreement shall inure to the benefit of any acquirer of, or successor in interest to, such party, whether by merger, consolidation, purchase, operation of Law or otherwise.

9.6 Media Releases and Public Disclosures of Agreement. Without the prior written consent of the other party (which for MetroPCS must be a Vice-President or higher-level officer of MetroPCS), except as may be required under applicable Law, SEC requirements, or listing requirements, neither party shall issue or release any statement, article, advertisement, public or private announcement (including, without limitation, any announcement made via e-mail or any posting on the Internet or World Wide Web), media release or other similar publicity relating in any manner to: (a) any aspect of this Agreement; (b) any aspect of any Services; or (c) the fact that the parties have engaged in any discussions or negotiations regarding any of the foregoing. Neither party shall use the name or any trademark or logo of the other party without the prior written consent of the other party relating to the Services provided hereunder. Notwithstanding the foregoing, within thirty (30) days following the Effective Date, the parties will prepare and issue a mutually agreed press release to announce the formation of the MetroPCS and Supplier relationship.

9.7 Counterparts; Electronic Signatures. This Agreement (including each Service Addendum and Statement of Work) may be executed in one (1) or more duplicate originals, both of which together shall be deemed one and the same instrument. Counterparts may be executed in either original or electronically transmitted form (e.g., faxes or emailed portable document format (PDF) form), and the parties hereby adopt as original any signatures received via electronically transmitted form.

9.8 Severability. If any provision of this Agreement (including any Service Addendum or Statement of Work) is found by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable any other part of this Agreement (including any Service Addendum or Statement of Work), but the Agreement (including Service Addenda and Statements of Work) shall be construed as not containing the particular provision or provisions held to be invalid or unenforceable.

9.9 Waiver. No delay or omission by either party to exercise any right occurring upon any noncompliance or default by the other party with respect to any of the terms of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either of the parties of any of the covenants, conditions or agreements to be performed by the other shall not be construed to be a waiver of any succeeding breach thereof or of any covenant, condition or agreement herein contained.

9.10 Governing Law/Exclusive Jurisdiction. The Laws of the State of Texas will govern the construction and enforcement of all of the rights, duties, and obligations arising under, or relating in any manner to, the subject matter of this Agreement, notwithstanding any conflicts of Law principles that would apply the Laws of another jurisdiction. **EXCEPT AS PROVIDED BELOW IN THIS SECTION, ANY ACTION, SUIT OR PROCEEDING BROUGHT BY A PARTY THAT IN ANY WAY ARISES OUT OF OR RELATES TO THIS AGREEMENT SHALL BE BROUGHT SOLELY AND EXCLUSIVELY IN THE STATE OR FEDERAL COURTS LOCATED IN DALLAS, TEXAS, AND EACH PARTY IRREVOCABLY ACCEPTS AND SUBMITS TO THE SOLE AND EXCLUSIVE PERSONAL JURISDICTION OF SUCH COURTS IN PERSONUM, GENERALLY AND UNCONDITIONALLY WITH RESPECT TO ANY ACTION, SUIT OR PROCEEDING BROUGHT BY OR AGAINST IT BY THE OTHER PARTY. EXCEPT AS PROVIDED BELOW IN THIS SECTION, NEITHER PARTY SHALL BRING ANY ACTION, SUIT OR PROCEEDING IN ANY WAY ARISING OUT OF OR RELATING TO THE AGREEMENT IN ANY OTHER COURT OR IN ANY OTHER JURISDICTION AND SHALL NOT ASSERT ANY CLAIM, WHETHER AS AN ORIGINAL ACTION OR AS A COUNTERCLAIM OR OTHERWISE, AGAINST THE OTHER IN ANY OTHER COURT OR JURISDICTION.** Each party irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any objection that it may now or hereafter have to the venue of any of the aforesaid actions, suits or proceedings in the courts referred to above, and further waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that the Agreement or the subject matter hereof or thereof may not be enforced in or by such court. As the only exceptions to any of the above: (a) if a party is entitled to seek injunctive or other equitable relief which is not available in the venue specified in this Section, this Section shall not be deemed to be a bar to the party seeking such relief if such relief is wholly non-monetary injunctive or other equitable relief; and (b) if neither the federal courts nor the state courts sitting in Dallas, Texas will accept jurisdiction over the action, suit or proceeding, then the action, suit or proceeding may be brought in any court of competent jurisdiction located in the United States.

9.11 Compliance With Laws. Each party shall comply with all applicable Laws including, without limitation, procurement of all required permits or certifications, in connection with its performance under this Agreement, except where such party's failure will not have a material adverse effect on such party, its business or its ability to perform its obligations in accordance with the terms of this Agreement (including the Service Addenda and Statements of Work).

9.12 No Construction Against Drafter. The parties agree that any principle of construction or rule of law that provides that an agreement shall be construed against the drafter of the agreement in the event of any inconsistency or ambiguity in such agreement shall not apply to the terms and conditions of this Agreement.

9.13 Relationship of Parties. The parties acknowledge that they are independent contractors, and nothing set forth in this Agreement shall be deemed or construed to render the parties as joint venturers, partners or employer and employee. Under no circumstances shall MetroPCS be considered the employer of any Supplier Personnel, nor shall Supplier have any right with respect to any employee of MetroPCS.

9.14 Time is of the Essence. The Services are critical to MetroPCS' business and time is of the essence with regard to each of Supplier's obligation hereunder.

9.15 Non Intervention. In connection with the provision of Services, Supplier agrees not to influence, directly or indirectly, any regulatory, legislative, or judicial body so as to prevent, delay or otherwise interfere with receipt of the Services by MetroPCS, its Affiliates and Designated Entities. Supplier is free to conduct activities that it reasonably believes are: (a) in the interest of safety and health; (b) appropriate in connection with matters relating to interference between authorized users of the nation's airwaves; (c) appropriate to address any requests for information or assistance directed to Supplier by any governmental agency; (d) required by Law; or (e) required to participate in evolving industry standards or supply Services that comply with such standards.

9.16 Entire Agreement; Modifications.

9.16.1 General. Subject to the terms of **Section 9.16.2**, this Agreement, together with all of the Schedules, Exhibits (including Service Addenda), Attachments and Addenda, sets forth the entire, final and exclusive agreement between the parties as to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, between the parties.

9.16.2 Prior Agreement. The Prior Agreement is hereby terminated and of no further force or effect as of the Effective Date, provided that:

(a) subject to the terms of the following **subsections (c) and (f)**, termination of the Prior Agreement shall not affect any rights, liabilities or obligations that accrued under the Prior Agreement as of the Effective Date including, without limitation, MetroPCS' obligation to pay Supplier's Affiliate in accordance with the terms of the Prior Agreement for services rendered by Supplier's Affiliate under the Prior Agreement;

(b) ***

(c) ***

(d) from and after the Effective Date, all Information (as defined in Section 4 of the Prior Agreement) shall be treated as Confidential Information under this Agreement;

(e) ***

(f) neither party shall have the right to assert any claims against the other relating to underpayments or overpayments for services rendered by Supplier's Affiliate to MetroPCS under the Prior Agreement respecting any time period that precedes the Effective Date by more than *** .

SCHEDULE 1.5
DEFINED TERMS

Whenever used in this Agreement (including in any Service Addendum or Statement of Work), the following terms shall have the meaning ascribed to them below. Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have the meanings ascribed to them therein. The terms defined in this **Schedule 1.5** include the plural as well as the singular and are gender neutral.

"**Affiliate(s)**" means any person, firm, corporation (including, without limitation, service corporation and professional corporation), partnership (including, without limitation, general partnership, limited partnership and limited liability partnership), limited liability company, joint venture, business trust, association or other entity that now or in the future, directly or indirectly: (a) controls, is controlled by or is under common control with a party; or (b) is managed, operated or directed by a party. For purposes of the foregoing, "control" shall mean, with respect to: (c) a corporation, the ownership, directly or indirectly, of *** or more of the voting power to elect the directors thereof or, for purposes of foreign corporations, if less than *** , the amount allowed by applicable Law, provided that such ownership provides the applicable party with the authority to direct the management of such entity; and (d) any other entity, the power to direct the management of such entity.

"**Agreement**" means this Master Services Agreement by and between MetroPCS and Supplier, inclusive of all Schedules, Exhibits, Attachments, Addenda and other documents incorporated herein by reference, and all Service Addenda and Statements of Work executed pursuant to this Master Services Agreement.

"**Authorized User**" means: (a) for MetroPCS: (i) MetroPCS and its employees; and (ii) MetroPCS' Affiliates and Designated Entities and their employees; and (b) for Supplier: (i) Supplier and its employees; and (ii) Supplier's Affiliates and their employees.

"**Bankruptcy Code**" means the United States Bankruptcy Code, as amended.

