

SECURITIES AND EXCHANGE COMMISSION

Washington, DC. 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
SEPTEMBER 30, 1996

Commission File Number 0-19437

CELLULAR TECHNICAL SERVICES COMPANY, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

11-2962080

(State or Other Jurisdiction of
Incorporation or Organization)

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

2401 FOURTH AVENUE, SEATTLE, WASHINGTON 98121

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (206) 443-6400

NOT APPLICABLE

(Former name, former address and former fiscal year,
if changed since last report.)

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 the filing requirements for the past 90 days. Yes X No
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22,212,708 Common Shares were outstanding as of November 8, 1996.

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CELLULAR TECHNICAL SERVICES COMPANY, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BALANCE SHEETS
(unaudited)

| | SEPTEMBER 30, 1996 | DECEMBER 31, 1995 |
|---|-----------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 3,794,682 | \$ 9,448,255 |
| Accounts receivable, net | 7,102,405 | 508,238 |
| Inventories, net | 3,991,903 | 1,947,060 |
| Prepaid expenses and other current assets | 714,870 | 827,712 |
| | ----- | ----- |
| Total Current Assets | 15,603,860 | 12,731,265 |
| PROPERTY AND EQUIPMENT, net | 2,631,270 | 2,292,632 |
| SOFTWARE DEVELOPMENT COSTS, net | 3,599,851 | 3,346,748 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 21,834,981 | \$ 18,370,645 |
| | ----- | ----- |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 4,308,105 | \$ 1,154,396 |
| Payroll related liabilities | 530,097 | 223,222 |
| Taxes (other than payroll and income) | 349,871 | 197,843 |
| Deferred revenue and customers' deposits | 2,113,150 | 61,973 |
| | ----- | ----- |
| Total Current Liabilities | 7,301,223 | 1,637,434 |
| STOCKHOLDERS' EQUITY | | |
| Preferred Stock, \$0.01 par value per share, 5,000,000 shares authorized, none issued and outstanding | | |
| Common Stock, \$0.001 par value per share, 30,000,000 shares authorized, 22,208,508 shares issued and outstanding in 1996 and 21,602,768 in 1995 | 22,209 | 21,603 |
| Additional paid-in capital | 22,574,580 | 20,337,872 |
| Deficit | (8,063,031) | (3,626,264) |
| | ----- | ----- |
| Total Stockholders' Equity | 14,533,758 | 16,733,211 |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 21,834,981 | \$ 18,370,645 |
| | ----- | ----- |

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

CELLULAR TECHNICAL SERVICES COMPANY, INC.
STATEMENTS OF OPERATIONS
(unaudited)

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | |
|-------------------------------------|-------------------------------------|----------------|------------------------------------|--------------|
| | 1996 | 1995 | 1996 | 1995 |
| REVENUES | | | | |
| Systems | \$ 10,256,842 | \$ 1,056,857 | \$ 13,246,362 | \$ 6,762,048 |
| Services | 193,088 | 809,547 | 749,171 | 2,120,124 |
| | ----- | ----- | ----- | ----- |
| Total Revenues | 10,449,930 | 1,866,404 | 13,995,533 | 8,882,172 |
| COSTS AND EXPENSES | | | | |
| Costs of Systems and Services | 7,809,833 | 1,211,432 | 10,493,795 | 3,755,452 |
| Sales and marketing | 822,921 | 556,263 | 2,320,433 | 1,644,027 |
| General and administrative | 460,424 | 422,766 | 2,130,652 | 1,584,553 |
| Research and development | 1,349,264 | 999,654 | 3,702,213 | 2,696,756 |
| | ----- | ----- | ----- | ----- |
| Total Costs and Expenses | 10,442,442 | 3,190,115 | 18,647,093 | 9,680,788 |
| | ----- | ----- | ----- | ----- |
| INCOME (LOSS) FROM OPERATIONS | 7,488 | (1,323,711) | (4,651,560) | (798,616) |
| INTEREST INCOME | 46,742 | 125,290 | 214,793 | 350,832 |
| | ----- | ----- | ----- | ----- |
| INCOME (LOSS) BEFORE INCOME TAXES | 54,230 | (1,198,421) | (4,436,767) | (447,784) |
| BENEFIT FOR INCOME TAXES | | (15,000) | | |
| | ----- | ----- | ----- | ----- |
| NET INCOME (LOSS) | \$ 54,230 | \$ (1,183,421) | \$ (4,436,767) | \$ (447,784) |
| | ----- | ----- | ----- | ----- |
| NET INCOME (LOSS) PER SHARE | \$.00 | \$ (.06) | \$ (.20) | \$ (.02) |
| | ----- | ----- | ----- | ----- |
| WEIGHTED AVERAGE SHARES OUTSTANDING | 23,588,725 | 20,364,070 | 21,857,357 | 20,004,200 |
| | ----- | ----- | ----- | ----- |

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

CELLULAR TECHNICAL SERVICES COMPANY, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|--|------------------------------------|--------------|
| | 1996 | 1995 |
| OPERATING ACTIVITIES | | |
| Net income (loss) | \$ (4,436,767) | \$ (447,784) |
| Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities: | | |
| Depreciation and amortization of property and equipment | 576,551 | 394,074 |
| Amortization of software development costs | 820,488 | 759,742 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (6,594,167) | 1,063,734 |
| (Increase) in inventories | (2,044,843) | (752,377) |
| Decrease (increase) in prepaid expenses and other current assets | 112,842 | (389,733) |
| Increase (decrease) in accounts payable and accrued liabilities | 3,153,709 | (36,371) |
| Increase (decrease) in payroll related liabilities | 306,875 | (265,021) |
| Increase (decrease) in taxes (other than payroll and income) | 152,028 | (89,559) |
| Increase (decrease) in deferred revenue and customers' deposits | 2,051,177 | (69,470) |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | (5,902,107) | 167,235 |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (915,189) | (1,281,122) |
| Capitalization of software development costs | (1,073,591) | (1,393,847) |
| NET CASH USED IN INVESTING ACTIVITIES | (1,988,780) | (2,674,969) |
| FINANCING ACTIVITIES | | |
| Proceeds from exercise of stock options | 2,237,314 | 2,863,073 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 2,237,314 | 2,863,073 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (5,653,573) | 355,339 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 9,448,255 | 9,041,985 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 3,794,682 | \$ 9,397,324 |

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

CELLULAR TECHNICAL SERVICES COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION:

The accompanying unaudited financial statements of Cellular Technical Services Company, Inc. (the "Company"), including the December 31, 1995 balance sheet which has been derived from audited financial statements, have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain reclassifications have been made in the prior period's financial statements to conform to the current period's presentation. The operating results for the three- and nine-month periods ended September 30, 1996 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 1996. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 and Forms 10-Q for the three months ended March 31, 1996, and June 30, 1996, respectively.

NOTE B - CONTINGENCIES:

The Company is involved in legal actions and claims arising in the ordinary course of business. It is the opinion of management that such litigation will be resolved without a material adverse effect on the Company's liquidity results of operations or its financial position.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Prior to the current period, the Company's revenues had been primarily derived from the Company's Hotwatch-Registered Trademark- Platform and related application products and services ("Hotwatch Products") and, to a lesser extent, phone rental products which are no longer being marketed by the Company. To address the wireless communications industry's increasing need for a product to more effectively combat cloning fraud, a major industry problem, the Company has developed the Blackbird-Registered Trademark- Platform and related application products and services ("Blackbird Products"). The Blackbird Platform has been engineered with an open architecture design to allow the Company and others to develop application products which could run on or exchange information with it.

In 1995, the Company began conducting trials for the purpose of testing and evaluating the Blackbird Products. Since that time, the Company has signed contracts with AirTouch Cellular ("AirTouch"), Bell Atlantic NYNEX Mobile ("BANM"), GTE Mobilnet of California, L.P. ("GTE") and Ameritech Mobile Communications, Inc. ("Ameritech") to install the Blackbird Products.

During the current period, the Company recorded its first substantial revenues from two of the contracts noted above. Revenue recognition for the Company's systems is based upon performance criteria which vary from customer to customer and product to product. Physical hardware and software delivery, definitions of system delivery, and customer acceptance are generally the significant factors used in determining revenue recognition. As a result of such performance criteria, only a portion of the system revenues and the majority of the system costs are recorded during the early stages of a system deployment. Accordingly, revenues and direct margins recorded by the Company can be expected to be lower in earlier periods of deployment and inconsistent from quarter to quarter, especially during the initial deployments under new contracts. The resulting deferral of revenue will be recorded in subsequent periods as the performance criteria specified in the applicable contract is met.

In addition, the Company has incurred substantial operating expenses during the early deployments, primarily in the areas of sales and marketing, installation and customer support, and in research and development. Moreover, the Company expects that its costs and expenses will continue to increase in the future, due to a continual need to expend substantial monies on research and development, enhanced sales and marketing activities, and expansion of customer support capabilities needed to service its products.

The Company's revenue and customer base is currently concentrated among a few large domestic cellular carriers due to the significant concentration of ownership and/or control of cellular licenses. As the Company expands its domestic and international marketing efforts, and as the wireless communications industry expands beyond cellular telephony to include other wireless communication services, the Company believes that it will be able to diversify its revenue and customer base. The Company's success in exploiting these expanded markets and in achieving profitability will depend, among other things, on its ability to make its existing and future technology commercially acceptable, recognize and successfully adapt to the rapid changes in the wireless communications industry (including the anticipated growth of digital services) and enhance and expand its manufacturing activities concurrent with its growth.

The following discussion and analysis should be read in conjunction with the unaudited financial data and the notes thereto included in Item 1. of this Quarterly Report and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 and Forms 10-Q for the three months ended March 31, 1996, and June 30, 1996, respectively.

THREE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1995.

Total revenues increased 460% to \$10,449,930 for the three months ended September 30, 1996 from \$1,866,404 for the three months ended September 30, 1995 and the Company had net income of \$54,230, or \$.00 per share, compared to a net loss of \$1,183,421, or \$.06 per share, for the three months ended September 30, 1995. The improvement in operating results was primarily attributable to the initial deployment of the Company's Blackbird Products in the BANM and AirTouch markets, as previously discussed.

Systems revenues are generated from licensing and sales of the Company's proprietary software and hardware products, from the sale of third party equipment sold in support of the proprietary systems, and to a lesser extent, fees earned associated with the installation and deployment of such systems. Systems sales revenues increased 871% to \$10,256,842 for the three months ended September 30, 1996 from \$1,056,857 for the three months ended September 30, 1995.

Revenues from Blackbird systems amounted to \$9,660,000 for the three month period ended September 30, 1996 and were derived from sales under the agreements with BANM and AirTouch. There were no corresponding revenues during the three month period ended September 30, 1995.

Revenues from Hotwatch systems decreased 32% to \$577,000 for the three months ended September 30, 1996 from \$850,000 for the three months ended September 30, 1995. These revenues principally originate from agreements with three customers - the AWS Axys agreements and the AWS Hotwatch Products agreement (collectively, the "AWS Agreements") between the Company and AT&T Wireless Services, Inc. ("AWS"), a license agreement ("LIN/ACC Agreement") between the Company and collectively LIN Broadcasting Company ("LIN") and American Cellular Communications ("ACC"), subsidiaries of AWS and BellSouth Cellular, respectively, and a license agreement with 360DEG. Communications Company (formerly Sprint Cellular Company) ("360DEG. CC"). The decrease in revenues from Hotwatch systems is primarily due to non-recurring third party equipment sales recorded during the 1995 period associated with the initial deployment of the Hotwatch Products into certain 360DEG. CC markets and due to the non-recurring license sale to a LIN/ACC market in 1995.

Service revenues are derived primarily from maintenance, system monitoring and related professional services provided in support of the Company's currently deployed product base. Service revenues decreased 76% to

\$193,088 for the three months ended September 30, 1996 from \$809,547 for the three months ended September 30, 1995. This decrease is primarily due to approximately \$511,000 of non-recurring Hotwatch programming services and initial Blackbird Product evaluation revenues recorded during the 1995 period. The Company anticipates that service revenues during the remainder of 1996 will increase above the amounts recorded during the three month period ended September 30, 1996 as a result of the initial deployment of the Company's Blackbird systems.

Costs of systems and services are primarily comprised of the cost of proprietary and third party equipment, amortization of capitalized software development costs, integration and manufacturing overhead costs incurred in the preparation and deployment of such systems, and professional service overhead costs incurred to provide ongoing systems support. Cost of systems and services increased 545% to \$7,809,833 for the three months ended September 30, 1996 from \$1,211,432 for the three months ended September 30, 1995. This increase is primarily due to the direct costs of Blackbird systems sold during the 1996 period that amounted to approximately \$6,825,000. Costs of systems and services, as a percent of total revenues, were 75% and 65% for the 1996 and 1995 periods, respectively. The increase in 1996 is attributable to: (i) the higher hardware component costs of system sales for Blackbird Products as compared to Hotwatch Products, and (ii) deferred revenues that will be recognized in future quarters in accordance with the Company's revenue recognition practices discussed in the overview section above.

Sales and marketing expenses increased 48% to \$822,921 for the three months ended September 30, 1996 from \$556,263 for the three months ended September 30, 1995. This increase is primarily attributable to personnel and related costs incurred in connection with the Company's increased efforts to generate demand for its products and the costs incurred during both pre- and post-sales Blackbird contract activities. To a lesser extent, variable sales incentive compensation contributed to the 1996 increased expenses.

General and administrative expenses increased 9% to \$460,424 for the three month period ended September 30, 1996 from \$422,766 for the three months ended September 30, 1995 principally due to increased personnel related costs associated with the continued expansion of the Company's business.

Research and development expenditures include the costs for research, design, development, testing, preparation of training and user documentation, and fixing and refining features for the software and hardware components included in the Company's current and future product lines. Research and development costs increased 35% to \$1,349,264 for the three months ended September 30, 1996 from \$999,654 for the three months ended September 30, 1995 primarily due to continued and expanded investment in the Blackbird Products. Software development costs of \$357,000 and \$505,000 were capitalized during the three months ended September 30, 1996 and September 30, 1995, respectively, and related primarily to the development of the Blackbird Products. Capitalized development costs declined during the three months ended September 30, 1996 primarily due to an increase in non-capitalizable research, design, and maintenance activities associated with the Blackbird Products. Including capitalized software development costs, and contract design and development costs recorded as costs of services, gross research and development costs increased 7% to \$1,711,000 for the three month period ended September 30, 1996. This increase is principally attributable to prototype development expenditures associated with the Company's proprietary hardware and legal fees expended to protect the Company's intellectual property both in the United States and abroad.

Interest income decreased 63% to \$46,742 for the three months ended September 30, 1996 from \$125,290. The decrease was attributable to lower average cash balances invested at lower average interest rates for the three months ended September 30, 1996 as compared to the three months ended September 30, 1995.

NINE MONTHS ENDED SEPTEMBER 30, 1996 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1995

Total revenues increased 58% to \$13,995,533 for the nine months ended September 30, 1996 from \$8,882,172 for the nine months ended September 30, 1995 and the Company had a net loss of \$4,436,767, or \$.20 per share, compared to a net loss of \$447,784, or \$.02 per share, for the nine months ended September 30, 1995. While the increase in revenues is attributable to the Company's recording its first substantial revenues for its Blackbird Products, the decline in operating results was primarily attributable to: (i) inconsistent contract revenue streams from the Hotwatch Products, (ii) increased efforts and expenditures in both sales and marketing and research and

development of the Blackbird Products, and (iii) lower system sales margin resulting from higher initial costs and contract revenue deferrals associated with early Blackbird system sales (as discussed above).

Systems revenues increased 96% to \$13,246,362 for the nine months ended September 30, 1996 from \$6,762,048 for the nine months ended September 30, 1995.

Revenues from Blackbird systems amounted to \$10,207,000 for the nine month period ended September 30, 1996 and were derived from sales under the agreements with BANM and AirTouch. There were no corresponding revenues during the nine month period ended September 30, 1995.

Revenues from Hotwatch systems decreased 53% to \$2,897,000 for the nine months ended September 30, 1996 from \$6,195,000 for the nine month period ended September 30, 1995. Revenues during both periods were primarily derived from sales under the AWS, LIN/ACC and 360DEG. CC Agreements. Amounts recorded during the period ended September 30, 1995 included non-recurring revenues of approximately \$1,522,000 under the AWS Agreements and \$1,172,000 under the 360DEG. CC Agreement. Additionally, sales under the LIN/ACC Agreement decreased 31% to \$639,000 for the nine month period ended September 30, 1996 which is consistent with previously disclosed expectations.

Service revenues decreased 65% to \$749,171 for the nine months ended September 30, 1996 from \$2,120,124 for the nine months ended September 30, 1995. This decrease is primarily due to approximately \$1,090,000 of non-recurring programming service and Blackbird system evaluation revenues recorded during the 1995 period.

Cost of systems and services increased 179% to \$10,493,795 in 1996 from \$3,755,452 in 1995. This increase is primarily due to the direct costs of Blackbird systems sold during the 1996 period that amounted to approximately \$7,868,000. Costs of systems and services, as a percent of total revenues, was 75% and 42% for the 1996 and 1995 periods, respectively. The increase in 1996 is attributable to: (i) the higher hardware component of system sales for Blackbird Products as compared to Hotwatch Products, (ii) deferred revenues that will be recognized in future quarters in accordance with the Company's revenue recognition practices discussed in the overview section above, and (iii) a higher percentage of Hotwatch software license fee revenues in 1995, which had no corresponding hardware costs.

Sales and marketing expenses increased 41% to \$2,320,433 for the nine months ended September 30, 1996 from \$1,644,027 for nine months ended September 30, 1995 as a result of increased personnel and related costs incurred in connection with the Company's increased efforts to generate demand for its products and the costs incurred during both pre- and post-sales Blackbird contract activities.

General and administrative expenses increased 34% to \$2,130,652 for the nine month period ended September 30, 1996 from \$1,584,553 for the nine months ended September 30, 1995. Amounts recorded in the nine months ended September 30, 1996 included approximately \$400,000 incurred during the second quarter with regard to the Company's proposed public offering which was subsequently withdrawn due to unfavorable stock market conditions. Additional amounts recorded during the nine months ended September 30, 1996 included additional personnel related and overhead costs associated with the continued expansion of the Company's business.

Research and development costs increased 37% to \$3,702,213 for the nine months ended September 30, 1996 from \$2,696,756 for the nine months ended September 30, 1995 primarily due to continued and expanded investment in the Blackbird Products. Software development costs of \$1,073,591 and \$1,393,847 were capitalized during the nine months ended September 30, 1996 and September 30, 1995, respectively, and related primarily to the development of the Blackbird Products. Capitalized development costs declined during the nine months ended September 30, 1996 primarily due to an increase in non-capitalizable research, design, and maintenance activities associated with the Blackbird Products. Including capitalized software development costs, and contract design and development costs recorded as costs of services, gross research and development costs increased 4% to \$4,756,000 for the nine month period ended September 30,

1996. This increase is principally attributable to additional legal fees expended to protect the Company's intellectual property both in the United States and abroad.

Interest income decreased 39% to \$214,793 for the nine months ended September 30, 1996 from \$350,832. The decrease was attributable to lower average cash balances invested at lower average interest rates for the nine months ended September 30, 1996 as compared to the nine months ended September 30, 1995.

LIQUIDITY AND CAPITAL RESOURCES

The Company's capital requirements have consisted primarily of funding software development, property and equipment requirements, working capital and the Company's operating losses. The Company has historically funded these requirements through issuance of Common Stock (including proceeds from the exercise of warrants and options) and from operating profits in certain periods. On September 30, 1996 the Company's cash balance was \$3,794,682 as compared to \$9,448,255 on December 31, 1995. The Company's working capital decreased to \$8,302,637 at September 30, 1996 from \$11,093,831 at December 31, 1995.

Cash used by operating activities amounted to \$5,902,107 for the nine months ended September 30, 1996, as compared to cash provided by operating activities of \$167,235 during the same period in 1995. This increased utilization of cash resulted primarily from the increased loss for the nine month period ended September 30, 1996, as compared to the same period in 1995, and to a lesser extent, the net changes in the balances of working capital components; (i) accounts receivable increased as a result of the initial Blackbird System revenues, (ii) the Company continues to increase its proprietary Blackbird hardware inventory to meet anticipated sales demand for Blackbird Products during the latter part of 1996 and beyond, (additional inventory at September 30, 1996 in an amount exceeding \$4,000,000, was on order), (iii) the increase in the accounts payable and accrued liabilities reflects the increased level of inventory purchases and operating expenses associated with the expansion of the Company's operations, and (iv) the increase in deferred revenue and customer deposits reflects billings and/or cash received in advance of revenues recognized. During the early stages of deploying the Blackbird contracts discussed above, the Company may experience uneven cash flow and operating results. These factors originate from the deferred revenue recognition and payment terms contained in these contracts.

Cash utilized by investing activities totaled \$1,988,780 and \$2,674,969 during the nine months ended September 30, 1996 and September 30, 1995, respectively. The Company's capital requirements during such periods were (i) software development, particularly with respect to the Blackbird Products and (ii) property and equipment, primarily for furniture, leaseholds, and equipment associated with expanding the Company's business. These expenditure levels are expected to continue in 1996 and 1997 at or above the current levels. At September 30, 1996, the Company had no significant commitments for capital expenditures. The Company, as part of its growth strategy, would consider the cost/benefit of purchasing software technology in the event that an attractive opportunity arises.

During the nine months ended September 30, 1996 and 1995, cash provided by financing activities was generated from the exercise of stock options issued to the Company's directors, officers and employees. Proceeds from these activities totaled \$2,237,314 and \$2,863,073 for the nine months ended September 30, 1996 and 1995, respectively.

In November 1996, the Company sold 400,000 shares of common stock to investors in a private placement with proceeds to the Company approximating \$6,500,000. The Company has agreed to file a registration statement for the resale of such shares.

Also, in November 1996, the Company obtained a \$5,000,000 line of credit from a major bank. The line, which is secured by all personal property of the Company, bears interest at the prime rate plus 3/4% and expires September 30, 1997.

The proceeds from the stock sale and the line of credit will be used to fund the Company's growth and provide additional working capital. No funds have been drawn on the line of credit as of this date.

The Company expects to continue to incur substantial expenses in support of research and development activities, growth of its sales and marketing organization, support for new products and the anticipated expanded customer base, enhancing the hardware design and manufacturing processes and administrative activities. The Company believes that cash flow anticipated from its operating activities, existing cash balances, proceeds from the stock sale (as described above) and cash available under the line of credit (also discussed above), are sufficient to fund its operations for at least the next 12 months.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

A number of statements contained in this discussion and analysis are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the applicable statements. These risks and uncertainties include but are not limited to: the Company's dependence on the cellular communications market; its vulnerability to rapid industry change and technological obsolescence; the limited nature of its product life, and the uncertainty of market acceptance of its products; the unproven status of its products in widespread commercial use, including the risks that its current and future products may contain errors that would be difficult and costly to detect and correct and that technological difficulties may in general hinder or prevent commercialization of its present and future products; potential manufacturing difficulties; potential difficulties in managing growth; dependence on key personnel; the Company's limited customer base and reliance on a relatively small number of customers; the possible impact of competitive products and pricing; the uncertain level of actual purchases of its products by current and prospective customers under existing and future agreements; uncertainties in the Company's ability to implement these agreements sufficiently to permit it to recognize revenue under its accounting policies (including its ability to meet product performance criteria contained in such contracts); the results of financing efforts; uncertainties with respect to the Company's business strategy; general economic conditions; and other risks described in the Company's Securities and Exchange Commission filings.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

On November 12, 1996, the Company sold an aggregate of 400,000 shares of Common Stock, par value \$.001 per share, for an aggregate cash purchase price of \$6,500,000 in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 (the "Securities Act"). There was no underwriter or placement agent involved in the transaction. In issuing the securities, the Company relied on, among other matters, the representation made by each purchaser that such purchaser was an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A) EXHIBITS

- 4.3 Stock Purchase Agreement dated as of November 11, 1996 among the Company and the investors specified therein. (1)
- 10.1 Master Purchase and License Agreement between the Company and GTE Mobilnet of California L.P. dated September 30, 1996 (2)
- 10.2 Master Purchase and License Agreement between the Company and Ameritech Mobile Communications, Inc. dated October 14, 1996 (2)
- 10.3 Master Purchase and License Agreement between the Company and Bell Atlantic NYNEX Mobile dated August 27, 1996 (2)
- 10.4 Credit Agreement between the Company and Chase Manhattan Bank dated November 8, 1996 (1)
- 11.1 Computation of Earnings Per Share (1)
- 27 Financial Data Schedule (1)

(1) Filed herewith.

(2) Filed herewith, confidential treatment requested pursuant to Rule 24b-2 of the Securities and Exchange Commission.

B) No reports on Form 8-K were filed during the quarter for which this report is filed.

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.

CELLULAR TECHNICAL SERVICES COMPANY, INC.

By: /s/Michael E. McConnell

Michael E. McConnell
Vice President and Chief Financial Officer
November 14, 1996

* CONFIDENTIAL MATERIAL OMITTED - FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

MASTER PURCHASE AND LICENSE AGREEMENT

This Master Purchase and License Agreement is made as of September 30, 1996, by and between CELLULAR TECHNICAL SERVICES COMPANY, INC., a Delaware corporation ("CTS"), and GTE MOBILNET OF CALIFORNIA LIMITED PARTNERSHIP, a Delaware limited partnership on its own behalf and on behalf of the entities listed in the attached SCHEDULE C ("Customer"). In consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, CTS and Customer hereby agree as follows:

1. DEFINITIONS. Whenever used in this Agreement, the following terms shall have the following meanings:

1.1 "Acceptance Test Plan" means the CTS standard form of Acceptance Test Plan set forth in the attached SCHEDULE E.

1.2 "Agreement" means this Master Purchase and License Agreement and the attached Schedules, together with all amendments and supplements which may be made thereto from time to time.

1.3 "Customer Facility" means each MTSO, Cell Site, or other location within a Licensed Market at which any Component of a System is installed or to be installed under this Agreement.

1.4 "Cell Site" means a cellular radio base station location consisting of radio, antenna, and power equipment: (i) which provides cellular telecommunications service to a particular geographic area; (ii) in which certain Components of a System are installed in accordance with this Agreement and an applicable Market Purchase Agreement; (iii) which complies with the Infrastructure and Environmental Requirements; and (iv) in which a direct antenna frame hook-up is provided by Customer for the Cell Site System Hardware installed therein.

1.5 "Component" means an individual item of the Hardware or Licensed Programs.

1.6 "Confidential Information" shall have the same meaning ascribed to such term in the Nondisclosure Agreement.

1.7 "Customization" means any modification, enhancement, or improvement to any Licensed Program that is made by CTS at Customer's request in accordance with this Agreement, and which is not made generally commercially available by CTS to other cellular carrier licensees in the United States.

1.8 "Documentation" means CTS's standard user manual(s) for a System and all other written explanatory documentation for a System which CTS furnishes to Customer for purposes of this Agreement (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer). Documentation may include, if applicable, documentation provided to CTS by its suppliers or licensors to the extent CTS is authorized by them to provide such documentation to Customer under this Agreement.

1.9 "Fees" means the monies required to be paid by Customer to CTS under this Agreement, including without limitation charges for Hardware, Licensed Programs, out-of-pocket reimbursable expenses, and any other charges for goods and/or services provided by CTS in connection with this Agreement.

1.10 "Hardware" means the following with respect to the System installed or to be installed in a given Licensed Market: (i) the computer equipment and peripherals (including any operating system software bundled with such equipment as supplied by the equipment manufacturer) described in the applicable Market Purchase Agreement for such System in such quantities as CTS and Customer agree are necessary to operate the initial configuration of such System; and (ii) any additional computer equipment and peripherals as CTS and Customer may, from time to time, agree in writing to add to such System as Hardware.

1.11 "Implementation Schedule" means each mutually acceptable schedule showing the time periods during which CTS and Customer will cause appropriate persons to begin and complete delivery, installation, and acceptance testing of particular Components for a System.

1.12 "Infrastructure and Environmental Requirements" means the physical, electrical, connectivity, and other infrastructure and environmental requirements described in Documentation furnished by CTS to Customer (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer), which requirements are to be satisfied by Customer at each Customer Facility in accordance with this Agreement.

1.13 "Intellectual Property Rights" means any valid patent, copyright, trade secret, trademark, or other intellectual property right.

1.14 "License" means the license granted to Customer under Subsection 2.1, below.

1.15 "Licensed Programs" means the following with respect to the System installed or to be installed in a given Licensed Market: (i) the CTS-owned computer software (including firmware and patches), in object code form only, and the Third-Party Software, in object code form only, described in the applicable Market Purchase Agreement for such System; (ii) all New Releases, Maintenance Releases, and Customizations provided by CTS to Customer for such System; and (iii) any additional software, data tables, and programs as CTS and Customer may, from time to time, agree in writing to add to such System as Licensed Programs.

1.16 "Licensed Market" means: (i) the aggregate of the market areas identified in the attached SCHEDULE C; and (ii) any additional area as CTS and Customer may, from time to time, agree in writing to add to this Agreement as a Licensed Market.

1.17 "Maintenance Release" means a correction of errors, bugs, or defects in the Licensed Programs which is made generally commercially available by CTS to its cellular carrier licensees in the United States, and may also include, at CTS's discretion, any minor modification, enhancement, or improvement to the Licensed Programs.

1.18 "Market Purchase Agreement" means the agreement between CTS and Customer specifying the pricing, sizing, configuration, and Customer's election of available options for the initial System within each Licensed Market and/or for an expansion of such System. Such agreement

shall be based on the CTS standard form Market Purchase Agreement (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer).

1.19 "Mobile Telephone Switching Office" or "MTSO" means an automatic system which constitutes the interfaces for user traffic between a cellular network and other public switched networks or other mobile telephone switching offices within the same network or a central control center for mobile telephone switching centers.

1.20 "New Release" means any computer program or portion thereof which involves any modification, enhancement, or improvement to any Licensed Programs that is: (i) made generally commercially available by CTS to its cellular carrier licensees in the United States; (ii) identified by CTS as either a "major" or "minor" new release; and (iii) not merely a Maintenance Release.

1.21 "Nondisclosure Agreement" means that certain Nondisclosure Agreement dated as of August 29, 1995, between CTS and Customer with respect to the protection and security of the Confidential Information of CTS and Customer, together with all amendments and supplements which may be made to such Nondisclosure Agreement from time to time. A copy of the Nondisclosure Agreement is attached hereto as SCHEDULE H.

1.22 "Roaming Service Agreement" means that certain Service Agreement for Real-Time Prevention of Roaming Cloning Fraud dated as of the date of this Agreement between CTS and Customer.

1.23 "Specifications" means the functional specifications for a System as set forth in the attached SCHEDULE D.

1.24 "Support Services Agreement" means that certain Support Services Agreement dated as of the date of this Agreement between CTS and Customer.

1.25 "System" shall mean the combination of the Hardware and Licensed Programs configured and installed for use by Customer within a designated Licensed Market in accordance with the terms of this Agreement and an applicable Market Purchase Agreement.

1.26 "Third Party" means any person or entity other than CTS or Customer.

1.27 "Third-Party Software" means the following with respect to a given System: (i) the computer programs described in the applicable Market Purchase Agreement which are licensed to CTS by Third Parties and which CTS sublicenses to Customer, in object code form only, as part of the Licensed Programs, but for which CTS has no source code rights; and (ii) any additional software, data tables, and programs as CTS and Customer may, from time to time, agree in writing to add to such System as Third-Party Software.

2. LICENSE OF SOFTWARE.

2.1 GRANT OF LICENSE. Subject to the terms of this Agreement, CTS hereby grants to Customer a non-exclusive, non-transferable license (the "License") to use the Licensed Programs and Documentation for the purpose of operating a System for its intended use, as described in the Specifications, within each Licensed Market. The term of the License granted above [*] Licensed Programs and Documentation licensed and furnished hereunder for the purpose of operating Systems

installed prior to the expiration or termination of this Agreement, subject to continued payment by Customer of all Fees as required by this Agreement and subject to the terms of Subsection 14.3, below.

2.2 LICENSE LIMITATIONS.

2.2.1 The License sets forth the entirety of Customer's rights in connection with the Licensed Programs and Documentation and all Intellectual Property Rights in connection with the Licensed Programs and Documentation. Accordingly, Customer shall not: (i) use the Licensed Programs or Documentation for any purpose other than as expressly set forth in Subsection 2.1, above; or (ii) permit any Third Party to use or have access to any Licensed Programs or Documentation without the express prior written approval of CTS (except for those officers, directors, employees, or agents of Customer who have signed confidentiality agreements with CTS or for whom Customer is responsible under the Nondisclosure Agreement).

2.2.2 Without limiting the generality of the foregoing, Customer shall not directly or indirectly do any of the following (except as expressly set forth in this Agreement or other written agreement between CTS and Customer): (i) sublicense any rights under the License; (ii) print or copy the Licensed Programs, other than such number of back-up copies as authorized by CTS in the Documentation for use solely by Customer in accordance with this Agreement; (iii) print or copy the Documentation, other than copies for use solely by Customer in accordance with this Agreement and in accordance with the confidentiality provisions of the Nondisclosure Agreement; (iv) modify or prepare derivative works of the Licensed Programs or Documentation; (v) reverse engineer, decompile, disassemble, or otherwise create, or attempt to create, or assist others to create, the source code form of any Licensed Programs or a product functionally equivalent to the System or any Licensed Programs, unless created without the use of any Licensed Programs or other Confidential Information of CTS; or (vi) remove, obscure, or alter any Intellectual Property Right or confidentiality notices or legends appearing in or on any Licensed Programs or Documentation. In addition, with respect to the notices and legends described above, Customer shall: (a) ensure that each copy or reproduction of all or any portion of the Licensed Programs or Documentation includes all such notices and legends; and (b) upon CTS's reasonable prior written notice, provide CTS with reasonable access to Customer's records and facilities for the limited purpose of auditing and verifying Customer's compliance with the terms of this Subsection 2.2.2.

2.3 NEW RELEASES, MAINTENANCE RELEASES, AND CUSTOMIZATIONS.

2.3.1 NEW RELEASES. After the initial installation of a System within a given Licensed Market, CTS will provide all New Releases for such System to Customer [*], so long as Customer continuously purchases for such System the software subscription services described in the Support Services Agreement and Customer is not in breach or default under this Agreement or the Support Services Agreement. Otherwise, CTS, in its discretion, may provide New Releases for such System to Customer on such terms and conditions and for such Fees as the parties may mutually agree to in writing. The parties acknowledge that New Releases may require the purchase of new or additional hardware or software.

2.3.2 MAINTENANCE RELEASES. After the initial installation of a System within a given Licensed Market, CTS will provide all Maintenance Releases for such initial System to Customer [*], so long as Customer continuously purchases for such System the basic support services offered pursuant to the Support Services Agreement and Customer is not in breach or default under this Agreement or the Support Services Agreement. Otherwise, CTS, in its discretion, may provide

Maintenance Releases for such System to Customer on such terms and conditions and for such Fees as the parties may mutually agree to in writing.

2.3.3 CUSTOMIZATIONS. Customer may, from time to time, wish to have certain features of the Licensed Programs customized to its specifications. CTS shall have the exclusive right to make and deliver such Customizations. Any work performed to make Customizations shall be on such terms, conditions, and procedures and for such fees as CTS and Customer may mutually agree to in writing. The parties agree that the provisions of this Subsection do not restrict the rights of Customer to develop and make applications to interface with CTS products on terms, conditions, and procedures and for fees as the parties may mutually agree to in writing.

3. SUPPLY OF HARDWARE.

3.1 FROM CTS. Subject to the terms of this Agreement, CTS hereby agrees to sell, and Customer hereby agrees to buy, the Hardware described in the applicable Market Purchase Agreement for a given System in such quantities as CTS and Customer agree are necessary to operate such System.

3.2 FROM THIRD PARTIES. Notwithstanding Subsection 3.1, above, Customer may purchase quantities of the CTS-certified Hardware specified in the attached SCHEDULE B either from CTS or Third Parties approved in advance and in writing by CTS, subject to the terms of this Agreement. CTS-certified Hardware purchased from Third Parties will be subject to an integration Fee as specified in the attached SCHEDULE A. CTS may, from time to time, update the list of CTS-certified Hardware specified in SCHEDULE B with written notice to Customer. Except as specifically set forth herein, CTS shall have no liability with respect to any Hardware components supplied by any person or entity other than CTS.

4. SYSTEM DEPLOYMENTS.

4.1 COMMITMENTS FOR SYSTEM DEPLOYMENTS.

4.1.1 MINIMUM COMMITMENT. As partial consideration for [*], as set forth in the [*], Customer hereby commits to purchase from CTS such quantities of Components such that the aggregate size of all Systems within the Licensed Markets shall be [*]. If Customer does not purchase from CTS such minimum quantities of Components on or before [*], then CTS may, at its election and upon written notice to Customer, [*] granted by CTS to Customer with respect to [*].

4.1.2 FORECASTS. As of the date of this Agreement, and at the end of each calendar quarter during the term of this Agreement, Customer will provide CTS with a written rolling forecast of Customer's estimated purchases of Components hereunder (both in terms of Cell Site expansion and dollar value) for the ensuing twelve-month period. ALL FORECASTS ARE FOR PLANNING PURPOSES ONLY AND ARE NON-BINDING. All forecasts shall be made in good faith and reflect Customer's best estimates after due consideration. All purchases hereunder shall be made only pursuant to mutually acceptable Market Purchase Agreements, as described in Subsection 4.2, below.

4.2 SYSTEM DEPLOYMENTS IN GENERAL. The parties hereby agree that the initial System in a given Licensed Market, and each expansion of such System, will be deployed for commercial use pursuant to the terms and conditions of this Agreement and a Market Purchase

Agreement for such Licensed Market. Each Market Purchase Agreement must be executed by an authorized representative of Customer and an officer of CTS at the vice president level or higher. Each System deployment shall: (i) consist of the combination of the Hardware and Licensed Programs identified in the applicable Market Purchase Agreement; (ii) be installed at the Customer Facilities and in accordance with the Implementation Schedule identified in the applicable Market Purchase Agreement; (iii) be supported pursuant to the support services options selected by Customer in the applicable Market Purchase Agreement; (iv) be subject to the Fees and payment terms set forth in Section 9, below, and in the attached SCHEDULE A; and (v) be subject to acceptance testing in accordance with Section 7, below, and the Acceptance Test Plan set forth in the attached SCHEDULE E.

4.3 GOVERNING TERMS. This Agreement shall govern all terms of the license of Licensed Programs and sale of Hardware from CTS, except as set forth in the applicable Market Purchase Agreement. In no event shall any terms and conditions of any other document alter or amend any provision of this Agreement, the applicable Market Purchase Agreement, or otherwise control, unless CTS and Customer specifically agree in writing that such terms shall control.

5. DELIVERY AND INSTALLATION; CHANGES AFFECTING A SYSTEM.

5.1 DELIVERY.

5.1.1 SHIPMENT. Components to be delivered by CTS under a Market Purchase Agreement will be delivered to a freight carrier at CTS's facilities in Seattle, Washington U.S.A. or at such other locations as CTS may specify from time to time. Such Components will be delivered in accordance with the terms of this Agreement, the applicable Market Purchase Agreement, and on an Implementation Schedule agreed upon by both CTS and Customer. CTS reserves the right to make partial shipments and to make shipments at times convenient to CTS; PROVIDED, that in each case CTS shall meet the applicable Implementation Schedule in all material respects except as otherwise provided under this Agreement or any other written agreement between CTS and Customer.

5.1.2 TITLE. Title to Hardware purchased from CTS shall pass to Customer upon CTS's delivery thereof to a freight carrier at CTS's facilities in Seattle, Washington U.S.A. or at such other locations as CTS may specify from time to time.

5.1.3 INSURANCE, SHIPPING CHARGES, AND RISK OF LOSS. All Fees are F.O.B. at CTS's facilities in Seattle, Washington U.S.A. In addition to the Fees described in Section 9, below, and in the attached SCHEDULE A, Customer shall pay all insurance, freight, brokerage, and handling charges associated with all shipments of Components. Customer shall insure the contents of such shipments against damage and risk of loss during shipment and thereafter. CTS shall assume no liability in connection with such shipments; PROVIDED, HOWEVER, that CTS shall take directions from Customer and otherwise assist Customer in coordinating such shipments. In the absence of specific written instructions from Customer, CTS shall select the freight carrier for shipments from CTS, but such freight carrier shall not be construed as CTS's agent.

5.2 INSTALLATION AND READINESS OF CUSTOMER FACILITIES.

5.2.1 TECHNICAL MANAGERS. Customer and CTS shall each designate and provide the other party with the name, address, and telephone number of one (1) primary and one (1) back up technical manager for overall coordination between Customer and CTS with respect to the installation and acceptance of Components for Systems. The initial technical managers of Customer and

CTS for such overall coordination are identified in the attached SCHEDULE G. Each party shall have the right to replace technical managers by providing notice of such replacement to the other party.

5.2.1 INSTALLATION. For each installation of Components at a Customer's MTSO (or other location at which regional processors for a System are installed or to be installed), CTS will perform the installation, subject to the terms and conditions of this Agreement and the Fees set forth in SCHEDULE A. For each installation of Components at a Cell Site, Customer, at its option, may perform the installation itself or request that the installation be performed by CTS, subject to the terms and conditions of this Agreement and the Fees set forth in SCHEDULE A. Prior to any installation by Customer or any mutually acceptable Third Party, the installers for such entities must first complete CTS training for such installation as set forth in the attached SCHEDULE F. CTS and Customer agree to use commercially reasonable efforts to effect installations of Components in accordance with the applicable Implementation Schedule.

5.2.3 READINESS OF CUSTOMER FACILITIES. Customer shall maintain Customer Facilities in compliance with the Infrastructure and Environmental Requirements at all times during the term of this Agreement. Customer shall certify compliance with the Infrastructure and Environmental Requirements with respect to each Customer Facility at the times specified in the applicable Implementation Schedule. If, upon inspection, CTS determines that the Infrastructure and Environmental Requirements are not met, CTS will promptly notify Customer, and Customer shall cure the Infrastructure and Environmental Requirements defects within [*] of receipt of CTS's notice. If, in the reasonable opinion of CTS, all Infrastructure and Environmental Requirements are not met within such [*], then CTS shall be entitled to reschedule the installation as CTS deems reasonable and Customer shall pay CTS's costs and expenses attributable to any such rescheduling as set forth in Section 9, below.

5.3 CHANGES AFFECTING A SYSTEM.

5.3.1 CHANGES TO CUSTOMER EQUIPMENT OR SOFTWARE. If Customer plans to install new or additional switching equipment or software for its switch, or data networking or other equipment or software, or if Customer is informed by its provider of switching, interconnection, or other equipment or software that new or additional equipment or software will be installed, Customer will notify CTS in writing if such installation could reasonably be expected to adversely affect a System, as soon as reasonably possible prior to such installation (but at a minimum Customer will provide such advance notice as Customer customarily provides other vendors who interface with its cellular networks). In such notice, Customer will specify in detail the changes and their effects, if known, and will cooperate with CTS in determining such effects as soon as practicable after such notice, and, in any event, prior to such installation. After receipt of the notice described above, and so long as Customer is not in breach or default under this Agreement, CTS will use commercially reasonable efforts to determine whether any modifications are required to the affected System due to any such new or additional equipment or software and, if such modifications are required, CTS will use commercially reasonable efforts to provide the same on such terms and conditions and for such additional fees as the parties may mutually agree to in writing. Except as the parties otherwise expressly agree to in writing: (a) the performance warranties set forth in Subsections 11.2 and 11.3, below, will not apply if any Components are materially and adversely affected by any of the new or additional equipment or software described in this Subsection; and (b) the warranties set forth in Subsection 11.4, below, will not apply to the System if its performance at the time of testing under SCHEDULE I is materially and adversely affected by any of the new or additional equipment or software described in this Subsection.

5.3.2 MAINTENANCE, RELOCATION, CONNECTION, OR DISCONNECTION OF A SYSTEM. Customer may repair, replace, relocate, connect, or discount Components of a System, provided that the same is performed in accordance with this Agreement, the Support Agreement, and CTS-approved policies and procedures. For any disconnection performed in accordance with this Subsection, the warranties set forth in Section 11, below, applicable to the affected System shall be suspended upon such disconnection and remain suspended until such System is either reconnected in accordance with CTS-approved policies and procedures, or is certified by CTS to be appropriately reconnected and operating in proper working order. If any repair, replacement, relocation, connection, or disconnection of a Component of a System performed by Customer or its agent is not performed in accordance with this Agreement, the Support Agreement, and CTS-approved policies and procedures, then: (a) the warranties set forth in Subsections 11.2 and 11.3, below, applicable to such Component shall automatically terminate if such action by Customer materially and adversely affects such Component; and (b) the warranties set forth in Subsection 11.4, below, applicable to such System shall automatically terminate if such action by Customer materially and adversely affects [*].

6. RESCHEDULING.

6.1 RESCHEDULING BY WRITTEN NOTICE. Either party may reschedule any scheduled shipment of Components from CTS upon written notice to the other party not less than ten (10) days prior to the scheduled shipment of such Components. In addition, either party may reschedule all or any part of an Implementation Schedule upon written notice to the other party not less than ten (10) days prior to any scheduled item on the Implementation Schedule affected by such rescheduling. No shipment or scheduled item on an Implementation Schedule may be rescheduled to a time later than thirty (30) days from the initially scheduled time without the express written consent of both parties, except as otherwise provided herein. If in CTS's opinion any rescheduling affects other scheduled shipments or installations of Components, CTS may reschedule such other shipments or installations as is reasonable given the circumstances. Customer shall pay CTS's out-of-pocket costs and expenses attributable to any rescheduling by or due to the fault of Customer, as set forth in Section 9. CTS shall pay Customer's out-of-pocket costs and expenses attributable to any rescheduling by or due to the fault of CTS.

6.2 DELAYS BEYOND REASONABLE CONTROL. If any Component shipped from CTS is lost or damaged during shipment, CTS will use reasonable efforts to reschedule a replacement shipment to meet the applicable Implementation Schedule. CTS shall not be liable for delays in any Implementation Schedule or any other delivery, shipment, installation, or acceptance testing of Components due to delays beyond its reasonable control. In the event of any such delay, all scheduled items on any Implementation Schedule and other deliveries, shipments, installations, and acceptance testing of Components affected by such delay shall be extended for a period equal to the period of the delay, except as the parties otherwise expressly agree to in writing. If any delivery of Components material to a System is delayed in excess of [*] due to no fault of CTS, then the exclusive remedy of Customer shall be the right to cancel any outstanding Market Purchase Agreement affected by such delay.

7. ACCEPTANCE.

7.1 ACCEPTANCE TESTING. After installation of the initial configuration of a System within a given Licensed Market, representatives of CTS and Customer will perform acceptance testing upon the System in accordance with the Acceptance Test Plan. Acceptance testing will commence upon certification by CTS that the System is ready for testing (the "Start Date"). Thereafter,

CTS and Customer will conduct acceptance tests using simulated and/or actual data in accordance with the Acceptance Test Plan for a period not to exceed [*] from the Start Date (the "Acceptance Testing Period"). Upon the conclusion of the Acceptance Testing Period, Customer shall complete and execute a copy of the Acceptance Test Plan, which shall state with specificity any aspects of the System's performance which do not materially perform in accordance with the Acceptance Test Plan. The System will be deemed accepted by Customer if: (i) the Acceptance Test Plan completed and executed by Customer does not specify any such non-conformities; (ii) Customer does not complete, execute, and deliver to CTS an Acceptance Test Plan specifying any such non-conformities within [*] after the expiration of the Acceptance Testing Period; (iii) Customer commences commercial use of the System (I.E., use of the System in connection with Customer subscribers) after conclusion of the Acceptance Testing Period; or (iv) in the event of a dispute as to the performance of the System, an executive panel of the parties or an arbitration panel concludes that the System is materially performing in accordance with the Acceptance Test Plan, as provided in Subsection 7.3, below.

7.2 CORRECTION OF NON-CONFORMITIES. If the Acceptance Test Plan described in Subsection 7.1, above, specifies aspects of an initial System's performance which do not materially perform in accordance with the Acceptance Test Plan (and if the System is not otherwise deemed accepted by Customer under Subsection 7.1, above), then, within ten (10) days after CTS's receipt of such executed Acceptance Test Plan, CTS will submit to Customer a written action plan, which will outline CTS's proposed course of action for resolution of the non-conformities and a timetable for re-testing the System in accordance with Subsection 7.1, above. Within ten (10) days after CTS's submission of the proposed action plan, the parties will agree on a final action plan, and CTS will thereafter work diligently to implement such final action plan. Customer will make available to CTS all resources and facilities reasonably necessary to implement the final action plan, and will fully cooperate with CTS's efforts. Upon the conclusion of a re-testing period specified in the final action plan, Customer shall complete and execute a copy of the Acceptance Test Plan (or final action plan) in the manner specified in Subsection 7.1, above. The provisions of Subsection 7.1, above, shall apply to determine whether the System is deemed accepted by Customer after such re-testing. If CTS is unable to correct the non-conformities within the timetables and retesting periods described in the final action plan so that the initial System materially performs in accordance with the Acceptance Test Plan, then Customer may, at its election, terminate the License and the obligations of the parties hereunder as it applies to such System by providing CTS with written notice of termination within thirty (30) days after expiration of the timetables and re-testing periods described in the final action plan.

7.3 RESOLUTION OF DISPUTES OVER ACCEPTANCE.

7.3.1 The parties agree to settle any dispute arising out of the acceptance testing provisions described in this Section 7 through consultation and negotiation in good faith and in the spirit of mutual cooperation. Accordingly, if, after the conclusion of any Acceptance Testing Period or re-testing period described in this Section 7, the parties dispute whether the initial System is materially performing in accordance with the applicable Acceptance Test Plan, the parties agree to meet to try to resolve the dispute within fourteen (14) days after one party delivers a written request for a meeting to the other party. Such meeting shall be attended by individuals with decision-making authority to attempt, in good faith, to negotiate a resolution of the dispute prior to pursuing other available remedies. If, within fourteen (14) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, then either party may commence arbitration under Subsection 7.3.2, below, by delivering a written demand for arbitration to the other party.

7.3.2 If either party commences arbitration in the manner described above, the dispute will be subjected to binding arbitration before a panel of three (3) independent arbitrators. Such arbitration shall be held in [*], in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association, as modified to be consistent with this Subsection. Such arbitrators shall be selected by mutual agreement of the parties, or failing such agreement within fourteen (14) days after delivery of the original written demand for arbitration, each party shall select one arbitrator and the two selected arbitrators shall mutually agree upon the selection of a third arbitrator within thirty (30) days from delivery of the original written demand for arbitration. The arbitrators shall have the authority to require the submission (at a hearing or otherwise) of such documents, information, testimony, and other items as the arbitrators may deem necessary to make a fair and reasonable decision. Within forty-five (45) days after the appointment of the arbitrators, the arbitrators will render a written decision. The arbitrators shall be limited to addressing the issues in dispute arising out of the acceptance testing provisions described in this Section 7 and interpreting the applicable provisions of this Agreement and the applicable Market Purchase Agreement in connection with such issues. The parties agree that the System shall be deemed accepted for purposes of this Agreement if the arbitrators conclude that the System is materially performing in accordance with the applicable Acceptance Test Plan. A judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof and shall constitute a final adjudication of all matters submitted to arbitration. The arbitrators shall, as part of their written decision, award attorneys' fees and related expenses in accordance with Subsection 16.11, below. The costs of all arbitration services, however, shall be shared equally by the parties.

7.4 APPLICATION TO SUBSEQUENT INSTALLATIONS. The provisions of this Section 7 shall also apply to the acceptance of Components installed on a System after the initial installation of such System, except that: (i) CTS and Customer shall first test the newly-installed Components and subsequently test the System after integration of the newly-installed Components; (ii) Customer may reject such newly-installed Components in the manner described in Subsection 7.1; (iii) CTS shall correct any non-conformities in the manner described in Subsection 7.2; and (iv) if CTS does not correct such non-conformities within the designated timetables and re-test periods, then Customer may terminate the obligations of the parties only with respect to such newly-installed Components.

7.5 [*]. CTS and Customer agree to [*] described in Subsection [*].

8. TRAINING, SUPPORT, AND OTHER SERVICES.

8.1 TRAINING SERVICES. For the initial deployment of a System within a Licensed Market, CTS will provide training classes for Customer as set forth in the attached SCHEDULE F and in accordance with the initial Implementation Schedule for such System. Upon request, CTS will provide additional training upon such terms and conditions and for such Fees as the parties may mutually agree to in writing.

8.2 SUPPORT SERVICES. Subject to the terms of this Agreement, CTS will offer software and hardware maintenance services, System monitoring services, and software subscription services for each System, pursuant to the Fees and other terms set forth in the Support Services Agreement. Customer will select support for each System as set forth in the Support Services Agreement. Such selection will be made as part of the applicable Market Purchase Agreement for such System.

8.3 SOURCE CODE [*]. CTS will deposit into escrow and maintain throughout the term of the License: (i) one (1) copy of the source code for the CTS-owned Licensed Programs (I.E., only Licensed Programs to which CTS has source code rights); and (ii) one (1) copy of [*]. Such materials will be deposited in escrow in Seattle, Washington, pursuant to CTS's standard form Source Code Escrow Agreement among CTS, Customer, and an escrow holder approved by CTS and Customer.

8.4 ROAMING FRAUD PREVENTION SERVICES. Subject to the terms of this Agreement, CTS will offer services to Customer for the real-time prevention of cellular roaming cloning fraud, pursuant to the terms and conditions and for the fees set forth in the Roaming Service Agreement.

9. COMPENSATION.

9. FEES. In consideration for the rights, warranties, and covenants provided by CTS hereunder, Customer hereby agrees to pay the Fees specified in the attached SCHEDULE A when due as set forth in such Schedule.

9.2 STANDARD TERMS.

9.2.1 In addition to the Fees and other charges required to be paid by Customer to CTS hereunder, Customer shall pay (or, at CTS's election, reimburse CTS) for all network interconnection costs, switch interconnection and interface charges, System telecommunications costs, and all federal, state, and local taxes and withholding requirements in connection with the transactions contemplated by this Agreement and each Market Purchase Agreement. Such taxes specifically include, without limitation, excise, sales, use and royalty taxes, withholding taxes and related requirements, value-added taxes, all similar taxes and charges now in effect or enacted in the future, and all interest and penalties which may result from the failure to pay any of such taxes or charges.

9.2.2 If any delay in meeting the Infrastructure and Environmental Requirements causes the CTS installers or other personnel to remain longer than the scheduled installation days, or to make additional trips to Customer Facilities, then, in addition to the Fees specified in SCHEDULE A, Customer shall pay all additional travel and lodging expenses plus CTS's then-current day charge for each day that each installer or other personnel is required to be at the installation site beyond the scheduled number of days.

9.2.3 If any shipment or installation is rescheduled or delayed by Customer or due to the fault of Customer, then Customer shall pay CTS's costs and expenses attributable to such rescheduling or delay, including without limitation increased costs of Components, all costs and charges associated with CTS's prepayment of Components and storage charges.

9.2.4 Except as otherwise expressly set forth in this Agreement or any Schedule hereto: (i) CTS will invoice Customer for amounts to be paid hereunder, and Customer will pay such invoice [*]; (ii) Customer shall not be entitled to the return or reimbursement of any compensation paid to CTS pursuant to this Agreement; and (iii) all Fees and other charges hereunder shall be paid to CTS in immediately available funds in United States Dollars.

9.2.5 If Customer fails to pay any sum when due and payable, Customer shall pay interest at a rate of one and one-half percent (1.5%) per month, accruing from the due date of such payment until paid, or the maximum rate permitted by applicable law if lower. If CTS is

entitled to the sums sought to be collected, it shall also be entitled to receive all costs expended by CTS in collecting those sums, including without limitation reasonable attorneys' fees.

10. PROPRIETARY RIGHTS.

10.1 INTELLECTUAL PROPERTY RIGHTS.

10.1.1 The License shall not transfer any title to or ownership in the Licensed Programs or Documentation, or any Intellectual Property Rights in connection with the Licensed Programs and/or Documentation, from CTS to Customer. Accordingly, subject only to the License, all right, title, and interest in and to the Licensed Programs and Documentation, and all Intellectual Property Rights in connection with the Licensed Programs and/or Documentation, are and shall at all times remain the exclusive property of CTS or its licensor(s). CTS may use, sell, assign, transfer and license rights relating to the Licensed Programs and/or Documentation to any Third Party for any purpose free from any claim of Customer.

10.1.2 CTS and Customer each own certain trade names, logos, trademarks, and service marks used in identifying and marketing their respective technology, products, and services (collectively, "Trademarks"). Each party recognizes and consents for all purposes that all Trademarks of the other party, whether or not registered, constitute the exclusive property of such other party and will not be used except as approved by such other party in advance and in writing, nor shall either party use any confusingly similar Trademarks of the other party. Nothing contained in this Agreement shall be construed as conferring any additional rights upon either party to use in advertising, publicity, or other promotional activities any Trademark of the other party.

10.2 CONFIDENTIAL INFORMATION. The parties acknowledge that each party may disclose additional Confidential Information to the other party or its representatives in furtherance of the transactions contemplated by this Agreement. Therefore, notwithstanding anything to the contrary, the Nondisclosure Agreement is hereby amended such that all Confidential Information of a party disclosed to the other party or any of its representatives at any time during the term of this Agreement shall be considered Confidential Information of the disclosing party and shall be subject to the operative provisions of the Nondisclosure Agreement. Customer hereby agrees to ensure that each of its representatives who receives Confidential Information of CTS complies with the terms of the Nondisclosure Agreement, as amended hereby, to the same extent as if such representative had executed the Nondisclosure Agreement, as amended. CTS hereby agrees to ensure that each of its representatives who receives Confidential Information of Customer complies with the terms of the Nondisclosure Agreement, as amended hereby, to the same extent as if such representative had executed the Nondisclosure Agreement, as amended. All Confidential Information of CTS is and shall at all times remain the exclusive property of CTS, and all Confidential Information of Customer shall at all times remain the exclusive property of Customer. For purposes of this Subsection, "representatives" means the officers, directors, employees, agents, and affiliates of a party.

11. WARRANTIES AND COVENANTS.

11.1 INTELLECTUAL PROPERTY RIGHTS. CTS hereby warrants to Customer that, subject to the provisions of Subsection 12.1.3, below, each System furnished by CTS hereunder, if used by Customer in accordance with the terms of this Agreement, is free of any valid claim by a Third Party that the System infringes an existing United States Intellectual Property Right of such Third Party.

Customer's exclusive remedy for breach of the warranty set forth in this Subsection 11.1 is set forth in Subsection 12.1, below.

11.2 SOFTWARE PERFORMANCE. For each System within a given Licensed Market, CTS hereby warrants and covenants to Customer that the Licensed Programs (excluding the Third-Party Software) eligible for software maintenance services under the Support Services Agreement, when used in conjunction with the Hardware necessary for operation of such System and with Customer's properly-operating cellular network, and when all relevant Infrastructure and Environmental Requirements are satisfied, will materially perform in accordance with their Specifications for so long as Customer continuously purchases for such System such software maintenance services under the Support Services Agreement. Customer's exclusive remedy for breach of such warranty (without limiting the remedies provided under Subsection 11.4, below) shall be correction by CTS, at no additional charge to Customer, of any errors or malfunctions in such Licensed Programs found not to be in compliance with such warranty, in accordance with the terms of the Support Services Agreement; PROVIDED, HOWEVER, that CTS shall have no obligation to make such corrections if Customer is in breach or default under this Agreement or if Customer fails to promptly notify CTS in writing upon discovery of such errors or malfunctions. If a correction of an error or malfunction is commercially impractical, CTS may provide Customer with a commercially reasonable circumvention of such error or malfunction.

11.3 HARDWARE PERFORMANCE. For each System within a given Licensed Market, CTS hereby warrants and covenants to Customer that the CTS-proprietary Hardware purchased from CTS for installation in Cell Sites, when used in conjunction with the Licensed Programs necessary for operation of such System and with Customer's properly-operating cellular network, and when all relevant Infrastructure and Environmental Requirements are satisfied, will materially perform in accordance with their Specifications for [*]. Customer's exclusive remedy for breach of such warranty (without limiting the remedies provided under Subsection 11.4, below) shall be either repair or replacement by CTS, at its expense and in its discretion, of any of such Hardware found not to be in compliance with such warranty, in accordance with the terms of the Support Services Agreement; PROVIDED, HOWEVER, that CTS shall have no obligation to repair or replace such Hardware if Customer is in breach or default under this Agreement or if Customer fails to promptly notify CTS in writing upon discovery of such errors or malfunctions. For all other Hardware components purchased from CTS, CTS will pass through to Customer the warranties that CTS receives from its vendor for such Hardware components, to the extent that such vendor will honor such warranties for Hardware supplied by CTS to Customer.

11.4 [*]. CTS hereby covenants to Customer that it [*] as specified therein. Customer's exclusive remedies for breach of such terms are [*].

11.5 NO WARRANTIES OTHER THAN EXPRESS WRITTEN. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 11, CTS MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTIES OF ANY KIND (INCLUDING WITHOUT LIMITATION PERFORMANCE WARRANTIES), EITHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE SYSTEM, HARDWARE, LICENSED PROGRAMS, DOCUMENTATION, OR ANY OTHER ITEMS OR SERVICES COVERED BY OR FURNISHED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY (I) OF MERCHANTABILITY, (II) OF FITNESS FOR A PARTICULAR PURPOSE, OR (III) ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

12. INDEMNIFICATION.

12.1 SYSTEM INFRINGEMENT.

12.1.1 CTS will defend, at its expense, any Third Party claim brought against Customer based on an infringement which, if proven, would result in a breach of the warranty set forth in Subsection 11.1, above; PROVIDED, that: (i) Customer promptly delivers written notice of such claim to CTS, together with copies of all related court documents involving such claim; and (ii) Customer provides CTS with full and complete information and reasonable assistance for the defense of such claim as reasonably requested by CTS. In addition, subject to the terms of this Agreement, CTS will indemnify and hold harmless Customer from and against any and all damages and costs awarded by final judgment against Customer as a result of such claim, or, if any compromise or settlement is made with respect to such claim, CTS will pay all amounts agreed to by CTS in settlement of the claim. CTS shall have full and complete authority to defend and settle such claim.

12.1.2 If, in any proceeding involving a Third Party claim described in Subsection 12.1.1, above, a System is held to constitute an infringement of a Third Party's United States Intellectual Property Right and use of such System is enjoined, or if in CTS's opinion any such infringement is likely to occur, CTS, at its option and expense, may either: (i) obtain the right for Customer to continue use of the System by license, release from claim of infringement, or by other appropriate means; (ii) modify the System to make it non-infringing; (iii) replace the System with a non-infringing system of like functionality; or (iv) if election of either of the above clauses (i), (ii) or (iii) are impractical in CTS's reasonable judgment, after using reasonable efforts for a reasonable period of time under the circumstances, CTS may terminate this Agreement and the License granted herein with respect to such System by providing Customer with written notice of such termination. If, pursuant to clause (iv) above, CTS terminates this Agreement and the License with respect to a System, then: (a) Customer shall, at CTS's request, either promptly return the System to CTS or destroy the same; and (b) Customer as its exclusive remedy shall be entitled to a refund equal to the License Fees and Hardware Fees described in SCHEDULE A which specifically pertain to such System and which Customer actually paid to CTS, which refund CTS may reduce by a reasonable sum for use, depreciation, and amortization.

12.1.3 Notwithstanding anything to the contrary, CTS shall have no liability under this Agreement for any claim which: (i) pertains to a System which has been altered or modified without CTS's prior written approval, unless the use of an unaltered or unmodified version of the System is shown to constitute the infringement; (ii) use of the System in combination or conjunction with any item not furnished by CTS, unless the use of the System is shown to constitute the infringement when not used in combination or conjunction with the item not furnished by CTS; or (iii) identifies any Third-Party Software or Hardware (other than CTS-proprietary Hardware purchased from CTS for installation in Cell Sites) as forming the basis of such infringement.

12.2 OTHER INDEMNIFICATION.

12.2.1 BY CUSTOMER. Customer acknowledges that CTS has no control over the business activities of Customer, its cellular networks or other systems, the quality of telecommunications transmissions, or the content of the data transmitted. Accordingly, Customer will defend, at its expense, any and all Third Party claims brought against CTS arising from the operation of the cellular networks or other business activities of Customer, except to the extent that any Third Party claim is based on: (i) the subject matter described in Subsection 12.1, above, or (ii) Customer's use of the items furnished by CTS hereunder, so long as such use is in accordance with the terms of this Agreement and the Support Services Agreement; PROVIDED THAT: (a) CTS promptly delivers written notice of such claim to Customer, together with copies of all related court documents involving such claim; and (b)

CTS provides Customer with full and complete information and assistance for the defense of such claim as reasonably requested by Customer. In addition, subject to the terms of this Agreement, Customer will indemnify and hold harmless CTS from and against any and all damages and costs awarded by final judgment against CTS as a result of such claim, or, if any compromise or settlement is made with respect to such claim, Customer will pay all amounts agreed to by Customer in settlement of the claim. Customer shall have full and complete authority to defend and settle such claim.

12.2.2 BY CTS. CTS acknowledges that Customer has no control over the business activities of CTS. Accordingly, CTS will defend, at its expense, any and all Third Party claims brought against Customer arising from the operation of the business activities of CTS, except to the extent that any Third Party claim is based on the subject matter described in Subsections 5.3.2 or 12.2.1, above, for which Customer is obligated to defend and indemnify CTS; PROVIDED THAT: (a) Customer promptly delivers written notice of such claim to CTS, together with copies of all related court documents involving such claim; and (b) Customer provides CTS with full and complete information and assistance for the defense of such claim as reasonably requested by CTS. In addition, subject to the terms of this Agreement, CTS will indemnify and hold harmless Customer from and against any and all damages and costs awarded by final judgment against Customer as a result of such claim, or, if any compromise or settlement is made with respect to such claim, CTS will pay all amounts agreed to by CTS in settlement of the claim. CTS shall have full and complete authority to defend and settle such claim.

13. PROSECUTION OF INFRINGEMENT CLAIMS. Notwithstanding anything to the contrary, Customer shall promptly notify CTS in writing of any facts of which Customer is aware which might constitute an infringement by any Third Party of any of CTS's Intellectual Property Rights. CTS shall have the exclusive right to take all actions, control all litigation or other proceedings, and negotiate and enter into all settlements with respect to any such infringement, as CTS deems necessary or appropriate to protect CTS's Intellectual Property Rights, except as CTS and Customer may otherwise agree to in writing. Customer agrees to provide to CTS, at CTS's expense, full and complete information and assistance in connection with the prosecution of such infringement as reasonably requested by CTS. Any recovery of damages or attorneys' fees in connection with any such action, or in settlement of any such action, will belong entirely to CTS. CTS will have no obligation to institute suit against any particular person or entity for infringement of any Intellectual Property Rights of CTS.

14. TERM AND TERMINATION.

14.1 TERM. The term of this Agreement commences on the date of this Agreement and will continue thereafter for [*]. This Agreement may be extended for a mutually agreeable renewal term, provided that Customer and CTS expressly agree to such extension in writing before the expiration of the initial term. All terms and conditions hereof shall remain in effect during any renewal term, except as the parties otherwise expressly agree to in writing. Notwithstanding the above, this Agreement shall terminate upon the occurrence of any of the events described in the termination provisions set forth below.

14.2 TERMINATION.

14.2.1 MATERIAL BREACH AFTER NOTICE. Except as otherwise set forth in this Agreement, upon material breach or default under this Agreement by any party (the "breaching party"), if the other party ("non-breaching party") gives written notice of such breach or default and the same is not cured within thirty (30) days after delivery of such notice, then, without limitation of any

other remedy available hereunder, the non-breaching party may terminate this Agreement by delivery of a notice of termination at any time thereafter before such breach or default has been cured; PROVIDED, that for any breach or default (other than a payment default or a default under Subsections 2.2 or 10.2) that is not reasonably susceptible of cure within thirty (30) days, the breaching party shall have such additional time, up to ninety (90) additional days, as is reasonably necessary to cure the default, so long as such party continuously and diligently pursues such cure. The parties agree that the failure to make payments of Fees or other charges when due hereunder shall constitute a "material breach" of this Agreement.

14.2.2 IMMEDIATE TERMINATION. Notwithstanding anything to the contrary, this Agreement and the License may be immediately terminated upon written notice: (i) at the option of CTS in the event that Customer violates any of the provisions of Subsection 2.2 in any way without the prior written consent of CTS, and Customer fails to cure such violation within (3) days after CTS's delivery of notice of breach to Customer; or (ii) at the option of either party if the other party materially violates the Nondisclosure Agreement or any of the provisions of Subsection 10.2, and such other party fails to cure such violation in accordance with any applicable cure periods set forth in the Nondisclosure Agreement.

14.2.2 DISCRETIONARY TERMINATION. Either party may, in its discretion, terminate this Agreement and the License at any time and for any reason by giving the other party at least sixty (60) days prior written notice of termination.

14.3 EFFECT OF EXPIRATION OR TERMINATION.

14.3.1 Following the expiration or termination of this Agreement, Customer shall [*] with respect to the configuration of Systems installed as of the expiration or termination of this Agreement, [*] any of the following: (i) if this Agreement is terminated pursuant to Subsections 14.2.1 or 14.2.2 due to a breach or default by Customer, [*], then [*] upon termination of this Agreement; or (ii) if this Agreement expires, is terminated due to the events described in Subsection 14.2.3, or is terminated pursuant to Subsection 14.2.1 or 14.2.2 due to a breach or default by CTS, then [*] breach or default by Customer under any of the survival terms described in Subsection 14.4, and the expiration of any applicable cure period with respect to such breach or default.

14.3.2 Upon the expiration or termination of this Agreement, Customer shall immediately cease use of the Confidential Information of CTS [*] and shall, at CTS's election, either: (i) return to CTS the original and all copies of the same, in whole or in part, in any form, including partial copies and modifications, and any related materials received from CTS, or (ii) furnish to CTS a certified executed document stating that the same has been destroyed. Upon the termination of the License, Customer shall immediately return or destroy all copies of Licensed Programs and Documentation retained for use pursuant to Subsection 14.3.1, above, in accordance with the procedures set forth in this Subsection.

14.3.3 Upon the expiration or termination of this Agreement, CTS shall immediately cease use of the Confidential Information of Customer (except as the parties otherwise expressly agree to in writing) and shall, at Customer's election, either: (i) return to Customer the original and all copies of the same, in whole or in part, in any form, including partial copies and modifications, and any related materials received from Customer, or (ii) furnish to Customer a certified executed document stating that the same has been destroyed.

14.3.4 Customer shall pay all accrued and unpaid Fees and other charges hereunder within thirty (30) days after the termination of this Agreement.

14.4 SURVIVAL TERMS. Upon termination of this Agreement, all obligations of the parties hereunder shall cease, except those obligations described in Sections 2.2, 10, 12, 13, 14, 15, and 16, which provisions shall survive the termination of this Agreement. Termination of this Agreement shall not be construed to waive or release any claim which a party is entitled to assert at the time of such termination, and the applicable provisions of this Agreement shall continue to apply to such claim until it is resolved.

15. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY, CTS SHALL HAVE NO LIABILITY FOR ANY LOSS TO CUSTOMER, ANY AFFILIATE OF CUSTOMER, OR ANY THIRD PARTY EXCEPT FOR: (I) PHYSICAL LOSS OR DAMAGE TO AN INDIVIDUAL OR TO REAL PROPERTY OR TANGIBLE PERSONAL PROPERTY ARISING FROM THE NEGLIGENCE OR WILLFUL MISCONDUCT OF CTS; OR (II) LIABILITY OF CTS EXPRESSLY PROVIDED FOR IN SECTION 12.1 HEREOF; OR (III) LIABILITY OF CTS FOR CLAIMS ARISING AS A RESULT OF OR RELATED TO PERFORMANCE OF A SYSTEM, WHICH LIABILITY UNDER THIS CLAUSE III SHALL BE LIMITED TO GENERAL MONEY DAMAGES AND SHALL IN NO EVENT EXCEED AN AMOUNT EQUAL TO [*], WHERE SUCH AMOUNT EQUALS [*] THIS AGREEMENT AND [*] THEREAFTER. HOWEVER, IN NO EVENT SHALL CTS BE LIABLE FOR ANY DAMAGES RESULTING FROM LOSS OF USE, DATA, PROFIT, BUSINESS, REVENUE, OR GOODWILL, OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES, WHETHER ARISING IN CONTRACT, TORT (INCLUDING WITHOUT LIMITATION NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE, EVEN IF CTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

16. MISCELLANEOUS.

16.1 NOTICES. All notices hereunder by either party shall be given by personal delivery (including by a reputable courier service) or by sending such notice by United States certified mail return receipt requested, postage prepaid, and addressed as set forth on the signature page of this Agreement. Such notices shall be deemed to have been given and delivered upon receipt and the date of receipt identified by the United States Postal Service on any return receipt card shall be conclusive evidence of receipt. Notices may also be transmitted by facsimile or telecopy machine, and such notices shall be deemed received when transmitted if: (i) a document is electronically generated by the transmitting machine confirming that the transmission was received; and (ii) the party transmitting the notice deposits such notice the same day with a reputable courier service providing delivery not later than the following business day. Any party, by written notice to the other as above described, may alter the address for receipt by it of written notices hereunder.

16.2 INDEPENDENT CONTRACTORS. It is expressly agreed that CTS and Customer are acting hereunder as independent contractors and under no circumstances shall any of the employees of one party be deemed the employees of the other party for any purpose. Nothing in this Agreement shall be deemed to constitute, create, or in any way be interpreted as a partnership, joint venture, franchise, or other formal business organization involving CTS and Customer, nor shall anything in this Agreement be deemed to constitute one party the employee or agent of the other party. Neither CTS nor Customer shall have any authority under this Agreement to bind, obligate, or otherwise commit the other party to any agreement or transaction for any purpose whatsoever.

16.3 EXCUSED PERFORMANCE. Except for the failure to pay Fees or other charges when due hereunder, neither party shall be liable for, or be considered to be in breach or default under this Agreement as a result of, any delay or failure to perform as required hereunder which is due to any cause or condition beyond such party's reasonable control.

16.4 PUBLICITY. Neither party shall disclose to any Third Party the terms of this Agreement or the existence of this Agreement without the express written consent of the other party; PROVIDED, HOWEVER, that either party may make public announcements concerning the terms of this Agreement or the existence of this Agreement without such express written consent of the other party if: (i) the announcement is necessary for such party to comply with the requirements of the United States Securities and Exchange Commission, any other governmental agency, any court of competent jurisdiction, or applicable law or regulation; or (ii) the subject matter of such announcement had been previously disclosed in accordance with the requirements of this Subsection.

16.5 ASSIGNMENT. Neither party shall assign any of its rights or obligations hereunder (in whole or in part) without the express written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, each party may, upon notice to the other party, assign this Agreement and all of its rights and obligations hereunder (in whole but not in part) to any of its affiliates capable of performing its obligations hereunder or to any entity which acquires all or substantially all of such party's assets or stock pursuant to any merger, stock or asset transfer, consolidation, or other business combination. Any attempt by any party to assign or transfer any of its rights or obligations under this Agreement in violation of this Subsection shall be considered void and shall be deemed a material breach of this Agreement. Subject to the foregoing, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

16.6 SUBCONTRACTORS. Notwithstanding anything to the contrary, CTS may in its discretion subcontract the performance of any of its obligations hereunder or under any Market Purchase Agreement to any Third Party; PROVIDED, that CTS's subcontractors shall perform to the same standards imposed upon CTS hereunder and CTS shall be liable for the conduct of its subcontractors to the same extent as CTS's own liability under this Agreement. Upon request, CTS will provide Customer with a list of such subcontractors.

16.7 SEVERABILITY. In the event any provision hereof shall be deemed invalid or unenforceable by any court or governmental agency of competent jurisdiction, such provision shall be deemed severed from this Agreement and all remaining provisions shall be afforded full force and effect as if such severed provision had never been a provision hereof.

16.8 NO WAIVER; CUMULATIVE REMEDIES. No consent or waiver, express or implied, by any party to or of any breach or default by the other in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such party hereunder. Except where contrary to the express terms herein, the rights and remedies herein are cumulative to those that exist at law or in equity and there shall be no implied waiver of such rights and remedies.

16.9 GOVERNING LAW. This Agreement shall be governed by, subject to, and interpreted in accordance with the laws of the state of Washington, without regard to conflict of laws principles. Each party hereby submits to the exclusive jurisdiction of the courts of competent

jurisdiction located in King County, Washington, with respect to any claim or proceeding relating to this Agreement.