"**Change in Control**" means: (a) any transaction or combination of transactions as a result of which either a Person or a group of persons that customarily has acted in concert and that presently is in control of Supplier ceases to be in control of Supplier; (b) the sale, transfer, exchange or other disposition (including disposition in full or in part) of more than *** of the beneficial ownership (as defined in Rule 13(d) of the Securities Exchange Act of 1934) of the voting power of Supplier, or of the assets of Supplier that constitute a substantial or material business segment of Supplier, other than a merger in which the holders of the common stock of Supplier immediately prior to the merger have substantially the same proportionate ownership of common stock or membership interest or other equity of the surviving entity immediately after the merger; provided that a Change in Control shall not include any consolidation or merger effected exclusively to change the domicile of Supplier; or (c) all or substantially all of the assets or the business of the unit, division, operating group or Affiliate of Supplier that is responsible for providing the Services is sold, transferred or otherwise experiences a change in ownership or control, excluding a change in ownership or control after which InComm is the ultimate or indirect majority owner of, or otherwise in control of, the affected InComm Affiliate. Notwithstanding the foregoing a Change of Control shall not have occurred to the extent control of Supplier remains with: (i) an entity that directly or indirectly controls Supplier as of the Effective Date; (ii) any controlling stockholder, *** owned subsidiary, or immediate family member (in the case of an individual) of any Person referred to in the foregoing **subsection (i)**; or (iii) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Person beneficially owning an *** controlling interest of which consists of any one or more persons referred to in the foregoing **subsections (i) or (ii)**.

"**Comparable Services**" means services that are the same type of service (*i.e.*, domestic long distance service is a "type" of service) as the Services Supplier is required to provide to MetroPCS under the applicable Service Addendum or Statement of Work.

"**Confidential Information**" means, for each party, material, data and/or information owned by that party or that relates to that party's business and/or its operations, excluding material, data and/or information that: (a) was at the time of disclosure to the Recipient in the public domain; (b) after disclosure to the Recipient was published or otherwise made a part of the public domain through no fault of Recipient Personnel; (c) was in the possession of the Recipient at the time of disclosure to it, if Recipient was not then under an obligation of confidentiality with respect thereto; (d) after disclosure to the Recipient, was received from a Third Party (excluding, when MetroPCS is the Discloser, Authorized Users who or that constitute a Third Party) who had a lawful right to disclose such information to the Recipient without an obligation of confidentiality; or (e) was independently developed by Recipient Personnel without reference to Discloser Confidential Information.

"**Designated Entity**" means any Person to which MetroPCS or one of its Affiliates leases or provides Services and with respect to which MetroPCS or one of its Affiliates has an equity or membership interest of *** .

"**Discloser**" means the party that has disclosed Confidential Information.

"**Effective Date**" is defined in the introductory paragraph of the Terms and Conditions.

"**Events of Default**" is defined in **Section 5.2** of the Terms and Conditions.

"**FCC**" means the Federal Communications Commission or any successor agency performing the same or similar functions.

"**Force Majeure Event**" is defined in **Section 9.4** of the Terms and Conditions.

"**InComm**" is defined in the opening paragraph of the Terms and Conditions.

"**Indemnified Parties**" is defined in **Section 7.1** of the Terms and Conditions.

"**Indemnifying Party**" is defined in **Section 7.1** of the Terms and Conditions.

"**Infringement Claim**" is defined in **Section 7.2.1** of the Terms and Conditions.

Long Distance MSA

SCHEDULE 1.5

Page 2 of 5

"**Intellectual Property Rights**" means patents, trademarks, trade names, copyrights, trade secrets and/or any other intellectual property rights.

"**Law(s)**" mean all laws, statutes, regulations, rules, ordinances, executive orders, supervisory requirements, directives, circulars, opinions, interpretive letters and other official releases of or by any applicable governmental authority, department or agency, including, without limitation, laws relating to data privacy or data protection.

"**Losses**" is defined in **Section 7.1** of the Terms and Conditions.

"**MetroPCS**" is defined in the opening paragraph of the Terms and Conditions.

"**MetroPCS Competitor**" means any Third Party that: (a) *** .

**** *** .

"**MetroPCS Entities**" is defined in **Section 9.16.2** of the Terms and Conditions.

"**Person**" shall mean any individual, corporation, company, partnership, joint venture, association, trust, unincorporated organization or governmental authority.

"**Personal Information Statute**" is defined in **Section 6.3** of the Terms and Conditions.

"**Personnel**" means: (a) the employees of a party or its Affiliates and, in the case of MetroPCS, Designated Entities; and (b) subject to the terms of **Section 9.2**, the subcontractors and agents of a party or its Affiliates and, in the case of MetroPCS, Designated Entities. "**MetroPCS Personnel**" refers to the Personnel of MetroPCS, and "**Supplier Personnel**" refers to the Personnel of Supplier.

"**Pre-Existing Agreement**" is defined in **Section 1.2** of the Terms and Conditions.

"**Pre-Existing Materials**" is defined in **Section 6.1** of the Terms and Conditions.

"**Prior Agreement**" means that certain Service Agreement between Interactive Communications International, Inc. and MetroPCS Wireless, Inc. dated November 8, 2001, as amended, including, without limitation, the *** .

"**Recipient**" means the party that has received Confidential Information.

"**Records**" is defined in **Section 9.3.1** of the Terms and Conditions.

"**Service Addendum**" means a document that sets forth the terms and conditions pursuant to which Supplier will provide a specific type of Services to MetroPCS (e.g., domestic long distance services (see Service Addendum One attached hereto as part of **Exhibit 1**) and international long distance services (see Service Addendum Two attached hereto as part of **Exhibit 1**)).

Long Distance MSA

SCHEDULE 1.5

Page 3 of 5

"Service Level Agreement" means, ***.

"Services" means, individually or collectively, any services that may be provided by Supplier to MetroPCS, its Affiliates or Designated Entities under the Agreement, as described in a Service Addendum or a Statement of Work.

"Set-Off Notice" is defined in **Section 5.4.2** of the Terms and Conditions.

"Set-Off Response" is defined in **Section 5.4.2** of the Terms and Conditions.

"SLA" is synonymous with Service Level Agreement.

"Supplier Entities" is defined in **Section 9.16.2** of the Terms and Conditions.

"Statement of Work" means a document that sets forth the terms and conditions pursuant to which Supplier will provide specific Services to MetroPCS that are not otherwise included within the scope of Services to be provided pursuant to a Service Addendum.

"Supplier" is defined in the opening paragraph of the Terms and Conditions.

"Tax Assessment" means all federal, state, or local sales, use, excise, gross receipts, municipal fees, transfer, transaction or similar taxes, fees, or surcharges, but excludes: (a) any tax, fee, assessment, or surcharge on either party's corporate existence, status, or income; (b) property taxes, fees, assessment, or surcharges; (c) any corporate franchise tax, fee, assessment, or surcharge; and (d) taxes, fees, assessment, and surcharges which are imposed directly on a party's gross or retail revenues.

"Term" means the date by which the terms of all Service Addenda and the terms of all Statements of Work have ended (whether through expiration or earlier termination) plus the length of any Transition Period.

"Termination Date" means the date on which the Term ends.

"Terms and Conditions" means this Agreement, exclusive of all Service Addenda and Statements of Work executed under this Agreement.

"Third Party" means Persons other than Supplier and its Affiliates and MetroPCS and its Affiliates and Designated Entities.

"Third Party Action" means any demand, claim, allegation, cause of action, investigation, suit or proceeding, in each case made by or on behalf of a Third Party.

"Third Party IP Right" is defined in **Section 4.3** of the Terms and Conditions.

"Transition Period" is defined in **Section 5.9** of the Terms and Conditions.

Long Distance MSA

SCHEDULE 1.5

Page 4 of 5

"*valid final and non-appealable Tax Assessment*" is defined in **Section 3.3.4** of the Terms and Conditions.

Long Distance MSA

SCHEDULE 1.5
Page 5 of 5

SCHEDULE 2
CHECKLIST FOR DEVELOPING SERVICE
ADDENDA AND STATEMENTS OF WORK

✓	Section of the Agreement	Description
	Section 1.1, Purpose	***
	Section 1.4, Non-Exclusive Relationship/No Volume Commitment	***
	Section 1.5, Definitions	***
	Section 2.1.2, Future Service Addenda	***
	Section 3.1.1, Invoicing	***
	Section 4.1, Services	***
	Section 4.2, Pricing and Terms and Conditions	***
	Section 4.8, Additional Warranties	***
	Section 5.1, Term	***
	Section 5.2, Events of Default	***
	Section 5.8, Termination Without Cause	***
	Section 5.9, Transition Rights	***
	Section 7.2.3, Additional Indemnification Obligations	***
	Section 9.1, Notices	***
	Section 9.3.1, Records Retention	***
	Section 9.3.3, Audit Discrepancies	***
	Schedule 1.5, Definitions	***
	"Service Level Agreement"	
	Schedule 1.5, Definitions	***
	"Services"	

Long Distance MSA

SCHEDULE 2
Page 1 of 1

SCHEDULE 2.5
VENDOR ETHICS POLICY

Long Distance MSA

SCHEDULE 2.5

SCHEDULE 7.4
INSURANCE REQUIREMENTS

A. Workers' Compensation

1. Minimum Limits

Coverage A	Statutory
Coverage B	
Bodily Injury by Accident	*** each accident
Bodily Injury by Disease	*** policy limit
Bodily Injury by Disease	*** each employee

2. The policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. Supplier provides workers' compensation insurance through either qualified self-insurance or third party insurance.
3. The policy and/or Supplier shall include a waiver of subrogation in favor of MetroPCS, its Affiliates and Designated Entities.

B. Commercial General Liability

1. Minimum Limits

General Aggregate: ***
Products/Completed Operations Aggregate: ***
Personal/Advertising Injury: *** any one person
Bodily Injury/Property Damage: *** per occurrence

2. The policy shall be written on an occurrence basis using ISO Form CG 0001 or equivalent. The policy shall provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, Explosion, Collapse and Underground Property Damage, Broad Form Property Damage and Contractual Liability coverage.
3. The policy shall include MetroPCS, its Affiliates and Designated Entities as additional insureds for both premises/operations and products/completed operations liability, but only as to the obligations undertaken by Supplier pursuant to the Agreement.
4. The policy shall include a waiver of subrogation in favor of MetroPCS, its Affiliates and Designated Entities, but only as to the obligations undertaken by Supplier pursuant to the Agreement.

-
5. Supplier's insurance will be primary and will not contribute with insurance maintained by MetroPCS, but only as to the obligations undertaken by Supplier pursuant to the Agreement.

C. Commercial Automobile Liability

1. Minimum Limits – Bodily Injury / Property Damage: *** Combined Single Limit each accident.
2. The policy shall be written to cover all Owned, Non-owned and Hired vehicles.
3. The policy shall include MetroPCS, its Affiliates and Designated Entities as additional insureds.
4. Supplier's insurance will be primary and will not contribute with insurance maintained by MetroPCS.

D. Technology Errors and Omissions

1. Minimum Limits *** per occurrence and *** aggregate
2. Supplier shall maintain policies without endangering any aggregate limits by purchasing an extended reporting coverage for an adequate amount of time, but in no event less than five (5) years to cover damages arising out of any Service provided under this Agreement.

E. Excess/Umbrella Insurance

1. Minimum Limits – Excess coverage not less than *** over Commercial General Liability, Automobile Liability and Employer's Liability coverages set forth above.

EXHIBIT 1
SERVICE ADDENDA ATTACHED

[Attached Hereto]

Long Distance MSA

EXHIBIT 1

EXHIBIT 1
SERVICE ADDENDUM ONE
DOMESTIC LONG DISTANCE SERVICES

[Attached Hereto]

Long Distance MSA – Exhibit 1

SERVICE ADDENDUM ONE

EXHIBIT 1
SERVICE ADDENDUM ONE
DOMESTIC LONG DISTANCE SERVICE

This Service Addendum One – Domestic Long Distance Service ("*SA-1*") is entered into this 31st day of March, 2010 (the "*SA-1 Effective Date*") pursuant to the Master Services Agreement between MetroPCS and InComm dated March 31, 2010, the terms of which are incorporated herein by this reference, and is entered into by and between MetroPCS, InComm and InComm's Affiliate, U.S. South Communications, Inc., a Colorado corporation ("*US South*"). This SA-1 describes the terms and conditions under which US South will provide Domestic Long Distance Service (including Extended Service), Toll Free Services and Travel Talk Services (all of the foregoing as defined in **Section 1.0** of this SA-1) to MetroPCS, its Affiliates and Designated Entities. *** . All capitalized terms used, but not otherwise defined, in this SA-1 shall have the meanings ascribed to them in the Terms and Conditions. Any telecommunications-related capitalized terms used, but not otherwise defined, in this SA-1 or in the Terms and Conditions shall have the meanings ascribed to them under generally applicable industry standards.

1.0 DOMESTIC LONG DISTANCE SERVICE.

1.01 US South will provide to MetroPCS, its Affiliates and/or Designated Entities domestic long distance termination service for calls made by the end user subscribers of MetroPCS, its Affiliates and Designated Entities (the "*Customers*") originating on the networks of MetroPCS, its Affiliates and/or Designated Entities *** , to the called automated number identification terminating in: (a) the contiguous forty-eight (48) states (excluding, for the avoidance of doubt, Guam, Hawaii and the U.S. Virgin Islands); and (b) Alaska and Puerto Rico ("*Extended Service*") (the services described in the foregoing **subsections (a)** and **(b)** are collectively referred to herein as the "*Domestic Long Distance Service*"). Domestic Long Distance Service includes four (4) categories (each, a "*Category*," and collectively, the "*Categories*"): (w) Wireless; (x) Wireless Direct; (y) MetroPCS-to-MetroPCS; and (z) other. For purposes of this SA-1, the Categories are defined as follows:

- (i) The "*Wireless*" Category includes all Domestic Long Distance Service calls originated by Customers and terminated to any CMRS provider's subscribers according to Telecordia's Local Exchange Routing Guide (LERG) in the categories of "PCS" and "Wireless," excluding MetroPCS, its Affiliates and/or Designated Entities and those wireless carriers included in the Wireless Direct Category;
- (ii) The "*Wireless Direct*" Category includes all calls originated by Customers and terminated to any of the wireless carriers with which US South has established direct peering relationships as set forth on the attached **Exhibit A**, as such Exhibit may be amended from time to time by US South with notice to MetroPCS,

-
- (iii) provided that a particular entity shall remain on **Exhibit A** only as long as US South maintains a direct peering relationship with such entity;
 - (iv) The "**MetroPCS-to-MetroPCS**" Category includes all calls originating on a Customer telephone and terminating to a Customer telephone; and
 - (v) The "**Other**" Category includes all calls originated by Customers and delivered by MetroPCS, its Affiliates and/or Designated Entities to US South for termination that are not included within the Wireless, Wireless Direct or MetroPCS-to-MetroPCS Categories.

1.02 US South will provide Domestic Long Distance Service to MetroPCS, its Affiliates and Designated Entities in accordance with the terms of the Service Level Agreements set forth in **Section 5.0** of this SA-1.

1.03 US South agrees that calls originating via a toll free number (*i.e.*, 800, 888, 866) (the "**Toll Free Services**") will be originated on US South's network and transported via a dedicated facility for MetroPCS, its Affiliates and/or Designated Entities to provide call treatment or other services. Toll Free Services: (a) are limited to the contiguous forty-eight (48) states, Alaska, Hawaii, Puerto Rico and Canada; and (b) except for Canada, do not include international origination services. US South will provide MetroPCS, its Affiliates and Designated Entities with toll-free originating numbers for business purposes.

1.04 US South shall provide MetroPCS, its Affiliates and Designated Entities with "travel talk" services ("**Travel Talk Services**"), which means that US South shall: (a) at the rates in effect as of the SA-1 Effective Date, or at mutually agreed rates in connection with any changes implemented by the parties following the SA-1 Effective Date, provide a direct connection between US South's network and the network service provider of MetroPCS, its Affiliates and/or Designated Entities; and (b) provide Domestic Long Distance Service for the termination of calls made by Customers originating in markets where MetroPCS, its Affiliates and/or Designated Entities do not provide services, but where relationships with other wireless carriers have been established by MetroPCS, its Affiliates and/or Designated Entities (excluding *** , it being the understanding of the parties that roaming calls in *** markets do not qualify as Travel Talk Services, but rather as ordinary Domestic Long Distance Service calls) that enable the Customer to "roam" in those other carriers' markets.

2.0 METROPCS MARKETS, FEE SCHEDULE AND PAYMENT TERMS.

2.01 MetroPCS Markets. For purposes of this SA-1, a "**MetroPCS Market**" means each of the following markets or subscriber coverage areas: Atlanta, GA, Miami, FL, Sacramento, CA, San Francisco, CA, Tampa, FL, Lakeland, FL, Daytona Beach, FL, Jacksonville, FL, Orlando, FL, Dallas, TX, Detroit, MI, Los Angeles, CA, Bakersfield, CA, New York, NY, Boston, MA, Las Vegas, NV and Philadelphia, PA; provided, however, that the list of MetroPCS Markets shall be automatically amended to include or exclude, as applicable, any new markets or coverage areas added to the MetroPCS network after the SA-1 Effective Date and any markets or coverage areas to which MetroPCS, its Affiliates and/or Designated Entities no longer provide wireless services (provided that the term "MetroPCS Market" excludes customers of a Person that becomes an Affiliate or Designated Entity of MetroPCS following the SA-1 Effective Date by acquisition or similar transaction in which MetroPCS or one of its Affiliates acquires such Affiliate or Designated Entity after the SA-1 Effective Date).

2.02 Fees; *.**

- (a) **DLD Rates.** Attached hereto as **Exhibit B** is a rate schedule for the Domestic Long Distance Service (by Category for each MetroPCS Market) (the rates included in such rate schedule are sometimes referred to herein as the "**DLD Rates**"). Subject to the further terms of this Section and the terms of **Sections 2.02(b)** and **2.02(c)**, commencing on the SA-1 Effective Date, MetroPCS will pay US South for all Domestic Long Distance Service (excluding Extended Service) at the DLD Rates. ***.

***.

- (b) **Competitiveness of DLD Rates.** If: (i) *** , then MetroPCS may provide US South with written notice thereof (the "**Carrier Notice**"). The Carrier Notice must set forth: (1) *** ; (2) *** ; (3) *** ; (4) *** ; and (5) such supporting documentation as is reasonably requested by US South and necessary for US South to evaluate *** .

US South shall have *** days from receipt of a Carrier Notice to *** . If US South fails to implement *** , US South will either *** , or *** . If MetroPCS, its Affiliates and/or Designated Entities deliver Domestic Long Distance Service minutes ***.

If US South fails to *** and MetroPCS *** domestic long distance calls *** , MetroPCS shall provide US South with prompt written notice if ***. If *** domestic long distance calls *** .

If US South fails to *** , if either MetroPCS or US South subsequently obtains information that *** , such party shall provide the other party with prompt written notice, which notice shall include *** and reasonably supporting documentation (such as ***). Upon delivery to MetroPCS or receipt from MetroPCS of such notice, US South shall have the right to *** domestic long distance calls *** , provided that such *** .