16.10 INJUNCTIVE RELIEF. The parties recognize and agree that money damages are an inadequate remedy for breach of Sections 2.2 and/or 10, above, and further recognize that such breach would result in irreparable harm to the party against whom such breach is committed. Therefore, in the event of a breach or threatened breach of any such provision, the non-breaching party shall be entitled to injunctive relief (without the posting of any bond and without proof of actual damages) in order to prevent or to restrain any such breach or threatened breach by the party in breach or by any other persons directly or indirectly acting for, on behalf of, or with the party in breach, and that neither the party in breach nor such other persons will oppose the stipulations set forth in this Subsection or the procedures for granting of such relief. Injunctive relief pursuant to this Subsection shall be in addition to all remedies available at law or in equity to a party arising from a breach of the provisions described above by the other party.

16.11 LITIGATION EXPENSES. In any controversy, claim or dispute arising out of, or relating to, this Agreement or the method and manner of performance thereof or the breach thereof, the prevailing party shall be entitled to recover from the other party, in addition to any other relief, all of its reasonable costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with such controversy, claim, or dispute. If neither party wholly prevails, the party that substantially prevails shall be awarded all of its reasonable costs and expenses, including without limitation reasonable attorneys' fees, incurred in connection with such controversy, claim, or dispute.

16.12 ENTIRE AGREEMENT; AMENDMENT. This Agreement, the Support Services Agreement, the Nondisclosure Agreement, the Source Code Escrow Agreement, the Roaming Service Agreement, each Market Purchase Agreement issued hereunder, and all Schedules to the foregoing agreements, contain the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede all prior agreements, negotiations, representations, and proposals, written and oral, relating to the subject matter. All Schedules and all other documents, when initialed by the parties and attached hereto, are integral to and incorporated herein by this reference. This Agreement and the Schedules attached hereto shall not be deemed or construed to be modified, amended, or waived, in whole or in part, except by written agreement duly executed by the parties to this Agreement.

16.13 COUNTERPARTS. This Agreement may be signed in one or more counterparts, each of which shall be considered an original and which shall, taken together, constitute this Agreement.

16.14 BINDING EFFECT. Customer hereby warrants to CTS that it has the power and authority to enter into this Agreement on its own behalf and on behalf of the entities listed in the attached SCHEDULE C and to make binding decisions under this Agreement on behalf of such entities.

EXECUTED as of the date set forth above.

| | |
|--|--|
| CUSTOMER: | CTS: |
| GTE MOBILNET OF CALIFORNIA LIMITED PARTERSHIP | CELLULAR TECHNICAL SERVICES COMPANY, INC. |

By GTE Mobilnet Incorporated

Its General Partner

By /s/ Russ Patridge

By /s/ Robert P. Dahut

Russ Patridge

Robert P. Dahut

Print Name

Print Name

Area President, California

President and C.O.O.

Title

Title

Customer's Address for Notices:

CTS's Address for Notices:

4410 Rosewood Drive
Pleasanton, California 94588
Attention: Vice President/General Manager
Telefax: (____)_____

2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
Attention: Legal Department
Telefax: (206) 443-1550

INDEX OF SCHEDULES
TO
MASTER PURCHASE AND LICENSE AGREEMENT

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[*]

SCHEDULE A
TO
MASTER PURCHASE AND LICENSE AGREEMENT
FEES AND PAYMENT TERMS

Customer shall pay the following Fees and charges in connection with the Master Purchase and License Agreement between CTS and Customer (the "Agreement"), together with any other Fees and charges specified in the Agreement. All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

1. LICENSE FEES.

1.1 INITIAL LICENSED PROGRAMS. In consideration for the License, Customer shall pay the following Fees to CTS for the following Licensed Programs in accordance with the terms of the Agreement and this Schedule:

| Licensed Programs(1) | License Fees Per Cell Site |
|----------------------|----------------------------|
| ----- | ----- |
| [*] | |

Total: [*]

1.2 ADDITIONAL LICENSED PROGRAMS. For all additional software, data tables, and programs which CTS and Customer agree in writing to add to a System as Licensed Programs (other than the Licensed Programs described in Subsection 1.1, above, and Section 3, below), Customer shall pay such Fees to CTS as CTS and Customer mutually agree to in writing.

1.3 NEW RELEASES AND MAINTENANCE RELEASES. For all New Releases and Maintenance Releases of the Licensed Programs described in Sections 1.1, 1.2 and 3 of this Schedule, Customer shall pay such Fees to CTS as specified in Subsection 2.3 of the Agreement.

- -----
(1) Fees include pricing for the License to use Licensed Programs and for the software performance warranty set forth in Subsection 11.2 of the Agreement. Fees exclude pricing for license to use interdiction software, which is specified in Section 3, below.

2. HARDWARE FEES.

2.1 CELL SITE SYSTEM HARDWARE PURCHASED FROM CTS. In consideration for the Hardware components purchased from CTS for installation in Cell Sites, Customer shall pay CTS the following Fees in accordance with the terms of the Agreement and this Schedule:

| Hardware Description(2) | Hardware Fees |
|-------------------------|----------------|
| ----- [*] | ----- ----- |

2.2 ADDITIONAL HARDWARE PURCHASED FROM CTS. Except as otherwise provided in Sections 2.1 and 3 of this Schedule, Customer shall pay CTS an amount equal to CTS's then-current list price for all Hardware purchased from CTS.

2.3 HARDWARE PURCHASED FROM THIRD PARTIES. For all Hardware purchased from Third Parties for a System (I.E., all Hardware other than the Hardware purchased from CTS described in Sections 2.1, 2.2, and 3 of this Schedule), Customer shall pay CTS an integration Fee equal to [*] of the Third-Party supplier's list price for such Hardware.

3. FEES FOR INTERDICTION FUNCTIONALITY. In addition to the Fees set forth in Sections 1 and 2, above, and in consideration for the license to use certain software, and the sale of certain hardware, necessary to perform the interdiction functionality for a given System, Customer shall pay the Fees set forth below which pertain to the interdiction method utilized for such System:

| Interdiction Method(3) | Interdiction Fees |
|------------------------|--------------------|
| ----- [* * * *] | ----- * * *] |

- (2) Fees include pricing for purchase of the Cell Site System Hardware and for the hardware performance warranty set forth in Subsection 11.3 of the Agreement with respect to such Cell Site System Hardware. Fees exclude pricing for purchase of interdiction hardware, which is specified in Section 3, below, and also excludes pricing for cabling and other peripherals required for a given System.
- (3) Fees include pricing for the license to use software, and the sale of hardware, which directly pertain to the interdiction method utilized for a given System. Fees exclude pricing for cabling and other peripherals required for the interdiction method utilized. For any other interdiction method utilized for a given System, Customer shall pay such Fees to CTS as the parties mutually agree to in writing.

4. DEPLOYMENT FEES.

4.1 DEPLOYMENT MANAGEMENT FEES. For the initial configuration of the System within the Licensed Market including Cell Site expansion of such System, Customer shall pay CTS a one-time deployment management Fee equal [*], to be paid upon execution of the initial Market Purchase Agreement for such System. In consideration for such deployment management Fee, CTS will provide the following for the initial deployment for such System: (i) consulting services for planning the initial configuration for such System and preparing an itemized list of all Hardware for same; (ii) availability of one primary and one back up technical manager for such System; as specified in Subsection 6.1 of the Agreement; (iii) installation services for the installation of Hardware at each regional processor site, as specified in Subsection 6.2 of the Agreement; and (iv) training services for the initial PreTect-TM- User Training and Cell Site System Overview Training sessions as specified in Subsection 8.1 and SCHEDULE F of the Agreement. Any additional deployment management services by CTS will be pursuant to such terms and subject to such Fees as CTS and Customer mutually agree to in writing.

4.2 CELL SITE SYSTEM INSTALLATION FEES. At Customer's request, CTS will install the initial configuration of Components at a Cell Site in accordance with the terms of the Agreement. In consideration for such installation services, Customer shall pay CTS an amount equal to [*].

5. TRAINING FEES.

5.1 PRETECT-TM- USER TRAINING/CELL SITE SYSTEM OVERVIEW TRAINING. As partial consideration for the deployment management Fees described in Subsection 4.1, above, CTS will conduct the initial PreTect-TM- User Training and Cell Site System Overview Training sessions specified in Subsection 8.1 and SCHEDULE F of the Agreement for each System.

5.2 INSTALLATION TRAINING. If Customer elects to perform its own installation of Hardware at Cell Sites for the System within the Licensed Market, as specified in the Agreement, Customer shall pay CTS [*], to be paid upon execution of the initial Market Purchase Agreement for such System. In consideration for such Fee, CTS will conduct the initial Cell Site System Installation session as specified in Subsection 8.1 and SCHEDULE F of the Agreement.

5.3 MAINTENANCE TRAINING. If Customer elects to perform its own maintenance of Hardware at Cell Sites for the System within the Licensed Market, as specified in the Support Services Agreement, Customer shall pay CTS [*], to be paid upon execution of the initial Market Purchase Agreement for such System. In consideration for such Fee, CTS will conduct the initial Cell Site System Maintenance session as specified in Subsection 8.1 and SCHEDULE F of the Agreement.

5.4 ADDITIONAL TRAINING. Additional training by CTS will be pursuant to such terms and subject to such Fees as CTS and Customer mutually agree to in writing.

6. SUPPORT SERVICE FEES. For each System, CTS will offer the support services set forth in the Support Services Agreement (I.E., basic support services, Hardware maintenance, System monitoring, and software subscription services), subject to the fees and other charges set forth in such Support Service Agreement and the Schedules attached thereto.

7. REAL-TIME PREVENTION OF ROAMING CLONING FRAUD. For each System, CTS will offer the services set forth in the Roaming Service Agreement, subject to the fees and other charges set forth in such Roaming Service Agreement and the Schedules attached thereto.

8. PRETECT-TM- GRAPHICAL USER INTERFACE. CTS and Customer agree that, for each System, CTS will provide up to [*] PreTect-TM- Graphical User Interface connections [*]. For each additional PreTect-TM- Graphical User Interface connection for a System, Customer shall pay CTS a Fee equal to [*].

9. OTHER FEES. In addition to the Fees described above, Customer agrees to pay CTS for the following charges [*]: (i) all travel, lodging, and other out-of-pocket expenses incurred by CTS in connection with the Agreement; and (ii) all services performed by CTS, other than those services for which CTS's compensation is expressly set forth elsewhere in the Agreement or the Schedules thereto, at the then-current billing rate of the CTS personnel performing such services, plus all expenses incurred by CTS in connection with such services (including without limitation all costs of materials, costs of third-party contractors, and all travel, lodging, and other out-of-pocket expenses), except as the parties otherwise agree to in writing.

10. PAYMENT TERMS.

10.1 COMPONENTS FOR SYSTEMS. For each deployment of Components for a System, Customer shall pay the Fees described in Sections 1.1, 2.1, 2.2, and 3 above, to CTS as follows: (i) [*] of the aggregate of such Fees shall be paid to CTS upon Customer's execution of the applicable Market Purchase Agreement for such deployment, (ii) [*] of the aggregate of such Fees shall be paid to CTS upon CTS's delivery of Components for the deployment to a common carrier for shipment to Customer (if such deployment involves multiple shipments, then such aggregate amount shall be paid on a pro rata basis at the time of each shipment); and (iii) the remaining [*] of the aggregate of such Fees shall be paid to CTS [*]; provided, however, that [*] such [*] of the aggregate of such Fees shall be paid to CTS [*] as specified in Subsection 7.1 of the Agreement.

10.2 OTHER PAYMENT TERMS. Except as otherwise expressly set forth in the Agreement or any Schedule to the Agreement, CTS will invoice Customer for amounts to be paid thereunder, and Customer will pay such invoice within [*].

SCHEDULE B
TO
MASTER PURCHASE AND LICENSE AGREEMENT
CTS-CERTIFIED HARDWARE

This Schedule contains a list of the Hardware certified by CTS for purchase by Customer from certain Third Parties, approved in advance and in writing by CTS, as more fully described in Subsection 3.2 of the Master Purchase and License Agreement between CTS and Customer. All configurations of such Hardware used for a given System must be approved in advance and in writing by CTS.

1. Hewlett-Packard 9000 Series Processors and peripheral Hewlett-Packard equipment. The models used for each System will vary depending on the Hardware configuration used for such System.
2. CISCO Routers and peripheral CISCO equipment. The models used for each System will vary depending on the Hardware configuration used for such System.
3. X-terminal Workstations (CTS recommends Hewlett-Packard ENVIZEX X-terminal workstations with a minimum of 8 MB of memory). Memory requirements for workstations will vary depending on the configuration used for a given System.
4. Hewlett-Packard LaserJet (IV or above) printer. Printer must carry baseline memory (memory size dependent on model).

SCHEDULE C
TO
MASTER PURCHASE AND LICENSE AGREEMENT
MARKET AREAS

This Schedule contains a list of Customer's market areas for purposes of the Master Purchase and License Agreement between CTS and Customer (the "Agreement").

[*]

| Market Areas | Licensee Name |
|--------------|---------------|
| ----- | ----- |
| [* | * |
| * | * |
| * | * |
| * | * |
| * | * |
| | *) |

SCHEDULE D
TO
MASTER PURCHASE AND LICENSE AGREEMENT
SPECIFICATIONS

This Schedule contains the functional Specifications for a System as required by the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement. Each overall System is comprised of one or more Regional Processor Systems and Cell Site Systems.

BLACKBIRD-Registered Trademark- PLATFORM AND PRETECT-TM-
APPLICATION FUNCTIONAL OVERVIEW

Together, the Blackbird-Registered Trademark- Platform and PreTect-TM- form a home market cloning prevention solution, in which the Blackbird-Registered Trademark- Platform collects cellular phone data that PreTect-TM- measures and uses to interdict analog cellular phone cloning attempts in real time.

BLACKBIRD-Registered Trademark- PLATFORM OVERVIEW

The Blackbird-Registered Trademark- Platform is the data collection and storage platform for CTS's real time cellular fraud prevention applications.

Using hardware and software at the Cell Site System (CSS) and Regional Processor (RP), the Blackbird-Registered Trademark- Platform collects and stores the following cellular call data that form a cellular call event signature, or "fingerprint":

- Radio frequency (RF) transmission characteristics: The subtle differences between different cellular phones' RF signatures.
- Mobile Identification Number (MIN): The unique phone number assigned a cellular phone.
- Electronic Serial Number (ESN): The unique number programmed into a cellular phone during the manufacturing process.
- [*]

CTS designed the Blackbird-Registered Trademark- Platform as a platform for delivery of a modular system of cellular fraud prevention applications. The Blackbird-Registered Trademark- Platform Application Programming Interface (API) facilitates seamless integration of current and future CTS products to meet the changing fraud prevention requirements of its customers.

PRETECT-TM- OVERVIEW

PreTect-TM- is the real time cloning detection and interdiction application designed to function on the Blackbird-Registered Trademark- Platform. PreTect-TM- works to prevent cloning fraud.

Over time, PreTect-TM- uses the information collected and stored by the Blackbird-Registered Trademark- Platform to build a unique fingerprint for each analog cellular phone. PreTect-TM- also measures each call attempt transmitted to a cell site against this fingerprint. This real time measurement process allows PreTect-TM- to quickly determine whether the attempt originated from a cloned analog cellular phone.

Users access PreTect-TM- through a Graphical User Interface on Hewlett Packard X-terminals or IBM PC-compatible computers running X-terminal emulation software. Through the graphical user interface, users can [*]

Through the graphical user interface, users can configure PreTect-TM- to meet the needs of daily operations on their cellular network:

- [*]

Finally, [*]. This allows customer service and fraud prevention departments to better utilize the data storage and analysis capabilities of the Blackbird-Registered Trademark- Platform/PreTect-TM- system:

- [*]

SYSTEM HARDWARE OVERVIEW

The Blackbird-Registered Trademark- Platform/PreTect-TM- system includes the following hardware systems:

The Regional Processor(s) complex consists of one or more Regional Processors, routers and other hardware necessary to store cellular call data and maintain connectivity between the Cell Site System and regional processor system.

- Regional Processor: Typically a Hewlett Packard 9000 series processor running the HP-UX operating system.
- Router: Typically a CISCO 7000 series router used to provide TCP/IP Ethernet connectivity between the regional processor and each cell site.

The Blackbird-Registered Trademark- Platform and PreTect-TM- software work with the regional processor system to provide real-time call data collection, storage and reporting. In addition, the Blackbird-Registered Trademark- Platform's distributed real-time message processing allows distribution of fingerprint data among multiple regional processor systems in large markets.

The Cell Site System (CSS) consists of the cell site processor, radios and other equipment necessary to collect cellular call data, communicate with the regional processor system and shut down, or interdict, cloning attempts. One CSS is required for each cell site that uses the Blackbird-Registered Trademark- Platform/PreTect-TM- system.

- Cell Site Processor (CSP): An industry-standard PC housed in an industrial-grade metal enclosure, with a cellular modem for remote network troubleshooting.
- Radio: Cellular radios which collect cellular call data directly from the cell site antenna and transmit that data to the CSP without interrupting cell site call traffic.
- Interdiction module: Hardware unit that performs interdiction of cloning attempts upon command from the CSP. The interdiction module will vary depending on the carrier's infrastructure type.

Blackbird-Registered Trademark- and PreTect-TM- software work with the CSS to gather home market cellular call characteristics, relay information regarding those characteristics to the regional processor when necessary, and perform interdiction of cloning attempts.

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BLACKBIRD-Registered Trademark- PLATFORM/PRETECT-TM- PROCESS OVERVIEW

This diagram follows a cellular call attempt through the Blackbird-Registered Trademark- Platform/PreTect-TM- system:

[FLOW CHART]

SCHEDULE E
TO
MASTER PURCHASE AND LICENSE AGREEMENT
ACCEPTANCE TEST PLAN

Set forth below is the Acceptance Test Plan described in Subsection 1.1 of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). For purposes of this Acceptance Test Plan, all references to "fraud" or "cloning fraud" shall mean analog cellular telephone cloning fraud within the home market. All undefined terms used herein shall have the meanings ascribed to such terms in the Agreement.

[*]

GOALS:

- - [*]

METHOD:

[*]

A. VIEW GRAPHICAL USER INTERFACE (GUI)

Goal:

[*]

Method:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

B. CALL EVENT DATA COLLECTION

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

C. REPORTS

Goal:
- [*]

Method:
[*]

Deliverable:
- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D. CONTROL GROUP PHONE TESTING

D.1 FINGERPRINT ESTABLISHMENT

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D.2 VALID CALL TEST

Goal:
- [*]

Method:
- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D.3 COUNTERFEIT CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D.4 FALSE NEGATIVE CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

E ADDITIONAL CELL SITE VERIFICATION

- [*]

E.1 NETWORK CONNECTIVITY

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

E.2 VALID CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

E.3 COUNTERFEIT CALL TEST

Goal:

- [*]

Method:

[*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

F ADDITIONAL REGIONAL PROCESSOR/APPLICATION SERVER ACCEPTANCE TEST

- [*]

F.1. NETWORK CONNECTIVITY

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

F.2 APPLICATION SERVER REPORTING

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

TERMS & DEFINITIONS

| ACRONYM | DESCRIPTION |
|---------|--------------------|
| [*] | |
| CSS | Cell Site System |
| RP | Regional Processor |

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FORMULAS
[*]

MASTER PURCHASE AND LICENSE AGREEMENT

PAGE 36

SCHEDULE F
TO
MASTER PURCHASE AND LICENSE AGREEMENT

INITIAL TRAINING

This Schedule contains the initial training classes for the initial deployment of a System in a Licensed Market pursuant to the terms of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

Each of the initial training classes are to be conducted at facilities provided by Customer, in the License Market in which the System is installed. Where a classroom environment is required Customer will need to include adequate space for the number of participants, an overhead transparency projector, and access, within a reasonable distance, to an X-terminal capable of running the System's graphical user interface. Where a Cell Site environment is required, Customer will need to provide adequate space such that the number of participants are able to view, concurrently, demonstrations of Cell Site Hardware installation or maintenance procedures. Training sessions are to be held during normal business hours (local time), up to approximately eight hours per day, on concurrent days.

A. PRETECT-TM- USER TRAINING

Participant Prerequisite: Previous professional experience within a cellular carrier's operation identifying and/or resolving cases of cellular fraud or working with the carrier's customer care organization.

Duration: Approximately four hours, to be conducted in one business day.

Facilities requirements: Classroom, as described above.

Maximum number of participants: [*]

Timing: To be conducted after installation of Regional Processor and at least five Cell Site Hardware systems in the Licensed Market, and end-to-end verification of System functionality by CTS.

Course Description: This course is targeted at carrier personnel who currently work in the carrier's Fraud or Customer Care organizations. This course shows PreTect-TM- users how to access information and perform tasks using the PreTect-TM- graphical user interface. This includes an overview of the functionality, pre-call detection, and interdiction. Additional training topics include: querying the system by mobile identification number (MIN) and destination, monitoring fingerprints, and generating on-screen and print reports.

B. CELL SITE SYSTEM TRAINING

The Cell Site System training will depend on whether Customer elects to have CTS perform installation of Cell Site Components or elects to perform such installation itself, as specified in the Agreement. If Customer elects to have CTS perform such installation, CTS will provide the Cell Site System Overview training described below. If Customer elects to perform such installation itself, CTS will provide the Cell Site System Installation training described below.

1. Cell Site System Overview

Participant Prerequisite: Demonstrated familiarity with PC-type hardware systems. Previous experience working in the cell site environment recommended.

Duration: Approximately four hours of classroom instruction. Observation of installation of up to three Cell Site hardware systems. Cell site observation to be conducted according to a mutually-agreed-upon schedule.

Facilities requirements: Classroom and cell site, as described above.

Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted at a mutually agreed upon time.

Course Description: This course is targeted at carrier personnel who currently work supporting the carrier's cell sites. The training includes an overview of CSS hardware infrastructure, training in composition and layout of CTS additions to cell sites, and a basic understanding of network interfaces and problem solving techniques including the cell site relationship to the regional processor.

2. Cell Site System Installation

Participant Prerequisite: Demonstrable skills installing and maintaining PC-type hardware systems. Previous experience working in the cell site environment recommended. [*]

Duration: Approximately four hours of classroom instruction. Participation in installation of at least five Cell Site hardware systems, with the Cell Sites selected including a representative sample of the possible interfacing requirements (RF connection and networking). Cell site training to be conducted according to a mutually-agreed-upon schedule.

Facilities requirements: Classroom and cell site, as described above.

Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted after installation of Regional Processor, unless the parties otherwise agree to in writing.

Course Description: This course is targeted at carrier personnel who currently work supporting the carrier's cell sites. This includes an overview of CSS hardware infrastructure, proper

handling and installation of CSS components, and a basic understanding of network interfaces and problem solving techniques.

Course Requirement: This CTS training session is required for all Customer personnel who will be performing installation of Cell Site System hardware at Cell Sites, until CTS makes available a "Train the Trainer" program to enable Customer to train its own personnel for the installation of Cell Site System hardware. When available, participation in the "Train the Trainer" program will be required for up to two designated Installation Trainers for Customer. Upon CTS certification, such Installation Trainers will be responsible for training Customer personnel in accordance with the CTS-provided curriculum for Cell Site System Installation training, and for maintaining Installation Trainer certification in accordance with CTS re-certification requirements. CTS will provide such "Train the Trainer" program on such terms and for such training fees as CTS and Customer mutually agree to in writing.

C. CELL SITE SYSTEM MAINTENANCE TRAINING

Participant Prerequisite: Cell Site System Installation training, as described above. In addition, demonstrable skills repairing PC-type hardware systems. Previous experience working in a cell site environment recommended.

Duration: Approximately four hours of classroom training and eight hours of on-the-job, participatory training in the cell site environment.

Facilities requirements: Classroom and cell site, as described above.

Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted after installation of Regional Processor and at least five Cell Site Hardware systems in the Licensed Market, and end-to-end verification of System functionality, unless the parties otherwise agree to in writing.

Course Description: This course is targeted at carrier personnel who currently perform hardware repairs on cellular network equipment. The course includes basic trouble-shooting techniques of the CSS environment, proper handling of CSS hardware, and CSP component replacement.

Course Requirement: This CTS training session is required for all Customer personnel who will be performing maintenance of Cell Site System hardware at Cell Sites, until CTS makes available a "Train the Trainer" program to enable Customer to train its own personnel for the maintenance of Cell Site System hardware. When available, participation in the "Train the Trainer" program will be required for up to two designated Maintenance Trainers for Customer. Upon CTS certification, such Maintenance Trainers will be responsible for training Customer personnel in accordance with the CTS-provided curriculum for Cell Site System Maintenance training, and for maintaining Maintenance Trainer certification in accordance with CTS re-certification requirements. CTS will provide such "Train the Trainer" program on such terms and for such training fees as CTS and Customer mutually agree to in writing.

SCHEDULE G
TO
MASTER PURCHASE AND LICENSE AGREEMENT
TECHNICAL MANAGERS - OVERALL COORDINATION

CTS TECHNICAL MANAGERS:

Primary: [*]
Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
[*]

Back Up: [*]
Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
[*]
Fax: (206) 443-1550

CUSTOMER TECHNICAL MANAGERS:

Primary: [*]
4410 Rosewood Drive
Pleasanton, California 94588
[*]

Back Up: [*]
4410 Rosewood Drive
Pleasanton, California 94588
[*]

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SCHEDULE H
TO
MASTER PURCHASE AND LICENSE AGREEMENT
NONDISCLOSURE AGREEMENT

Attached to this Schedule is a copy of the Nondisclosure Agreement dated as of August 29, 1995, between Cellular Technical Services Company, Inc. and Customer.

CONFIDENTIAL DISCLOSURE AGREEMENT

THIS AGREEMENT is effective as of August 29, 1995, by and between GTE Mobilnet Service Corp., GTE Mobilnet of California Limited Partnership and GTE Mobilnet of Santa Barbara Limited Partnership (hereinafter collectively called "GTE") and Cellular Technical Services Company, Inc., having an address at 2401 Fourth Avenue, Suite 803, Seattle, WA 98121 (hereinafter called "CTS").

WHEREAS, each party wishes to disclose to the other party certain information relating to its proprietary technology, some of which information the transmitting party deems to be confidential, and trade secrets; and

WHEREAS, each party is willing to receive from the other party such information for the purpose of evaluating whether the parties wish to enter into a business relationship between CTS and GTE, (the "Project").

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. This Agreement shall terminate upon completion of the Project or four (4) years from the effective date first stated above, whichever occurs first.

2. Confidential Information, as used herein, shall mean: (a) written or documentary information which (i) relates to the above identified subject matter, (ii) is received by one party directly or indirectly from the other party, and (iii) is marked "Confidential" or "Proprietary Confidential", or bears a marking of like import, or which one party states in writing at the time of transmittal to or receipt by the other party is to be considered confidential; and, (b) orally disclosed information which relates to the above identified subject matter and which the transmitting party, within twenty (20) days after the first oral disclosure thereof, confirms in a writing delivered to the receiving party the confidential nature of such orally disclosed information. Such writing shall be sufficiently specific to enable the receiving party to identify the information considered to be confidential. The transmitting party shall have the right to correct any inadvertent failure to designate information as confidential or proprietary by written notification to the receiving party as soon as practical (but in no event later than ten (10) business days) after such error is determined by the transmitting party. Upon receipt of such notification, the receiving party shall, from that time forward, treat such information as Confidential Information in accordance with this Agreement.

3. The term "Trade Secrets" as used in this Agreement shall mean Confidential Information that:

(i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and

(ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

4. The terms "Confidential Information" and "Trade Secrets" do not include, and the receiving party shall have no obligation with respect to information, which:

(i) is already known to the receiving party at the time of the first disclosure thereof to the receiving party as evidenced by prior documentation or other tangible embodiments of such information thereof; or

(ii) is or becomes publicly known through no wrongful act of the receiving party; or

(iii) is rightfully received by the receiving party from a third party without restriction and without breach of this or any other Agreement, or

(iv) is approved for release by written authorization of an officer of the transmitting party at the vice president level or higher.

The receiving party shall have the burden of proving the existence of any of the exclusions described in this Section 4.

5. The Parties acknowledge and agree that as part of the evaluation of the Project, the parties will obtain and have access to Confidential Information and Trade Secrets of the other party and that the misappropriation, unauthorized use or disclosure of such Confidential Information or Trade Secrets would cause irreparable harm to the parties to this Agreement. The parties agree to use the same degree of care to avoid and prevent disclosure of any party's Confidential Information and Trade Secrets as each party uses to prevent disclosure of its own Confidential Information and Trade Secrets of a similar nature (which is in any event no lesser standard than that which a reasonable person or business would utilize with respect to its own similar trade secrets or confidential information).

6. With respect to any Confidential Information, each party agrees that following the disclosure of Confidential Information pursuant to this Agreement, they shall not directly or indirectly use for any purpose whatsoever or disclose any Confidential Information that the parties may have or acquire in connection with the Project except as authorized in writing by an officer (at the vice president level or higher) of the party to whom the Confidential Information belongs.

7. With respect to any Trade Secrets, each party agrees not to use for any purpose whatsoever or disclose the Trade Secrets of the other party at any time hereafter except as authorized herein or until such Trade Secrets become generally available to the public by independent discovery or development or publication. The rights of the parties to protection of their Trade Secrets in this Agreement are in addition to the rights which the parties have under common or statutory law for the protection of Trade Secrets.

8. The parties to this Agreement agree to disclose the other party's Confidential Information or Trade Secrets only to their own employees and affiliates directly involved in the evaluation of the Project with a need to know. The receiving party shall be responsible for the failure of any of its employees or affiliates to fully comply with all provisions of the Agreement. Neither party hereto shall, internally or in conjunction with any other person, reverse engineer, reverse compile or reverse assemble the Confidential Information or Trade Secrets of the other party, or use such Confidential Information or Trade Secrets for its own benefit or for the benefit of others, for any purpose other than the purposes expressly authorized herein in connection with the evaluation of technology described in the Whereas Clauses, above. For purposes of this Agreement, the term "affiliate" shall mean any corporation, firm, partnership or other legal entity which is owned or controlled by any of the parties hereto to the extent of equal to or more than fifty percent (50%) of the equity interest having the power to vote on or otherwise to direct affairs of the entity. The party disclosing to an affiliate any Confidential Information and/or Trade Secrets shall notify the affiliate of its obligations under this Agreement. Each of the undersigned GTE entities shall be jointly and severably liable for any breach of this Agreement by an affiliate of any of the undersigned GTE entities.

9. The parties to this Agreement agree that all Confidential Information or Trade Secrets of the transmitting party are the exclusive property of such party and agree promptly to return to such party upon demand, all such Confidential Information or Trade Secrets and copies thereof, furnished under this Agreement which is either received in or reduced to material form.

10. Nothing contained in this Agreement shall be construed as (i) requiring a party to disclose, or to accept, any particular information, or (ii) granting to the receiving party a license, either express or implied, under any patent, copyright, trade secret, or other intellectual property rights now or hereafter owned, obtained, or licensable by the other party.

11. Except as otherwise provided in this Agreement, all notices required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by certified or registered mail, postage prepaid, in any post office in the United States, by recognized courier, or hand-delivered, addressed as follows:

If to CTS:

Attn.: Legal Department
Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 803
Seattle WA 98121

If to GTE:

GTE Mobilnet of California Limited Partnership, GTE Mobilnet
of Santa Barbara Limited Partnership and GTE Mobilnet
Service Corp.
Attn.: Vice President/General Manager
4410 Rosewood Drive
Pleasanton, CA 94588
cc: Regional Counsel
4410 Rosewood Drive
Pleasanton, CA 94588

Either party hereto may change its address by a notice given to the other party in the manner set forth above. Notices given as herein provided shall be considered to have been received 5 days after mailing thereof, or when actually received, whichever occurs first.

12. Neither party under this Agreement shall publicly announce or disclose the existence of this Agreement, or its contents, any discussions relating thereto, or the discussions of the business relationship being considered, without the prior consent of the other party or except as may be required by law, in which case the party required to make disclosure shall give the other party the maximum feasible prior notice of such disclosure.

13. The provisions of Paragraph 12 of this Agreement and the provisions of this Agreement concerning nondisclosure and use of Confidential Information and Trade Secrets shall survive the expiration or termination of this Agreement.

14. This Agreement expresses the entire agreement and understanding between the parties respecting the subject matter hereof and shall not be modified except by a writing signed by authorized representatives of the parties on or after the date hereof.

15. The persons executing this Agreement for and on behalf of the parties hereto represent that they are fully authorized to do so for and on behalf of their respective principals.

16. The parties hereto recognize and agree that money damages are an inadequate remedy for breach of this Agreement by the receiving party and further recognize that breach of this Agreement by the receiving party would result in irreparable

harm to the transmitting party. Accordingly, in the event of a breach or threatened breach by the receiving party, the receiving party may be enjoined from engaging in any activity prohibited by this Agreement by injunction issued by a court of competent jurisdiction. In any suit, proceeding or action to enforce any term, condition or covenant of this Agreement or to procure an adjudication or determination of the rights of the parties hereto, the prevailing party shall be entitled to recover from the other party reasonable sums as attorneys' fees and costs and expenses in connection with such suit, proceeding or action, including actions taken prior to a lawsuit, and including an appeal, which sums shall be included in any judgment or decree entered therein. If neither party wholly prevails, the party that substantially prevails shall be awarded reasonable attorneys' fees and related costs and expenses.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the effective date first written above.

CELLULAR TECHNICAL SERVICES COMPANY, INC.

By: /s/ Kyle R. Sugamele

Title: Vice President and General Counsel

Date: -----

GTE MOBILNET SERVICE CORP.

By: /s/ Benjamin E. Kahrnoff

Title: Vice President/General Manager-California Region

Date: -----

GTE MOBILNET OF CALIFORNIA LIMITED PARTNERSHIP by GTE MOBILNET INCORPORATED, its GENERAL PARTNER

By: /s/ Benjamin E. Kahrnoff

Title: Vice President/General Manager-California Region

Date: -----

GTE MOBILNET OF SANTA BARBARA LIMITED PARTNERSHIP by GTE MOBILNET INCORPORATED, its GENERAL PARTNER

By: /s/ Benjamin E. Kahrnoff

Title: Vice President/General Manager-California Region

Date: -----

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[*]

MASTER PURCHASE AND LICENSE AGREEMENT

This Master Purchase and License Agreement is made as of October 14, 1996, by and between CELLULAR TECHNICAL SERVICES COMPANY, INC., a Delaware corporation ("CTS"), and AMERITECH MOBILE COMMUNICATIONS, INC., a Delaware corporation doing business as Ameritech Cellular Services ("Customer"). In consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, CTS and Customer hereby agree as follows:

1. DEFINITIONS. Whenever used in this Agreement, the following terms shall have the following meanings:

1.1 "Acceptance Test Plan" means either one of the following plans as the context may require: (i) the Standard Acceptance Test Plan attached hereto as Schedule E-1; and (ii) the Acceptance Test Plan [*] attached hereto as Schedule E-2.

1.2 "Agreement" means this Master Purchase and License Agreement and the attached Schedules, together with all amendments and supplements which may be made thereto from time to time.

1.3 "Customer Facility" means each MTSO, Cell Site, or other location within a licensed Market at which any Component of a System is installed or to be installed under this Agreement.

1.4 "Cell Site" means a cellular radio base station location consisting of radio, antenna, and power equipment, which provides cellular telecommunications service to a particular geographic area, and in which certain Components of a System are installed in accordance with this Agreement and an applicable Market Purchase Agreement. The term "Cell Site" shall exclude mini-cells, micro-cells, and radio frequency (RF) extenders, except as otherwise set forth in Subsection 8.5, below.

1.5 "Component" means an individual item of the Hardware or Licensed Programs.

1.6 "Confidential Information" shall have the same meaning ascribed to such term in the Nondisclosure Agreement.

1.7 "Customization" means any modification, enhancement, or improvement to any Licensed Program that is made by CTS at Customer's request in accordance with this Agreement, and which is not made generally commercially available by CTS to other cellular carrier licensees in the United States.

1.8 "Documentation" means CTS's standard user manual(s) for a System and all other written explanatory documentation for a System which CTS furnishes to Customer for purposes of this Agreement (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer). Documentation may include, if applicable, documentation provided to CTS by its suppliers or licensors to the extent CTS is authorized by them to provide such documentation to Customer under this Agreement.

1.9 "Fees" means the monies required to be paid by Customer to CTS under this Agreement, including without limitation charges for Hardware, Licensed Programs, out-of-pocket reimbursable expenses, and any other charges for goods and/or services provided by CTS in connection with this Agreement.

1.10 "Hardware" means the following with respect to the System installed or to be installed in a given Licensed Market: (i) the computer equipment and peripherals (including any operating system software bundled with such equipment as supplied by the equipment manufacturer) described in the applicable Market Purchase Agreement for such System in such quantities as CTS and Customer agree are necessary to operate the initial configuration of such System; and (ii) any additional computer equipment and peripherals as CTS and Customer may, from time to time, agree in writing to add to such System as Hardware.

1.11 "Implementation Schedule" means each mutually acceptable schedule showing the time periods during which CTS and Customer will cause appropriate persons to begin and complete delivery, installation, training, and acceptance testing of particular Components for a System.

1.12 "Infrastructure and Environmental Requirements" means the physical, electrical, connectivity, and other infrastructure and environmental requirements described in Documentation furnished by CTS to Customer (as the same may be reasonably modified or updated from time to time by CTS with approval by Customer), which requirements are to be satisfied by Customer at each Customer Facility in accordance with this Agreement.

1.13 "Intellectual Property Rights" means any patent, copyright, trade secret, trademark, or other intellectual property right.

1.14 "License" means the license granted to Customer under Subsection 2.1, below.

1.15 "Licensed Programs" means the following with respect to the System installed or to be installed in a given Licensed Market: (i) the CTS-owned computer software (including firmware and patches), in object code form only, and the Third-Party Software, in object code form only, described in the applicable Market Purchase Agreement for such System; (ii) all New Releases, Maintenance Releases, and Customizations provided by CTS to Customer for such System; and (iii) any additional software, data tables, and programs as CTS and Customer may, from time to time, agree in writing to add to such System as Licensed Programs.

1.16 "Licensed Market" means, for each of the market areas identified in the attached SCHEDULE C, the aggregate of: (i) the cellular service areas identified in the attached SCHEDULE C for such market area which are covered by a System installed in accordance with this Agreement and an applicable Market Purchase Agreement; and (ii) any additional area as CTS and Customer may, from time to time, agree in writing to add to this Agreement as a Licensed Market. Customer may, in its discretion, add to the list of cellular service areas within a market area identified in the attached SCHEDULE C by providing CTS with notice of such addition.

1.17 "Maintenance Release" means a correction of errors, bugs, or defects in the Licensed Programs which is made generally commercially available by CTS to its cellular carrier licensees in the United States, and may also include, at CTS's discretion, any minor modification, enhancement, or improvement to the Licensed Programs.

1.18 "Market Purchase Agreement" means the agreement between CTS and Customer specifying the pricing, sizing, configuration, and Customer's election of available options for the initial configuration of a System and/or for an expansion of such System. Such agreement shall be based on the CTS standard form Market Purchase Agreement (as the same may be reasonably modified or updated from time to time by CTS with approval by Customer).

1.19 "Mobile Telephone Switching Office" or "MTSO" means an automatic system which constitutes the interfaces for user traffic between a cellular network and other public switched networks or other mobile telephone switching offices within the same network or a central control center for mobile telephone switching centers.

1.20 "New Release" means any computer program or portion thereof which involves any modification, enhancement, or improvement to any Licensed Programs that is: (i) made generally commercially available by CTS to its cellular carrier licensees in the United States; (ii) identified by CTS as either a "major" or "minor" new release; and (iii) not merely a Maintenance Release.

1.21 "Nondisclosure Agreement" means that certain Bilateral Nondisclosure Agreement dated as of the date of this Agreement, between CTS and Customer with respect to the protection and security of the Confidential Information of CTS and Customer, together with all amendments and supplements which may be made to such Nondisclosure Agreement from time to time. A copy of the Nondisclosure Agreement is attached hereto as SCHEDULE H.

1.22 "Roaming Service Agreement" means that certain Service Agreement for Real-Time Prevention of Roaming Cloning Fraud dated as of the date of this Agreement between CTS and Customer.

1.23 "Specifications" means the functional specifications for a System as set forth in the attached SCHEDULE D.

1.24 "Support Services Agreement" means that certain Support Services Agreement dated as of the date of this Agreement between CTS and Customer.

1.25 "System" shall mean the combination of the Hardware and Licensed Programs installed at a single regional processor complex and at the Cell Sites served by such regional processor complex for use by Customer within one or more Licensed Markets in accordance with the terms of this Agreement and applicable Market Purchase Agreements. "Initial System" means the initial System configuration defined in Subsection 4.3, below.

1.26 "Third Party" means any person or entity other than CTS or Customer.

1.27 "Third-Party Software" means the following with respect to a given System: (i) the computer programs described in the applicable Market Purchase Agreement which are licensed to CTS by Third Parties and which CTS sublicenses to Customer, in object code form only, as part of the Licensed Programs, but for which CTS has no source code rights; and (ii) any additional software, data tables, and programs as CTS and Customer may, from time to time, agree in writing to add to such System as Third-Party Software.

1.28 "Year 2000 Processing" means processing by the Licensed Programs or other Components of a System, which is dependent upon usage of calendar dates, including dates on or

after January 1, 2000. Year 2000 Processing includes, in addition to software provided by CTS, any third party software embedded in the Components that manages and/or manipulates data involving dates, including single century formulas and multi-century formulas. Correct or proper Year 2000 Processing means that the Licensed Programs and Components will not cause an abnormally ending dating scenario within the application or result in incorrect values generated involving such dates.

2. LICENSE OF SOFTWARE.

2.1 GRANT OF LICENSE. Subject to the terms of this Agreement, CTS hereby grants to Customer a non-exclusive, non-transferable license (the "License") to use the Licensed Programs and Documentation for the purpose of operating a System for its intended use, as described in the Specifications, within each Licensed Market. The term of the License granted above [*] Licensed Programs and Documentation licensed and furnished hereunder for the purpose of operating Systems installed prior to the expiration or termination of this Agreement, subject to the terms of Subsection 14.3, below.

2.2 LICENSE LIMITATIONS.

2.2.1 The License sets forth the entirety of Customer's rights in connection with the Licensed Programs and Documentation and all Intellectual Property Rights in connection with the Licensed Programs and Documentation. Accordingly, Customer shall not: (i) use the Licensed Programs or Documentation for any purpose other than as expressly set forth in Subsection 2.1, above; or (ii) permit any Third Party to use or have access to any Licensed Programs or Documentation without the express prior written approval of CTS, except for agents of Customer who are authorized by Customer to use Licensed Programs in accordance with this Agreement and for whom Customer is responsible under Subsection 10.2, below.

2.2.2 Without limiting the generality of the foregoing, Customer shall not directly or indirectly do any of the following (except as expressly set forth in this Agreement or other written agreement between CTS and Customer): (i) sublicense any rights under the License; (ii) print or copy the Licensed Programs, other than two (2) back-up copies for use solely by Customer in accordance with this Agreement; (iii) print or copy the Documentation, other than copies for use solely by Customer in accordance with this Agreement and in accordance with the confidentiality provisions of the Nondisclosure Agreement; (iv) modify or prepare derivative works of the Licensed Programs or Documentation; (v) reverse engineer, decompile, disassemble, or otherwise create, or attempt to create, or assist others to create, the source code form of any Licensed Programs or a product functionally equivalent to the System or any Licensed Programs, unless created without the use of any Licensed Programs or other Confidential Information of CTS; (vi) tamper with, modify, repair, replace, relocate, connect anything to, or disconnect any Component of a System, except for normal installation or maintenance of Components performed by properly-trained personnel in accordance with CTS-approved installation and maintenance procedures; or (vii) remove, obscure, or alter any Intellectual Property Right or confidentiality notices or legends appearing in or on any Licensed Programs or Documentation. In addition, with respect to the notices and legends described above, Customer shall: (a) ensure that each copy or reproduction of all or any portion of the Licensed Programs or Documentation includes all such notices and legends; and (b) upon CTS's reasonable request, and no more frequently than once per year, provide CTS with access to Customer's records and facilities at a time agreeable to Customer to audit and verify Customer's compliance with the terms of this Subsection 2.2.2.

2.3 NEW RELEASES, MAINTENANCE RELEASES, AND CUSTOMIZATIONS.

2.3.1 NEW RELEASES. After the initial installation of a System, CTS will provide all New Releases for such System to Customer [*] so long as Customer continuously purchases for such System the software subscription services described in the Support Services Agreement and Customer is not in breach or default under this Agreement or the Support Services Agreement. Otherwise, CTS will provide New Releases for such System to Customer on such terms and conditions and for such Fees as the parties may mutually agree to in writing. CTS agrees to give Customer reasonable prior notice in the event that any New Release requires the purchase of new or additional hardware or software.

2.3.2 MAINTENANCE RELEASES. After the initial installation of a System, CTS will provide all Maintenance Releases for such initial System to Customer [*] so long as Customer continuously purchases for such System the basic support services offered pursuant to the Support Services Agreement and Customer is not in breach or default under this Agreement or the Support Services Agreement. Otherwise, CTS will provide Maintenance Releases for such System to Customer on such terms and conditions and for such Fees as the parties may mutually agree to in writing.

2.3.3 CUSTOMIZATIONS. Customer may, from time to time, wish to have certain features of the Licensed Programs customized to its specifications. CTS shall have the exclusive right to make and deliver such Customizations. Any work performed to make Customizations, or to develop or modify any interface with CTS products, shall be on such terms, conditions, and procedures and for such fees as CTS and Customer may mutually agree to in writing. The parties agree that the provisions of this Subsection do not restrict the rights of Customer to develop and make applications to interface with CTS products.

2.4 CHANGES TO CUSTOMER EQUIPMENT OR SOFTWARE. If Customer plans to install new or additional switching equipment or software for its switch, or data networking or other equipment or software, or if Customer is informed by its provider of switching, interconnection, or other equipment or software that new or additional equipment or software will be installed, Customer will notify CTS in writing if such installation could reasonably be expected to adversely affect a System, as soon as reasonably possible prior to such installation (but at a minimum Customer will provide such advance notice as Customer customarily provides other vendors who interface with its cellular networks). In such notice, Customer will specify in detail the changes and their effects, if known, and will cooperate with CTS in determining such effects as soon as practicable after such notice, and, in any event, prior to such installation. After receipt of the notice described above, and so long as Customer is not in breach or default under this Agreement, CTS will use commercially reasonable efforts to determine whether any modifications are required to the affected System due to any such new or additional equipment or software and, if such modifications are required, CTS will use commercially reasonable efforts to provide the same on such terms and conditions and for such additional fees as the parties may mutually agree to in writing. Except as the parties otherwise expressly agree to in writing, the performance warranties set forth in Section 11, below, will not apply if any Components are adversely affected by any of the new or additional equipment or software described in this Subsection.

3. SUPPLY OF HARDWARE.

3.1 FROM CTS. Subject to the terms of this Agreement, CTS hereby agrees to sell, and Customer hereby agrees to buy, the Hardware described in the applicable Market Purchase Agreement for a given System in such quantities as CTS and Customer agree are necessary to operate such System.

3.2 FROM THIRD PARTIES. Notwithstanding Subsection 3.1, above, Customer may purchase quantities of the CTS-certified Hardware specified in the attached SCHEDULE B either from CTS or Third Parties approved in advance and in writing by CTS, subject to the terms of this Agreement. CTS-certified Hardware purchased from Third Parties will be subject to an integration Fee as specified in the attached SCHEDULE A. CTS may, from time to time, update the list of CTS-certified Hardware specified in SCHEDULE B with written notice to Customer. Except as specifically set forth herein, CTS shall have no liability with respect to any Hardware components supplied by any person or entity other than CTS.

4. SYSTEM DEPLOYMENTS.

4.1 COMMITMENTS FOR SYSTEM DEPLOYMENTS.

4.1.1 MINIMUM COMMITMENT. As partial consideration for [*], as set forth in [*] Customer hereby commits to purchase from CTS such quantities of Components such that the aggregate size of all Systems within the Licensed Markets shall be [*] which includes a minimum purchase of Components for: (i) [*] and (ii) [*] If Customer does not comply with the foregoing commitments within the corresponding time periods described above, and such noncompliance is not caused by CTS's failure to make timely delivery in time to meet such schedule, then CTS may, at its election and upon written notice to Customer, [*] granted by CTS to Customer with respect to [*] placed after the date that Customer fails to comply with this Subsection.

4.1.2 FORECASTS. As of the date of this Agreement, and at the end of each calendar quarter during the term of this Agreement, Customer will provide CTS with a written rolling forecast of Customer's estimated purchases of Components hereunder (in terms of Cell Site expansion) for the ensuing twelve-month period. ALL FORECASTS ARE FOR PLANNING PURPOSES ONLY AND ARE NON-BINDING. All forecasts shall be made in good faith and reflect Customer's best estimates after due consideration. All purchases hereunder shall be made only pursuant to mutually acceptable Market Purchase Agreements, as described in Subsection 4.2, below.

4.2 SYSTEM DEPLOYMENTS IN GENERAL. The parties hereby agree that the initial configuration of a System, and each expansion of such System, will be deployed for commercial use pursuant to the terms and conditions of this Agreement and a Market Purchase Agreement (or Addendum thereto). Each Market Purchase Agreement must be executed by an authorized representative of Customer and an officer of CTS at the vice president level or higher. Each System deployment shall: (i) consist of the combination of the Hardware and Licensed Programs identified in the applicable Market Purchase Agreement; (ii) be installed at the Customer Facilities and in accordance with the Implementation Schedule identified in the applicable Market Purchase Agreement; (iii) be supported pursuant to the support services options selected by Customer in the applicable Market Purchase Agreement; (iv) be subject to the Fees and payment terms set forth in Section 9, below, and in the attached SCHEDULE A; and (v) be subject to acceptance testing in accordance with Section 7, below, and the applicable Acceptance Test Plan set forth in the attached SCHEDULE E.

4.3 INITIAL SYSTEM DEPLOYMENT. Customer agrees that, contemporaneously with the execution of this Agreement by the parties, CTS and Customer will execute a Market Purchase Agreement, pursuant to which the parties will deploy Customer's first System (the "Initial System") consisting of [*] for acceptance testing in accordance with: (i) the terms of Section 7, below; (ii) the Standard Acceptance Test Plan set forth in the attached Schedule E-1; and (iii) the Acceptance Test Plan [*] set forth in the attached Schedule E-2. In connection with this deployment: (a) CTS agrees to use

best efforts, with Customer's cooperation, to [*] (b) the parties agree that the Initial System will involve only Cell Sites currently supported by the System, and will not involve [*] below; (c) Customer may elect, at its option, to perform the acceptance testing on the Initial System configuration on [*]; and (d) each party will use commercially reasonable efforts to complete all acceptance testing on such Initial System by [*] Subject to the provisions of Section 6, below, if CTS [*], then, for each of such [*] the [*] applicable to such [*] to those specified under the designation [*] in such Subsections.

4.4 ADDITIONAL SYSTEM DEPLOYMENTS. As part of the Market Purchase Agreement described in Subsection 4.3, above, the parties agree to expand the Initial System by an additional [*] over time, which may involve the [*.] CTS agrees to [*] in accordance with the following [*]:

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Subject to the provisions of Section 6, below, if CTS [*] the number of [*] specified above on the corresponding [*] specified above, then, for each of the [*] after the corresponding [*], the Fees under Subsections 1.1 and 2.1 of the attached SCHEDULE A applicable to such [*] to those specified under the designation [*] in such Subsections.

4.5 GOVERNING TERMS. This Agreement shall govern all terms of the license of Licensed Programs and sale of Hardware from CTS, except as set forth in the applicable Market Purchase Agreement. In no event shall any terms and conditions of any other document alter or amend any provision of this Agreement, the applicable Market Purchase Agreement, or otherwise control, unless CTS and Customer specifically agree in writing that such terms shall control.

5. DELIVERY AND INSTALLATION.

5.1 DELIVERY.

5.1.1 SHIPMENT. Components to be delivered by CTS hereunder or under a Market Purchase Agreement will be delivered to a freight carrier at CTS's facilities in Seattle, Washington U.S.A. or at such other locations as CTS may specify from time to time. Such Components will be delivered in accordance with the terms of this Agreement, the applicable Market Purchase Agreement, and on an Implementation Schedule agreed upon by both CTS and Customer. CTS reserves the right to make partial shipments and to make shipments at times convenient to CTS; PROVIDED, that in each case CTS [*] in all material respects except as otherwise provided under this Agreement or any other written agreement between CTS and Customer.

5.1.2 TITLE. Title to Hardware purchased from CTS shall pass to Customer upon CTS's delivery thereof to a freight carrier at CTS's facilities in Seattle, Washington U.S.A. or at such other locations as CTS may specify from time to time.

5.1.3 INSURANCE, SHIPPING CHARGES, AND RISK OF LOSS. All Fees are F.O.B. at CTS's facilities in Seattle, Washington U.S.A. In addition to the Fees described in Section 9, below, and in the attached SCHEDULE A, Customer shall pay all insurance, freight, brokerage, and handling charges associated with all shipments of Components. Customer shall insure the contents of such shipments against damage and risk of loss during shipment and thereafter; however, at [*] request, [*] CTS shall assume no liability in connection with such shipments; PROVIDED, HOWEVER, that CTS shall take directions from Customer and otherwise assist Customer in coordinating such shipments. In the absence of specific written instructions from Customer, CTS shall select the freight carrier for shipments from CTS, but such freight carrier shall not be construed as CTS's agent.

5.2 INSTALLATION AND READINESS OF CUSTOMER FACILITIES.

5.2.1 TECHNICAL MANAGERS. Customer and CTS shall each designate and provide the other party with the name, address, and telephone number of one (1) primary and one (1) back up technical manager for overall coordination between Customer and CTS with respect to the installation and acceptance of Components for Systems. The initial technical managers of Customer and CTS for such overall coordination are identified in the attached SCHEDULE G. Each party shall have the right to replace technical managers by providing notice of such replacement to the other party.

5.2.2 INSTALLATION. For each installation of Components at a Customer's MTSO (or other location at which regional processors for a System are installed or to be installed), CTS will perform the installation, subject to the terms and conditions of this Agreement and the Fees set forth in SCHEDULE A. For each installation of Components at a Cell Site, Customer, at its option, may perform the installation itself or request that the installation be performed by CTS, subject to the terms and conditions of this Agreement and the Fees set forth in SCHEDULE A. Prior to any installation by Customer or any mutually acceptable Third Party, the installers for such entities must first complete CTS training for such installation as set forth in the attached SCHEDULE F. CTS and Customer agree to use commercially reasonable efforts to effect installations of Components in accordance with the applicable Implementation Schedule. For any installations conducted by CTS, CTS will [*]Customer will assist CTS as CTS reasonably requests to ensure [*]. In the event that [*], CTS and Customer will work together to reach a mutually acceptable solution which [*] is otherwise acceptable to both parties.

5.2.3 READINESS OF CUSTOMER FACILITIES. Customer shall maintain Customer Facilities in compliance with the Infrastructure and Environmental Requirements at all times during the term of this Agreement. Prior to shipment of any Components by CTS or Third Parties to any Customer Facility, Customer shall certify compliance with the Infrastructure and Environmental Requirements with respect to such facility. If CTS elects to inspect for such compliance, CTS will perform such inspection in accordance with the Implementation Schedule. If, upon inspection, CTS determines that the Infrastructure and Environmental Requirements are not met, CTS will promptly notify Customer, and Customer shall cure the Infrastructure and Environmental Requirements defects within [*] of receipt of CTS's notice. If, in the reasonable opinion of CTS, all Infrastructure and Environmental Requirements are not met within such [*], then CTS shall be entitled to reschedule the installation and any other affected items on the Implementation Schedule as is reasonable given the circumstances. If any delay in meeting the Infrastructure and Environmental Requirements causes the CTS installers or other personnel to remain longer than the scheduled installation days, or to make additional trips to Customer Facilities, then, in addition to the Fees specified in SCHEDULE A, Customer shall pay all additional travel and lodging expenses approved by Customer and in accordance with SCHEDULE A, plus CTS's then-current day charge for each day that each installer or other personnel is required to be at the installation site beyond the scheduled number of days.

6. RESCHEDULING.

6.1 RESCHEDULING IN GENERAL. CTS and Customer will prepare mutually acceptable Implementation Schedules and the parties will comply with such Implementation Schedules in all material respects. Except as the parties expressly agree to in writing or as otherwise provided herein, all modifications or rescheduling of any material item on an Implementation Schedule shall be [*]. If in CTS's opinion any rescheduling affects other scheduled shipments or scheduled items on an Implementation Schedule, CTS may reschedule such other shipments or items as is reasonable given the circumstances. Customer shall pay CTS's out-of-pocket costs and expenses attributable to any rescheduling by or due to the fault of Customer, including without limitation increased costs of Components, all costs and charges associated with CTS's prepayment of Components and storage charges. CTS shall pay Customer's out-of-pocket costs and expenses attributable to any rescheduling by or due to the fault of CTS.

6.2 DELAYS BEYOND REASONABLE CONTROL. If any Component shipped from CTS is lost or damaged during shipment, CTS will use best efforts to reschedule a replacement shipment to meet the applicable Implementation Schedule. CTS shall not be liable for delays in any Implementation Schedule or any other delivery, shipment, installation, or acceptance testing of Components due to delays beyond its reasonable control (but, in any event, the diversion of Components designated for Customer to fill orders from other customers of CTS shall not constitute grounds for acceptable delay). In the event of any such delay, all scheduled items on any Implementation Schedule and other deliveries, shipments, installations, and acceptance testing of Components affected by such delay shall be extended for a period equal to the period of the delay, except as the parties otherwise expressly agree to in writing. If any delivery of Components material to a System is delayed in excess of [*] due to no fault of CTS [*] then the exclusive remedy of Customer shall be the right to cancel any outstanding order under a Market Purchase Agreement affected by such delay.

7. ACCEPTANCE.

7.1 ACCEPTANCE TESTING OF INITIAL SYSTEM. After installation of the Initial System, representatives of CTS and Customer will perform acceptance testing upon the Initial System in accordance with both the Standard Acceptance Test Plan and the Acceptance Test Plan [*] set forth in the attached SCHEDULE E. Acceptance testing under each Acceptance Test Plan will commence upon certification by CTS that the Initial System is ready for testing under such plan (the "Start Date"). Thereafter, CTS and Customer will conduct acceptance tests using simulated and/or actual data in accordance with the applicable Acceptance Test Plan for the period set forth in such Acceptance Test Plan (the "Acceptance Testing Period"). During the Acceptance Testing Period, Customer may operate and test the Initial System in accordance with the applicable Acceptance Test Plan, which may include use of the Initial System in connection with Customer's cellular network for the purpose of collecting radio frequency "fingerprints." Such use of the Initial System during the Acceptance Testing Period shall [*] Within [*] the conclusion of the Acceptance Testing Period, Customer shall complete, execute, and deliver to CTS a copy of the Acceptance Test Plan (or otherwise deliver a written notice to CTS), which shall state with specificity whether the Initial System is accepted or, if not, to what extent the Initial System does not perform in accordance with the applicable Acceptance Test Plan. The Initial System will be deemed accepted by Customer if: (i) the applicable Acceptance Test Plan or notice completed and executed by Customer does not specify any such non-conformities; (ii) Customer uses the Initial System in connection with Customer's cellular network for the purpose of both collecting radio frequency "fingerprints" and interdicting counterfeit call attempts; or (iii) in the event of a dispute as to the performance of the Initial System, an executive panel of the parties or an arbitration panel concludes

that the Initial System is performing in accordance with the applicable Acceptance Test Plan, as provided in Subsection 7.3, below.

7.2 CORRECTION OF NON-CONFORMITIES. If the applicable Acceptance Test Plan or notice described in Subsection 7.1, above, specifies aspects of the Initial System's performance which do not perform in accordance with such Acceptance Test Plan (and if the Initial System is not otherwise deemed accepted by Customer under Subsection 7.1, above), then, within ten (10) days after CTS's receipt of such executed Acceptance Test Plan or notice, CTS will submit to Customer a written action plan, which will outline CTS's proposed course of action for resolution of the non-conformities and a timetable for re-testing the Initial System in accordance with Subsection 7.1, above. Within ten (10) days after CTS's submission of the proposed action plan, the parties will agree on a final action plan, and CTS will thereafter work diligently to implement such final action plan. Customer will make available to CTS all resources and facilities reasonably necessary to implement the final action plan, and will fully cooperate with CTS's efforts. Upon the conclusion of a re-testing period specified in the final action plan, Customer shall complete and execute a copy of the applicable Acceptance Test Plan (or final action plan) or notice in the manner specified in Subsection 7.1, above. The provisions of Subsection 7.1, above, shall apply to determine whether the Initial System is deemed accepted by Customer after such re-testing. If CTS is unable to correct the non-conformities within the timetables and re-testing periods described in the final action plan so that the Initial System performs in accordance with the applicable Acceptance Test Plan, then Customer may, at its election, either: (i) terminate the License and the obligations of the parties hereunder as it applies to the Initial System by providing CTS with written notice of termination within thirty (30) days after expiration of the timetables and re-testing periods described in the final action plan, or within such other time period as the parties mutually agree to in writing; or (ii) retain the non-conforming Initial System if, within the time period for providing the notice of termination specified in clause (i), above, the parties mutually agree in writing on [*]. In addition, if, pursuant to this Subsection, [*] and the obligations of the parties hereunder with respect to the Initial System, [*]with respect to the Initial System [*] that all Components of the Initial System have been [*].

7.3 RESOLUTION OF DISPUTES OVER ACCEPTANCE.

7.3.1 The parties agree to settle any dispute arising out of the acceptance testing provisions described in this Section 7 through consultation and negotiation in good faith and in the spirit of mutual cooperation. Accordingly, if, after the conclusion of any Acceptance Testing Period or re-testing period described in this Section 7, the parties dispute whether the Initial System is performing in accordance with the applicable Acceptance Test Plan, the parties agree to meet to try to resolve the dispute within fourteen (14) days after one party delivers a written request for a meeting to the other party. Such meeting shall be attended by individuals with decision-making authority to attempt, in good faith, to negotiate a resolution of the dispute prior to pursuing other available remedies. If, within fourteen (14) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, then either party may commence arbitration under Subsection 7.3.2, below, by delivering a written demand for arbitration to the other party.

7.3.2 If either party commences arbitration in the manner described above, the dispute will be subjected to binding arbitration before a panel of three (3) independent arbitrators. Such arbitration shall be held in [*], in accordance with the then-current rules of the Center for Public Resources, Institute for Dispute Resolution, as modified to be consistent with this Subsection. Such arbitrators shall be selected by mutual agreement of the parties, or failing such agreement within thirty (30) days after delivery of the original written demand for arbitration, each party shall select one

arbitrator and the two selected arbitrators shall mutually agree upon the selection of a third arbitrator within forty-five (45) days from delivery of the original written demand for arbitration. The arbitrators shall have the authority to require the submission (at a hearing or otherwise) of such documents, information, testimony, and other items as the arbitrators may deem necessary to make a fair and reasonable decision. Within sixty (60) days after the appointment of the arbitrators, the arbitrators will render a written decision. The arbitrators shall be limited to addressing the issues in dispute arising out of the acceptance testing provisions described in this Section 7 and interpreting the applicable provisions of this Agreement and the applicable Market Purchase Agreement in connection with such issues. The parties agree that the System shall be deemed accepted for purposes of this Agreement if the arbitrators conclude that the System is materially performing in accordance with the applicable Acceptance Test Plan. A judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof and shall constitute a final adjudication of all matters submitted to arbitration. The costs of all arbitration services, however, shall be shared equally by the parties.

7.4 APPLICATION TO SUBSEQUENT INSTALLATIONS. The provisions of this Section 7 shall also apply to the acceptance of Components installed on a System after installation of the Initial System, except that: (i) CTS and Customer shall only test the newly-installed Components as part of a System in accordance with the terms of the Standard Acceptance Test Plan; (ii) Customer may reject such newly-installed Components in the manner described in Subsection 7.1; (iii) CTS shall correct any non-conformities in the manner described in Subsection 7.2; and (iv) if CTS does not correct such non-conformities within the designated timetables and re-test periods, then Customer may, at its election, either: (a) terminate the obligations of the parties only with respect to such newly-installed Components by providing CTS with written notice of termination within thirty (30) days after expiration of the designated timetables and re-testing periods, or within such other time period as the parties mutually agree to in writing, or (b) retain such non-conforming new Components if, within the time period for providing the notice of termination specified in clause (a), above, the parties mutually agree in writing on [*].

8. TRAINING, SUPPORT, AND OTHER SERVICES.

8.1 TRAINING SERVICES. CTS will provide the training classes set forth in the attached SCHEDULE F for Customer for the applicable Fees described in SCHEDULE A and in accordance with the applicable Implementation Schedule. Upon request, CTS will provide additional training upon such terms and conditions and for such Fees as the parties may mutually agree to in writing.

8.2 SUPPORT SERVICES. Subject to the terms of this Agreement, CTS will offer software and hardware maintenance services, System monitoring services, and software subscription services for each System, pursuant to the Fees and other terms set forth in the Support Services Agreement. Customer will select support for each System as set forth in the Support Services Agreement. Such selection will be made as part of the applicable Market Purchase Agreement for such System.

8.3 SOURCE CODE. CTS will deposit into escrow and maintain throughout the term of the License one (1) copy of the source code for the CTS-owned Licensed Programs (I.E., only Licensed Programs to which CTS has source code rights) in Seattle, Washington, pursuant to CTS's standard form Source Code Escrow Agreement among CTS, Customer, and an escrow holder approved by CTS and Customer.

8.4 ROAMING FRAUD PREVENTION SERVICES. Subject to the terms of this Agreement, CTS will provide services to Customer for the real-time prevention of cellular roaming cloning fraud, pursuant to the terms and conditions and for the fees set forth in the Roaming Service Agreement.

8.4 [*] CTS will [*] to Customer the [*] and Customer will assist CTS in such endeavor. Customer understands and agrees that CTS must [*]connected to appropriate Components of the Initial System [*] in order to [*]

8.6 [*] CTS will commence [*] to determine whether the [*] CTS will [*] and then [*] and [*] From such [*] CTS will [*] and an initial [*]

9. COMPENSATION.

9.1 FEES. In consideration for the rights, warranties, and covenants provided by CTS hereunder, Customer hereby agrees to pay the Fees specified in the attached SCHEDULE A when due as set forth in such Schedule.

9.2 STANDARD TERMS.

9.2.1 In addition to the Fees and other charges required to be paid by Customer to CTS hereunder, Customer shall pay (or, at CTS's election, reimburse CTS) for all network interconnection costs, switch interconnection and interface charges, and System telecommunications costs charged by Third Parties, and all federal, state, and local taxes and withholding requirements in connection with the transactions contemplated by this Agreement and each Market Purchase Agreement (excluding taxes based on CTS's net income or its authority to do business within a given state). Such taxes specifically include, without limitation: (i) excise, sales, use and royalty taxes, withholding taxes and related requirements, value-added taxes, all similar taxes and charges now in effect or enacted in the future; and (ii) all interest and penalties which may result from the failure to pay any of such taxes or charges. If CTS receives any notice of deficiency with respect to any such taxes or charges, CTS will promptly deliver notice thereof to Customer so that Customer may have a reasonable opportunity to contest such tax and any related interest and penalties.

9.2.2 Except as otherwise expressly set forth in this Agreement or any Schedule hereto: (i) CTS will invoice Customer for amounts to be paid hereunder, and Customer will pay such invoice within [*], provided that if Customer disputes an invoice, Customer's payment of any undisputed portion of the invoice shall not waive any of its right with respect to the disputed portion of the invoice; (ii) Customer shall not be entitled to the return or reimbursement of any compensation paid to CTS pursuant to this Agreement; and (iii) all Fees and other charges hereunder shall be paid to CTS in immediately available funds in United States Dollars.

10. PROPRIETARY RIGHTS.

10.1 INTELLECTUAL PROPERTY RIGHTS.

10.1.1 The License shall not transfer any title to or ownership in the Licensed Programs or Documentation, or any Intellectual Property Rights in connection with the Licensed Programs and/or Documentation, from CTS to Customer. Accordingly, subject only to the License, all right, title, and interest in and to the Licensed Programs and Documentation, and all Intellectual Property Rights in connection with the Licensed Programs and/or Documentation, are and

shall at all times remain the exclusive property of CTS or its licensor(s). Except as otherwise expressly set forth in this Agreement, CTS may use, sell, assign, transfer and license rights relating to the Licensed Programs and/or Documentation to any Third Party for any purpose free from any claim of Customer.

10.1.2 Nothing in this Agreement shall be construed to grant any party any right, title or interest in any patent, copyright, trademark, trade secrets or other proprietary information of the other party, other than those rights explicitly granted herein. Except as otherwise provided herein, each party agrees not to use any name, trade name, trademark or other designation of the other party without the other party's prior written consent.

10.2 CONFIDENTIAL INFORMATION. The parties acknowledge that each party may disclose additional Confidential Information to the other party or its representatives in furtherance of the transactions contemplated by this Agreement. Therefore, notwithstanding anything to the contrary, the Nondisclosure Agreement is hereby amended such that all Confidential Information of a party disclosed to the other party or any of its representatives at any time during the term of this Agreement shall be considered Confidential Information of the disclosing party and shall be subject to the operative provisions of the Nondisclosure Agreement. Customer hereby agrees to ensure that each of its representatives who receives Confidential Information of CTS complies with the terms of the Nondisclosure Agreement, as amended hereby, to the same extent as if such representative had executed the Nondisclosure Agreement, as amended. CTS hereby agrees to ensure that each of its representatives who receives Confidential Information of Customer complies with the terms of the Nondisclosure Agreement, as amended hereby, to the same extent as if such representative had executed the Nondisclosure Agreement, as amended. All Confidential Information of CTS is and shall at all times remain the exclusive property of CTS, and all Confidential Information of Customer is and shall at all times remain the exclusive property of Customer. For purposes of this Subsection, "representatives" means the officers, directors, employees, agents, and affiliates of a party.

11. WARRANTIES.

11.1 INTELLECTUAL PROPERTY RIGHTS.

11.1.1 CTS hereby warrants to Customer that, subject to the provisions of Subsection 12.1.5, below, each System furnished by CTS hereunder, if used by Customer in accordance with the terms of this Agreement, is free of any valid claim by a Third Party that the System violates, infringes, or misappropriates a United States Intellectual Property Right of such Third Party. Customer's exclusive remedy for breach of the warranty set forth in this Subsection 11.1.1 is set forth in Subsection 12.1, below.

11.1.2 CTS hereby [*] Customer acknowledges that[*] In addition to the warranty set forth in Subsection 11.1.1, above, and the indemnification set forth in Subsection 12.1, below, [*] (i) [*] discussions and negotiations with the [*] for an [*] in which [*] in exchange for [*], considering all relevant information; and (ii) within a reasonable period of time after the date of this Agreement, [*] for so long as Customer has [*] (b) [*] for so long as Customer has [*], and (c) [*] for so long as Customer has [*]and, once such [*]

11.2 SOFTWARE PERFORMANCE. For each System, CTS hereby warrants to Customer that the Licensed Programs (excluding the Third-Party Software), when used in conjunction with the Hardware necessary for operation of such System and with Customer's properly-operating cellular network, and when all relevant Infrastructure and Environmental Requirements are satisfied, will

materially perform in accordance with their Specifications [*] of such Licensed Programs by Customer as set forth in the applicable provisions of [*] Customer's exclusive remedy for breach of such warranty (without limiting any other remedy expressly set forth herein including, without limitation, the remedies set forth in Subsection 11.4, below) shall be correction by CTS, at no additional charge to Customer, of any errors or malfunctions in such Licensed Programs found not to be in compliance with such warranty, in accordance with the terms of the Support Services Agreement; PROVIDED, HOWEVER, that CTS shall have no obligation to make such corrections if Customer is in breach or default under this Agreement or if Customer fails to promptly notify CTS upon discovery of such errors or malfunctions. If a correction of an error or malfunction is commercially impractical, CTS may provide Customer with a commercially reasonable circumvention of such error or malfunction. For Third-Party Software, CTS will pass through to Customer the warranties that CTS receives from its vendor for such Third-Party Software, and will assist Customer in the enforcement of such warranties.

11.3 HARDWARE PERFORMANCE. For each System, CTS hereby warrants to Customer that the CTS-proprietary Hardware purchased from CTS for installation in Cell Sites, when used in conjunction with the Licensed Programs necessary for operation of such System and with Customer's properly-operating cellular network, and when all relevant Infrastructure and Environmental Requirements are satisfied, will materially perform in accordance with their Specifications [*] of such Hardware by Customer as set forth in the applicable provisions of [*] Customer's exclusive remedy for breach of such warranty (without limiting any other remedy expressly set forth herein including, without limitation, the remedies set forth in Subsection 11.4, below) shall be either repair or replacement by CTS, at its expense and in its discretion, of any of such Hardware found not to be in compliance with such warranty, in accordance with the terms of the Support Services Agreement; PROVIDED, HOWEVER, that CTS shall have no obligation to repair or replace such Hardware if Customer is in breach or default under this Agreement or if Customer fails to promptly notify CTS upon discovery of such errors or malfunctions. For all other Hardware components purchased from CTS, CTS will pass through to Customer the warranties that CTS receives from its vendor for such Hardware components, and will assist Customer in the enforcement of such warranties.

11.4 [*] CTS hereby warrants to Customer that [*] by Customer hereunder will [*] so long as all terms and conditions set forth in [*]. The parties shall [*] with this [*] by performing the [*] set forth in the attached [*] Such [*] after Customer's [*] but no more frequently [*] If CTS breaches the foregoing warranty with respect to [*] then Customer shall provide CTS with written notice of such breach, which notice shall include a detailed report providing evidence of the breach and Customer certification that [*] all terms and conditions set forth in [*] CTS shall have an opportunity to cure such breach and [*] under the attached [*] within [*] after CTS's receipt of Customer's notice of breach. Customer shall provide such assistance and [*] as CTS reasonably requests in connection with such cure [*] The final [*] shall be as follows: (i) the [*] by the parties during the [*] if such [*]; or (ii) the [*] by the parties during the [*] if such [*]. If, according to such [*], CTS [*] within the applicable [*], then, as [*] exclusive remedy for such breach, [*]

11.4.1 For [*] of this Agreement, [*] as follows: (i) if the [*] for the [*] described in the attached [*] is not [*] as described in such Schedule, then [*]; and (ii) if the [*] for the [*] described in the attached [*] is not [*] as described in such Schedule, then [*] with respect to such calendar month.

11.4.2 For [*] of this Agreement, [*]: (i) if the [*] described in the attached [*] is not [*] as described in such Schedule, then [*] with respect to such calendar month; and

(ii) if the [*] described in the attached [*] is not [*] as described in such Schedule, then [*] with respect to such calendar month.

11.4.3 For [*] of this Agreement, [*] (i) if the [*] described in the attached [*] is not [*] as described in such Schedule, then [*]; and (ii) if the [*] described in the attached [*] is [*] as described in such Schedule, then [*]. CTS's aggregate [*] under this Subsection 11.4.3 for a given [*] with respect to such calendar month.

11.5 YEAR 2000 PROCESSING. CTS warrants that any version of the Licensed Programs or other Components licensed hereunder shall properly perform Year 2000 Processing. In the event of a breach of this warranty, CTS agrees to [*] Customer by: (i) correcting the version of the Licensed Programs of other Components currently used by Customer so as to make them capable of correctly performing Year 2000 Processing; or (ii) providing replacement software for the Licensed Programs or other Components which is equivalent in function to the Licensed Programs or other Components and which correctly performs Year 2000 Processing. If, after using best efforts, [*] either of the foregoing options [*] of Customer's notification to CTS of any failure of the Licensed Programs or other Components to correctly perform Year 2000 Processing, [*] arising from any [*] to perform Year 2000 Processing with respect to the Licensed Programs or other Components. Notwithstanding anything to the contrary set forth in this Agreement, CTS's breach of this warranty shall not be subject to any provisions regarding limitations of CTS's liability set forth in this Agreement.

11.6 INSURANCE. In addition to CTS's obligations described in Subsection 11.1.2 above, CTS will maintain during this Agreement: (i) worker's compensation insurance as prescribed by applicable law; (ii) employer's liability insurance or other like insurance with limits of at least [*]; (iii) commercial general liability insurance (including without limitation contractual and products liability coverage) with combined single limits of each occurrence of at least [*]; and (iv) electronics errors and omissions insurance with limits of at least [*]. Upon written request by Customer, CTS will furnish a copy of certificates evidencing the foregoing insurance coverage. CTS's purchase of insurance shall not in any way limit CTS's liability under this Agreement.