If US South ***, US South shall have the right to *** to MetroPCS by *** upon providing to MetroPCS with written notice, which notice shall include *** and reasonably supporting documentation (such as ***), provided that such ***.

- (c) **Modification to ***.** If: (i) *** MetroPCS, its Affiliates and/or Designated Entities to terminate domestic long distance service (excluding calls terminating in Alaska and Puerto Rico) *** during a given month and to which MetroPCS, its Affiliates and/or Designated Entities ***; and (ii) *** MetroPCS, its Affiliates and/or Designated Entities; and (iii) *** MetroPCS, its Affiliates and/or Designated Entities ***, then MetroPCS may provide US South with a Carrier Notice that sets forth: (1) ***; (2) ***; (3) ***; (4) ***; and (5) ***.

MetroPCS and US South shall cooperate in good faith to promptly mutually agree upon and add to or modify in writing the then existing definition of ***. US South shall have: (A) ***, not more than *** (with time being of the essence); or (B) if ***, not more than *** (with time being of the essence), to ***. If US South fails to implement *** within the applicable time period specified above in this paragraph, US South will either ***. If MetroPCS, its Affiliates and/or Designated Entities deliver Domestic Long Distance Service minutes *** to US South for termination following expiration of the applicable time period specified above in this paragraph, then MetroPCS shall pay US South for such Domestic Long Distance Service minutes at the DLD Rates. ***.

If US South fails to *** and MetroPCS ***, MetroPCS shall provide US South with prompt written notice if *** domestic long distance calls ***.

If US South fails to *** but US South charges MetroPCS ***, if either MetroPCS or US South subsequently obtains information that ***, such party shall provide the other party with prompt written notice, which notice shall include *** and reasonably supporting documentation (such as ***). Upon delivery to MetroPCS or receipt from MetroPCS of such notice, US South shall have the right ***, provided that such ***.

If US South *** and ***, US South shall have the right to *** to MetroPCS by *** upon providing to MetroPCS with written notice, which notice shall include *** and reasonably supporting documentation (such as ***), provided that such ***.

2.03 Billing Increments.

All Domestic Long Distance Service (including Extended Service), Toll Free Services and Travel Talk Services shall be billed in an initial increment of *** and in subsequent increments of *** each.

2.04 Additional Fees.

- (a) Toll-Free Services. MetroPCS shall pay US South *** for Toll Free Services.
- (b) Travel Talk Services. MetroPCS shall pay US South the following amounts for Travel Talk Services: *** .
- (c) Extended Service. In respect of Extended Service, MetroPCS shall pay US South *** for Alaska calls and *** for Puerto Rico calls; provided that US South shall have the right to change such rates upon *** prior written notice to MetroPCS.
- (d) Additional Services. US South's fees for Services outside the scope of the initial setup and provisioning of Domestic Long Distance Service contemplated by the fees described in **Section 2.02 ("Additional Services")** are as follows:

Description of Additional Service	Fee
***	***

Customized prompts can be recorded telephonically by MetroPCS or its Personnel, or in studio by professional voice talent. Only Additional Services that are included in a written quotation accepted by MetroPCS in writing are chargeable to MetroPCS.

2.05 Payment Terms.

In accordance with the terms set forth in **Sections 2.02** and **2.04** of this SA-1, US South will invoice MetroPCS *** for all amounts owed under this SA-1. MetroPCS shall pay the invoiced amounts in accordance with, and subject to, the terms set forth in **Article 3** of the Terms and Conditions.

2.06 *** .

3.0 EXCLUSIVITY; AUDIT RIGHTS; REPORTING.

3.01 Domestic Long Distance Service Routing Requirements.

- (a) During each month of the SA-1 Term, MetroPCS shall deliver to US South for termination at least *** of the domestic long distance service minutes generated by Customers from the MetroPCS Markets during the applicable month (subject to adjustment as provided in **subsection (d)** below), excluding domestic long distance service minutes that are: (i) attributable to Extended Service calls and, for the avoidance of doubt, calls terminating in Guam, Hawaii and the U.S. Virgin Islands; (ii) Bill and Keep Traffic; (iii) minutes generated under MetroPCS' agreements with *** existing as of the SA-1 Effective Date (the "**Existing Bill and Keep Providers**"); (iv) excluded under the terms of **Sections 2.02(b) or 2.02(c)** of this SA-1; (v) MetroPCS-to-MetroPCS calls (such calls may be routed to a private network controlled and operated by MetroPCS, its Affiliates and/or Designated Entities); (vi) made by Customers during a Transition Period (if any); (vii) made by Customers during any period that a Force Majeure Event prevents, hinders or delays US South's performance of the Domestic Long Distance Service; and/or (viii) made by customers of a Person that becomes an Affiliate or Designated Entity of MetroPCS following the SA-1 Effective Date (the "**Traffic Routing Commitment**"). Subject to the foregoing terms of this **Section 3.01(a)**, MetroPCS, its Affiliates and Designated Entities shall have the right to utilize carriers other than US South to terminate domestic long distance traffic for Customers.

-
- (b) During the SA-1 Term, all routing of Domestic Long Distance Service minutes by MetroPCS, its Affiliates and Designated Entities must be accomplished through percentage routing of calls. MetroPCS, its Affiliates and Designated Entities shall only route calls (excluding Bill and Keep Traffic) to long distance carriers other than US South ***, and for purposes of clarification only, ***. Notwithstanding the foregoing, MetroPCS, its Affiliates and Designated Entities may *** domestic long distance service minutes to carriers with which MetroPCS, its Affiliates and/or Designated Entities has a Bill and Keep Traffic relationship. For purposes of this SA-1, the defined term "**Bill and Keep Traffic**" means: ***; provided, however, that Bill and Keep Traffic excludes the Existing Bill and Keep Providers.
- (c) Subject to the further terms of this **subsection (c)**, MetroPCS, its Affiliates and Designated Entities shall have the right to enter into relationships with other carriers including, without limitation, wireless carriers, to create Bill and Keep Traffic relationships, and on *** prior written notice to US South, MetroPCS, its Affiliates and Designated Entities shall have the right to transfer Domestic Long Distance Service minutes to any such Bill and Keep Traffic provider. In respect of new Bill and Keep Traffic relationships contemplated by MetroPCS, its Affiliates or Designated Entities following the SA-1 Effective Date which include a nominal cost to MetroPCS, US South shall have *** to provide such Bill and Keep Traffic services to MetroPCS ***.
- (d) Notwithstanding anything contained in **Section 3.01(a)** to the contrary, the Traffic Routing Commitment percentage shall be subject to adjustment as provided in this **subsection (d)**. If the actual number of Bill and Keep Traffic minutes (excluding the Existing Bill and Keep Traffic Providers) exceeds ***, then, commencing in the next month, the Traffic Routing Commitment percentage shall be ***. MetroPCS will provide prompt written notification to US South upon the actual number of Bill and Keep Traffic minutes exceeding *** (excluding the Existing Bill and Keep Traffic Providers).

3.02 Audit Rights.

- (a) In accordance with the terms set forth in **Section 9.3** of the Terms and Conditions, MetroPCS will allow US South to examine and audit the call detail records of MetroPCS, its Affiliates and Designated Entities ("**CDRs**"), switch information and other relevant records that relate to the purchase of Domestic Long Distance Service to verify compliance with the Traffic Routing Commitment and/or to verify *** as of the date on which MetroPCS delivers a Carrier Notice to US South **. If the audit reveals: (i) that MetroPCS breached its obligations to US South under this SA-1 by failing to comply with the Traffic Routing Commitment, for purposes of **Section 9.3.3** of the Terms and Conditions, *** is greater than **; or (ii) that **, US South shall have the right to *** given under this SA-1 to the extent necessary to cause **, and for purposes of **Section 9.3.3** of the Terms and Conditions, **.
- (b) In accordance with the terms set forth in **Section 9.3** of the Terms and Conditions, US South will allow MetroPCS to examine and audit the CDRs of **, US South's switch information and other relevant records that relate to the amounts charged by US South to MetroPCS under this SA-1 or to verify US South's compliance with the terms set forth in **Section 2.06**. For purposes of **Section 9.3.3** of the Terms and Conditions, US South shall be obligated to reimburse MetroPCS for *** incurred in connection with such audit **: (i) properly charge MetroPCS the cost of Domestic Long Distance Service (including Extended Service), Toll Free Services and/or Travel Talk Services under this SA-1, but only if **; or (ii) comply with the terms set forth in **Section 2.06**, but only if the fees and expenses paid by MetroPCS under this SA-1 during the period of non-compliance would have been ** if US South had complied with such obligations.

4.0 CALL DETAIL RECORDS FOR DOMESTIC LONG DISTANCE TRAFFIC.

US South will provide to MetroPCS with each invoice its CDRs via electronic media.

5.0 SERVICE LEVEL AGREEMENTS.

5.01 Defined Terms.

***.

5.02 *.**

5.03 Service Level Agreements.

*** **.

6.0 TROUBLE RESOLUTION AND REPORTING PROCEDURES.

Attached to this SA-1 as **Exhibit C** is US South's "Trouble Reporting and Escalation Mechanisms," which shall be applicable to the Domestic Long Distance Service, Toll Free Services and Travel Talk Services.