11.7 NO WARRANTIES OTHER THAN EXPRESS WRITTEN. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 11, CTS MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTIES OF ANY KIND (INCLUDING WITHOUT LIMITATION PERFORMANCE WARRANTIES), EITHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE SYSTEM, HARDWARE, LICENSED PROGRAMS, DOCUMENTATION, OR ANY OTHER ITEMS OR SERVICES COVERED BY OR FURNISHED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY (I) OF MERCHANTABILITY, (II) OF FITNESS FOR A PARTICULAR PURPOSE, OR (III) ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

12. INDEMNIFICATION.

12.1 IP CLAIMS.

12.1.1 For purposes of this Section 12, the term "IP Claim" means any claim brought by a Third Party against Customer which alleges that use or possession of a System violates, infringes, or misappropriates a United States Intellectual Property Right of such Third Party.

12.1.2 Subject to the terms of this Agreement, CTS shall indemnify and hold harmless Customer and its officers, directors, employees, agents, assigns and successors from and against any losses, damages, liability, and expenses awarded by final judgment against such indemnified persons as a result of an IP Claim, or, if any compromise or settlement is made with respect to such IP Claim, CTS shall pay all amounts agreed to by CTS in settlement of such IP Claim. CTS shall, at its expense, defend and, at its sole discretion, settle any such IP Claim. Customer, at its own expense, shall have the right to participate in the defense of any suit or proceeding involving an IP Claim through counsel of its choosing. However, CTS shall have at all times the full and complete authority to defend and settle such IP Claim.

12.1.3 Customer shall provide CTS with prompt written notice of any IP Claim, together with copies of all related court documents involving such IP Claim. Customer's failure to provide timely notice to CTS of any such IP Claim shall not relieve CTS from any liability under this Subsection 12.1 with respect to such claim, to the extent that CTS is not prejudiced by such failure. CTS shall keep Customer advised of the status of any such IP Claim and of its defense and/or negotiation efforts. Customer shall provide CTS with such information and assistance for the defense of such IP Claim as is reasonably requested by CTS.

12.1.4 If, in any proceeding involving an IP Claim, a System is held to constitute a violation, infringement, or misappropriation of a Third Party's United States Intellectual Property Right and use of such System is enjoined, or if in CTS's opinion any such violation, infringement, or misappropriation is likely to occur, CTS, at its option and expense, will either: (i) obtain the right for Customer to continue use of the System by license, release from claim of infringement, or by other appropriate means; (ii) modify the System to make it non-infringing but continue to perform in accordance with the Specifications in all material respects; (iii) replace the System with a non-infringing system of like functionality which performs in accordance with the Specifications in all material respects; or (iv) if election of any of clauses (i), (ii) or (iii) are impractical in CTS's reasonable judgment, after using reasonable efforts for a reasonable period of time under the circumstances, CTS may terminate this Agreement and the License granted herein with respect to such System by providing Customer with written notice of such termination. If, pursuant to clause (iv) above, CTS terminates this Agreement and the License with respect to a System, then (a) Customer shall, at CTS's request and expense, either promptly return the System to CTS or destroy the same; (b) Customer shall be entitled to a refund equal to the License Fees and Hardware Fees described in SCHEDULE A which specifically pertain to such System and which Customer actually paid to CTS, which refund CTS may reduce by a reasonable sum for use, depreciation, and amortization [*]; and (c) each party shall release the other party from all future payments and other obligations under this Agreement and the Support Services Agreement with respect to such System, except for the obligations described in this Subsection 12.1 and Subsection 14.4, below, and any other provision which by its terms survives termination hereof. [*]

12.1.5 Notwithstanding anything to the contrary, CTS shall have no liability under Sections 11 or 12 of this Agreement for any IP Claim which: (i) pertains to a System which has been materially altered or modified by Customer or any of its officers, directors, employees, agents, subcontractors, assigns or successors without CTS's prior written approval, unless the use of an unaltered or unmodified version of the System is shown to constitute an infringement; or (ii) pertains to any Third-Party Software or Hardware (other than Cell Site Hardware purchased from CTS for installation in Cell Sites) that is the sole basis of such infringement.

12.1.6 The remedies set forth in this Subsection 12.1 are Customer's exclusive remedies in connection with any IP Claim.

12.2 OTHER INDEMNIFICATION.

12.2.1 Each party (the "Indemnifying Party") shall defend, indemnify, and hold harmless the other party and its officers, directors, employees, agents, successors and assigns (collectively, the "Indemnified Parties") from and against any losses, damages, liability, and expenses awarded by final judgment against such Indemnified Parties arising from any claim alleging injury to any person, including death, or damage to property, including theft, to the extent directly resulting from the acts or omissions of the Indemnifying Party or its officers, directors, employees, agents, successors or assigns, whether negligent or otherwise, or, if any compromise or settlement is made with respect to such claim, the Indemnifying Party shall pay all amounts agreed to by the Indemnifying Party in settlement of such claim. The Indemnifying Party shall, at its sole expense, defend and, at its sole discretion, settle any such claim. The Indemnified Party, at its own expense, shall have the right to participate in the defense of any such claim through counsel of its choosing. However, the Indemnifying Party shall have at all times the full and complete authority to defend and settle such claim.

12.2.2 The Indemnified Party shall provide the Indemnifying Party with prompt written notice of any of the claims described in Subsection 12.2.1, above, brought against an Indemnified Party, together with copies of all related court documents involving such claim. An Indemnified Party's failure to provide timely notice to the Indemnifying Party of any such claim shall not relieve the Indemnifying Party from any liability under this Section 12.2 with respect to such claim, to the extent that the Indemnifying Party is not prejudiced by such failure. The Indemnifying Party shall keep the Indemnified Party advised of the status or any such claim and of its defense and/or negotiation efforts. The Indemnified Party shall provide the Indemnifying Party with such information and assistance for the defense of such claim as is reasonably requested by the Indemnifying Party.

13. PROSECUTION OF INFRINGEMENT CLAIMS. CTS shall have the exclusive right to take all actions, control all litigation or other proceedings, and negotiate and enter into all settlements with respect to any infringement of any of CTS's Intellectual Property Rights, as CTS deems necessary or appropriate to protect CTS's Intellectual Property Rights, except as CTS and Customer may otherwise agree to in writing. Customer agrees to provide to CTS, at CTS's expense, reasonable information and assistance in connection with the prosecution of such infringement as reasonably requested by CTS. Any recovery of damages or attorneys' fees in connection with any such action, or in settlement of any such action, will belong entirely to CTS. CTS will have no obligation to institute suit against any particular person or entity for infringement of any Intellectual Property Rights of CTS.

14. TERM AND TERMINATION.

14.1 TERM. The term of this Agreement commences on the date of this Agreement and will continue thereafter for [*]. This Agreement may be extended for a mutually agreeable renewal term, provided that Customer and CTS expressly agree to such extension in writing. All terms and conditions hereof shall remain in effect during any renewal term, except as the parties otherwise expressly agree to in writing. Notwithstanding the above, this Agreement shall terminate upon the occurrence of any of the events described in the termination provisions set forth below.

14.2 TERMINATION.

14.2.1 MATERIAL BREACH AFTER NOTICE. Except as otherwise set forth in this Agreement, upon material breach or default under this Agreement by any party (the "breaching party"), if the other party ("non-breaching party") gives written notice of such breach or default and the same is not cured within thirty (30) days after delivery of such notice, then, without limitation of any other remedy available hereunder, the non-breaching party may terminate this Agreement by delivery of a notice of termination at any time thereafter before such breach or default has been cured.

14.2.2 IMMEDIATE TERMINATION. Notwithstanding anything to the contrary, this Agreement and the License may be immediately terminated upon written notice: (i) at CTS's option in the event that Customer materially violates any of the provisions of Subsection 2.2 in any way without the prior written consent of CTS, and Customer fails to cure such violation within (3) days after CTS's delivery of notice of breach to Customer; or (ii) at the option of either party in the event that the other party materially violates the Nondisclosure Agreement or any of the provisions of Subsection 10.2, and the breaching party fails to cure such violation in accordance with any applicable cure periods set forth in the Nondisclosure Agreement.

14.2.3 MUTUAL CONSENT. CTS and Customer may terminate this Agreement and the License by mutual written consent.

14.3 EFFECT OF EXPIRATION OR TERMINATION.

14.3.1 Following the expiration or termination of this Agreement, Customer shall [*] with respect to the configuration of Systems installed as of the expiration or termination of this Agreement, [*] any of the following: (i) if this Agreement is terminated pursuant to Subsections 14.2.1 or 14.2.2 due to a breach or default by Customer, [*] upon termination of this Agreement; or (ii) if this Agreement expires, is terminated due to the events described in Subsection 14.2.3, or is terminated pursuant to Subsection 14.2.1 due to a breach or default by CTS, then [*] breach or default by Customer under any of the survival terms described in Subsection 14.4, and the expiration of any applicable cure period with respect to such breach or default.

14.3.2 Upon the expiration or termination of this Agreement, each party shall immediately cease use of the Confidential Information of the other party [*] and shall, at the disclosing party's election, either: (i) return to the disclosing party the original and all copies of the same, in whole or in part, in any form, including partial copies and modifications, and any related materials received from the disclosing party, or (ii) furnish to the disclosing party a certified executed document stating that the same has been destroyed. Upon the termination of the License, Customer shall immediately return or destroy all copies of Licensed Programs and Documentation retained for use pursuant to Subsection 14.3.1, above, in accordance with the procedures set forth in this Subsection.

14.3.3 Customer shall pay all accrued and unpaid Fees and other charges hereunder within [*] after the termination of this Agreement.

14.4 SURVIVAL TERMS. Upon termination of this Agreement, all obligations of the parties hereunder shall cease, except those obligations described in Sections 2.2, 10, 12, 13, 14, 15, and 16, which provisions shall survive the termination of this Agreement. Termination of this Agreement shall not be construed to waive or release any claim which a party is entitled to assert at the time of such termination, and the applicable provisions of this Agreement shall continue to apply to such claim until it is resolved.

15. LIMITATION OF LIABILITY. EXCEPT FOR ANY BREACH OF SECTIONS 2.2 OR 10 HEREOF OR IN THE EVENT OF INDEMNIFICATION PURSUANT TO SECTIONS 11.5 OR 12 HEREOF, EACH OF THE PARTIES' SOLE AND EXCLUSIVE REMEDY FOR LOSS OR DAMAGE CAUSED BY, RELATED TO, OR ARISING FROM ANY ACT OR OMISSION OF THE OTHER PARTY IN CONNECTION WITH THIS AGREEMENT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, EVEN IF AN AUTHORIZED REPRESENTATIVE OF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF THE SAME AND REGARDLESS OF FORESEEABILITY), SHALL BE THE RECOVERY OF ACTUAL DAMAGES IN AN AMOUNT NOT TO EXCEED [*]. EXCEPT IN THE EVENT OF ANY BREACH OF SECTIONS 2.2 OR 10 HEREOF, NEITHER PARTY SHALL BE LIABLE HEREUNDER FOR ANY DAMAGES RESULTING FROM LOSS OF USE, DATA, PROFIT, BUSINESS, REVENUE, OR GOODWILL, OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR EXEMPLARY DAMAGES, WHETHER ARISING IN CONTRACT, TORT (INCLUDING WITHOUT LIMITATION NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

16. MISCELLANEOUS.

16.1 NOTICES. All notices hereunder by either party shall be given by personal delivery (including by a reputable courier service) or by sending such notice by United States certified mail return receipt requested, postage prepaid, and addressed as set forth on the signature page of this Agreement. Such notices shall be deemed to have been given and delivered upon receipt and the date of receipt identified by the United States Postal Service on any return receipt card shall be conclusive evidence of receipt. Notices may also be transmitted by facsimile or telecopy machine, and such notices shall be deemed received when transmitted if: (i) a document is electronically generated by the transmitting machine confirming that the transmission was received; and (ii) the party transmitting the notice deposits such notice the same day with a reputable courier service providing delivery not later than the following business day. Any party, by written notice to the other as above described, may alter the address for receipt by it of written notices hereunder.

16.2 INDEPENDENT CONTRACTORS. It is expressly agreed that CTS and Customer are acting hereunder as independent contractors and under no circumstances shall any of the employees of one party be deemed the employees of the other party for any purpose. Nothing in this Agreement shall be deemed to constitute, create, or in any way be interpreted as a partnership, joint venture, franchise, or other formal business organization involving CTS and Customer, nor shall anything in this Agreement be deemed to constitute one party the employee or agent of the other party. Neither CTS nor Customer shall have any authority under this Agreement to bind, obligate, or otherwise commit the other party to any agreement or transaction for any purpose whatsoever.

16.3 EXCUSED PERFORMANCE. Neither party shall be liable for, or be considered to be in breach or default under this Agreement as a result of, any delay or failure to perform as required hereunder which is due to any cause or condition beyond such party's reasonable control.

16.4 PUBLICITY. Neither party shall disclose to any Third Party the terms of this Agreement or the existence of this Agreement without the express written consent of the other party; PROVIDED, HOWEVER, that either party may make public announcements concerning the terms of this Agreement or the existence of this Agreement without such express written consent of the other party if the announcement is necessary for such party to comply with the requirements of the United States

Securities and Exchange Commission, any other governmental agency, any court of competent jurisdiction, or applicable law or regulation.

16.5 ASSIGNMENT. Neither party shall assign any of its rights or obligations hereunder (in whole or in part) without the express written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, each party may, upon notice to the other party, assign this Agreement and all of its rights and obligations hereunder (in whole but not in part) to any of its affiliates capable of performing its obligations hereunder. Any attempt by any party to assign or transfer any of its rights or obligations under this Agreement in violation of this Subsection shall be considered void and shall be deemed a material breach of this Agreement. Subject to the foregoing, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

16.5 SUBCONTRACTORS. Notwithstanding anything to the contrary, CTS may in its discretion subcontract the performance of any of its obligations hereunder or under any Market Purchase Agreement to any Third Party; PROVIDED, that CTS's subcontractors shall perform to the same standards imposed upon CTS hereunder and CTS shall be liable for the conduct of its subcontractors to the same extent as CTS's own liability under this Agreement. Upon request, CTS will provide Customer with a list of such subcontractors.

16.7 SEVERABILITY. In the event any provision hereof shall be deemed invalid or unenforceable by any court or governmental agency of competent jurisdiction: (i) such provision shall be deemed severed from this Agreement and all remaining provisions shall be afforded full force and effect as if such severed provision had never been a provision hereof; and (ii) the parties shall negotiate in good faith to replace the unenforceable provision with an enforceable provision which so far as possible achieves the same economic and other benefits for the parties as the unenforceable provision was intended to achieve.

16.8 NO WAIVER. No consent or waiver, express or implied, by any party to or of any breach or default by the other in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such party hereunder.

16.9 GOVERNING LAW. This Agreement shall be governed by, subject to, and interpreted in accordance with the laws of the state of Delaware, without regard to conflict of laws principles.

16.10 INJUNCTIVE RELIEF. The parties recognize and agree that money damages are an inadequate remedy for breach of Sections 2.2 and/or 10, above, and further recognize that such breach would result in irreparable harm to the party against whom such breach is committed. Therefore, in the event of a breach or threatened breach of any such provision, the non-breaching party shall be entitled to injunctive relief (without the posting of any bond and without proof of actual damages) in order to prevent or to restrain any such breach or threatened breach by the party in breach or by any other persons directly or indirectly acting for, on behalf of, or with the party in breach, and that neither the party in breach nor such other persons will oppose the granting of such relief. Injunctive relief pursuant to this Subsection shall be in addition to all remedies available at law or in equity to a party arising from a breach of the provisions described above by the other party.

16.11 NON-DISCRIMINATION COMPLIANCE. CTS agrees to comply with the laws and regulations set forth in the attached SCHEDULE I, but only to the extent that CTS is required to comply with such laws and regulations in accordance with their terms. Any provisions of the attached SCHEDULE I which are inconsistent with the foregoing sentence shall not apply to CTS or this Agreement. If requested by Customer, CTS will sign and return to Customer a non-discrimination compliance certificate.

16.12 ENTIRE AGREEMENT; AMENDMENT. This Agreement, the Support Services Agreement, the Nondisclosure Agreement, the Source Code Escrow Agreement, the Roaming Service Agreement, each Market Purchase Agreement issued hereunder, and all Schedules to the foregoing agreements, contain the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede all prior agreements, negotiations, representations, and proposals, written and oral, relating to the subject matter. All Schedules and all other documents, when agreed to by the parties and attached hereto, are integral to and incorporated herein by this reference. This Agreement and the Schedules attached hereto shall not be deemed or construed to be modified, amended, or waived, in whole or in part, except by written agreement duly executed by the parties to this Agreement.

16.13 COUNTERPARTS. This Agreement may be signed in one or more counterparts, each of which shall be considered an original and which shall, taken together, constitute this Agreement.

EXECUTED as of the date set forth above.

CUSTOMER:
- - - - -

CTS:
- - - -

AMERITECH MOBILE
COMMUNICATIONS, INC.

CELLULAR TECHNICAL SERVICES
COMPANY, INC.

By _____

By _____

Print Name

Print Name

Title

Title

CUSTOMER'S ADDRESS FOR NOTICES:
- - - - -

CTS'S ADDRESS FOR NOTICES:
- - - - -

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Location 3F12
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Attention: Don Sorensen
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2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
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with a copy to:

Ameritech Mobile Communications, Inc.

* CONFIDENTIAL MATERIAL OMITTED - FILED SEPARATELY WITH SECURITIES AND EXCHANGE COMMISSION

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TO
MASTER PURCHASE AND LICENSE AGREEMENT

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SCHEDULE A
TO
MASTER PURCHASE AND LICENSE AGREEMENT

FEES AND PAYMENT TERMS

Customer shall pay the following Fees and charges in connection with the Master Purchase and License Agreement between CTS and Customer (the "Agreement"), together with any other Fees and charges specified in the Agreement. All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

1. LICENSE FEES.

1.1 INITIAL LICENSED PROGRAMS. In consideration for the License, Customer shall pay the following Fees to CTS for the following Licensed Programs in accordance with the terms of the Agreement and this Schedule:

| LICENSED PROGRAMS 1 | | LICENSE FEES PER CELL SITE |
|---------------------|---|----------------------------|
| [| * | * |
| * | * | * |
| * | * | * |
| Total: | * | *] |

1.2 ADDITIONAL LICENSED PROGRAMS. For all additional software, data tables, and programs which CTS and Customer agree in writing to add to a System as Licensed Programs (other than the Licensed Programs described in Subsection 1.1, above, and Section 3, below), Customer shall pay such Fees to CTS as CTS and Customer mutually agree to in writing.

1.3 NEW RELEASES AND MAINTENANCE RELEASES. For all New Releases and Maintenance Releases of the Licensed Programs described in Sections 1.1, 1.2 and 3 of this Schedule, Customer shall pay such Fees to CTS as specified in Subsection 2.3 of the Agreement.

2. HARDWARE FEES.

2.1 CELL SITE SYSTEM HARDWARE PURCHASED FROM CTS. In consideration for the Hardware components purchased from CTS for installation in Cell Sites, Customer shall pay CTS the following Fees in accordance with the terms of the Agreement and this Schedule:

| HARDWARE DESCRIPTION 2 | HARDWARE FEES |
|------------------------|---------------|
|------------------------|---------------|

-
- 1 Fees include pricing for the License to use Licensed Programs and for the software performance warranty set forth in Subsection 11.2 of the Agreement. Fees exclude pricing for license to use interdiction software, which is specified in Section 3, below.
 - 2 Fees include pricing for purchase of the Cell Site System Hardware and for the hardware performance warranty set forth in Subsection 11.3 of the Agreement with respect to such Cell Site System Hardware.

[* *
* * *]

2.2 ADDITIONAL HARDWARE PURCHASED FROM CTS. Except as otherwise provided in Sections 2.1 and 3 of this Schedule, Customer shall pay CTS an amount equal to: (i) [*] for all CTS-manufactured Hardware purchased from CTS during calendar year 1997, [*]; and (ii) [*] for all other Hardware purchased from CTS.

2.3 HARDWARE PURCHASED FROM THIRD PARTIES. For all Hardware purchased from Third Parties for a System (I.E., all Hardware other than the Hardware purchased from CTS described in Sections 2.1, 2.2, and 3 of this Schedule), Customer shall pay CTS an integration Fee equal to [*] for such Hardware, which [*] shall not be [*] for purposes of this Subsection.

3. FEES FOR INTERDICTION FUNCTIONALITY. In addition to the Fees set forth in Sections 1 and 2, above, and in consideration for the license to use certain software, and the sale of certain hardware, necessary to perform the interdiction functionality for a given System, Customer shall pay the Fees set forth below which pertain to the interdiction method utilized for such System:

| INTERDICTION METHOD 3 | INTERDICTION FEES |
|-----------------------|-------------------|
| [* | * |
| * | *] |

4. DEPLOYMENT FEES.

4.1 DEPLOYMENT MANAGEMENT FEES. For the Initial System, Customer shall pay CTS a deployment management Fee equal to [*], to be paid within [*] after Customer's receipt of CTS's invoice for same (which invoice will be rendered [*]). In consideration for such deployment management Fee, CTS will provide the following for the deployment for such Initial System: (i) consulting services for planning the configuration for such Initial System and preparing an itemized list of all Hardware for such Initial System; (ii) availability of one primary and one back up technical manager for such Initial System, as specified in Subsection 5.2 of the Agreement; (iii) installation services for the installation of Hardware at each regional processor site for the Initial System, as specified in Subsection 5.2 of the Agreement; (iv) installation services for the installation of Cell Site System Hardware [*]; and (v) one session of PreTect-TM- User Training and Cell Site System Overview Training, as specified in Subsection 8.1 and SCHEDULE F of the Agreement. Except as the parties otherwise agree in writing, additional deployment management services will be performed by CTS at the rate of [*] for each CTS representative performing such services, plus all expenses incurred by CTS in connection with such services as described in Section 9, below.

Fees exclude pricing for purchase of interdiction hardware, which is specified in Section 3, below, and also excludes pricing for cabling and other peripherals required for a given System.

3 Fees include pricing for the license to use software, and the sale of hardware, which directly pertain to the interdiction method utilized for a given System. Fees exclude pricing for cabling and other peripherals required for the interdiction method utilized. For any other interdiction method utilized for a given System, Customer shall pay such Fees to CTS as the parties mutually agree to in writing.

4.2 CELL SITE SYSTEM INSTALLATION FEES. At Customer's request, CTS will install the initial configuration of Components at a Cell Site in accordance with the terms of the Agreement. In consideration for such installation services, Customer shall pay CTS an amount equal to [*] installation, except for the installation of Cell Site System Hardware [*] as described in Subsection 4.1 (iv), above.

5. TRAINING FEES.

5.1 PRETECT-TM- USER TRAINING/CELL SITE SYSTEM OVERVIEW TRAINING. As partial consideration for the deployment management Fees described in Subsection 4.1, above, CTS will conduct for the Initial System one PreTect-TM- User Training session and one Cell Site System Overview Training session, as specified in Subsection 8.1 and SCHEDULE F of the Agreement. At Customer's request, CTS will conduct one or more additional PreTect-TM-User/Cell Site System Overview combined training sessions, as specified in Subsection 8.1 and SCHEDULE F of the Agreement, on a mutually acceptable schedule. In consideration for such additional training, Customer shall pay CTS a Fee equal to [*] per combined training session, plus all expenses incurred by CTS in connection with such training session as described in Section 9, below.

5.2 INSTALLATION TRAINING. If Customer elects to perform its own installation of Hardware at Cell Sites for a System, as specified in the Agreement, CTS will conduct one or more Cell Site System Installation training sessions for such System as specified in Subsection 8.1 and SCHEDULE F of the Agreement, on a mutually acceptable schedule. In consideration for such training, Customer shall pay CTS a Fee equal to [*] per training session, plus all expenses incurred by CTS in connection with such training session as described in Section 9, below.

5.3 MAINTENANCE TRAINING. If Customer elects to perform its own maintenance of Hardware at Cell Sites for a System, as specified in the Support Services Agreement, CTS will conduct one or more Cell Site System Maintenance training sessions for such System as specified in Subsection 8.1 and SCHEDULE F of the Agreement, on a mutually acceptable schedule. Customer shall pay CTS a Fee equal to [*] per training session, plus all expenses incurred by CTS in connection with such training session as described in Section 9, below.

5.4 ADDITIONAL TRAINING. Additional training by CTS will be pursuant to such terms and subject to such Fees as CTS and Customer mutually agree to in writing.

6. SUPPORT SERVICE FEES. For each System, CTS will offer the support services set forth in the Support Services Agreement (I.E., basic support services, Hardware maintenance, System monitoring, and software subscription services), subject to the fees and other charges set forth in such Support Service Agreement and the Schedules attached thereto.

7. REAL-TIME PREVENTION OF ROAMING CLONING FRAUD. For each System, CTS will offer the services set forth in the Roaming Service Agreement, subject to the fees and other charges set forth in such Roaming Service Agreement and the Schedules attached thereto.

8. PRETECT-TM- GRAPHICAL USER INTERFACE. CTS and Customer agree that, for each System, CTS will provide [*] PreTect-TM- Graphical User Interface connections [*]. For each additional PreTect-TM- Graphical User Interface connection for a System, Customer shall pay CTS a Fee equal to [*].

9. OTHER FEES. In addition to the Fees described above, Customer agrees to pay CTS for each of the following charges and expenses [*]: (i) all travel, lodging, and other out-of-pocket expenses incurred by CTS in connection with the Agreement; and (ii) all services performed by CTS, other than those services for which CTS's compensation is expressly set forth elsewhere in the Agreement or the Schedules thereto, at the then-current billing rate of the CTS personnel performing such services, plus all expenses incurred by CTS in connection with such services (including without limitation all costs of materials, costs of third-party contractors, and all travel, lodging, and other out-of-pocket expenses), except as the parties otherwise agree to in writing.

10. PAYMENT TERMS.

10.1 GENERAL.

10.1.1 Except as otherwise set forth in Subsection 10.2, below, for each deployment of Components for a System, CTS will invoice Customer for the Fees described in Subsections 1.1, 2.1, and 3, above, as follows: (i) [*] of the aggregate of such Fees upon CTS's delivery of such Components to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment); and (ii) the remaining [*] of the aggregate of such Fees upon the earlier of (a) [*] set forth in the attached [*], or (b) thirty (30) days from Customer's receipt of such Components, [*].

10.1.2 For each deployment of Components for a System, CTS will invoice Customer for the Fees described in Subsection 2.2, above, as follows: (i) [*] of the aggregate of such Fees upon CTS's receipt of Customer's order for such Components (under a Market Purchase Agreement or Addendum thereto); and (ii) the remaining [*] of the aggregate of such Fees upon CTS's delivery of such Components to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment).

10.1.3 Except as otherwise expressly agreed to in writing, CTS will invoice Customer for all amounts to be paid to CTS under this Agreement, and Customer will pay such invoice within [*], provided that if Customer disputes an invoice, Customer's payment of any undisputed portion of the invoice shall not waive any of its rights with respect to the disputed portion of the invoice.

10.2 INITIAL SYSTEM DEPLOYMENT. For the deployment of Components for the Initial System, Customer shall pay the Fees described in Subsections 1.1, 2.1, and 3, above, to CTS as follows: (i) [*] of the aggregate of such Fees upon CTS's delivery of such Components to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment); (ii) [*] of the aggregate of such Fees upon [*]; and (iii) the remaining [*] of the aggregate of such Fees upon [*].

11. [*] CTS hereby agrees that, during the term of this Agreement, [*] expressly set forth in this Schedule will [*] taking into consideration [*], including without limitation [*] involved in the transaction. For purposes of this Subsection, [*] means that for the above clause [*]. The parties agree that the terms of this Section shall not apply to [*].

SCHEDULE B
TO
MASTER PURCHASE AND LICENSE AGREEMENT

CTS-CERTIFIED HARDWARE

This Schedule contains a list of the Hardware certified by CTS for purchase by Customer from certain Third Parties, approved in advance and in writing by CTS, as more fully described in Subsection 3.2 of the Master Purchase and License Agreement between CTS and Customer. All configurations of such Hardware used for a given System must be approved in advance and in writing by CTS.

1. Hewlett-Packard Processors and peripheral Hewlett-Packard equipment. The models used for each System will vary depending on the Hardware configuration used for such System.
2. CISCO Routers and peripheral CISCO equipment. The models used for each System will vary depending on the Hardware configuration used for such System.
3. X-terminal Workstations (CTS recommends Hewlett-Packard ENVIZEX X-terminal workstations with a minimum of 8 MB of memory). Memory requirements for workstations will vary depending on the configuration used for a given System.
4. Hewlett-Packard LaserJet (IV or above) printer. Printer must carry baseline memory (memory size dependent on model).

SCHEDULE D
TO
MASTER PURCHASE AND LICENSE AGREEMENT

SPECIFICATIONS

This Schedule contains the functional Specifications for a System as required by the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement. Each overall System is comprised of one or more Regional Processor Systems and Cell Site Systems.

BLACKBIRD-Registered Trademark- PLATFORM AND PRETECT-TM-
APPLICATION FUNCTIONAL OVERVIEW

Together, the Blackbird-Registered Trademark- Platform and PreTect-TM- form a home market cloning prevention solution, in which the Blackbird-Registered Trademark- Platform collects cellular phone data that PreTect-TM- measures and uses to interdict analog cellular phone cloning attempts in real time.

BLACKBIRD-Registered Trademark- PLATFORM OVERVIEW

The Blackbird-Registered Trademark- Platform is the data collection and storage platform for CTS's real time cellular fraud prevention applications.

Using hardware and software at the Cell Site System (CSS) and Regional Processor (RP), the Blackbird-Registered Trademark- Platform collects and stores the following cellular call data that form a cellular call event signature, or "fingerprint":

- Radio frequency (RF) transmission characteristics: The subtle differences between different cellular phones' RF signatures.
- Mobile Identification Number (MIN): The unique phone number assigned a cellular phone.
- Electronic Serial Number (ESN): The unique number programmed into a cellular phone during the manufacturing process.
- [*]
- [*]

CTS designed the Blackbird-Registered Trademark- Platform as a platform for delivery of a modular system of cellular fraud prevention applications. The Blackbird-Registered Trademark- Platform Application Programming Interface (API) facilitates seamless integration of current and future CTS products to meet the changing fraud prevention requirements of its customers.

PRETECT-TM- OVERVIEW

PreTect-TM- is the real time cloning detection and interdiction application designed to function on the Blackbird-Registered Trademark- Platform. PreTect-TM- works to prevent cloning fraud.

Over time, PreTect-TM- uses the information collected and stored by the Blackbird-Registered Trademark- Platform to build a unique fingerprint for each analog cellular phone. PreTect-TM- also measures each call attempt transmitted

to a cell site against this fingerprint. This real time measurement process allows PreTect-TM- to quickly determine whether the attempt originated from a cloned analog cellular phone.

Users access PreTect-TM- through a Graphical User Interface on Hewlett Packard X-terminals or IBM PC-compatible computers running X-terminal emulation software. Through the graphical user interface, users can [*]

[*]

Through the graphical user interface, users can configure PreTect-TM- to meet the needs of daily operations on their cellular network:

[*]

Finally, users can [*]. This allows customer service and fraud prevention departments to better utilize the data storage and analysis capabilities of the Blackbird-Registered Trademark- Platform/PreTect-TM- system:

[*]

SYSTEM HARDWARE OVERVIEW

The Blackbird-Registered Trademark- Platform/PreTect-TM- system includes the following hardware systems:

Each regional processor complex consists of one or more processors, routers and other hardware necessary to store cellular call data and maintain connectivity between the Cell Site System and regional processor system.

- Regional Processor: Typically a Hewlett Packard 9000 series processor(s) running the HP-UX operating system.
- Router: Typically a CISCO 7000 series router(s) used to provide TCP/IP Ethernet connectivity between the regional processor and each cell site.

The Blackbird-Registered Trademark- Platform and PreTect-TM- software work with the regional processor system to provide real-time call data collection, storage and reporting. In addition, the Blackbird-Registered Trademark- Platform's distributed real-time message processing allows distribution of fingerprint data among multiple regional processor systems in large markets.

The Cell Site System (CSS) consists of the cell site processor, radios and other equipment necessary to collect cellular call data, communicate with the regional processor system and shut down, or interdict, cloning attempts. At least one CSS is required for each cell site that uses the Blackbird-Registered Trademark-Platform/PreTect-TM- system. A single CSS will [*].

- Cell Site Processor (CSP): An industry-standard PC housed in an industrial-grade metal enclosure, with a cellular modem for remote network troubleshooting.
- Radio: Cellular radios which collect cellular call data directly from the cell site antenna and transmit that data to the CSP without interrupting cell site call traffic.
- Interdiction module: Hardware unit that performs interdiction of cloning attempts upon command from the CSP. The interdiction module will vary depending on the carrier's infrastructure type.

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Blackbird-Registered Trademark- and PreTect-TM- software work with the CSS to gather home market cellular call characteristics, relay information regarding those characteristics to the regional processor when necessary, and perform interdiction of cloning attempts.

BLACKBIRD-Registered Trademark- PLATFORM/PRETECT-TM- PROCESS OVERVIEW

This diagram follows a cellular call attempt through the Blackbird-Registered Trademark- Platform/PreTect-TM- system:

[FLOW CHART]

SCHEDULE E
TO
MASTER PURCHASE AND LICENSE AGREEMENT

ACCEPTANCE TEST PLANS

Attached to this Schedule are the following Acceptance Test Plans described in Subsection 1.1 of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined terms used in this Schedule shall have the meanings ascribed to such terms in the Agreement.

| ATTACHMENT | DESCRIPTION |
|--------------|--------------------------------------|
| ----- | ----- |
| Schedule E-1 | Standard Acceptance Test Plan [*] |
| Schedule E-2 | Acceptance Test Plan [*] [*] |

SCHEDULE E-1
STANDARD ACCEPTANCE TEST PLAN

Set forth below is the Standard Acceptance Test Plan described in Subsection 1.1 of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). For purposes of this Acceptance Test Plan, all references to "fraud" or "cloning fraud" shall mean analog cellular telephone cloning fraud within the home market. All undefined terms used herein shall have the meanings ascribed to such terms in the Agreement.

[*]

GOALS

- - [*]

CROSS REFERENCE

Set forth below is a cross reference between the tests described in this plan[*]

| | |
|----|-------------------------|
| [* | SECTIONS OF PLAN |
| * | A.1 |
| * | A.2 |
| * | B, C |
| * | A.3 |
| *] | B, C, D, E, F, G, and H |
| | [*] |

TEST CONDITIONS

The tests set forth below are subject to satisfaction of the following conditions at all times during testing:

- - Customer is in compliance with the CTS Infrastructure and Environmental Requirements for the relevant System, and otherwise is in compliance with the Agreement.
- - Customer's cellular network is functioning properly, such that it does not degrade the performance of the System.
- - Customer continuously purchases support services from CTS for the relevant System under the Support Services Agreement, and otherwise is in compliance with such agreement.
- - The hardware sizing and configuration for the relevant System have been approved by CTS.
- - New phones (phones that become commercially available in the relevant Licensed Market by their respective manufacturers) will not be a part of this testing [*].

TESTS

Customer personnel shall conduct all tests under this plan, except as the parties otherwise agree. In any event, CTS shall be entitled to participate as a member of the test team.

A. INSTALLATION VERIFICATION TESTS

A.1 CELL SITE SYSTEM INSTALLATION AND NETWORK CONNECTIVITY VERIFICATION

Deliverables:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

C. CALL EVENT DATA COLLECTION TEST

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

D. REPORTS TEST

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

E. SYSTEM MONITORING AND FAULT MANAGEMENT

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

[*]

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

[*]

[*]

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

[*]

[*]

[*]

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

[*]

Goal:
- [*]

Method:
- [*]

Deliverable:

- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

I. ADDITIONAL CELL SITE VERIFICATION TEST

[*]

- [*]

I.1 VALID CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

I.2 COUNTERFEIT CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

J. ADDITIONAL REGIONAL PROCESSOR COMPLEX EQUIPMENT TEST

- [*]

J.1 NETWORK CONNECTIVITY

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

J.2 APPLICATION SERVER REPORTING

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

K. ADDITIONAL REGIONAL PROCESSOR COMPLEXES

[*]

L. DURATION OF TESTING

[*]

TERMS & DEFINITIONS

| ACRONYM | DESCRIPTION |
|---------|------------------------------|
| ----- | ----- |
| [*] | |
| CSS | Cell Site System |
| RPC | Regional Processor Complex |
| MIN | Mobile Identification Number |
| ESN | Electronic Serial Number |

SCHEDULE E-2

ACCEPTANCE TEST PLAN [*]

Set forth below is the Acceptance Test Plan [*] described in Subsection 1.1 of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). For purposes of this Acceptance Test Plan, all references to "fraud" or "cloning fraud" shall mean analog cellular telephone cloning fraud within the home market. All undefined terms used herein shall have the meanings ascribed to such terms in the Agreement.

[*]

GOALS

- - [*]

TEST CONDITIONS

The tests set forth below are subject to satisfaction of the following conditions at all times during testing:

- - Customer is in compliance with the CTS Infrastructure and Environmental Requirements for the relevant System, and otherwise is in compliance with the Agreement.
- - Customer's cellular network is functioning properly, such that it does not degrade the performance of the System.
- - Customer continuously purchases support services from CTS for the relevant System under the Support Services Agreement, and otherwise is in compliance with such agreement.
- - The hardware sizing and configuration for the relevant System have been approved by CTS.
- - New phones (phones that become commercially available in the relevant Licensed Market by their respective manufacturers) will not be a part of this testing [*].
- - [*]

TESTS

1. TEST PREPARATIONS

[*]

Additional Test Preparations:

CTS and Customer will prepare the System for testing by performing the items described below:

- [*]

2. [*]

Goal:

- [*]

Method:

- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

[*]

Goals:
- [*]

Method:
- [*]

Deliverables:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

[*]

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval: Customer Initial _____ Date _____ CTS Initial _____ Date _____

5. Duration of Testing

[*]

TERMS & DEFINITIONS

| ACRONYM | DESCRIPTION |
|---------|--------------------------|
| - ----- | ----- |
| [*] | |
| GUI | Graphical User Interface |

FORMULAS
[*]

SCHEDULE F
TO
MASTER PURCHASE AND LICENSE AGREEMENT

TRAINING CLASSES

This Schedule contains a description of the training classes specified in the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

Each of the initial training classes are to be conducted at facilities provided by Customer, in the market area in which the System is installed. Where a classroom environment is required Customer will need to include adequate space for the number of participants, an overhead transparency projector, and access, within a reasonable distance, to an X-terminal capable of running the System's graphical user interface. Where a Cell Site environment is required, Customer will need to provide adequate space such that the number of participants are able to view, concurrently, demonstrations of Cell Site Hardware installation or maintenance procedures. Training sessions are to be held during normal business hours (local time), up to approximately eight hours per day, on concurrent days.