7.0 NETWORK INTERCONNECTION.

US South shall provide MetroPCS, its Affiliates and Designated Entities with "local meet-point" interconnection location services ("**Local Meet-Point**"), which means that US South shall provide MetroPCS, its Affiliates and Designated Entities with a local connection point between US South's network and the MetroPCS' network within each MetroPCS Market at a mutually agreed carrier-neutral hotel. MetroPCS will be responsible for *** .

US South agrees to make Available (as defined in this paragraph) for the termination of Domestic Long Distance Service its internet protocol soft-switch network for each MetroPCS Market. For purposes of this **Section 7.0**, "**Available**" means commercially available for use to provide or facilitate the Domestic Long Distance Service by connecting to MetroPCS' soft-switch network via SIP (Session Initiated Protocol) interconnect and support of: (a) for the *** following the SA-1 Effective Date, the SIP G.711 protocol; and (b) commencing *** following the SA-1 Effective Date, for not less than *** of all Domestic Long Distance Service calls, the SIP G.729 protocol, and for not more than *** of all Domestic Long Distance Service calls, the SIP G.711 protocol. If US South fails to comply with the preceding requirements, MetroPCS may provide US South with written notice indicating such failure. US South shall have *** after receipt of such written notice to cure such failure and comply with such requirements.

8.0 TERM AND TERMINATION OF SA-1; TRANSITION RIGHTS.

8.01 General. Unless earlier terminated as provided in the Agreement (including in this SA-1), the term of this SA-1 will commence as of the SA-1 Effective Date and will continue for a period of five (5) years (plus the length of any Transition Period, the "**SA-1 Term**"). MetroPCS shall have the right, upon written notice given by MetroPCS any time during the third year of the SA-1 Term, to initiate a review by the parties of the domestic long distance program described in this SA-1. If MetroPCS exercises such right, US South and MetroPCS shall meet *** following exercise of such right *** to reach agreement on terms and conditions under which this SA-1 will continue in effect during the remainder of the SA-1 Term. If US South and MetroPCS are unable to agree upon such terms, MetroPCS shall have the right to terminate this SA-1 without penalty *** ; provided that: (a) the effective date of any termination under this **Section 8.0** shall not be earlier than the last day of the forty-second (42nd) month of the SA-1 Term; and (b) MetroPCS must exercise such right no later than sixty (60) days after the end of the third year of the SA-1 Term.

8.02 Termination for Convenience. Without in any way limiting or otherwise affecting MetroPCS' rights under this Section, on ninety (90) days' prior written notice to US South, which notice may not be given before that date which is twenty-seven (27) months following the SA-1 Effective Date, MetroPCS shall have the right to terminate this SA-1 for its convenience. In such event, MetroPCS shall pay to US South *** a termination fee equal to *** for each *** month *** that occurs after the thirtieth (30th) month following the SA-1 Effective Date up to and including the ninetieth (90th) day following US South's receipt of MetroPCS' notice of termination for convenience.

8.03 Transition Rights.

- (a) **Length of the Transition Period.** The length of the Transition Period under this SA-1 shall be: (i) if this SA-1 is terminated by MetroPCS pursuant to **Section 8.02** of this SA-1, *** following the effective date of termination; (ii) if this SA-1 is terminated by MetroPCS following a US South Event of Default, *** following the effective date of termination; (iii) if this SA-1 is terminated by US South following a MetroPCS Event of Default, *** following the effective date of termination; (iv) if this SA-1 expires without renewal, *** following the date of expiration; and (v) if this SA-1 is terminated by MetroPCS pursuant to **Section 8.01** of this SA-1, *** following the effective date of termination. Notwithstanding any contrary terms that may be contained herein, if MetroPCS does not purchase from US South during the Transition Period *** or more Domestic Long Distance Service minutes on average during a rolling *** period, the Transition Period automatically shall end at the end of the ***.
- (b) **Pricing During the Transition Period.** The pricing set forth in this SA-1 shall not be modified by US South during the Transition Period except as set forth in **Section 2.02(a)**.
- (c) **SLAs During the Transition Period.** The SLAs and *** shall remain in effect during the Transition Period unless US South terminates this SA-1 following a MetroPCS Event of Default, in which case the SLAs and *** will apply only during ***.
- (d) **Additional Transition Period Terms.** For the avoidance of doubt, MetroPCS shall continue to comply with the terms set forth in **Section 3.01(b)** of this SA-1 during the Transition Period. Additionally, the terms set forth in **Section 2.06** of this SA-1 shall cease to apply: (i) if this SA-1 is terminated by MetroPCS pursuant to **Section 8.02** of this SA-1, *** following the first day of the Transition Period; (ii) if this SA-1 is terminated by MetroPCS following a US South Event of Default, *** following the first day of the Transition Period; (iii) if this SA-1 is terminated by US South following a MetroPCS Event of Default, effective as of the first day of the Transition Period; and (iv) if this SA-1 expires without renewal, effective as of the first day of the Transition Period.

9.0 ***

IN WITNESS WHEREOF, the parties have executed this SA-1 as of the SA-1 Effective Date.

U.S. SOUTH COMMUNICATIONS, INC.

By: _____ /s/ * * *
Name: _____ * * *
Title: _____ * * *
Date: _____ 3/31/10

INCOMM HOLDINGS, INC.

By: _____ /s/
Name: _____ * * *
Title: _____ * * *
Date: _____ 3/31/10

METROPCS WIRELESS, INC.

By: _____ /s/
Name: _____ * * *
Title: _____ * * *
Date: _____ 3/31/10

Long Distance MSA

EXHIBIT A TO EXHIBIT 1 – SERVICE ADDENDUM ONE
"WIRELESS DIRECT" DIRECT PEERING RELATIONSHIPS

Long Distance MSA

11

Exhibit 1 – DLD Service Addendum One

EXHIBIT B TO EXHIBIT 1 – SERVICE ADDENDUM ONE
DLD RATES

Long Distance MSA

12

Exhibit 1 – DLD Service Addendum One

EXHIBIT C TO EXHIBIT 1 – SERVICE ADDENDUM ONE
TROUBLE REPORTING AND ESCALATION MECHANISMS

Long Distance MSA

13

Exhibit 1 – DLD Service Addendum One

EXHIBIT 1
SERVICE ADDENDUM TWO
INTERNATIONAL LONG DISTANCE SERVICES

[Attached Hereto]

Long Distance MSA – Exhibit 1

SERVICE ADDENDUM TWO

EXHIBIT 1
SERVICE ADDENDUM TWO
INTERNATIONAL LONG DISTANCE SERVICE

This Service Addendum Two – International Long Distance Service ("**SA-2**") is entered into this 31st day of March, 2010 (the "**SA-2 Effective Date**") pursuant to the Master Services Agreement by and between MetroPCS and InComm dated March 31, 2010, the terms of which are incorporated herein by this reference, and is by and among MetroPCS, InComm and InComm's Affiliate, U.S. South Communications, Inc., a Colorado corporation ("**US South**"). This SA-2 describes the terms and conditions under which US South will provide International Long Distance Service (hereinafter defined). *** . All capitalized terms used, but not otherwise defined, in this SA-2 shall have the meanings ascribed to them in the Terms and Conditions. Any telecommunications-related capitalized terms used, but not otherwise defined, in this SA-2 or in the Terms and Conditions shall have the meanings ascribed to them under generally applicable industry standards.

1.0 INTERNATIONAL LONG DISTANCE SERVICE.

- 1.01** US South will provide to MetroPCS international long distance termination for calls made by the end user subscribers of MetroPCS, its Affiliates and Designated Entities (the "**Customers**") originating on the MetroPCS network to the called automated number identification terminating outside the contiguous forty-eight (48) states, Alaska and Puerto Rico ("**International Long Distance Service**"). The parties intend that MetroPCS will route all International Long Distance Service calls made by Customers to separate international trunk groups established and maintained by the parties.
- 1.02** US South will provide the International Long Distance Service in accordance with the terms of the Service Level Agreements set forth in **Section 6** of this SA-2.
- 1.03** US South hereby designates the persons set forth in **Schedule 1.03** attached to this SA-2 in descending order of priority as to availability to serve as US South's account representatives with MetroPCS regarding the provision of International Long Distance Service under this SA-2, and such persons shall be MetroPCS' primary contacts regarding any business issues that may arise relating thereto (each, a "**US South Account Representative**"); provided, however, that any US South Account Representative may be replaced from time to time during the SA-2 Term upon notice to the primary MetroPCS Account Representative. MetroPCS hereby designates the persons set forth in **Schedule 1.03** attached to this SA-2 in descending order of priority as to availability to serve as MetroPCS' account representatives with US South regarding the receipt of International Long Distance Service under this SA-2, and such persons shall be US South's primary contacts regarding any business issues that may arise relating thereto (each, a "**MetroPCS Account Representative**"); provided, however, that any MetroPCS Account Representative may be replaced from time to time during the SA-2 Term upon notice to the primary US South Account Representative.

2.0 FEES; *.**

2.01 International Long Distance Service Rates; *.** MetroPCS shall pay US South for International Long Distance Service terminated by US South in each of the MetroPCS Destinations (as hereinafter defined) (for the avoidance of doubt, ***. MetroPCS shall pay US South ***.

*** Chart ***

***.

2.02 MetroPCS Destination Schedule.

- (a) **General.** The parties have developed and shall regularly maintain a schedule (the "**MetroPCS Destination Schedule**") that reflects each MetroPCS-identified international destination respecting which US South is required to provide International Long Distance Service (each such destination, a "**MetroPCS Destination**"). For each MetroPCS Destination, the MetroPCS Destination Schedule must set forth: (a) the available options for delivering International Long Distance Service to such MetroPCS Destination (each, a "**Routing Choice**"); and (b) ***. Upon *** prior written notice to MetroPCS (or *** prior written notice to MetroPCS if US South receives *** notice ***), US South shall have the right to ***.
- (b) **Additional Destinations.** MetroPCS shall have the right to add a MetroPCS Destination to the MetroPCS Destination Schedule upon written notice to a US South Account Representative, which notice shall set forth the additional destination requested by MetroPCS by city and country (the "**Additional Destination**"). For the *** period following US South's implementation of the Additional Destination (which implementation US South shall complete within *** following its receipt of MetroPCS' written request) (the "**Initial Period**"), US South will charge MetroPCS for International Long Distance Service provided to such Additional Destination at a rate equal to ***. *** (the "**Percentage Change**").
- (c) **Deleted Destinations.** MetroPCS may delete a MetroPCS Destination (the "**Deleted Destination**") from the MetroPCS Destination Schedule upon *** prior written notice to the applicable US South Account Representative (the date on which any such deletion becomes effective, the "**Deletion Date**"). After expiration of such *** period, such Deleted Destination shall no longer be included in the MetroPCS Destination Schedule and MetroPCS shall not be liable to US South for the cost of calls terminated by US South to such Deleted Destination.

-
- (d) **Dial Digit Changes.** US South may modify destination dial codes as necessary from time to time. If US South wants to modify any destination dial code, it shall so notify MetroPCS in writing, and the parties shall adhere to the dial code modification procedures set forth in **Schedule 2.02**, as such Schedule may be modified from time to time by mutual written agreement of the parties, provided that MetroPCS shall always have the right to determine whether the destination dial code will continue to constitute a MetroPCS Destination.

If MetroPCS rejects a dial code modification requested by US South, US South may create a new destination for purposes of managing the dial codes as long as such modification does not adversely affect the Customers or *** . The parties promptly shall appropriately update the MetroPCS Destination Schedule following creation of such new destination to include the information described in **Section 2.02(a)**.

2.03 Percentage Change Calculations.

*** .

2.04 Additional Service Fees. US South's fees for additional Services outside the scope of the initial setup and provisioning of International Long Distance Service ("**Additional ILD Services**") are as follows:

*** Chart ***

Customized prompts can be recorded telephonically by MetroPCS or its Personnel, or in studio by professional voice talent. Only Additional ILD Services that are included in a written quotation accepted by MetroPCS in writing are chargeable to MetroPCS.

2.05 Payment Terms. In accordance with the terms set forth in **Section 2.01**, US South will invoice MetroPCS *** for the International Long Distance Service. MetroPCS shall pay US South the invoiced amounts in accordance with, and subject to, the terms set forth in **Article 3** of the Terms and Conditions no later than *** days after the date on which MetroPCS receives the applicable invoice.

2.06 * .**

3.0 EXCLUSIVITY; PARTIES' AUDIT RIGHTS.

3.01 MetroPCS International Long Distance Traffic Routing Requirements.

- (a) MetroPCS shall deliver to US South for termination during the SA-2 Term at least: *** ("*Percentage of Delivered ILD Calls*"). Notwithstanding the foregoing, the following international long distance calls generated by the Customers will be excluded from any calculations to determine compliance with the Percentage of Delivered ILD Calls: (i) calls made by Customers during a Transition Period (if any); (ii) calls made by Customers during any period that a Force Majeure Event prevents, hinders or delays US South from providing International Long Distance Service; (iii) calls made by customers of a Person that becomes an Affiliate or Designated Entity of MetroPCS following the SA-2 Effective Date; and (iv) calls made by Customers to a Particular Destination that is excluded from such calculation under the terms of **Section 3.01(b)**.
- (b) If MetroPCS wants US South to terminate international long distance calls to a particular MetroPCS Destination (the "*Particular Destination*") via a carrier other than a carrier then included on the MetroPCS Destination Schedule for that Particular Destination, upon written notice to US South, MetroPCS shall have the right to require that US South interconnect with such carrier (an "*Additional Carrier*"). US South shall implement the Additional Carrier no later than *** after its receipt of MetroPCS' written notice; provided, however, that for a period of *** following implementation of such Additional Carrier (the "*Trial Period*"), any calls terminated by such Additional Carrier shall not be: (i) *** ; or (ii) *** ; provided that MetroPCS shall pay US South *** . Within *** after commencement of the Trial Period, MetroPCS and US South shall meet (in person or telephonically) to review the performance of the Additional Carrier and, based upon such performance, determine whether to retain or remove the Additional Carrier for purposes of terminating Customers' calls to the Particular Destination. If the parties agree to retain the Additional Carrier, the parties will further mutually determine whether calls terminated by such Additional Carrier will be subject to the SLAs and, if so, whether to implement any revisions or amendments to the SLAs as a result of the retention of the Additional Carrier. If MetroPCS wants to remove the Additional Carrier from the MetroPCS Destination Schedule, then such Additional Carrier shall be removed from the MetroPCS Destination Schedule, and MetroPCS shall not terminate any International Long Distance Service calls to the Particular Destination through such Additional Carrier for a period of *** following the date on which MetroPCS removes the Additional Carrier from the MetroPCS Destination Schedule. If MetroPCS wants to retain the Additional Carrier but US South does not want to retain the Additional Carrier, then the Additional Carrier shall be removed from the MetroPCS Destination Schedule and the Particular Destination thereafter shall be excluded from calculation of the Percentage of Delivered ILD Calls.

3.02 US South * Commitments.**

Subject to **Section 2.06** and the requirements of this **Section 3.02**, during the SA-2 Term US South and its Affiliates may terminate international long distance calls for other Persons in its and their sole and absolute discretion. However, if US South or any of its Affiliates *** to:

- (a) *** ,
- (b) *** .

The amounts described in the foregoing subsections (a) and (b) are sometimes referred to herein as the "*International Fees*". *** .

Notwithstanding anything hereinabove to the contrary, in no event shall US South be obligated to remit International Fees to MetroPCS *** .

US South shall pay the International Fees to MetroPCS no later than *** after the end of the month *** . US South shall have the right to *** the International Fees payable hereunder to account for *** ; (f) *** ; or (g) *** . US South's obligation to pay MetroPCS the International Fees shall terminate effective as of the date on which this SA-2 expires or is terminated and up to *** of the Transition Period (if any) has expired, provided that US South shall remain obligated to pay MetroPCS any International Fees that accrued prior to such date.

3.03 Parties' Audit Rights.

- (a) In accordance with the terms set forth in **Section 9.3** of the Terms and Conditions, MetroPCS will allow US South to examine and audit MetroPCS' international call detail records ("*ILD CDRs*"), switch information and other relevant records that relate to MetroPCS' compliance with its obligations under this SA-2 including, without limitation, routing, exclusivity and volume requirements, including the Percentage of Delivered ILD Calls. If the audit reveals that MetroPCS breached its obligations to US South under this SA-2 by failing to comply with any such requirements, for purposes of **Section 9.3.3** of the Terms and Conditions, *** .
- (b) In accordance with the terms set forth in **Section 9.3** of the Terms and Conditions, US South will allow MetroPCS to examine and audit the ILD CDRs of US South's Third Party carriers, US South's switch information and other relevant records that relate to US South's compliance with its obligations under this SA-2 including, without limitation, the amounts charged by US South to MetroPCS under this SA-2 and US South's compliance with the terms set forth in **Sections 2.06** and **3.02**. For purposes of **Section 9.3.3** of the Terms and Conditions, US South shall be obligated to reimburse MetroPCS for *** incurred in connection with such audit if the audit reveals that US South failed to:
 - (i) properly charge MetroPCS the cost of International Long Distance Service under this SA-2, but only if *** ;
 - (ii) comply with the terms set forth in **Section 2.06**, but only if the fees and expenses paid by MetroPCS under this SA-2 during the period of non-compliance would have been *** if US South had complied with such obligations;
 - (iii) comply with the terms set forth in **Section 3.02**; or
 - (iv) comply with any of its other obligations under this SA-2, but only if such non-compliance was material.

4.0 CALL DETAIL RECORDS; NETWORK INTERCONNECTION.

4.01 US South will provide to MetroPCS with each invoice its ILD CDRs via electronic media.

4.02 US South agrees to make Available (as defined in this paragraph) for the termination of International Long Distance Service its internet protocol soft-switch network for each MetroPCS Destination. For purposes of this **Section 4.02**, "**Available**" means commercially available for use to provide or facilitate the International Long Distance Service by connecting to MetroPCS' soft-switch network via SIP (Session Initiated Protocol) interconnect and support of: (a) for the first *** following the SA-2 Effective Date, the SIP G.711 protocol; and (b) commencing *** following the SA-2 Effective Date, for not less than *** of all International Long Distance Service calls, the SIP G.729 protocol, and for not more than *** of all International Long Distance Service calls, the SIP G.711 protocol. If US South fails to comply with the preceding requirements, MetroPCS may provide US South with written notice indicating such failure. US South shall have *** after receipt of such written notice to cure such failure and comply with such requirements.