A. PreTect-TM- USER TRAINING

Participant Prerequisite: Previous professional experience within a cellular carrier's operation identifying and/or resolving cases of cellular fraud or working with the carrier's customer care organization.
Duration: Approximately four hours, to be conducted in one business day.
Facilities requirements: Classroom, as described above.

Maximum number of participants: [*]

Timing: To be conducted after installation of Regional Processor and at least five Cell Site Hardware systems in a market area, and end-to-end verification of System functionality by CTS.

Course Description: This course is targeted at carrier personnel who currently work in the carrier's Fraud or Customer Care organizations. This course shows PreTect-TM- users how to access information and perform tasks using the PreTect-TM- graphical user interface. This includes an overview of the functionality, pre-call detection, and interdiction. Additional training topics include: querying the system by mobile identification number (MIN) and destination, monitoring fingerprints, and generating on-screen and print reports.

B. Cell Site System Training

The Cell Site System training will depend on whether Customer elects to have CTS perform installation of Cell Site Components or elects to perform such installation itself, as specified in the Agreement. If Customer elects to have CTS perform such installation, CTS will provide the Cell Site System Overview training described below. If Customer elects to perform such installation itself, CTS will provide the Cell Site System Installation training described below.

1. Cell Site System Overview

Participant Prerequisite: Demonstrated familiarity with PC-type hardware systems. Previous experience working in the cell site environment recommended.

Duration: Approximately four hours of classroom instruction. Observation of installation of up to three Cell Site hardware systems. Cell site observation to be conducted according to a mutually-agreed-upon schedule.

Facilities requirements: Classroom and cell site, as described above.
Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted at a mutually agreed upon time.

Course Description: This course is targeted at Customer personnel who currently work supporting the Customer's cell sites. The training includes an overview of CSS hardware infrastructure, training in composition and layout of CTS additions to cell sites, and a basic understanding of network interfaces and problem solving techniques including the cell site relationship to the regional processor.

2. Cell Site System Installation

Participant Prerequisite: Demonstrable skills installing and maintaining PC-type hardware systems. Previous experience working in the cell site environment recommended. [*]

Duration: Approximately four hours of classroom instruction.
Participation in installation of at least five Cell Site hardware systems, with the Cell Sites selected including a representative sample of the possible interfacing requirements (RF connection and networking). Cell site training to be conducted according to a mutually-agreed-upon schedule.

Facilities requirements: Classroom and cell site, as described above.
Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted after installation of Regional Processor, unless the parties otherwise agree to in writing.

Course Description: This course is targeted at Customer personnel who currently work supporting Customer's cell sites. This includes an overview of CSS hardware infrastructure, proper handling and installation of CSS components, and a basic understanding of network interfaces and problem solving techniques.

Course Requirement: This CTS training session is required for all Customer personnel who will be performing installation of Cell Site System hardware at Cell Sites, until CTS makes available a "Train the Trainer" program to enable Customer to train its own personnel for the installation of Cell Site System hardware. When available, participation in the "Train the Trainer" program will be required for up to two designated Installation Trainers for Customer. Upon CTS certification, such Installation Trainers will be responsible for training Customer personnel in accordance with the CTS-provided curriculum for Cell Site System Installation training, and for maintaining Installation Trainer certification in accordance with CTS re-certification

requirements. CTS will provide such "Train the Trainer" program on such terms and for such training fees as CTS and Customer mutually agree to in writing, which fees [*]

C. Cell Site System Maintenance Training

Participant Prerequisite: Cell Site System Installation training, as described above. In addition, demonstrable skills repairing [*]. Previous experience working in a cell site environment recommended.

Duration: Approximately four hours of classroom training and eight hours of on-the-job, participatory training in the cell site environment.

Facilities requirements: Classroom and cell site, as described above.

Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted after installation of Regional Processor and at least five Cell Site Hardware systems in a market area, and end-to-end verification of System functionality, unless the parties otherwise agree to in writing.

Course Description: This course is targeted at carrier personnel who currently perform hardware repairs on cellular network equipment. The course includes basic trouble-shooting techniques of the CSS environment, proper handling of CSS hardware, and CSP component replacement.

Course Requirement: This CTS training session is required for all Customer personnel who will be performing maintenance of Cell Site System hardware at Cell Sites, until CTS makes available a "Train the Trainer" program to enable Customer to train its own personnel for the maintenance of Cell Site System hardware. When available, participation in the "Train the Trainer" program will be required for up to two designated Maintenance Trainers for Customer. Upon CTS certification, such Maintenance Trainers will be responsible for training Customer personnel in accordance with the CTS-provided curriculum for Cell Site System Maintenance training, and for maintaining Maintenance Trainer certification in accordance with CTS re-certification requirements. CTS will provide such "Train the Trainer" program on such terms and for such training fees as CTS and Customer mutually agree to in writing, which fees [*]. [*].

SCHEDULE G
TO
MASTER PURCHASE AND LICENSE AGREEMENT
TECHNICAL MANAGERS - OVERALL COORDINATION

CTS TECHNICAL MANAGERS:

Primary: [*]

Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
[*]
Fax: (206) 443-1550

Back Up: [*]

Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
[*]
Fax: (206) 443-1550

CUSTOMER TECHNICAL MANAGERS:

Primary: [*]

Ameritech Mobile Communications, Inc.
2000 W. Ameritech Center Drive
[*]
Hoffman Estates, Illinois 60196
[*]

Back Up: [*]

Network Management & Control Center
[*]
2000 W. Ameritech Center Drive
[*]
Hoffman Estates, Illinois 60196
[*]

SCHEDULE H
TO
MASTER PURCHASE AND LICENSE AGREEMENT
NONDISCLOSURE AGREEMENT

Attached to this Schedule is a copy of the Bilateral Nondisclosure Agreement dated as of October 14, 1996, between Cellular Technical Services Company, Inc. and Ameritech Mobile Communications, Inc. doing business as Ameritech Cellular Services.

BILATERAL NON-DISCLOSURE AGREEMENT

THIS AGREEMENT is entered into as of the 14th day of October, 1996, between AMERITECH MOBILE COMMUNICATIONS, INC., a Delaware corporation, doing business as AMERITECH CELLULAR SERVICES ("ACS"), and CELLULAR TECHNICAL SERVICES COMPANY, INC., a Delaware corporation ("Company").

1. ACS and Company intend to disclose to each other information, which may include confidential information, for purposes of evaluating a proposed business relationship between the parties or for purposes of performing under any actual business relationship or agreement between the parties. The term "Confidential Information" shall mean any information or data which is disclosed by a party to the other party under or in contemplation of this Agreement and which (a) if in tangible form or other media that can be converted to readable form, is clearly marked as proprietary, confidential or private when disclosed, or (b) if oral, is identified as proprietary, confidential, or private on disclosure and is summarized in a writing so marked and delivered within thirty (30) days following such disclosure. The parties agree that the disclosing party shall have the right to correct any inadvertent failure to so identify or summarize information as confidential or proprietary by providing written notification to the receiving party as soon as practical after such error is determined by the disclosing party. Upon receipt of such notification, the receiving party shall, from that time forward, treat such information as "Confidential Information" in accordance with and subject to the terms of this Agreement. Confidential information may be either the property of the disclosing party or information provided to the disclosing party by a corporate affiliate of the disclosing party or by a third party.

2. The parties agree that all information regarding subscribers of ACS, including subscriber lists, MINs, ESNs, and usage information, and related subscriber information and data, and all Call Data derived from calls originating from ACS' cellular network, as defined in the Service Agreement for Real-Time Prevention of Roaming Closing Fraud between the parties dated as of the date hereof, is to be deemed ACS's Confidential Information hereunder whether or not it is marked in accordance with Section 1 hereof.

3. This Agreement is intended to encompass the corporate affiliates of both parties hereto. Consequently, affiliates of either party may disclose Confidential Information to the other party or its affiliates, and affiliates of either party may receive Confidential Information from the other party or its affiliates. The terms "disclosing party" and "receiving party" shall include affiliates of the parties hereto with respect to Confidential Information disclosed or received by the affiliates. The rights and obligations of the parties hereto shall inure to the benefit of their respective corporate affiliates and may be directly enforced by such affiliates. Notwithstanding the above, each party shall be responsible for any failure of any of its

affiliates to fully comply with the terms of this Agreement with respect to the other party's Confidential Information.

4. The receiving party acknowledges the economic value to the disclosing party of all Confidential Information. With respect to Confidential Information, the recipient shall:

- (a) use the Confidential Information only for the purpose(s) set forth in Section I above;
- (b) restrict disclosure of the Confidential Information solely to those employees of such party and its affiliates with a "need to know" and not disclose it to any other person or entity without the prior written consent of the disclosing party;
- (c) advise those employees who gain access to Confidential Information of their obligations with respect to the Confidential Information and ensure that each such person fully complies with the terms of this Agreement with respect to the disclosing party's Confidential Information;
- (d) make only the number of copies of the Confidential Information necessary to disseminate the information to those employees who are entitled to have access to it, and ensure that all confidentiality notices set forth on the Confidential Information are reproduced in full on such copies; and
- (e) safeguard the Confidential Information with the same degree of care to avoid unauthorized disclosure as recipient uses to protect its own confidential and private information (but in any event no lesser standard than that which a reasonable person would utilize with respect to its own trade secrets or confidential information of a similar nature).

For the purposes of this Agreement only, "employees" includes third parties retained for temporary administrative, clerical or programming support.

A "need to know" means that the employee requires access to the Confidential Information in order to perform his or her responsibilities in connection with the evaluation of a proposed business relationship between the parties or performance under any actual business relationship or agreement between the parties.

5. The obligations of Paragraph 4 shall not apply to any Confidential Information which the recipient can demonstrate (i.e., the receiving party shall have the burden of proving the existence of any of the following exceptions):

- (a) is or becomes available to the public through no breach of this Agreement;

- (b) was previously known by the recipient without any obligation to hold it in confidence;
- (c) is received from a third party free to disclose such information without restriction;
- (d) is independently developed by the recipient without the use of Confidential Information of the disclosing party;
- (e) is approved for release by written authorization of the disclosing party, but only to the extent of and subject to such conditions as may be imposed in such written authorization;
- (f) is required by law or regulation to be disclosed, but only to the extent and for the purposes of such required disclosure; or
- (g) is disclosed in response to a valid order of a court or other governmental body of the United States or any political subdivisions thereof, but only to the extent of and for the purposes of such order; provided, however, that the recipient shall first notify the disclosing party of the order and permit the disclosing party to seek an appropriate protective order.

6. When requested by the recipient, the disclosing party will provide a non-confidential resume of Confidential Information prior to disclosure of the actual Confidential Information to enable the recipient to determine whether it can accept the Confidential Information. Each party has the right to refuse to accept any information under this Agreement, and nothing obligates either party to disclose to the other party any particular information.

7. Each party acknowledges its obligation to control access to and/or exportation of technical data under the applicable export laws and regulations of the United States, and each party agrees to adhere to and comply with such laws and regulations with respect to any technical data received under this Agreement.

8. Confidential Information, including permitted copies, shall be deemed the property of the disclosing party. The recipient shall, within twenty (20) days of a written request by the disclosing party, return all Confidential Information, including all copies thereof, to the disclosing party or destroy all such Confidential Information. The recipient shall also, within ten (10) days of a written request by the disclosing party, certify in writing that it has satisfied its obligations under Paragraphs 4, 7 and 8 of this Agreement.

9. Both parties agree that an impending or existing violation of any provision of this Agreement would cause the disclosing party irreparable injury for which it would have no

adequate remedy at law, and that the disclosing party shall be entitled to seek immediate injunctive relief prohibiting such violation, in addition to any other rights and remedies available to it.

10. Nothing contained in this Agreement shall (a) be deemed a commitment to engage in any business relationship, contract or future dealing with the other party, or (b) limit either party's right to conduct similar discussions or perform similar work to that undertaken pursuant hereto, so long as said discussions or work do not violate this Agreement.

11. No patent, copyright, trademark or other proprietary right or license is granted by this Agreement, except for the right to use such information in accordance with this Agreement. No warranties of any kind are given with respect to the Confidential Information disclosed under this Agreement or any use thereof, except as may be otherwise agreed to in writing.

12. This Agreement shall be effective as of the date first written above and shall terminate upon the later of: (i) the termination of the Master Purchase and License Agreement between the parties dated as of the date of this Agreement; or (ii) five (5) years after the date of this Agreement. All obligations undertaken hereunder shall survive any termination of this Agreement with respect to Confidential Information disclosed prior to the termination of this Agreement.

13. This Agreement may not be assigned by either party without the prior written consent of the other, except that either party may assign this Agreement to any of its affiliates upon prior written notice to the other party. No permitted assignment shall relieve a party of its obligations hereunder with respect to Confidential Information disclosed to that party prior to the assignment. Any assignment in violation of this Section shall be void. This Agreement shall be binding upon the parties and their respective successors and assigns.

14. If any provision of this Agreement shall be held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and replaced by a valid and enforceable provision which so far as possible achieves the parties' intent in agreeing to the original provision. The remaining provisions of this Agreement shall continue in full force and effect.

15. Each party warrants that it has the authority to enter into this Agreement and to lawfully make the disclosures contemplated hereunder.

16. This Agreement, together with the Non-Disclosure Agreement between the parties dated September 6, 1994 (the "Prior Agreement"), represents the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings relating thereto. The parties agree that the

date of this Agreement shall be the termination date of the Prior Agreement, such that the Prior Agreement shall continue to apply with respect to the "Confidential Information" (as defined in the Prior Agreement) of the Company disclosed prior to the date of this Agreement. The provisions of this Agreement may not be modified, amended, or waived, except by a written instrument duly executed by both parties. This Agreement shall be governed in all respects by the domestic laws of the State of Delaware.

CELLULAR TECHNICAL SERVICES COMPANY, INC.

By: /s/ Robert P. Dahut

Title: President & COO

AMERITECH MOBILE COMMUNICATIONS, INC.

By: /s/ John E. Rooney

Title: PRESIDENT

* CONFIDENTIAL MATERIAL OMITTED - FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

SCHEDULE I
TO
MASTER PURCHASE AND LICENSE AGREEMENT
NON-DISCRIMINATION COMPLIANCE

Attached to this Schedule is a copy of Customer's standard form Non-Discrimination Provisions.

MASTER PURCHASE AND LICENSE AGREEMENT

PAGE 48

NON-DISCRIMINATION PROVISIONS

During the performance of this Agreement, Contractor agrees to comply with the following provisions, to the full extent that this Agreement is subject to the applicable provisions of the following: Executive Order No. 11246, Executive Order No. 11625, Executive Order No. 12138, Section 503 of the Rehabilitation Act of 1973, the Vietnam-Era Veteran's Readjustment Assistance Act of 1974, the Illinois Human Rights Act, the Indiana Civil Rights Law, the Michigan Civil Rights Act, the Ohio Fair Employment Practice Law, the Wisconsin Fair Employment Act, the rules, regulations and relevant orders of the agencies enforcing said Orders and Statutes or charged with administering affirmative action/non-discrimination requirements applicable to government contractors or subcontractors, and any other applicable Federal, State, or local law imposing obligations on government contractors or subcontractors.

Monetary amounts, contractual or purchasing relationships, and/or the number of Contractor's employees, determine which provisions are applicable.

CLAUSES REQUIRED BY FEDERAL LAW

The following clauses are deemed part of this Agreement in accordance with the table set forth below.

| Annual Contract Value | Clauses | | | | | |
|--------------------------|---------|------|------|------|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| Less than \$2,500 | X(a) | X(a) | | X(b) | | |
| \$2,500 or more | X(a) | X(a) | | X(b) | | X |
| \$10,000 or more | X | X | | X(b) | X | X |
| \$50,000 or more | X | X | X(c) | X(d) | X | X |

(a) Applies only to depositories of government funds or financial institutions issuing U.S. savings bonds and notes.

- (b) Applies only to depositories of government funds or financial institutions issuing U.S. savings bonds and notes and which have 50 or more employees and are prime contractors or first-tier subcontractors.
- (c) Applies only to businesses having 50 or more employees.
- (d) Applies only to businesses having 50 or more employees and which are prime contractors or first-tier subcontractors.

Clause 1: Equal Employment Opportunity

The Equal Employment Opportunity Clause set forth in Section 202 of Executive Order 11246 and reiterated at 41 C.F.R. Section 60-1.4(a), is hereby incorporated by reference pursuant to 41 C.F.R. Section 60-1.4(d).

Clause 2: Certification of Non-Segregated Facilities

The Contractor certifies that it does not and will not maintain any facilities it provides for its employees in a segregated manner, or permit its employees to perform their services at any location under its control, where segregated facilities are maintained; and that it will obtain a similar certification, prior to the award of any nonexempt subcontract.

Clause 3: Certification of Affirmative Action Programs

The Contractor affirms that it has developed and is maintaining Affirmative Action Plans as required by Parts 60-2, 60-250 and 60-741 of Title 41 of the Code of Federal Regulations.

Clause 4: Certification of Filing of Employers Information Reports

The Contractor agrees to file annually on or before the 31st of March complete and accurate reports of Standard Form 100 (EE0-1) or such forms as may be promulgated in its place.

Clause 5: Employment of Veterans

The Affirmative Action for Disabled Veterans and Veterans of The Vietnam Era Clause, set forth in 41 C.F.R. Section 60-250.4 is hereby incorporated by reference pursuant to 41 C.F.R. Section 60-250.22.

Clause 6: Employment of the Handicapped

The Affirmative Action Clause for Handicapped Workers set forth at 41 C.F.R. Section 60-741.4 is hereby incorporated by reference pursuant to 41 C.F.R. Section 60-741.22.

ADDITIONAL FEDERAL CLAUSES

If this Agreement offers further subcontracting opportunities, the following clause is hereby made a material term of this Agreement:

Utilization of Small Business Concerns and Small Disadvantaged Business Concerns (Feb. 1990)

(a) It is a policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency, including contracts and subcontracts for subsystems, assemblies, components, and related services for major systems. It is further the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals.

(b) Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. Contractor further agrees to cooperate in any studies or surveys as may be conducted by the United States Small Business

Administration or the awarding agency of the United States as may be necessary to determine the extent of Contractor's compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to Section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern:

(1) which is at least 51 percent unconditionally owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is unconditionally owned by one or more socially and economically disadvantaged individuals; and

(2) whose management and daily business operations are controlled by one or more of such individuals. This term also means a small business concern that is at least 51 percent unconditionally owned by an economically disadvantaged Indian tribe or Native Hawaiian organization, or a publicly owned business having at least 51 percent of its stock unconditionally owned by one of these entities which has its management and daily business controlled by members of an economically disadvantaged Indian tribe or a Native Hawaiian organization, and which meets the requirements of 13 C.F.R. Part 124. The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to Section 8(a) of the Small Business Act. The Supplier shall presume that socially and economically disadvantaged entities also include Indian Tribes and Native Hawaiian organizations.

(d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

SMALL BUSINESS/DISADVANTAGED BUSINESS PLAN CLAUSE

If the value of the goods or services to be provided by Contractor under this Agreement is \$500,000 or more, Contractor further agrees that it shall adopt a Small Business and Small Disadvantaged Business Subcontracting Plan as described in the clause set forth at Part 1, Section 52.219-9 of Title 48 of the Code of Federal Regulations.

STATE CLAUSES

If this Agreement relates to services to be performed for the State of Illinois, its political subdivisions, or any municipal corporation within the State of Illinois, the Equal Employment Opportunity clause set forth at 44 Ill. Adm. Code Section 750, Appendix A shall be deemed incorporated herein by reference pursuant to the language thereof.

If this Agreement relates to services to be performed for the State of Michigan or its political subdivisions, the value of the contract is at least \$5,000, and Contractor has at least three (3) employees, the Non-discrimination Clause for All-State Contractors adopted by the State Administrative Board on January 17, 1967, as amended, shall be deemed incorporated herein by reference pursuant to the language thereof.

MASTER PURCHASE AND LICENSE AGREEMENT

This Master Purchase and License Agreement is made as of August 27, 1996, by and between CELLULAR TECHNICAL SERVICES COMPANY, INC., a Delaware corporation ("CTS"), and CELLCO PARTNERSHIP, a Delaware general partnership doing business as Bell Atlantic NYNEX Mobile ("Customer"). In consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, CTS and Customer hereby agree as follows:

1. DEFINITIONS. Whenever used in this Agreement, the following terms shall have the following meanings:

1.1 "Acceptance Test Plan" means either of the following plans as the context may require: (i) the Standard Acceptance Test Plan set forth in the attached Schedule E-1; and (ii) the Acceptance Test Plan [*] set forth in the attached Schedule E-2, which applies for certain [*] in the Customer's [*].

1.2 "Agreement" means this Master Purchase and License Agreement and the attached Schedules, together with all amendments and supplements which may be made thereto from time to time.

1.3 "Customer Facility" means each MTSO, Cell Site, or other location within a Market at which any Component of a System is installed or to be installed under this Agreement.

1.4 "Cell Site" means a cellular radio base station location consisting of radio, antenna, and power equipment, which provides cellular telecommunications service to a particular geographic area, and in which certain Components of a System are installed in accordance with this Agreement. The term "Cell Site" shall exclude mini-cells, micro-cells, and radio frequency (RF) extenders.

1.5 "Component" means an individual item of the Hardware or Licensed Programs.

1.6 "Confidential Information" shall have the same meaning ascribed to such term in the Nondisclosure Agreement.

1.7 "Customization" means any modification, enhancement, or improvement to any Licensed Program that is made by CTS at Customer's request in accordance with this Agreement.

1.8 "Documentation" means CTS's standard user manual(s) for a System and all other written explanatory documentation for a System which CTS furnishes to Customer for purposes of this Agreement (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer). Documentation may include, if applicable, documentation provided to CTS by its suppliers or licensors to the extent CTS is authorized by them to provide such documentation to Customer under this Agreement.

1.9 "Fees" means the monies required to be paid by Customer to CTS under this Agreement, including without limitation charges for Hardware, Licensed Programs, out-of-pocket reimbursable expenses, and any other charges for goods and/or services provided by CTS pursuant to this Agreement.

1.10 "Hardware" means the following with respect to the System installed or to be installed in a given Market: (i) the computer equipment and peripherals (including any operating system software bundled with such equipment as supplied by the equipment manufacturer) described in the applicable Market Purchase Agreement for such System in such quantities as CTS and Customer agree are necessary to operate the initial configuration of such System; and (ii) any additional computer equipment and peripherals as CTS and Customer may, from time to time, agree in writing to add to such System as Hardware.

1.11 "Implementation Schedule" means each mutually acceptable schedule showing the time periods during which CTS and Customer will cause appropriate persons to begin and complete delivery, installation, and acceptance testing of particular Components for a System.

1.12 "Infrastructure and Environmental Requirements" means the requirements described in the attached SCHEDULE D (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer), which requirements are to be satisfied by Customer at each Customer Facility in accordance with this Agreement.

1.13 "Intellectual Property Rights" means any patent, copyright, trade secret, trademark, or other intellectual property right.

1.14 "License" means the license granted to Customer under Subsection 2.1, below.

1.15 "Licensed Programs" means the following with respect to the System installed or to be installed in a given Market: (i) the CTS-owned computer software (including firmware and patches), in object code form only, and the Third-Party Software, in object code form only, described in the applicable Market Purchase Agreement for such System; (ii) all New Releases, Maintenance Releases, and Customizations provided by CTS to Customer for such System; and (iii) any additional software, data tables, and programs as CTS and Customer may, from time to time, agree in writing to add to such System as Licensed Programs.

1.16 "Licensed Territory" means the following with respect to a given Market: (i) the aggregate cellular service area covered by all Cell Sites within such Market; and (ii) any additional area as CTS and Customer may, from time to time, agree in writing to add to this Agreement as a Licensed Territory.

1.17 "Maintenance Release" means a correction of errors, bugs, or defects in the Licensed Programs which is made generally commercially available by CTS to its cellular carrier licensees in the United States, and may also include, at CTS's discretion, any minor modification, enhancement, or improvement to the Licensed Programs.

1.18 "Market" means: (i) for each of the areas within the United States identified as a "Market" in the attached SCHEDULE C, the aggregate of all "metropolitan statistical areas" and "rural service areas" (as such quoted terms are defined by the United States Federal Communications

Commission) specified in the attached SCHEDULE C for such Market; and (ii) any additional areas as CTS and Customer may, from time to time, agree in writing to add to this Agreement as a Market.

1.19 "Market Purchase Agreement" means the agreement between CTS and Customer specifying the pricing, sizing, configuration, and Customer's election of available options for the initial System within each Licensed Market and for each expansion of such System. Such agreement shall be based on the CTS standard form Market Purchase Agreement (as the same may be reasonably modified or updated from time to time by CTS with notice to Customer).

1.20 "Mobile Telephone Switching Office" or "MTSO" means an automatic system which constitutes the interfaces for user traffic between a cellular network and other public switched networks or other mobile telephone switching offices within the same network or a central control center for mobile telephone switching centers.

1.21 "New Release" means any computer program or portion thereof which involves any modification, enhancement, or improvement to any Licensed Programs that is: (i) made generally commercially available by CTS to its cellular carrier licensees in the United States; (ii) identified by CTS as either a "major" or "minor" new release; and (iii) not merely a Maintenance Release.

1.22 "Nondisclosure Agreement" means that certain Nondisclosure Agreement dated as of August 27, 1996, between CTS and Customer with respect to the protection and security of the Confidential Information of CTS and Customer, together with all amendments and supplements which may be made to such Nondisclosure Agreement from time to time. A copy of the Nondisclosure Agreement is attached hereto as SCHEDULE I.

1.23 "Roaming Service Agreement" means that certain Service Agreement for Real-Time Prevention of Roaming Cloning Fraud between CTS and Customer, together with all amendments and supplements which may be made to such agreement from time to time.

1.24 "Specifications" means the functional specifications for a System as set forth in the attached SCHEDULE H.

"Support Services Agreement" means that certain Support Services Agreement dated as of the date of this Agreement between CTS and Customer, together with all amendments and supplements which may be made to such agreement from time to time.

1.26 "System" shall mean the combination of the Hardware and Licensed Programs installed for use by Customer within a designated Licensed Territory in accordance with the terms of this Agreement. The initial configuration of a System shall consist of the combination of the Hardware and Licensed Programs installed or to be installed pursuant to the initial Implementation Schedule for such System as set forth in the applicable Market Purchase Agreement.

1.27 "Third Party" means any person or entity other than CTS or Customer.

1.28 "Third-Party Software" means the following with respect to a given System: (i) the computer programs described in the applicable Market Purchase Agreement which are licensed to CTS by Third Parties and which CTS sublicenses to Customer, in object code form only, as part of the Licensed Programs, but for which CTS has no source code rights; and (ii) any additional

software, data tables, and programs as CTS and Customer may, from time to time, agree in writing to add to such System as Third-Party Software.

2. LICENSE OF SOFTWARE.

2. GRANT OF LICENSE. Subject to the terms of this Agreement, CTS hereby grants to Customer a non-exclusive, non-transferable license (the "License") to use the Licensed Programs and Documentation for the purpose of operating a System for its intended use, as described in the Specifications, within each Licensed Territory. The term of the License granted above [*] Licensed Programs and Documentation licensed and furnished hereunder for the purpose of operating Systems installed prior to the expiration or termination of this Agreement, subject to continued payment by Customer of all applicable Fees, if any, required by this Agreement and subject to the terms of Subsection 14.3, below.

2.2 LICENSE LIMITATIONS.

2.2.1 The License sets forth the entirety of Customer's rights in connection with the Licensed Programs, Documentation and associated Intellectual Property Rights. Accordingly, Customer shall not: (i) use the Licensed Programs or Documentation for any purpose other than as expressly set forth in Subsection 2.1, above; or (ii) permit any Third Party to use or have access to any Licensed Programs or Documentation without the express prior written approval of CTS (except for those representatives of Customer who have signed confidentiality agreements with CTS or for whom Customer is responsible under the Nondisclosure Agreement).

2.2.2 Without limiting the generality of the foregoing, Customer shall not directly or indirectly do any of the following (except as expressly set forth in this Agreement or other written agreement between CTS and Customer): (i) sublicense any rights under the License; (ii) print or copy the Licensed Programs, other than such number of back-up copies as authorized by CTS in the Documentation for use solely by Customer in accordance with this Agreement; (iii) print or copy the Documentation, other than copies for use solely by Customer in accordance with this Agreement and in accordance with the confidentiality provisions of the Nondisclosure Agreement; (iv) modify or prepare derivative works of the Licensed Programs or Documentation; (v) reverse engineer, decompile, disassemble, or otherwise create, or attempt to create, or assist others to create, the source code form of any Licensed Programs or a product functionally equivalent to the System or any Licensed Programs, unless created without the use of any Licensed Programs or other Confidential Information of CTS; (vi) modify, alter, repair, replace, relocate, disconnect, or remove any Component of a System, except for normal installation of such Component in accordance with CTS-approved installation procedures and except as otherwise set forth in Subsection 2.5, below; (vii) tamper with or connect anything to a Component of the System by or through any means or devices whatsoever, except for normal installation of such Component in accordance with CTS-approved installation procedures and except as otherwise set forth in Subsection 2.5, below; or (viii) remove, obscure, or alter any Intellectual Property Right or confidentiality notices or legends appearing in or on any Licensed Programs or Documentation. In addition, with respect to the notices and legends described above, Customer shall: (a) ensure that each copy or reproduction of all or any portion of the Licensed Programs or Documentation includes all such notices and legends; and (b) upon CTS's reasonable prior written notice, provide CTS with reasonable access to Customer's relevant records and facilities to audit and verify Customer's compliance with the terms of this Subsection 2.2.2. CTS shall be entitled to one such audit per calendar year.

2.3 NEW RELEASES, MAINTENANCE RELEASES, AND CUSTOMIZATIONS.

2.3.1 NEW RELEASES. After the initial installation of a System within a given Market, CTS will provide all New Releases for such System to Customer [*], so long as Customer continuously purchases for such System the software subscription services described in the Support Services Agreement and Customer is not in breach or default under this Agreement or the Support Services Agreement. Otherwise, CTS, in its discretion, may provide New Releases for such System to Customer on such terms and conditions and for such Fees as the parties may mutually agree to in writing. The parties acknowledge that New Releases may require the purchase of new or additional hardware or third-party software.

2.3.2 MAINTENANCE RELEASES. After the initial installation of a System within a given Market, CTS will provide all Maintenance Releases for such System to Customer [*], below, which applies to such initial System. Thereafter, CTS will provide Maintenance Releases for such System [*] either the standard support option or premium support option offered pursuant to the Support Services Agreement and Customer is not in breach or default under this Agreement or the Support Services Agreement. Otherwise, CTS, in its discretion, may provide Maintenance Releases for such System to Customer on such terms and conditions and for such Fees as the parties may mutually agree to in writing.

2.3.3 CUSTOMIZATIONS. Customer may, from time to time, wish to have certain features of the Licensed Programs customized to its specifications. CTS shall have the exclusive right to make and deliver such Customizations. Any work performed to make Customizations shall be on such terms, conditions, and procedures and for such fees as CTS and Customer may mutually agree to in writing. The parties agree that the provisions of this Subsection do not restrict the rights of Customer to develop and make applications to interface with CTS products on terms, conditions, and procedures and for fees which are acceptable to both parties.

2.4 CHANGES TO CUSTOMER EQUIPMENT OR SOFTWARE. If Customer plans to install new or additional switching equipment or software for its switch, or data networking or other equipment or software, or if Customer is informed by its provider of switching, interconnection, or other equipment or software that new or additional equipment or software will be installed, Customer will notify CTS in writing if such installation could reasonably be expected to have a material adverse effect on a System. After receipt of such notice, and so long as Customer is not in breach or default under this Agreement, CTS will use commercially reasonable efforts to determine whether any modifications are required to the affected System due to any such new or additional equipment or software and, if such modifications are required, CTS will use commercially reasonable efforts to provide the same on such terms and conditions and for such additional fees as the parties may mutually agree to in writing. If any of the new or additional equipment or software described in this Subsection could reasonably have a material adverse effect on a System, the warranties set forth in Section 11, below, applicable to the System shall be suspended until the parties mutually agree in writing to an appropriate adjustment to such warranties given the circumstances.

2.5 CELLULAR SERVICE PROTECTION. Customer shall have the right to disconnect a System from Customer's cellular network if Customer determines, in its reasonable discretion, that such System is causing, or Customer suspects may cause, interference or disruption to Customer's cellular network. Prior to any action to disconnect a System from Customer's cellular network, Customer shall take all reasonable measures to protect the System prior to such disconnection in accordance with CTS-approved procedures. If Customer disconnects any System from Customer's

cellular network, then Customer shall be liable for all damages to the System resulting from such disconnection if the same is not performed in accordance with CTS-approved procedures. The performance warranties set forth in Section 11, below, applicable to the System shall be suspended upon any such disconnection and remain suspended until the System is reconnected and certified by CTS to be operating in proper working order.

3. SUPPLY OF HARDWARE.

3.1 FROM CTS. Subject to the terms of this Agreement, CTS hereby agrees to sell, and Customer hereby agrees to buy, the Hardware described in the applicable Market Purchase Agreement for a given System in such quantities as CTS and Customer mutually agree to in such Market Purchase Agreement.

3.2 FROM THIRD PARTIES. Notwithstanding Subsection 3.1, above, Customer may purchase quantities of the CTS-certified Hardware specified in the attached SCHEDULE B either from CTS or Third Parties approved in advance and in writing by CTS, subject to the terms of this Agreement. CTS-certified Hardware purchased from Third Parties will be subject to an integration Fee as specified in the attached SCHEDULE A. CTS may, from time to time, agree in writing to add hardware components to the list of CTS-certified Hardware specified in SCHEDULE B at any time after CTS's certification of such hardware components. Except as specifically set forth herein, CTS shall have no liability with respect to any Hardware components supplied by any person or entity other than CTS.

4. SYSTEM DEPLOYMENTS.

4.1 [*] AGREEMENT. It is expressly understood and agreed that: (i) except as set forth in Subsections 4.2.1 and 4.4, below, Customer is [*] Market Purchase Agreements with CTS; (ii) this Agreement [*] to sell products to Customer; and (iii) Customer [*] for the procurement of comparable products.

4.2 COMMITMENTS FOR SYSTEM DEPLOYMENTS.

4.2.1 MINIMUM COMMITMENT. As partial consideration for the favorable price terms offered by CTS, as set forth in the attached SCHEDULE A, Customer hereby commits to purchase from CTS such quantities of Components such that the aggregate size of [*] shall be [*] from the date of this Agreement. If Customer does not purchase from CTS such minimum quantities of Components prior to the expiration of [*], then CTS may, at its election and upon written notice to Customer, [*] granted by CTS to Customer with respect to [*].

4.2.2 FORECASTS. As of the date of this Agreement, and at the end of each calendar quarter during the term of this Agreement, Customer will provide CTS with a written rolling forecast of Customer's estimated purchases of Components hereunder (both in terms of Cell Site expansion and dollar value) for the ensuing twelve-month period. ALL FORECASTS ARE FOR PLANNING PURPOSES ONLY AND ARE NON-BINDING. All forecasts shall be made in good faith and reflect Customer's best estimates after due consideration. All purchases hereunder shall be made only pursuant to mutually acceptable Market Purchase Agreements, as described in Subsection 4.3, below.

4.3 SYSTEM DEPLOYMENTS IN GENERAL. It is expressly understood and agreed that this Agreement is intended to establish uniform and consistent terms and conditions for any Market

Purchase Agreement that Customer may choose to enter into with CTS. Accordingly, the initial System in a given Market, and each expansion of such System, will be deployed for commercial use only under the terms and conditions of this Agreement and a Market Purchase Agreement for such Market.

Each Market Purchase Agreement must be executed by an authorized representative of Customer and an officer of CTS at the vice president level or higher. Each System deployment shall: (i) consist of the combination of the Hardware and Licensed Programs identified in the applicable Market Purchase Agreement; (ii) be installed at the Customer Facilities and in accordance with the Implementation Schedule identified in the applicable Market Purchase Agreement; (iii) be supported pursuant to the support services options selected by Customer in the applicable Market Purchase Agreement; (iv) be subject to the Fees and payment terms set forth in Section 9, below, and in the attached SCHEDULE A; and (v) be subject to acceptance testing in accordance with Section 7, below, and the Standard Acceptance Test Plan set forth in the attached Schedule E-1, except as otherwise set forth in Subsection 4.4, below.

4.4 INITIAL SYSTEM DEPLOYMENT IN NEW YORK METRO MARKET.

Customer agrees that, contemporaneously with the execution of this Agreement by the parties, CTS and Customer will execute a Market Purchase Agreement, pursuant to which Customer will deploy an initial System consisting of [*] in the New York Metro Market in accordance with Section 7, below, the Standard Acceptance Test Plan set forth in the attached Schedule E-1, and the Acceptance Test Plan [*] set forth in the attached Schedule E-2. This Agreement and such Market Purchase Agreement shall supersede and replace the terms set forth in the Interim Agreement between the parties dated March 13, 1996.

4.5 GOVERNING TERMS. This Agreement shall govern all terms of the license of Licensed Programs and sale of Hardware from CTS, except as set forth in the applicable Market Purchase Agreement. In no event shall any terms and conditions of any other document alter or amend any provision of this Agreement, the applicable Market Purchase Agreement, or otherwise control, unless CTS and Customer specifically agree in writing that such terms shall control.

5. DELIVERY AND INSTALLATION.

5.1 DELIVERY.

5.1.1 SHIPMENT. Components to be delivered by CTS under a Market Purchase Agreement will be delivered to a freight carrier at CTS's facilities in Seattle, Washington U.S.A. or at such other locations as CTS may specify from time to time. Such Components will be delivered in accordance with the terms of this Agreement, the applicable Market Purchase Agreement, and on an Implementation Schedule agreed upon by both CTS and Customer. CTS reserves the right to make partial shipments and to make shipments at times convenient to CTS; PROVIDED, that in each case CTS shall meet the applicable Implementation Schedule in all material respects except as otherwise provided under this Agreement or any other written agreement between CTS and Customer.

5.1.2 TITLE. Title to Hardware purchased from CTS shall pass to Customer upon CTS's delivery thereof to a freight carrier at CTS's facilities in Seattle, Washington U.S.A. or at such other locations as CTS may specify from time to time.

5.1.3 FREIGHT CHARGES, INSURANCE, AND RISK OF LOSS. All Fees are F.O.B. at CTS's facilities in Seattle, Washington U.S.A. In addition to the Fees described in Section 9, below, and in the attached SCHEDULE A, Customer shall pay all insurance and freight charges associated with all shipments of Components. Customer shall insure the contents of such shipments against damage and risk of loss during shipment and thereafter. CTS shall assume no liability in connection with such

shipments; PROVIDED, HOWEVER, that CTS shall take directions from Customer and otherwise assist Customer in coordinating such shipments. In the absence of specific written instructions from Customer, CTS shall select the freight carrier for shipments from CTS, but such freight carrier shall not be construed as CTS's agent.