5.0 REPORTING.

5.01 General. US South will provide to MetroPCS the following reports in electronic form on a daily basis: (a) MetroPCS Traffic Report Extraction; and (b) MetroPCS MDN Report Final. Unless the parties agree to any variations, such reports shall be in the same form, and include the same contents, as the versions of such reports that were provided by US South to MetroPCS prior to the SA-2 Effective Date. Additionally, US South must provide to MetroPCS daily reports with respect to International Long Distance Service traffic and routing information, *** (which, for the avoidance of doubt, shall only include calls that are actually delivered to US South's network) segregated by MetroPCS Destination, and *** segregated by carrier that received International Long Distance Service traffic during the preceding twenty-four (24) hour period. A sample of such daily reports are set forth in **Schedule 5.01**.

5.02 Additional Reports. MetroPCS may request that US South provide it with additional reports, provided that any such request for additional reporting must be in writing and shall include in reasonable detail: (a) the information to be included in such report; (b) the period of time to be covered by such report; (c) the frequency of such report; and (d) any other information that may be reasonably pertinent to US South's preparation of such report. Promptly following receipt of such written request (but not later than ten (10) days following receipt of such request), US South shall advise MetroPCS if it can provide such report, and if US South cannot provide the report requested, the parties shall work together cooperatively to determine if an alternative to such report can be provided by US South to the reasonable satisfaction of MetroPCS. All MetroPCS-requested additional reports shall be provided *** to MetroPCS unless US South *** to provide such report, or *** , in which case the parties shall negotiate in good faith the *** .

6.0 SERVICE LEVEL AGREEMENTS.

6.01 Defined Terms.

*** .

6.02 * .**

6.03 Service Level Agreements.

(a) ***

(b) ***

(c) ***

(d) ***

(e) ***

(f) ***

(g) **Technical Support.** Without additional cost or expense to MetroPCS, US South shall provide technical support twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five days (365) per year.

7.0 TROUBLE RESOLUTION AND REPORTING PROCEDURES.

7.01 Attached to this SA-2 as **Exhibit A** is US South's "Trouble Reporting and Escalation Mechanisms," which are applicable to the International Long Distance Service.

8.0 TERM AND TERMINATION OF SA-2; TRANSITION RIGHTS.

8.01 General. Unless earlier terminated as provided in the Agreement (including in this SA-2), the term of this SA-2 shall commence as of the SA-2 Effective Date and will continue for a period of five (5) years (plus the length of any Transition Period, the "**SA-2 Term**"). MetroPCS shall have the right, upon written notice given by MetroPCS any time during the third year of the SA-2 Term, to initiate a review by the parties of the international long distance program described in this SA-2. If MetroPCS exercises such right, US South and MetroPCS shall meet *** following exercise of such right *** to reach agreement on terms and conditions under which this SA-2 will continue in effect during the remainder of the SA-2 Term. If US South and MetroPCS are unable to agree upon such terms, MetroPCS shall have the right to terminate this SA-2 without penalty *** ; provided that: (a) the effective date of any termination under this **Section 8.0** shall not be earlier than the last day of the forty-second (42nd) month of the SA-2 Term; and (b) MetroPCS must exercise such right no later than after the end of the third year of the SA-2 Term.

8.02 Termination for Convenience. Without in any way limiting or otherwise affecting MetroPCS' rights under this Section, on ninety (90) days' prior written notice to US South, which notice may not be given before that date which is twenty-seven (27) months following the SA-2 Effective Date, MetroPCS shall have the right to terminate this SA-2 for its convenience. In such event, MetroPCS shall pay to US South *** a termination fee equal to *** for each *** month *** that occurs after the thirtieth (30th) month following the SA-2 Effective Date up to and including the ninetieth (90th) day following US South's receipt of MetroPCS' notice of termination for convenience.

8.03 Transition Rights.

- (a) **Length of the Transition Period.** The length of the Transition Period under this SA-2 shall be: (i) if this SA-2 is terminated by MetroPCS pursuant to **Section 8.02** of this SA-2, *** following the effective date of termination; (ii) if this SA-2 is terminated by MetroPCS following a US South Event of Default, *** following the effective date of termination; (iii) if this SA-2 is terminated by US South following a MetroPCS Event of Default, *** following the effective date of termination; (iv) if this SA-2 expires without renewal, *** following the date of expiration; and (v) if this SA-2 is terminated by MetroPCS pursuant to **Section 8.01** of this SA-2, *** following the effective date of termination. Notwithstanding any contrary terms that may be contained in this **Section 8.03(a)**, if MetroPCS does not purchase from US South during the Transition Period *** or more International Long Distance Service minutes on average during ***, the Transition Period automatically shall end at the end of the ***.
- (b) **Pricing During the Transition Period.** The pricing set forth in this SA-2 shall remain in effect during the Transition Period.
- (c) **SLAs During the Transition Period.** The SLAs *** shall remain in effect during the Transition Period unless US South terminates this SA-2 following a MetroPCS Event of Default, in which case the SLAs *** will apply only during *** of the Transition Period.
- (d) **Additional Transition Period Terms.** The terms set forth in **Section 2.06** of this SA-2 shall cease to apply: (i) if this SA-2 is terminated by MetroPCS pursuant to **Section 8.02** of this SA-2, *** following the first day of the Transition Period; (ii) if this SA-2 is terminated by MetroPCS following a US South Event of Default, *** following the first day of the Transition Period; (iii) if this SA-2 is terminated by US South following a MetroPCS Event of Default, effective as of the first day of the Transition Period; and (iv) if this SA-2 expires without renewal, effective as of the first day of the Transition Period.

IN WITNESS WHEREOF, the parties have executed this SA-2 as of the SA-2 Effective Date.

U.S. SOUTH COMMUNICATIONS, INC.

By: _____ /s/ * * *
Name: _____ * * *
Title: _____ * * *
Date: _____ 3/31/10

INCOMM HOLDINGS, INC.

By: _____ /s/ * * *
Name: _____ * * *
Title: _____ * * *
Date: _____ 3/31/10

METROPCS WIRELESS, INC.

By: _____ /s/ * * *
Name: _____ * * *
Title: _____ * * *
Date: _____ 3/31/10

Long Distance MSA

Exhibit 1 – ILD Service Addendum Two

SCHEDULE 1.03 TO EXHIBIT 1 – SERVICE ADDENDUM TWO
ACCOUNT REPRESENTATIVES

Long Distance MSA

10

Exhibit 1 – ILD Service Addendum Two

SCHEDULE 2.02 TO EXHIBIT 1 – SERVICE ADDENDUM TWO
PROCEDURES FOR MODIFYING DESTINATION DIAL CODES

Long Distance MSA

11

Exhibit 1 – ILD Service Addendum Two

**SCHEDULE 5.01 TO EXHIBIT 1 – SERVICE ADDENDUM TWO
FORM OF DAILY REPORT**

Long Distance MSA

12

Exhibit 1 – ILD Service Addendum Two

EXHIBIT A TO EXHIBIT 1 – SERVICE ADDENDUM TWO
TROUBLE REPORTING AND ESCALATION MECHANISMS

Long Distance MSA

13

Exhibit 1 – ILD Service Addendum Two

METROPCS COMMUNICATIONS, INC.
THIRD AMENDED AND RESTATED
NON-EMPLOYEE DIRECTOR REMUNERATION PLAN

Effective as of March 11, 2010

In consideration of the services provided by certain non-employee members of the Board of Directors (the "Board") of MetroPCS Communications, Inc., a Delaware corporation (the "Company") the Company establishes this Third Amended and Restated Non-Employee Director Remuneration Plan ("Plan"). Each member of the Board is a "Director."

ARTICLE I
ELIGIBILITY

Each Non-Employee Director will be eligible to receive the remuneration for Board services provided for in this Plan. "Non-Employee Director" means a Director who (a) is not a current officer or employee of the Company or any of its subsidiaries, (b) does not have a spouse, minor child or children, or other adult living in their household who receive compensation from the Company or any of its subsidiaries, and (c) has not entered into an arrangement with the Company or any of its subsidiaries to receive compensation from any such entity (through a consulting, equipment purchase, manufacturing services or other arrangement) other than through this Plan.

ARTICLE II
DIRECTOR MEETING FEES

Section 2.1 Board Meeting Fees.

- (a) Each Non-Employee Director will receive (collectively, the "Board Meeting Fees"):
 - (i) \$2,000 for each Board meeting that such Non-Employee Director attends in person; and
 - (ii) \$1,000 for each Board meeting that such Non-Employee Director attends by telephone.
- (b) Board Meeting Fees will be paid in cash and will be paid once every fiscal quarter in arrears.
- (c) Board Meeting Fees will only be paid with respect to any given Board meeting if (x) a quorum was in attendance at such meeting and (y) minutes are recorded at such meeting.

-
- (d) For purposes of this Plan, any series of Board meetings taking place on the same day and lasting in the aggregate less than four (4) hours will be deemed one and the same Board meeting for purposes of Board Meeting Fee payment.

Section 2.2 Standing Committee Meeting Fees.