5.1.3 INSTALLATION AND READINESS OF CUSTOMER FACILITIES.

5.2.1 TECHNICAL MANAGERS. Customer and CTS shall each designate and provide the other party with the name, address, and telephone number of one (1) primary and one (1) back up technical manager for overall coordination between Customer and CTS with respect to the installation and acceptance of Components for Systems. The initial technical managers of Customer and CTS for such overall coordination are identified in the attached SCHEDULE G. Each party shall have the right to replace technical managers by providing notice of such replacement to the other party.

5.2.2 INSTALLATION. For each installation of Components at a Customer's MTSO (or other location at which regional processors for a System are installed or to be installed), CTS (directly or through CTS-approved subcontractors) will perform the installation, subject to the terms and conditions of this Agreement and the Fees set forth in SCHEDULE A. For each installation of Components at a Cell Site, Customer, at its option, may perform the installation itself or request that the installation be performed by CTS (directly or through CTS-approved subcontractors), subject to the terms and conditions of this Agreement and the Fees set forth in SCHEDULE A. Prior to any installation by Customer or any mutually acceptable Third Party, the installers for such entities must first complete CTS training for such installation as set forth in the attached SCHEDULE F, except for installation of Components performed by Customer with CTS approval for the [*] in the New York Metro Market pursuant to the Interim Agreement between the parties dated March 13, 1996. CTS and Customer agree to use commercially reasonable efforts to effect installations of Components in accordance with the applicable Implementation Schedule.

5.2.3 READINESS OF CUSTOMER FACILITIES. Customer shall maintain Customer Facilities in compliance with the Infrastructure and Environmental Requirements at all times during the term of this Agreement. Prior to shipment of any Components by CTS or Third Parties to any Customer Facility, Customer shall certify compliance with the Infrastructure and Environmental Requirements with respect to such facility. If, upon inspection, CTS determines that the Infrastructure and Environmental Requirements are not met in all material respects, [*] Customer shall cure the Infrastructure and Environmental Requirements defects [*]. If, in the reasonable opinion of CTS, all Infrastructure and Environmental Requirements are not met in all material respects within [*], then CTS shall be entitled to reschedule the installation as CTS deems reasonable and Customer shall pay CTS's costs and expenses attributable to any such rescheduling as set forth in Section 9, below.

5.3 RESCHEDULING BY WRITTEN NOTICE. Either party may reschedule any scheduled shipment of Components from CTS upon written notice to the other party not less than ten (10) days prior to the scheduled shipment of such Components. In addition, either party may reschedule all or any part of an Implementation Schedule upon written notice to the other party not less than ten (10) days prior to any scheduled item on the Implementation Schedule affected by such rescheduling. No shipment or scheduled item on an Implementation Schedule may be rescheduled to a time later than [*] from the initially scheduled time without the express written consent of both parties, except as otherwise provided herein. If any rescheduling authorized by this Agreement or mutually agreed to by the parties affects other scheduled shipments or scheduled items on an Implementation Schedule, CTS may reschedule such other shipments or items as is reasonable given the circumstances. Customer shall pay

CTS's costs and expenses attributable to any rescheduling by or due to the fault of Customer, as set forth in Section 9. CTS shall pay Customer's out-of-pocket costs and expenses attributable to any rescheduling by or due to the fault of CTS.

5.4 DELAYS BEYOND REASONABLE CONTROL. If any Component shipped from CTS is lost or damaged during shipment, CTS will use reasonable efforts to reschedule a replacement shipment to meet the applicable Implementation Schedule. CTS shall not be liable for delays in any Implementation Schedule or any delivery, installation, or acceptance testing of Components due to delays beyond its reasonable control. In the event of any such delay, all scheduled items on the Implementation Schedule and other deliveries, installations, and acceptance testing of Components affected by such delay shall be extended for a period equal to the period of the delay, except as the parties otherwise agree in writing. If any delivery of Components material to a System is delayed in excess of [*] due to no fault of CTS, then Customer shall have the right to cancel any outstanding Market Purchase Agreement affected by such delay.

6. [*]. CTS covenants that, during the term of this Agreement, CTS will [*] in all material respects, except (i) as otherwise provided under Subsections 5.3 or 5.4, any other provision of this Agreement, or any other written agreement between the parties, or (ii) to the extent that any [*] is due, in whole or part, to Customer's failure to meet and maintain any relevant Infrastructure and Environmental Requirements. If CTS breaches the foregoing covenant with respect to a given [*], then as Customer's exclusive remedy [*] under such [*]; provided, however, that the [*] for deployments in any given Market [*].

7. ACCEPTANCE.

7.1 ACCEPTANCE TESTING. After installation of the initial configuration of a System within a given Market, CTS's representatives and Customer's representatives will perform acceptance testing upon the System to ensure that the System is properly installed and materially performing in accordance with its Specifications. Such acceptance testing is set forth in: (i) the Standard Acceptance Test Plan set forth in the attached Schedule E-1, and (ii) the Acceptance Test Plan [*] set forth in the attached Schedule E-2 for certain [*] of the [*] in the New York Metro Market. Acceptance testing will commence upon certification by CTS that the System is properly installed and materially performing in accordance with its Specifications (the "Start Date"). Thereafter, the parties will conduct acceptance tests using simulated and/or actual data in accordance with the applicable Acceptance Test Plan set forth in the attached SCHEDULE E for a period not to exceed (a) [*] from the Start Date for testing under the Standard Acceptance Test Plan, and (b) the applicable time period described in the Acceptance Test Plan [*] for testing under such Acceptance Test Plan (each such testing period is referred to herein as an "Acceptance Testing Period"). Upon the conclusion of an Acceptance Testing Period, Customer shall complete and execute a copy of the applicable Acceptance Test Plan, which shall state with specificity any aspects of the System's performance which do not materially perform in accordance with [*]. The System will be deemed accepted by Customer if: (i) the applicable Acceptance Test Plan completed and executed by Customer does not state any such non-conformities; (ii) Customer does not complete, execute, and deliver the applicable Acceptance Test Plan stating any such non-conformities to CTS within [*] after the expiration of any applicable Acceptance Testing Period; or (iii) in the event of a dispute as to the performance of the System, an executive panel of the parties or an arbitration panel concludes that the System is materially performing in accordance with the [*], as provided in Subsection 7.3.

7.2 CORRECTION OF NON-CONFORMITIES. If the applicable Acceptance Test Plan described in Subsection 7.1, above, specifies aspects of an initial System's performance which do not materially perform in accordance with [*] (and if the System is not otherwise deemed accepted by Customer under Subsection 7.1 (iii), above), then, within [*] after CTS's receipt of such executed Acceptance Test Plan, CTS will submit to Customer a written action plan, which will outline CTS's proposed course of action for resolution of the non-conformities and a timetable for re-testing the System under the applicable Acceptance Test Plan in accordance with Subsection 7.1, above. Within ten (10) days after CTS's submission of the proposed action plan, the parties will agree on a final action plan, and CTS will thereafter work diligently to implement such action plan. Customer will make available to CTS all resources and facilities necessary to implement the action plan, and will fully cooperate with CTS's efforts. Upon conclusion of each re-testing period specified in the action plan, Customer shall complete and execute a copy of the applicable Acceptance Test Plan (or action plan) in the manner specified in Subsection 7.1, above. The provisions of Subsection 7.1, above, shall apply to determine whether the System is deemed accepted by Customer after such re-testing. If CTS is unable to correct the non-conformities within the timetables and re-testing periods described in the final action plan so that the initial System materially performs in accordance with [*], then Customer may, at its election, terminate the obligations of the parties hereunder as it applies to such System by providing CTS with written notice of termination within thirty (30) days after expiration of the timetables and re-testing periods described in the final action plan. [*], except as the parties otherwise expressly agree to in writing.

7.3 RESOLUTION OF DISPUTES OVER ACCEPTANCE.

7.3.1 The parties agree to attempt to settle any dispute arising out of the acceptance testing provisions described in this Section 7 through consultation and negotiation in good faith and in the spirit of mutual cooperation. Accordingly, if, after the conclusion of the acceptance testing procedures described in this Section 7, the parties dispute whether the initial System is materially performing in accordance with the applicable Acceptance Test Plan and the Specifications, the parties agree to meet to try to resolve the dispute within fourteen (14) days after one party delivers a written request for a meeting to the other party. Such meeting shall be attended by individuals with decision-making authority to attempt, in good faith, to negotiate a resolution of the dispute prior to pursuing other available remedies. If, within fourteen (14) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, then either party may commence arbitration under Subsection 7.3.2, below, by delivering a written demand for arbitration to the other party.

7.3.2 If either party commences arbitration in the manner described above, the dispute will be subject to expedited, binding arbitration before one (1) independent arbitrator familiar with the wireless telecommunications industry. Such arbitration shall be held in [*] pursuant to the Center for Public Resources ("CPR") Rules in effect at the time of the dispute. The arbitrator shall be selected by the joint agreement of the parties, but if they do not so agree within fourteen (14) days after the date of the notice referred to above, the selection shall be made by CPR pursuant to the CPR Rules. Any award rendered by the arbitrator shall be conclusive and binding upon the parties hereto; provided, however, that any such award shall be accompanied by a written opinion of the arbitrator giving the reasons for the award. The arbitrator shall have the authority to require the submission (at hearing or otherwise) of such documents, information, testimony, and other items as the arbitrator may deem necessary to make a fair and reasonable decision. The arbitrator shall be limited to addressing the issues in dispute arising out of acceptance testing provisions described in this Section 7 and interpreting the applicable provisions of this Agreement and the applicable Market Purchase Agreement in connection with such issues. The parties agree that the System shall be deemed accepted for purposes of

this Agreement and the applicable Market Purchase Agreement if the arbitrator concludes that the System is materially performing in accordance with the applicable Acceptance Test Plan and the Specifications. This provision for arbitration shall be specifically enforceable by the parties and the decision of the arbitrator in accordance herewith shall be final and binding and there shall be no right of appeal therefrom. Each party shall pay its own expenses of arbitration and the expense of the arbitrator shall be shared equally; provided, however, that if in the opinion of the arbitrator any party's delay in the arbitration process was unreasonable, the arbitrator may assess, as part of the award, all or any part of the arbitration expenses of the other party (including reasonable attorney's fees) and of the arbitrator against the party causing such unreasonable delay. The findings of the arbitrator shall not change the express terms of this Agreement unless such terms are found to be illegal. In no event whatsoever shall such an arbitration award include an award of punitive damages and the parties hereby waive the right to recover punitive damages. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Section 7.3.2 are pending. The parties will take such actions, if any, required to effectuate such tolling. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, as amended. In the event of any conflict between the United States Arbitration Act and the CPR, the CPR shall govern. ALL DISCUSSIONS AND DOCUMENTS PREPARED PURSUANT TO ANY ATTEMPT TO RESOLVE A DISPUTE UNDER THIS PROVISION ARE CONFIDENTIAL AND FOR SETTLEMENT PURPOSES ONLY AND SHALL NOT BE ADMITTED IN ANY COURT OR OTHER FORUM AS AN ADMISSION OR OTHERWISE AGAINST A PARTY FOR ANY PURPOSE INCLUDING THE APPLICABILITY OF FEDERAL AND STATE COURT RULES.

7.4 APPLICATION TO SUBSEQUENT INSTALLATIONS. The provisions of this Section 7 shall also apply to the acceptance of Components installed on a System after the initial installation of such System, except that: (i) CTS and Customer shall first test the newly-installed Components and subsequently test the System after integration of the newly-installed Components; (ii) Customer may reject such newly-installed Components in the manner described in Subsection 7.1; (iii) CTS shall correct any non-conformities in the manner described in Subsection 7.2; and (iv) if CTS does not correct such non-conformities within the designated timetables and re-test periods, then Customer may terminate the obligations of the parties only with respect to such newly-installed Components.

8. TRAINING, SUPPORT, AND OTHER SERVICES.

8.1 TRAINING SERVICES. For the initial deployment of a System within a Market, CTS will provide training classes for Customer as set forth in the attached SCHEDULE F and in accordance with the initial Implementation Schedule for such System. Upon request, CTS will provide additional training upon such terms and conditions and for such Fees as the parties may mutually agree to in writing.

8.2 SUPPORT SERVICES. Subject to the terms of this Agreement, CTS will offer software and hardware maintenance services, System monitoring services, and software subscription services for each System, pursuant to the Fees and other terms set forth in the Support Services Agreement. Customer may select support for each System as set forth in the Support Services Agreement. Such selection will be made as part of the applicable Market Purchase Agreement for such System.

8.3 SOURCE CODE. CTS will deposit into escrow and maintain throughout the term of the License one (1) copy of the source code (including the current versions of Maintenance Releases and New Releases furnished to Customer on an ongoing basis) and related Documentation for

the CTS-owned Licensed Programs (I.E., only Licensed Programs to which CTS has source code rights) in Seattle, Washington, pursuant to CTS's standard form Source Code Escrow Agreement among CTS, Customer, and an escrow holder approved by CTS and Customer.

8.4 SERVICES FOR PREVENTION OF ROAMING CLONING FRAUD. Subject to the terms of this Agreement, CTS will offer services to Customer for the real-time prevention of cellular roaming cloning fraud, pursuant to the terms and conditions and for the fees set forth in the Roaming Service Agreement.

9. COMPENSATION.

9. FEES. In consideration for the rights, warranties, and covenants provided by CTS hereunder, Customer hereby agrees to pay the Fees specified in the attached SCHEDULE A when due as set forth in such Schedule.

9.2 STANDARD TERMS.

9.2.1 In addition to the Fees and other charges required to be paid by Customer to CTS hereunder, Customer shall pay (or, at CTS's election, reimburse CTS) for all network interconnection costs, switch interconnection and interface charges, System telecommunications costs, and all federal, state, and local taxes and withholding requirements in connection with the transactions contemplated by this Agreement and each Market Purchase Agreement. Such taxes specifically include, without limitation, excise, sales, and use taxes, withholding taxes and related requirements, value-added taxes, all similar taxes and charges now in effect or enacted in the future, and all interest and penalties which may result from the failure to pay any of such taxes or charges. Customer shall account to CTS for such taxes and charges by providing copies of such receipts and other relevant documentation of correct payment or exemption therefrom as CTS may reasonably request. CTS shall pass on to Customer any tax refund received by CTS which corresponds to any prior payment by Customer of taxes hereunder.

9.2.2 If any delay in meeting the Infrastructure and Environmental Requirements causes the CTS installers or other personnel to remain longer than the scheduled installation days, or to make additional trips to Customer Facilities, then, in addition to the Fees specified in SCHEDULE A, Customer shall pay all reasonable and actual travel and lodging expenses plus CTS's then-current day charge for each day that each installer or other personnel is required to be at the installation site beyond the scheduled number of days. CTS's current day charge is [*], which charge will not increase during the first year of this Agreement.

9.2.3 Except for rescheduling authorized by Subsection 5.3, above, if any shipment or installation is rescheduled or delayed by Customer or due to the fault of Customer, then Customer shall pay CTS's costs and expenses attributable to such rescheduling or delay, including without limitation increased costs of Third-Party Hardware components, all costs and charges associated with CTS's prepayment of Third-Party Hardware components, and storage charges.

9.2.4 Except as otherwise expressly set forth in this Agreement or any Schedule hereto: (i) CTS will invoice Customer for amounts to be paid hereunder, and Customer will pay such invoice within thirty (30) days after receipt of the applicable invoice; (ii) Customer shall not be entitled to the return or reimbursement of any compensation paid to CTS pursuant to this Agreement; and

(iii) all Fees and other charges hereunder shall be paid to CTS in immediately available funds in United States Dollars.

9.2.5 If Customer fails to pay any sum when due and payable, Customer shall pay interest at a rate of one and one-half percent (1.5%) per month, [*] from the date of receipt of the applicable CTS invoice and continuing thereafter until paid, or the maximum rate permitted by applicable law if lower.

10. PROPRIETARY RIGHTS.

10.1 INTELLECTUAL PROPERTY RIGHTS.

10.1.1 The License shall not transfer any title to or ownership in the Licensed Programs or Documentation, or any associated Intellectual Property Rights, from CTS to Customer. Accordingly, subject only to the License, all right, title, and interest in and to the Licensed Programs and Documentation, and all associated Intellectual Property Rights, are and shall at all times remain the exclusive property of CTS or its licensor(s). CTS may use, sell, assign, transfer and license rights relating to the Licensed Programs and/or Documentation to any Third Party for any purpose free from any claim of Customer.

10.1.2 CTS and Customer each own certain trade names, logos, trademarks, and service marks used in identifying and marketing their respective technology, products, and services (collectively, "Trademarks"). Each party recognizes and consents for all purposes that all Trademarks of the other party, whether or not registered, constitute the exclusive property of the other party and will not be used except as approved by such other party in advance and in writing, nor shall either party use any confusingly similar Trademarks of the other party. Nothing contained in this Agreement shall be construed as conferring any additional rights upon either party to use in advertising, publicity, or other promotional activities any Trademark of the other party.

10.2 CONFIDENTIAL INFORMATION. The parties acknowledge that each party may disclose additional Confidential Information to the other party or its representatives in furtherance of the transactions contemplated by this Agreement. Therefore, notwithstanding anything to the contrary, the Nondisclosure Agreement is hereby amended such that all Confidential Information of a party disclosed to the other party or any of its representatives at any time during the term of this Agreement shall be considered Confidential Information of the disclosing party and shall be subject to the operative provisions of the Nondisclosure Agreement. Customer hereby agrees to ensure that each of its representatives who receives Confidential Information of CTS complies with the terms of the Nondisclosure Agreement, as amended hereby, to the same extent as if such representative had executed the Nondisclosure Agreement, as amended. CTS hereby agrees to ensure that each of its representatives who receives Confidential Information of Customer complies with the terms of the Nondisclosure Agreement, as amended hereby, to the same extent as if such representative had executed the Nondisclosure Agreement, as amended. All Confidential Information of CTS is and shall at all times remain the exclusive property of CTS, and all Confidential Information of Customer shall at all times remain the exclusive property of Customer. For purposes of this Subsection, "representatives" means the officers, directors, employees, agents, and affiliates of a party.

11. WARRANTIES.

11.1 INTELLECTUAL PROPERTY RIGHTS. CTS hereby represents and warrants to Customer that, subject to the provisions of Subsection 12.1.5, below: (i) [*] furnished by CTS hereunder, if used by Customer in accordance with the terms of this Agreement, is free of any rightful claim by a Third Party that [*] infringes a United States Intellectual Property Right of such Third Party; and (ii) CTS has the right, power, and authority to grant the License and to perform its obligations under this Agreement. Customer's exclusive remedy for breach of the warranty set forth in this Subsection 11.1 is set forth in Subsection 12.1, below.

11.2 SOFTWARE PERFORMANCE. For each System within a given Market, CTS hereby represents and warrants to Customer that the Licensed Programs (excluding the Third-Party Software) eligible for software maintenance services under the Support Services Agreement, when used in conjunction with the Hardware necessary for operation of such System and with Customer's properly-operating cellular network, and when all relevant Infrastructure and Environmental Requirements are satisfied, will materially perform in accordance with their Specifications [*] such Licensed Programs by Customer. Customer's exclusive remedy for breach of the warranty set forth in this Subsection shall be correction by CTS, at no additional charge to Customer, of any errors or malfunctions in any such Licensed Programs found not to be in compliance with this warranty during the applicable warranty period; PROVIDED, HOWEVER, that CTS shall have no obligation to make such corrections if Customer is in breach or default under this Agreement. If a correction of an error or malfunction is commercially impractical, CTS may provide Customer with a commercially reasonable circumvention of such error or malfunction to achieve material compliance with this warranty during the warranty period. If, after investigation, CTS demonstrates that a reported error was not caused by an error in the System as supplied by CTS, Customer shall pay CTS for its costs of investigating the reported error at the then current rates of CTS.

11.3 HARDWARE PERFORMANCE. For each System within a given Market, CTS hereby represents and warrants to Customer that: (i) the CTS-proprietary Hardware purchased from CTS for installation in Cell Sites, when all relevant Infrastructure and Environmental Requirements are satisfied, will materially perform in accordance with their Specifications [*] the Hardware by Customer; and (ii) for all other Hardware components purchased from CTS, CTS will pass through to Customer the warranties that CTS receives from its vendor for such Hardware components, to the extent that such vendor will honor such warranties for Hardware supplied by CTS to Customer. Customer's exclusive remedy for breach of the warranty set forth in this Subsection shall be either repair or replacement by CTS, at its expense and in its discretion, of any of such Hardware found not to be in compliance with this warranty during the applicable warranty period, PROVIDED, HOWEVER, that CTS shall have no obligation to repair or replace such Hardware if Customer is in breach or default under this Agreement. If, after investigation, CTS demonstrates that a reported error was not caused by an error in the System as supplied by CTS, Customer shall pay CTS for its costs of investigating the reported error at the then current rates of CTS.

11.4 [*] For each System within a given Market, CTS hereby represents and warrants to Customer that the System, when used in conjunction with Customer's properly-operating cellular network, when all relevant Infrastructure and Environmental Requirements are satisfied, and when all other terms and conditions set forth [*] are satisfied (and subject to all assumptions contained therein), will [*] in accordance with the [*], for so long as Customer continuously purchases software maintenance services and hardware maintenance services for such System from CTS under the Support Services Agreement and complies with the terms of this Agreement and the Support Services Agreement. Except for applicable remedies set forth in the Support Services Agreement, Customer's exclusive remedy for breach of the warranty set forth in this Subsection shall be: (i) correction by CTS, [*], of any

non-conformities [*]with this warranty, in accordance with the final action plan and within the timetables described below; and (ii) if CTS is unable to correct such non-conformities in accordance with the final action plan and within the timetables described below, Customer shall be entitled to pursue any other available remedies for such breach of warranty. [*] after Customer notifies CTS of a non-conformity, CTS will submit to Customer a written action plan, which will outline CTS's proposed course of action for resolution of non-conformities and a committed timetable and resource allocation for work to correct the non-conformities. [*] after CTS's submission of the proposed action plan, the parties will agree on a final action plan, and CTS will thereafter [*]. The timetable set forth in the final action plan [*], except as the parties otherwise expressly agree to in writing.

11.5 NO WARRANTIES OTHER THAN EXPRESS WRITTEN. EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION 11, CTS MAKES NO REPRESENTATIONS, WARRANTIES, OR GUARANTIES OF ANY KIND (INCLUDING WITHOUT LIMITATION PERFORMANCE WARRANTIES), EITHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THE SYSTEM, HARDWARE, LICENSED PROGRAMS, DOCUMENTATION, OR ANY OTHER ITEMS OR SERVICES COVERED BY OR FURNISHED UNDER THIS AGREEMENT, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY (I) OF MERCHANTABILITY, (II) OF FITNESS FOR A PARTICULAR PURPOSE, OR (III) ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING, OR USAGE OF TRADE.

12. INDEMNIFICATION.

12.1 IP CLAIMS.

12.1.1 For purposes of this Section 12, the term "IP Claim" means any claim brought by a Third Party against Customer which alleges that use of [*] infringes a United States Intellectual Property Right of such Third Party, and which: (i) specifically identifies the general functionality or methods used [*], as a whole, as forming the basis of such infringement; [*](ii) specifically identifies the Licensed Programs (excluding the Third-Party Software), or the CTS-proprietary Hardware purchased from CTS for installation in Cell Sites, as forming the basis of such infringement.

12.1.2 Subject to the terms of this Agreement, CTS shall indemnify and hold harmless Customer and its officers, directors, employees, successors and assigns from and against any losses, damages, or liability awarded by final judgment against such indemnified persons as a result of an IP Claim, or, if any compromise or settlement is made with respect to such IP Claim, CTS shall pay all amounts agreed to by CTS in settlement of such IP Claim. CTS shall, at its expense, defend and, at its sole discretion, settle any such IP Claim. CTS shall have full and complete authority to defend and settle such IP Claim.

12.1.3 Customer shall provide CTS with prompt written notice of any IP Claim, together with copies of all related court documents involving such IP Claim. Customer's failure to provide timely notice to CTS of any such IP Claim shall not relieve CTS from any liability under this Section 12.1 with respect to such claim, to the extent that CTS is not prejudiced by such failure. CTS shall keep Customer advised of the status of any such IP Claim and of its defense and/or negotiation efforts. Customer shall provide CTS with such information and assistance for the defense of such IP Claim as is reasonably requested by CTS.

12.1.4 If, in any proceeding involving an IP Claim, a System is held to constitute an infringement of a Third Party's United States Intellectual Property Right and use of such System is enjoined, or if in CTS's opinion any such infringement is likely to occur, CTS, at its option and expense, will either: (i) obtain the right for Customer to continue use of the System by license, release from claim of infringement, or by other appropriate means; (ii) modify the System to make it non-infringing but continue to perform in accordance with the Specifications [*] in all material respects, and extend this indemnity thereto; (iii) replace the System with a non-infringing system of like functionality which performs in accordance with the Specifications [*] in all material respects, and extend this indemnity thereto; or (iv) if election of either clause (i), (ii) or (iii) are impractical in CTS's reasonable judgment after using reasonable efforts for a reasonable period of time under the circumstances, CTS may terminate this Agreement and the License granted herein with respect to such System by providing Customer with written notice of such termination. If, pursuant to clause (iv) above, CTS terminates this Agreement and the License with respect to a System, then (a) Customer shall, at CTS's request, either promptly return the System to CTS or destroy the same; (b) Customer shall be entitled to a refund equal to the License Fees and Hardware Fees described in SCHEDULE A which specifically pertain to such System and which Customer actually paid to CTS, which refund CTS may reduce by a reasonable sum for use, depreciation, and amortization; and (c) each party shall release the other party from all future payments and obligations under this Agreement and the Support Services Agreement with respect to such System, except for the obligations described in Subsection 14.4, below.

12.1.5 Notwithstanding anything to the contrary, CTS shall have no liability under this Agreement for any IP Claim which: (i) pertains to a System which has been altered or modified without CTS's prior written approval, unless the use of an unaltered or unmodified version of the System is shown to constitute an infringement; or (ii) pertains to any Third-Party Software or Hardware (other than CTS-proprietary Hardware purchased from CTS for installation in Cell Sites) that is the sole basis of such infringement.

12.1.6 The remedies set forth in this Section 12.1 are Customer's exclusive remedies in connection with any IP Claim.

12.2 OTHER INDEMNIFICATION.

12.2.1 Each party (the "Indemnifying Party") shall defend, indemnify, and hold harmless the other party and its officers, directors, employees, agents, successors and assigns (collectively, the "Indemnified Parties") from and against any losses, damages, or liability awarded by final judgment against such Indemnified Parties arising from any claim alleging injury to any person, including death, or damage to property, including theft, to the extent directly resulting from the acts or omissions of the Indemnifying Party or its officers, directors, employees, agents, successors or assigns, whether negligent or otherwise, or, if any compromise or settlement is made with respect to such claim, the Indemnifying Party shall pay all amounts agreed to by the Indemnifying Party in settlement of such claim. The Indemnifying Party shall, at its sole expense, defend and, at its sole discretion, settle any such claim. The Indemnifying Party shall have full and complete authority to defend and settle such claim.

12.2.2 The Indemnified Parties shall provide the Indemnifying Party with prompt written notice of any of the claims described in Subsection 12.2.1, above, brought against an Indemnified Party, together with copies of all related court documents involving such claim. An Indemnified Party's failure to provide timely notice to the Indemnifying Party of any such claim shall not relieve the Indemnifying Party from any liability under this Section 12.2 with respect to such claim,

to the extent that the Indemnifying Party is not prejudiced by such failure. The Indemnifying Party shall keep the Indemnified Party advised of the status or any such claim and of its defense and/or negotiation efforts. The Indemnified Party shall provide the Indemnifying Party with such information and assistance for the defense of such claim as is reasonably requested by the Indemnifying Party.

13. PROSECUTION OF INFRINGEMENT CLAIMS. Notwithstanding anything to the contrary, Customer shall promptly notify CTS in writing of any facts of which Customer is aware which might constitute an infringement by any Third Party of any of CTS's Intellectual Property Rights. CTS shall have the exclusive right to take all actions, control all litigation or other proceedings, and negotiate and enter into all settlements with respect to any such infringement, as CTS deems necessary or appropriate to protect CTS's Intellectual Property Rights, except as CTS and Customer may otherwise agree to in writing. Customer agrees to provide to CTS, at CTS's expense, full and complete information and assistance in connection with the prosecution of such infringement as reasonably requested by CTS. Any recovery of damages or attorneys' fees in connection with any such action, or in settlement of any such action, will belong entirely to CTS. CTS will have no obligation to institute suit against any particular person or entity for infringement of any Intellectual Property Rights of CTS.

14. TERM AND TERMINATION.

14. TERM. The term of this Agreement commences on the date of this Agreement and will continue thereafter for an [*]. This Agreement may be extended for a mutually agreeable renewal term, provided that Customer and CTS expressly agree to such extension in writing. All terms and conditions hereof shall remain in effect during any renewal term except as the parties otherwise expressly agree to in writing. Notwithstanding the above, this Agreement shall terminate upon the occurrence of any of the events described in the termination provisions set forth below.

14.2 TERMINATION.

14.2.1 MATERIAL BREACH AFTER NOTICE. Except as otherwise set forth in this Agreement, upon material breach or default under this Agreement by any party (the "breaching party"), if the other party ("non-breaching party") gives notice of such breach or default and the same is not cured within thirty (30) days after delivery of such notice, then, without limitation of any other remedy available hereunder, the non-breaching party may terminate this Agreement by delivery of a notice of termination at any time thereafter before such breach or default has been cured; PROVIDED, that for any such breach or default (other than a payment default or a default under Subsections 2.2 or 10.2) that is not reasonably susceptible of cure within thirty (30) days, the breaching party shall have such additional time, up to ninety (90) additional days, as is reasonably necessary to cure the default, so long as such party continuously and diligently pursues such cure. The parties agree that the failure to make payments of Fees or other charges when due hereunder shall constitute a "material breach" of this Agreement.

14.2.2 IMMEDIATE TERMINATION. Notwithstanding anything to the contrary, this Agreement and the License may be immediately terminated upon written notice at the option of CTS in the event that: (i) Customer violates any of the provisions of Subsection 2.2 in any way without the prior written consent of CTS and Customer fails to cure such violation within (3) days after CTS's delivery of notice of breach to Customer; or (ii) Customer materially violates the Nondisclosure Agreement or any of the provisions of Subsection 10.2, and Customer fails to cure such violation in accordance with any applicable cure periods set forth in the Nondisclosure Agreement.

14.2.3 MUTUAL CONSENT. CTS and Customer may terminate this Agreement and the License by mutual written consent.

14.3 EFFECT OF EXPIRATION OR TERMINATION.

14.3.1 Following the expiration or termination of this Agreement, Customer shall [*] with respect to the configuration of Systems installed as of the expiration or termination of this Agreement, [*] any of the following: (i) if this Agreement is terminated pursuant to Subsections 14.2.1 or 14.2.2 due to a breach or default by Customer, then [*] upon termination of this Agreement; (ii) if this Agreement expires, is terminated due to the events described in Subsection 14.2.3, or is terminated pursuant to Subsection 14.2.1 due to a breach or default by CTS, then [*] breach or default by Customer under any of the survival terms described in Subsection 14.4, and the expiration of any applicable cure period with respect to such breach or default.

14.3.2 Upon the expiration or termination of this Agreement, Customer shall immediately cease use of the Confidential Information of CTS [*] and shall, at CTS's election, either: (i) return to CTS the original and all copies of the same, in whole or in part, in any form, including partial copies and modifications, and any related materials received from CTS, or (ii) furnish to CTS a certified executed document stating that the same has been destroyed. Upon the termination of the License, Customer shall immediately return or destroy all copies of Licensed Programs and Documentation retained for use pursuant to Subsection 14.3.1, above, in accordance with the procedures set forth in this Subsection.

14.3.3 Upon the expiration or termination of this Agreement, CTS shall immediately cease use of the Confidential Information of Customer (except as the parties otherwise agree to in writing) and shall, at Customer's election, either: (i) return to Customer the original and all copies of the same, in whole or in part, in any form, including partial copies and modifications, and any related materials received from Customer, or (ii) furnish to Customer a certified executed document stating that the same has been destroyed.

14.3.4 Customer shall pay all accrued and unpaid Fees and other charges hereunder [*] after the termination of this Agreement.

14.4 SURVIVAL TERMS. Upon termination of this Agreement, all obligations of the parties hereunder shall cease, except those obligations described in Sections 2.2, 10, 12, 13, 14, 15, and 17, which provisions shall survive the termination of this Agreement. Termination of this Agreement shall not be construed to waive or release any claim which a party is entitled to assert at the time of such termination, and the applicable provisions of this Agreement shall continue to apply to such claim until it is resolved.

15. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY, CTS SHALL HAVE NO LIABILITY FOR ANY LOSS TO CUSTOMER OR ANY AFFILIATE OF CUSTOMER, EXCEPT FOR: (I) PHYSICAL LOSS OR DAMAGE TO AN INDIVIDUAL OR TO REAL PROPERTY OR TANGIBLE PERSONAL PROPERTY ARISING FROM THE NEGLIGENT OR WILLFUL MISCONDUCT OF CTS; OR (II) LIABILITY OF CTS EXPRESSLY PROVIDED FOR IN SECTION 12.1 HEREOF; OR (III) LIABILITY OF CTS FOR CLAIMS ARISING AS A RESULT OF OR RELATED TO PERFORMANCE OF A SYSTEM, WHICH LIABILITY SHALL BE LIMITED TO GENERAL MONEY DAMAGES AND SHALL IN NO EVENT EXCEED AN AMOUNT EQUAL TO [*], WHERE SUCH AMOUNT EQUALS [*] OF THIS

AGREEMENT AND [*] THEREAFTER. HOWEVER, EXCEPT FOR ANY MATERIAL BREACH OF SUBSECTIONS 2.2.2 (iv) AND 2.2.2 (v) OF THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE UNDER THIS AGREEMENT FOR ANY DAMAGES RESULTING FROM LOSS OF USE, DATA, PROFIT, BUSINESS, REVENUE, OR GOODWILL, OR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER ARISING IN CONTRACT, TORT (INCLUDING WITHOUT LIMITATION NEGLIGENCE OR STRICT LIABILITY) OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

16. NON-DISCRIMINATION. CTS hereby covenants to Customer that it will comply with the laws and regulations set forth in the attached SCHEDULE I, but only to the extent that CTS is required to comply with such laws and regulations in accordance with their terms. Any provisions of the attached SCHEDULE I which are inconsistent with the foregoing sentence shall not apply to CTS or this Agreement.

17. MISCELLANEOUS.

17.1 NOTICES. All notices hereunder by either party shall be given by personal delivery (including by a reputable courier service) or by sending such notice by United States certified mail return receipt requested, postage prepaid, and addressed as set forth on the signature page of this Agreement. Such notices shall be deemed to have been given and delivered upon receipt and the date of receipt identified by the United States Postal Service on any return receipt card shall be conclusive evidence of receipt. Notices may also be transmitted by facsimile or telecopy machine, and such notices shall be deemed received when transmitted if: (i) a document is electronically generated by the transmitting machine confirming that the transmission was received; and (ii) the party transmitting the notice deposits such notice the same day with a reputable courier service providing delivery not later than the following business day. Any party, by written notice to the other as above described, may alter the address for receipt by it of written notices hereunder.

17.2 INDEPENDENT CONTRACTORS. It is expressly agreed that CTS and Customer are acting hereunder as independent contractors and under no circumstances shall any of the employees of one party be deemed the employees of the other party for any purpose. Nothing in this Agreement shall be deemed to constitute, create, or in any way be interpreted as a partnership, joint venture, franchise, or other formal business organization involving CTS and Customer, nor shall anything in this Agreement be deemed to constitute one party the employee or agent of the other party. Neither CTS nor Customer shall have any authority under this Agreement to bind, obligate, or otherwise commit the other party to any agreement or transaction for any purpose whatsoever.

17.3 EXCUSED PERFORMANCE. Except for the failure to pay Fees or other charges when due hereunder, neither party shall be liable for, or be considered to be in breach or default under this Agreement as a result of, any delay or failure to perform as required hereunder which is due to any cause or condition beyond such party's reasonable control.

17.4 PUBLICITY. Neither party shall disclose to any Third Party the terms of this Agreement or the existence of this Agreement, or otherwise publish any materials containing the other party's name or containing language from which the connection of the other party's name could be reasonably inferred or implied, without the express written consent of the other party; PROVIDED, HOWEVER, that either party may make public announcements concerning the terms of this Agreement or the existence of this Agreement, or otherwise publish any materials containing the other party's name or

containing language from which the connection of the other party's name could be reasonably inferred or implied, without such express written consent of the other party if the announcement or publication is necessary for such party to comply with the requirements of the United States Securities and Exchange Commission or applicable federal securities law or regulation. Each party agrees that it will not unreasonably withhold its consent under this Subsection if the announcement, publication, or disclosure is necessary for the other party to comply with the requirements of any other governmental agency, court of competent jurisdiction, or applicable law or regulation.

17.5 ASSIGNMENT. Neither party shall assign any of its rights or obligations hereunder (in whole or in part) without the express written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, each party may, upon notice to the other party, assign this Agreement and all of its rights and obligations hereunder (in whole but not in part) to any of its affiliates capable of performing its obligations hereunder or to any entity which acquires all or substantially all of such party's assets or stock pursuant to any merger, stock or asset transfer, consolidation, or other business combination. Any attempt by any party to assign or transfer any of its rights or obligations under this Agreement in violation of this Subsection shall be considered void and shall be deemed a material breach of this Agreement. Subject to the foregoing, this Agreement will be fully binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

17.6 SUBCONTRACTORS. Notwithstanding anything to the contrary, CTS may in its discretion subcontract the performance of any of its obligations hereunder or under any Market Purchase Agreement to any Third Party; PROVIDED, that CTS's subcontractors shall perform to the same standards imposed upon CTS hereunder and CTS shall be liable for the conduct of its subcontractors to the same extent as CTS's own liability under this Agreement. Upon request, CTS will provide Customer with a list of such subcontractors.

17.7 SEVERABILITY. In the event any provision hereof shall be deemed invalid or unenforceable by any court or governmental agency of competent jurisdiction, such provision shall be deemed severed from this Agreement and all remaining provisions shall be afforded full force and effect as if such severed provision had never been a provision hereof.