- (a) Each Non-Employee Director that is a member of the Audit Committee, Finance and Planning Committee, Compensation Committee and/or Nominating and Corporate Governance Committee of the Board (collectively, the "Standing Committees" and each individually a "Standing Committee") will receive with respect to any Standing Committee of which such Non-Employee Director is a duly elected member (collectively, the "Standing Committee Fees"):
 - (i) \$2,000 for each such Committee meeting that such Non-Employee Director attends in person; and
 - (ii) \$1,000 for each such Committee meeting that such Non-Employee Director attends by telephone.
- (b) The fees described in Section 2.2(a) will be paid in cash and will be paid once every fiscal quarter in arrears.
- (c) Standing Committee Fees will only be paid with respect to any given Standing Committee meeting if (x) a quorum is in attendance at such meeting and (y) minutes are recorded at such meeting.
- (d) For purposes of this Plan, any series of Standing Committee meetings for the same Standing Committee taking place on the same day and lasting in the aggregate less than four (4) hours will be deemed one and the same Standing Committee meeting for purposes of payment of Standing Committee Fees.

Section 2.3 Bidding Committee Fees.

- (a) Non-Employee Directors who are members of a Bidding Committee will receive a flat \$10,000 fee to be paid at the end of the fiscal quarter in which the auction for which the Bidding Committee was formed ends.
- (b) The provisions of subsection (a) above represent the sole compensation provided for participation on a Bidding Committee and no Non-Employee Director will receive any other payments or other compensation under any other provision of this Plan in connection with such participation.

Section 2.4 Ad Hoc Committee Fees.

If the Board establishes by resolution an ad hoc committee (an "Ad Hoc Committee"), the Board will by resolution also establish the fees to be paid to the Non-Employee Directors named to such Ad Hoc Committee for attendance at meetings of such Ad Hoc Committee.

ARTICLE III
ANNUAL RETAINER

Section 3.1 Annual Retainer.

- (a) Each Non-Employee Director will receive an annual retainer ("Annual Retainer"). The amount of the Annual Retainer payable to a given Non-Employee Director will be equal to the following, as modified by the remainder of this Article III:
 - (i) \$40,000; plus
 - (ii) either:
 - (a) \$10,000, if, during the year to which such Annual Retainer relates, such Director serves as the Chairman of the Finance and Planning Committee, Compensation Committee and/or Nominating and Corporate Governance Committee; or
 - (b) \$30,000, if, during the year to which such Annual Retainer relates, such Director serves as the Chairman of the Audit Committee.
- (b) The Annual Retainer paid to each Non-Employee Director will be paid in cash.

Section 3.2 Time of Payment; Proration; Suspension of Payment.

- (a) If a Non-Employee Director is a Director at the beginning of a calendar year relating to an Annual Retainer, then said Non-Employee Director's Annual Retainer for such calendar year will be paid in full on or before January 31 of such calendar year.
- (b) If a Non-Employee Director is not a Director at the beginning of a calendar year relating to an Annual Retainer, but becomes a Director during the course of that calendar year, said Non-Employee Director's Annual Retainer will be paid in full on or before the end of the fiscal quarter in which such Director became a Director.
- (c) Annual Retainers paid in accordance with subsection (b) above will be reduced by the following percentages:
 - (i) 0% if said Non-Employee Director's becomes a Director on or before March 31;
 - (ii) 25% if said Non-Employee Director's becomes a Director on or before June 30 but after March 31;
 - (iii) 50% if said Non-Employee Director's becomes a Director on or before September 30 but after June 30; and

-
- (iv) 75% if said Non-Employee Director's becomes a Director on or after October 1.
- (d) If a Non-Employee Director is a Director during a calendar year relating to an Annual Retainer, but subsequently ceases to be a Director during the course of that calendar year, and subsequently becomes a Director again during the course of that calendar year, then:
- (i) said Non-Employee Director's Annual Retainer for said calendar year will be paid in full pursuant to the provisions of subsection (a) and (b) above; and
 - (ii) said Non-Employee Director's Annual Retainer for the following calendar year will be reduced by 25% for each full fiscal quarter the Director was absent from the Board during the preceding calendar year, provided that no such reduction will be imposed for periods of absence previously triggering reductions under subsection (c) above.
- (e) If a Non-Employee Director is not a chairman of a Standing Committee at the beginning of a calendar year relating to an Annual Retainer, but becomes such a chairman during the course of that calendar year, then the portion of such Non-Employee Directors' Annual Retainer attributable to his or her service as chairman of such Standing Committee will be paid in accordance with subsection (b) and reduced in accordance with subsection (c). If such Non-Employee Director is a chairman of such a Standing Committee during a calendar year relating to an Annual Retainer, but subsequently ceases to be such a chairman during the course of that calendar year, and subsequently becomes a chairman again during the course of that calendar year, then the portion of such Non-Employee Directors' Annual Retainer attributable to his or her service as chairman of such Standing Committee will be paid in accordance with subsection (d).

ARTICLE IV
Initial/Annual Equity Grants

Section 4.1 Grant of Options.

Each Non-Employee Director will receive, in addition to all other compensation provided for in this Plan, grants of options to purchase shares ("Options") of the Company's common stock, par value \$0.0001 per share ("Common Stock"), as follows (any and all such grants of Options to be made pursuant to and in accordance with the terms and provisions set forth in this Plan, the applicable equity incentive compensation plan of the Company (including, but not limited to, the Amended and Restated MetroPCS Communications, Inc. 2004 Equity Incentive Compensation Plan, and the MetroPCS Communications, Inc. 2010 Equity Incentive Compensation Plan, as such plans may be further amended or restated from time to time) (the "Equity Plan") and a Stock Option Grant Agreement entered into with respect to such grant):

-
- (a) an initial grant of Options (the "Initial Option Grant") to purchase 33,600 shares of Common Stock upon the Director first becoming a member of the Board, with an exercise price equal to the Common Stock's closing price on the New York Stock Exchange ("NYSE") on the grant date; and
 - (b) an annual grant of Options (each an "Annual Option Grant") to purchase 16,800 shares of Common Stock, with an exercise price equal to the Common Stock's closing price on the NYSE on the grant date.

Section 4.2 Grant of Restricted Stock.

Each Non-Employee Director will receive, in addition to all other compensation provided for in this Plan, an annual grant of restricted Common Stock ("Restricted Stock") (each an "Annual Restricted Stock Grant") of 6,000 shares pursuant to and in accordance with the terms and provisions set forth in this Plan, the applicable Equity Plan and a Restricted Stock Grant Agreement entered into with respect to such grant.

Section 4.3 Timing of Grants.

- (a) Initial Grants

(i) Initial Option Grants will be granted to a Non-Employee Director at the first scheduled Board meeting following the end of the fiscal quarter in which such Director becomes a Director.

- (b) Annual Grants

(i) Annual Option Grants and Annual Restricted Stock Grants will be made at the same time the Company makes annual grants to its employees and officers under an applicable Equity Plan.

(ii) A Non-Employee Director who becomes a director after January 1 of a given calendar year will receive an Annual Option Grant and an Annual Restricted Stock Grant for such calendar year at the first scheduled Board meeting following the end of the fiscal quarter in which such Director becomes a Director.

- (c) Under no circumstances will the Company make any Option grants or Restricted Stock grants during a "Blackout Period" as defined in the Company's Policy on the Prevention of Insider Trading and Misuse of Confidential Information of MetroPCS Communications, Inc. and its Subsidiaries, as amended from time to time. Any Option grant or Restricted Stock grant that would otherwise be scheduled during such a Blackout Period will be made as soon as practicable after the expiration of the Blackout Period.

Section 4.4 Vesting and Term.

- (a) Option grants made under this Plan will commence vesting (i) on the grant date and will vest rateably on a monthly basis over a three (3) year period beginning on the Option grant date such that one thirty-sixth (1/36) of the Options will vest on each one month anniversary of such grant date.
- (b) Annual Restricted Stock Grants made under this Plan will commence vesting on the grant date and will vest ratably on a quarterly basis over a three (3) year period beginning on the completion of each quarter of service, such that one-twelfth (1/12) of the Annual Restricted Stock Grant will vest in successive equal quarterly installments.
- (c) Notwithstanding anything in this Plan to the contrary, no Options or Restricted Stock will vest or become exercisable after a Director's cessation of service with the Company.
- (d) All Options granted under this Plan will have an Option Expiration Date (as defined in the Equity Plan) of ten years from the grant date.

ARTICLE V

TERMINATION OF PRIOR DIRECTOR REMUNERATION PROGRAMS AND PLANS

This Plan supersedes and replaces all prior plans, agreements or other documents or programs (written or oral) with respect to the remuneration of Non-Employee Directors and is effective as of the date first written above.

Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Roger D. Linquist, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MetroPCS Communications, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that 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: May 10, 2010

By: /s/ Roger D. Linquist
Roger D. Linquist
President, Chief Executive Officer and
Chairman of the Board

Certification
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, J. Braxton Carter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MetroPCS Communications, 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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that 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: May 10, 2010

By: /s/ J. Braxton Carter
J. Braxton Carter
Executive Vice President and
Chief Financial 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 MetroPCS Communications, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Roger D. Linquist, President, Chief Executive Officer and Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: May 10, 2010

By: /s/ Roger D. Linquist _____
Roger D. Linquist
President, Chief Executive Officer and Chairman of the Board

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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 MetroPCS Communications, Inc. (the "Company") on Form 10-Q for the period ending March 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Braxton Carter, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: May 10, 2010

By: /s/ J. Braxton Carter

J. Braxton Carter

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by Company and furnished to the Securities and Exchange Commission or its staff upon request.