17.8 NO WAIVER. No consent or waiver, express or implied, by any party to or of any breach or default by the other in the performance by the other of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligations of such party hereunder.

17.9 GOVERNING LAW. This Agreement shall be governed by, subject to, and interpreted in accordance with the laws of the state of New York, without regard to conflict of laws principles.

17.10 INJUNCTIVE RELIEF. The parties recognize and agree that money damages are an inadequate remedy for breach of Sections 2.2 and/or 10, above, and further recognize that such breach would result in irreparable harm to the party against whom such breach is committed. Therefore, in the event of a breach or threatened breach of any such provision, the party in breach may be enjoined from engaging in any activity proscribed by such provision by a court of competent jurisdiction. Injunctive relief pursuant to this Subsection shall be in addition to all remedies available at law or in equity to a party arising from a breach of the provisions described above by the other party.

17.11 ENTIRE AGREEMENT; AMENDMENT. This Agreement, the Support Services Agreement, the Nondisclosure Agreement, the Source Code Escrow Agreement, the Roaming Service Agreement, each Market Purchase Agreement issued hereunder, and all Schedules to the foregoing agreements, contain the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede all prior agreements, negotiations, representations, and proposals, written and oral, relating to the subject matter. All Schedules and all other documents, when initialed by the parties and attached hereto, are integral to and incorporated herein by this reference. This Agreement and the Schedules attached hereto shall not be deemed or construed to be modified, amended, or waived, in whole or in part, except by written agreement duly executed by the parties to this Agreement.

17.12 COUNTERPARTS. This Agreement may be signed in one or more counterparts, each of which shall be considered an original and which shall, taken together, constitute this Agreement.

EXECUTED as of the date set forth above by authorized representatives of Customer and CTS.

CUSTOMER:
CELLCO PARTNERSHIP
By Bell Atlantic NYNEX Mobile, Inc.
Its Managing General Partner

CTS:
CELLULAR TECHNICAL SERVICES
COMPANY, INC.

By /s/ Richard J. Lynch

Richard J. Lynch

Print Name

By /s/ Robert P. Dahut

Robert P. Dahut

Print Name

Exec. V.P. & Chief Tech. Officer

Title

President & Chief Operating Officer

Title

Customer's Address for Notices:

CTS's Address for Notices:

180 Washington Valley Road
Bedminster, New Jersey 07921
Attention: E.V.P. - Chief Technical Officer
Telefax: (908) 306-6836

2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
Attention: Legal Department
Telefax: (206) 443-1550

With a copy to:

180 Washington Valley Road
Bedminster, New Jersey 07921
Attention: Legal Department
Telefax: (908) 306-6836

INDEX OF SCHEDULES
TO
MASTER PURCHASE AND LICENSE AGREEMENT

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SCHEDULE A
TO
MASTER PURCHASE AND LICENSE AGREEMENT

FEES AND PAYMENT TERMS

Customer shall pay the following Fees and charges in connection with the Master Purchase and License Agreement between CTS and Customer (the "Agreement"), together with any other Fees and charges specified in the Agreement. All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

1. LICENSE FEES.

1.1 INITIAL LICENSED PROGRAMS. In consideration for the License, Customer shall pay the following Fees to CTS for the following Licensed Programs in accordance with the terms of the Agreement and this Schedule:

| Licensed Programs(1) | License Fees Per Cell Site |
|----------------------|----------------------------|
| ----- | ----- |
| [*] | |
| Total: [*] | |

1.2 ADDITIONAL LICENSED PROGRAMS. For all additional software, data tables, and programs which CTS and Customer agree in writing to add to a System as Licensed Programs (other than the Licensed Programs described in Subsection 1.1, above, and Section 3, below), Customer shall pay such Fees to CTS as CTS and Customer mutually agree to in writing.

1.3 NEW RELEASES AND MAINTENANCE RELEASES. For all New Releases and Maintenance Releases of the Licensed Programs described in Sections 1.1, 1.2 and 3 of this Schedule, Customer shall pay such Fees to CTS as specified in Subsection 2.3 of the Agreement.

2. HARDWARE FEES.

2.1 CELL SITE SYSTEM HARDWARE PURCHASED FROM CTS. In consideration for the Hardware components purchased from CTS for installation in Cell Sites, Customer shall pay CTS the following Fees in accordance with the terms of the Agreement and this Schedule:

(1) Fees include pricing for the License to use Licensed Programs, the [*] software performance warranty set forth in Subsection 11.2 of the Agreement, and all Maintenance Releases and New Releases provided by CTS for such Licensed Programs during [*] warranty period. Fees exclude pricing for license to use interdiction software, which is specified in Section 3, below.

CTS: _____

CUSTOMER: _____

| | |
|---|------------------------|
| Hardware Description(2) ----- [*] | Hardware Fees ----- |
|---|------------------------|

2.2 ADDITIONAL HARDWARE PURCHASED FROM CTS. For all Hardware other than the Hardware described in Subsection 2.1, above, or Section 3, below, which is purchased from CTS for a System, Customer shall pay the following amounts to CTS: (i) for all regional processors (e.g., Hewlett-Packard 9000 Series Processors) and routers (e.g., CISCO models 7000 and 7010), Customer shall pay CTS [*]; and (ii) for all other Hardware components and peripherals purchased from CTS (including without limitation other Hewlett-Packard and CISCO components), Customer shall pay CTS [*].

2.3 HARDWARE PURCHASED FROM THIRD PARTIES. For all Hardware purchased from Third Parties for a System (i.e., all Hardware other than the Hardware purchased from CTS described in Sections 2.1, 2.2, and 3 of this Schedule), Customer shall pay CTS an integration Fee equal to [*] of the Third-Party supplier's list price for such Hardware.

3. FEES FOR INTERDICTION FUNCTIONALITY. In addition to the Fees set forth in Sections 1 and 2, above, and in consideration for the license to use certain software, and the sale of certain hardware, necessary to perform the interdiction functionality for a given System, Customer shall pay the Fees set forth below which pertain to the interdiction method utilized for such System:

| | |
|---|---------------------------------------|
| Interdiction Method(3) ----- [* *] | Interdiction Fees ----- * *] |
|---|---------------------------------------|

4. DEPLOYMENT FEES.

4.1 DEPLOYMENT MANAGEMENT FEES. For each System, Customer shall pay CTS a deployment management Fee equal to [*], to be paid upon execution of the initial Market Purchase Agreement for such System. In consideration for such deployment management Fee, CTS will provide the following for each initial System: (i) consulting services for planning the configuration for such System and preparing an itemized list of all Hardware for such System; (ii) availability of one primary and one back up technical manager for such System, as specified in Subsection 5.2 of the Agreement; (iii) installation services for the installation of Hardware at each regional processor site, as

- (2) Fees include pricing for Cell Site System Hardware and the [*] hardware performance warranty set forth in Subsection 11.3 of the Agreement with respect to such Cell Site System Hardware. Fees exclude pricing for purchase of interdiction hardware, which is specified in Section 3, below, and also excludes pricing for cabling and other peripherals required for a given Cell Site.
- (3) Fees include pricing for the license to use software, and the sale of hardware, which directly pertain to the interdiction method utilized for a given System. Fees exclude pricing for cabling and other peripherals required for the interdiction method utilized. For other interdiction methods utilized for a given System, Customer shall pay such Fees to CTS as the parties mutually agree to in writing.

CTS: _____
CUSTOMER: _____

specified in Subsection 5.2 of the Agreement; and (iv) training services for the initial PreTect-TM- User Training and Cell Site System Overview sessions as specified in Subsection 8.1 and SCHEDULE F of the Agreement. In addition, if Customer elects to perform its own installation of Hardware at Cell Sites for a System, as specified in Subsection 5.2 of the Agreement, Customer shall pay CTS an additional deployment management Fee equal to [*], to be paid upon execution of the initial Market Purchase Agreement for such System. In consideration for such additional deployment management Fee, CTS will provide training services for one Cell Site System Installation session as specified in Subsection 8.1 and SCHEDULE F of the Agreement.

4.2 CELL SITE SYSTEM INSTALLATION FEES. At Customer's request, CTS will install the initial configuration of Components at a Cell Site in accordance with the terms of the Agreement. In consideration for such installation services, Customer shall pay CTS an amount equal to [*].

5. TRAINING FEES. As partial consideration for the deployment management Fees described in Subsection 4.1, above, CTS will conduct the initial training sessions specified in Subsection 8.1 and SCHEDULE F of the Agreement for each System. Additional training by CTS will be pursuant to such terms and subject to such Fees as CTS and Customer mutually agree to in writing.

6. SUPPORT SERVICE FEES. For each System, CTS will offer the support services set forth in the Support Services Agreement (i.e., basic support service options, Cell Site Hardware maintenance options, CTS-Certified Hardware maintenance options, System monitoring options, and software subscription services options), subject to the fees and other charges set forth in such Support Service Agreement and the Schedules attached thereto.

7. REAL-TIME PREVENTION OF ROAMING CLONING FRAUD. For each System, CTS will offer the services set forth in the Roaming Service Agreement, subject to the fees and other charges set forth in such Roaming Service Agreement and the Schedules attached thereto.

8. PRETECT-TM- GRAPHICAL USER INTERFACE. CTS and Customer agree that, for each System, CTS will provide up to [*] PreTect-TM- Graphical User Interface connections at no additional charge. For each additional PreTect-TM- Graphical User Interface connection for a System, Customer shall pay CTS a Fee equal to [*].

9. OTHER FEES. In addition to the Fees described above, Customer agrees to pay CTS for: (i) all reasonable and actual travel, lodging, and other out-of-pocket expenses incurred by CTS in connection with the Agreement; and (ii) all services performed by CTS, other than those services for which CTS's compensation is expressly set forth elsewhere in the Agreement or the Schedules thereto, at the then-current billing rate of the CTS personnel performing such services, plus all expenses incurred by CTS in connection with such services (including without limitation all costs of materials, costs of third-party contractors, and all reasonable and actual travel, lodging, and other out-of-pocket expenses), except as the parties otherwise agree to in writing. CTS's current billing rate for professional services is [*], which charge [*].

10. PAYMENT TERMS.

CTS: _____

CUSTOMER: _____

10.1 COMPONENTS FOR SYSTEMS.

10.1.1 GENERAL. Except as otherwise set forth in Subsection 10.1.2, below, for each deployment of Components for a System, CTS will invoice Customer for the Fees described in Subsections 1.1, 2.1, 2.2, and 3, above, as follows: (i) [*] of the aggregate of such Fees upon CTS's delivery of such Components to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment); and (ii) the [*] of the aggregate of such Fees upon acceptance under the [*]. Customer shall pay each of such invoices within [*].

10.1.2 INITIAL DEPLOYMENT IN NEW YORK METRO MARKET. Except as the parties otherwise agree, for the deployment of Components for the [*] in the New York Metro Market, Customer shall pay the Fees described in Subsections 1.1, 2.1, and 3, above, to CTS as follows:

(i) For the Fees applicable to the [*], Customer shall pay to CTS: (a) [*] of the aggregate of such Fees upon CTS's delivery of Components for such configuration to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment); (b) [*] of the aggregate of such Fees upon [*] (I.E., [*]); (c) [*] of the aggregate of such Fees upon [*] (I.E., [*]); and (d) the [*] of the aggregate of such Fees upon [*] (I.E., [*]).

(ii) For the Fees applicable to the [*], Customer shall pay to CTS: (a) [*] of the aggregate of such Fees upon CTS's delivery of Components for such configuration to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment); (b) [*] of the aggregate of such Fees upon [*] (I.E., [*]); and (c) the [*] of the aggregate of such Fees upon [*] (I.E., [*]).

(iii) For the Fees applicable to [*], Customer shall pay to CTS: (a) [*] of the aggregate of such Fees upon CTS's delivery of Components for such configuration to a common carrier for shipment to Customer (if multiple shipments are made, such aggregate amount shall be paid on a pro rata basis at the time of each shipment); and (b) the [*] of the aggregate of such Fees upon [*] (i.e., [*]).

10.2 OTHER PAYMENT TERMS. Except as otherwise expressly set forth in the Agreement or any Schedule to the Agreement, CTS will invoice Customer for amounts to be paid thereunder, and Customer will pay such invoice [*].

CTS: _____

CUSTOMER: _____

SCHEDULE B
TO
MASTER PURCHASE AND LICENSE AGREEMENT

CTS CERTIFIED HARDWARE

This Schedule contains a list of the Hardware certified by CTS for purchase by Customer from certain Third Parties, approved in advance and in writing by CTS, as more fully described in Subsection 3.2 of the Master Purchase and License Agreement between CTS and Customer. All configurations of such Hardware used for a given System must be approved in advance and in writing by CTS.

1. Hewlett-Packard 9000 Series Processors and peripheral Hewlett-Packard equipment. The models used for each System will vary depending on the Hardware configuration used for such System.
2. CISCO Routers and peripheral CISCO equipment. The models used for each System will vary depending on the Hardware configuration used for such System.
3. X-terminal Workstations (CTS recommends Hewlett-Packard ENVIZEX X-terminal workstations with a minimum of 8 MB of memory). Memory requirements will vary depending on the configuration used for a given System.
4. Hewlett-Packard LaserJet (IV or above) printer. Printer must carry baseline memory (memory size dependent on model).

CTS: _____

CUSTOMER: _____

SCHEDULE C
TO
MASTER PURCHASE AND LICENSE AGREEMENT
MARKETS

This Schedule contains a list of the Markets for purposes of the Master Purchase and License Agreement between CTS and Customer (the "Agreement").

WASHINGTON/BALTIMORE MARKET

[*]

PHILADELPHIA MARKET

[*]

ATLANTIC CITY MARKET

[*]

NEW YORK METRO MARKET

[*]

PITTSBURGH MARKET

[*]

MASON, WV MARKET

[*]

CONNECTICUT/WESTERN MASSACHUSETTS MARKET

[*]

PITTSFIELD, MA MARKET

[*]

CHARLOTTE, NC MARKET

[*]

GREENVILLE, SC MARKET

[*]

COLUMBIA, SC MARKET

[*]

LEE, VA MARKET

[*]

PHOENIX MARKET

[*]

EL PASO/LAS CRUCES MARKET

[*]

TUCSON MARKET

[*]

ALBUQUERQUE MARKET

[*]

EASTERN MASS./RHODE ISLAND MARKET

MANCHESTER, NH MARKET

[*]

ALBANY MARKET

[*]

ORANGE/POUGHKEEPSIE, NY MARKET

[*]

BURLINGTON, VT MARKET

[*]

CTS: _____

CUSTOMER: _____

SCHEDULE D
TO
MASTER PURCHASE AND LICENSE AGREEMENT
INFRASTRUCTURE AND ENVIRONMENTAL REQUIREMENTS

This Schedule contains the minimum Infrastructure and Environmental Requirements for a System as required pursuant to the Master Purchase and License Agreement between CTS and Customer (the "Agreement"), and may be supplemented by additional Documentation furnished by CTS. All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

A. REGIONAL PROCESSOR (RP) LOCATION

This location is typically a data center or an equivalent facility that will house computers and routers for processing of data, and will provide network links to the remote Cell Sites. The Regional Processor consists of HP 9000 series computer(s) and CISCO router(s), which are installed in HP manufactured 19" EIA racks. Multiple HP 9000s and CISCO routers are connected to each other via a carrier provided Ethernet network, and can be located in the same data center for efficient data communications and ease of implementation. However, these can be spread out over different locations if needed, and a dedicated network link will be required to connect them together. This location will house a system console for system administration, and may also house an X-terminal for running/monitoring the overall System.

Markets with high call volumes may require additional Regional Processors. Specific hardware requirements are determined through detailed call volume and sizing analysis. General environmental specifications appear below. These requirements will vary depending on the model of HP 9000 series processor used for a particular System.

REGIONAL PROCESSOR/ROUTER SITE REQUIREMENTS

1. Customer to provide space for each HP cabinet. Each cabinet is 1.6m high, 0.6m wide, and 0.9m deep. (Number of cabinets will depend on the size of Customer's Blackbird-Registered Trademark- Platform RP and Router System).
2. Customer to provide the following power requirements for each HP cabinet:
Voltage: 220 Volts AC
Circuit: 20 amp dedicated
Phase: Single
Receptacle Style: L6-20R
3. Customer to provide one (1) POTS line (including telephone number for same) and one (1) RJ11 connector to the rack location of each HP 9000 processor to support remote modem access.

CTS: _____

CUSTOMER: _____

4. Customer to provide DS0 links from Cell Sites multiplexed into T1s through DCS, DSX cross connects, or other semi-permanent connections.

5. Sample Regional Processor (HP 9000 - K400 Series) Specifications:

PHYSICAL CHARACTERISTICS/RACKED

Height 641 mm 1620 mm (63.75 in.)
Width 440 mm 600 mm (123.75 in.)
Depth 610 mm 880 mm (34.50 in.)
EIA Units 17 32
Weight 77.1 kg (170 lbs) 295.1 kg (650 lbs) (1 SPU, 3 HA Storage units)

Clearance Requirements 635 mm (25 in) at rear

ELECTRICAL SPECIFICATIONS

Power Requirement 1440 Watts
VA Rating for UPS loading 750
Heat Dissipation BTUs/Hr. 4263

ENVIRONMENTAL SPECIFICATIONS

Temperature (Operating) +5DEG. C to +40DEG. C (41DEG. F to 104DEG. F)
Maximum Rate of Temperature Change 20C/hr without hard media;
10C/hr with DDS DAT tape drive
Relative Humidity (Operating) 15% to 80% non-condensing,
(max. wet bulb = 26DEG. C)
Maximum Rate of Humidity Change 30% RH/hr
Altitude (Operating) to 3000 m (10,000 ft) above sea level

REGULATORY COMPLIANCE

Electromagnetic Interference Complies with FCC rules and regulations, Part 15, Subpart J, as a Class A computing device. Manufacturers Declaration to EN55022, class A. Registered with Japanese VCCI, class 1.

Safety UL Listed, CSA Certified, compliant with EN 60950 and EN 41003.

6. Customer to provide one (1) 110V AC, 15 AMP power circuit per CISCO router.

7. Sample CISCO Router (CISCO 7000 and 7010 series) Specifications:

CTS: _____

CUSTOMER: _____

| CISCO 7000 | CISCO 7010 |
|--|--|
| - Clearance Requirements 16" (40.64 cm) at rear 2" (5.08 cm) on either side | 16" (40.64 cm) at rear 2" (5.08 cm) on either side |
| - AC Power Supplies 700W (3224 Btu/hour) | 600W (2661 Btu/hour) |
| - DC Power Supplies 1000W input requirement 700W power requirement 300W (1024 Btu/hr) heat dissipation 20A (-48 VDC) | 800W input requirement 600W power requirement 300W (1024 Btu/hr) heat dissipation 18A (-40 VDC) |
| - Input Voltage 100 to 240 VAC autoranging | 100 to 240 VAC autoranging |
| - AC current rating 12A @ 100V; 6A @ 240V | 9A @ 100V; 4A @ 240V |
| - Operating temperature 32 TO 104DEG. F (0 to 40DEG. C) | 32 TO 104DEG. F (0 to 40DEG. C) |
| - Non-operating temperature range -4 to 149DEG. F (-20 to 65DEG. C) | -4 to 149DEG. F (-20 to 65DEG. C) |
| - Dimensions (H x W x D) 19.25 x 17.5 x 25.1" (48.9 x 44.45 x 63.75 cm) | 10.5 x 17.5 x 17" (26.67 x 44.45 x 43.18 cm) |
| - Weight (average shipping) ~145 lb. (~65.76 kg) with 5 interface processors and 2 power supplies | ~70 lb. (~31.75 kg) with 3 interface processors and 1 power supply |
| - Multi-channel Interface Processor (2-port T1) ~T1 Interface for 48 total DS0 links | T1 Interface for 48 total DS0 links ~ |
| - Ethernet Interface Processor 4 Ports ~802.3 AUI Ethernet Interface / | --802.3 AUI Ethernet Interface |
| - Required Cables DSX1 to CSU DB-15 Serial cable for console connection | DSX1 to CSU DB-15 Serial cable for console connection |

B. CELL SITE SYSTEM (CSS) LOCATIONS

The Cell Sites will house the CSS, which is a microcomputer based system required for each Cell Site that will be used as part of System. The CSS is contained in a metal enclosure, which is small in size (20" X 24" X 9") and can be rack-mounted or wall-mounted (specify) in the Cell Site. A Customer-provided 56 KB data link from the Cell Site to the Regional Processor is required, which is typically a channel of existing T1 circuits in the carrier network, or a dedicated 56 KB link from the cell site to the Regional Processor location. A dial-up modem, which allows for remote support in the event of a network failure is also integrated inside the CSS enclosure. The modem can either be a land-line modem or cellular modem (specify), and will require land-line or cellular phone service to be activated for each Cell Site. Interdiction module(s) may also be installed in some or all Cell Sites depending on the switch environment.

CTS: _____

CUSTOMER: _____

CSS CELL SITE REQUIREMENTS

1. Mounting
 - Rack - Customer provided 19" OR 24" (specify) rack with minimum space of 30" in front of the rack for accessibility. Mounting requirements for the CSS is 17 rack units, or 29.75" vertical. (1 rack unit = 1.75").
 - Wall - Customer provided 3/4" fire retardant plywood (28" x 34") at the CSS mounting location with a minimum space of 32" in front of rack for accessibility.
2. The Glare Interdiction method will require an RF Interdiction Module installed at one Cell Site per switch. Both 19" and 24" rack mount options are supported. This will require 2 rack units or about 3.5" vertical in addition to the CSS requirements. Total vertical rack space needed will be 19 rack units or 33.25" if Glare Interdiction is used. If RF interface is required to the cell site antenna distribution system, an additional 2 rack units of space will be required. Both the CSS and the interdiction units should be co-located on the same rack or wall-space; if not additional specialized cabling would be required.
3. The Spoofing Interdiction method will require 2 rack units or about 3.5" vertical. In each Cell Site the spoofing method will require direct RF interface to the cell site antenna distributions systems. This would require another 2 rack units of space. Total vertical rack space needed will be 21 rack units or 36.75" if Spoofing is used. Both the CSS and the interdiction units should be co-located in the same rack or wall-space; if not, additional specialized cabling would be required.
4. CTS-proprietary base band Interdiction Module is a third option for interdiction. This module plugs into the test port of the Ericsson model SRM 882 radio. A module is needed for each voice channel radio within a Cell Site. These modules are cabled to the CSS unit. Therefore, the CSS must be positioned within the Cell Site such that the cabling distance from the CSS to the most distant radio is not more than 50 feet.
5. Customer provided +24 VDC 20 Amp power feed (#10 AWG x 2 Conductor, Cu standard cable) to rack location.
6. Customer provided solid core #10 AWG ground strap at rack location.
7. Customer supplied DSU unit that supports RS-232 or RS530 interface communication link to Regional Processor location (56 KB synchronous line). Note: V.35 interface support is available with an additional converter that is not included in the Cell Site System price. See CTS price list under other equipment for V.35 converter for pricing.
8. CTS provides rack mounting equipment Standard 19" TELCO rack.
9. Cable reach distance between DSU and CSS within 25 ft. A maximum of one additional cable can be supplied (specify).
10. Up to 6 RMC (Receive Multi-Coupler) ports for each sector or simulcast cell site, and 2 RMC ports for each omni site.

CTS: _____

CUSTOMER: _____

11. RF cabling from RMC to CSS rack location with dB levels and labeling compliant to cell site equipment manufacturers (CTS) specifications. Cable reach distance between RMC and CSS within 40 ft.
12. Information detailing any special mounting instructions / requirements on a per-site basis.

CSS NETWORK CONNECTIVITY REQUIREMENTS

1. Carrier to provide a 56KBS DDS link from each cell site to the RPC router(s) in the form of as fully populated T1 links as possible.
2. In the event that multiple RPCs are to be deployed, T1 communications links must be provided between all RPC. As a part of the system sizing CTS will provide the number and/or through-put requirements for these links.
3. Specialized data communications equipment at the carrier's facility may require additional programming by the carrier to provide for a clear DS0.

CSS NETWORK CONNECTIVITY RECOMMENDATIONS

At most carrier facilities a DS0 can be obtained from the current T1 link between the cell site and MTS0. The DS0s are then regroomed at the MTS0 into T1 links to the ROC router. This capability requires the carrier to have DCS type equipment available for the regrooming.

C. USER TERMINAL/MONITOR LOCATION(S)

This location houses X-terminal(s), which provide the user interface for monitoring the Customer System. This can be the same as Regional Processor location or a customer care center in the Customer facility. A Customer-provided ethernet local area network (LAN) or wide area network (WAN) link to the Regional Processor location is needed for connectivity to the System. This site should also provide a network printer (typically, HP LaserJet IV) that is used for printing reports from the graphical user interface.

WORKSTATION/PRINTER SITE REQUIREMENTS

1. Customer to provide space for a Hewlett-Packard ENVIZEX X-terminal workstation with a 19" 1280 x 1024 color monitor (CTS recommended workstation). Power required for the Hewlett-Packard ENVIZEX X-terminal workstation is 110 Volt AC.
2. Customer to provide ethernet connection to the Regional Processors via local area network or wide area network to selected workstation.
3. Customer to provide desk space and power (110 Volt AC) for Hewlett-Packard LaserJet (IV or above) printer.
4. Customer to provide ethernet connection to the Regional Processors via local area network or wide area network to the printer.

CTS: _____

CUSTOMER: _____

SCHEDULE E
TO
MASTER PURCHASE AND LICENSE AGREEMENT
ACCEPTANCE TEST PLANS

Attached to this Schedule are the following Acceptance Test Plans described in Subsection 1.1 of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). Each Acceptance Test Plan has a different purpose and methods to be utilized in testing. For purposes of this Schedule E, all references to "fraud" or "cloning fraud" shall mean cellular telephone cloning fraud within the home market. All undefined terms used in this Schedule shall have the meanings ascribed to such terms in the Agreement.

| Attachment | Description |
|--------------|--------------------------------------|
| Schedule E-1 | Standard Acceptance Test Plan [*] |
| Schedule E-2 | Acceptance Test Plan [*] [*] |

CTS: _____

CUSTOMER: _____

SCHEDULE E-1
STANDARD ACCEPTANCE TEST PLAN

Set forth below is the CTS Standard Acceptance Test Plan described in Subsection 1.1 of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). For purposes of this Acceptance Test Plan, all references to "fraud" or "cloning fraud" shall mean cellular telephone cloning fraud within the home market. All undefined terms used herein shall have the meanings ascribed to such terms in the Agreement.

[*]

Goals:

- - [*]

Method:

[*]

A. VIEW GRAPHICAL USER INTERFACE (GUI)

Goal:

[*]

Method:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

B. CALL EVENT DATA COLLECTION

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

CTS: _____

CUSTOMER: _____

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

C. REPORTS

Goal:
- [*]

Method:
[*]

Deliverable:
- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D. CONTROL GROUP PHONE TESTING

D.1 FINGERPRINT ESTABLISHMENT

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D.2 VALID CALL TEST

Goal:
- [*]

CTS: _____

CUSTOMER: _____

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D.3 COUNTERFEIT CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

D.4 FALSE NEGATIVE CALL TEST

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

CTS: _____

CUSTOMER: _____

E ADDITIONAL CELL SITE VERIFICATION

- [*]

E.1 NETWORK CONNECTIVITY

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval:
Carrier Initial _____ Date _____

CTS Initial _____ Date _____

E.2 VALID CALL TEST

Goal:
- [*]

Method:
- [*]

Deliverable:
- [*]

Approval:
Carrier Initial _____ Date _____

CTS Initial _____ Date _____

E.3 COUNTERFEIT CALL TEST

Goal:
- [*]

Method:
[*]

CTS: _____

CUSTOMER: _____

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

F ADDITIONAL REGIONAL PROCESSOR/APPLICATION SERVER ACCEPTANCE TEST

- [*]

F.1. NETWORK CONNECTIVITY

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS Initial _____ Date _____

F.2 APPLICATION SERVER REPORTING

Goal:

- [*]

Method:

- [*]

Deliverable:

- [*]

Approval:

Carrier Initial _____ Date _____

CTS: _____

CUSTOMER: _____

CTS Initial _____ Date _____

TERMS & DEFINITIONS

| Acronym ----- | Description ----- |
|------------------|----------------------|
| [*] | |
| CSS | Cell Site System |
| RP | Regional Processor |

Formulas

[*]

SCHEDULE E-2

ACCEPTANCE TEST PLAN [*]

[*]

CTS: _____

CUSTOMER: _____

SCHEDULE F
TO
MASTER PURCHASE AND LICENSE AGREEMENT
INITIAL TRAINING

This Schedule contains the initial training classes for the initial deployment of a System in a Market pursuant to the terms of the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement.

Each of the initial training classes are to be conducted at facilities provided by Customer, in the market where the System is installed. Where a classroom environment is required Customer will need to include adequate space for the number of participants, an overhead transparency projector, and access, within a reasonable distance, to an X-terminal capable of running the System's graphical user interface. Where a Cell Site environment is required, Customer will need to provide adequate space such that the number of participants are able to view, concurrently, demonstrations of Cell Site Hardware installation or repair procedures. Training sessions are to be held during normal business hours (local time), approximately eight hours per day, on concurrent days.

A. PRETECT-TM- USER TRAINING

Participant Prerequisite: Previous professional experience within a cellular carrier's operation identifying and/or resolving cases of cellular fraud or working with the carrier's customer care organization.

Duration: Approximately four hours, to be conducted in one business day.

Facilities requirements: Classroom, as described above.

Maximum number of participants: [*]

Timing: To be conducted after installation of Regional Processor and at least five Cell Site Hardware systems in a market, and end-to-end verification of System functionality by CTS.

Course Description: This course is targeted at Customer personnel who currently work in the Customer's Fraud or Customer Care organizations. This course shows PreTect-TM- users how to access information and perform tasks using the PreTect-TM- graphical user interface. This includes an overview of the functionality, pre-call detection, and interdiction. Additional training topics include: querying the system by mobile identification number (MIN) and destination, monitoring fingerprints, and generating on-screen and print reports.

B. CELL SITE SYSTEM TRAINING

The Cell Site System training will depend on whether Customer elects to have CTS perform installation of Cell Site Components or elects to perform such installation itself, as specified in the Agreement. If Customer elects to have CTS perform such installation, CTS will provide the Cell

CTS: _____

CUSTOMER: _____

Site System Overview training described below. If Customer elects to perform such installation itself, CTS will provide the Cell Site System Installation training described below.

1. Cell Site System Overview

Participant Prerequisite: Demonstrated familiarity with PC-type hardware systems. Previous experience working in the cell site environment recommended.

Duration: Approximately four hours of classroom instruction. Observation of installation of up to three Cell Site hardware systems. Cell site observation to be conducted according to a mutually-agreed-upon schedule.

Facilities requirements: Classroom and cell site, as described above.

Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted at a mutually agreed upon time.

Course Description: This course is targeted at Customer personnel who currently work supporting the Customer's cell sites. The training includes an overview of CSS hardware infrastructure, training in composition and layout of CTS additions to cell sites, and a basic understanding of network interfaces and problem solving techniques including the cell site relationship to the regional processor.

2. Cell Site System Installation

Participant Prerequisite: Demonstrable skills installing and maintaining PC-type hardware systems. Previous experience working in the cell site environment recommended. [*]

Duration: Approximately four hours of classroom instruction. Participation in installation of at least five Cell Site hardware systems, with the Cell Sites selected including a representative sample of the possible interfacing requirements (RF connection and networking). Cell site training to be conducted according to a mutually-agreed-upon schedule.

Facilities requirements: Classroom and cell site, as described above.

Maximum number of participants: Governed by cell site environment restrictions, as described above.

Timing: To be conducted after installation of Regional Processor, unless the parties otherwise agree to in writing.

Course Description: This course is targeted at Customer personnel who currently work supporting the Customer's cell sites. This includes an overview of CSS hardware infrastructure, proper handling and installation of CSS components, and a basic understanding of network interfaces and problem solving techniques.

CTS: _____

CUSTOMER: _____

Course Requirement: This CTS training session is required for all Customer personnel who will be performing installation of Cell Site System hardware at Cell Sites, until CTS makes available a "Train the Trainer" program to enable Customer to train its own personnel for the installation of Cell Site System hardware. When available, participation in the "Train the Trainer" program will be required for up to two designated Installation Trainers for Customer. Upon CTS certification, such Installation Trainers will be responsible for training Customer personnel in accordance with the CTS-provided curriculum for Cell Site System Installation Training, and for maintaining Installation Trainer certification in accordance with CTS re-certification requirements. CTS will provide such "Train the Trainer" program on such terms and for such training fees as CTS and Customer mutually agree to in writing.

CTS: _____

CUSTOMER: _____

SCHEDULE G
TO
MASTER PURCHASE AND LICENSE AGREEMENT
TECHNICAL MANAGERS - OVERALL COORDINATION

CTS TECHNICAL MANAGERS:

Primary: [*]
Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
[*]

Back Up: [*]
Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
[*]

CUSTOMER TECHNICAL MANAGERS:

Primary: [*]
180 Washington Valley Road
Bedminster, New Jersey 07921
[*]

Back Up: [*]
180 Washington Valley Road
Bedminster, New Jersey 07921
[*]

CTS: _____

CUSTOMER: _____

SCHEDULE H
TO
MASTER PURCHASE AND LICENSE AGREEMENT
SPECIFICATIONS

This Schedule contains the functional Specifications for a System as required by the Master Purchase and License Agreement between CTS and Customer (the "Agreement"). All undefined capitalized terms used in this Schedule shall have the meanings ascribed to such terms as set forth in the Agreement. Each overall System is comprised of one or more Regional Processor Systems and Cell Site Systems.

BLACKBIRD-Registered Trademark- PLATFORM AND PRETECT-TM-
APPLICATION FUNCTIONAL OVERVIEW

Together, the Blackbird-Registered Trademark- Platform and PreTect-TM- form a home market cloning prevention solution, in which the Blackbird-Registered Trademark- Platform collects cellular phone data that PreTect-TM- measures and uses to interdict analog cellular phone cloning attempts in real time.

BLACKBIRD-Registered Trademark- PLATFORM OVERVIEW

The Blackbird-Registered Trademark- Platform is the data collection and storage platform for CTS's real time cellular fraud prevention applications.

Using hardware and software at the Cell Site System (CSS) and Regional Processor (RP), the Blackbird-Registered Trademark- Platform collects and stores the following cellular call data that form a cellular call event signature, or "fingerprint":

- Radio frequency (RF) transmission characteristics: The subtle differences between different cellular phones' RF signatures.
- Mobile Identification Number (MIN): The unique phone number assigned a cellular phone.
- Electronic Serial Number (ESN): The unique number programmed into a cellular phone during the manufacturing process.
- [*]

CTS designed the Blackbird-Registered Trademark- Platform as a platform for delivery of a modular system of cellular fraud prevention applications. The Blackbird-Registered Trademark- Platform Application Programming Interface (API) facilitates seamless integration of current and future CTS products to meet the changing fraud prevention requirements of its customers.

PRETECT-TM- OVERVIEW

PreTect-TM- is the real time cloning detection and interdiction application designed to function on the Blackbird-Registered Trademark- Platform. PreTect-TM- works to prevent cloning fraud.

CTS: _____

CUSTOMER: _____

Over time, PreTect-TM- uses the information collected and stored by the Blackbird-Registered Trademark- Platform to build a unique fingerprint for each analog cellular phone. PreTect-TM- also measures each call attempt transmitted to a cell site against this fingerprint. This real time measurement process allows PreTect-TM- to quickly determine whether the attempt originated from a cloned analog cellular phone.

Users access PreTect-TM- through a Graphical User Interface on Hewlett Packard X-terminals or IBM PC-compatible computers running X-terminal emulation software. Through the graphical user interface, users can [*]

Through the graphical user interface, users can configure PreTect-TM- to meet the needs of daily operations on their cellular network:

- [*]

Finally, [*]. This allows customer service and fraud prevention departments to better utilize the data storage and analysis capabilities of the Blackbird-Registered Trademark- Platform/PreTect-TM- system:

- [*]

SYSTEM HARDWARE OVERVIEW

The Blackbird-Registered Trademark- Platform/PreTect-TM- system includes the following hardware systems:

The Regional Processor(s) complex consists of one or more Regional Processors, routers and other hardware necessary to store cellular call data and maintain connectivity between the Cell Site System and regional processor system.

- Regional Processor: Typically a Hewlett Packard 9000 series processor running the HP-UX operating system.
- Router: Typically a CISCO 7000 series router used to provide TCP/IP Ethernet connectivity between the regional processor and each cell site.

The Blackbird-Registered Trademark- Platform and PreTect-TM- software work with the regional processor system to provide real-time call data collection, storage and reporting. In addition, the Blackbird-Registered Trademark- Platform's distributed real-time message processing allows distribution of fingerprint data among multiple regional processor systems in large markets.

The Cell Site System (CSS) consists of the cell site processor, radios and other equipment necessary to collect cellular call data, communicate with the regional processor system and shut down, or interdict, cloning attempts. One CSS is required for each cell site that uses the Blackbird-Registered Trademark- Platform/PreTect-TM- system.

- Cell Site Processor (CSP): An industry-standard PC housed in an industrial-grade metal enclosure, with a cellular modem for remote network troubleshooting.
- Radio: Cellular radios which collect cellular call data directly from the cell site antenna and transmit that data to the CSP without interrupting cell site call traffic.

CTS: _____

CUSTOMER: _____

- Interdiction module: Hardware unit that performs interdiction of cloning attempts upon command from the CSP. The interdiction module will vary depending on the Customer's infrastructure type.

Blackbird-Registered Trademark- and PreTect-TM- software work with the CSS to gather home market cellular call characteristics, relay information regarding those characteristics to the regional processor when necessary, and perform interdiction of cloning attempts.

BLACKBIRD-Registered Trademark- PLATFORM/PRETECT-TM- PROCESS OVERVIEW

This diagram follows a cellular call attempt through the Blackbird-Registered Trademark- Platform/PreTect-TM- system:

[FLOW CHART]

CTS: _____

CUSTOMER: _____

* CONFIDENTIAL MATERIAL OMITTED - FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

SCHEDULE I
TO
MASTER PURCHASE AND LICENSE AGREEMENT
NONDISCLOSURE AGREEMENT

Attached to this Schedule is a copy of the Nondisclosure Agreement dated as of August 27, 1996, between Cellular Technical Services Company, Inc. and Cellco Partnership.

CTS: _____

CUSTOMER: _____

BILATERAL NONDISCLOSURE AGREEMENT

This Agreement is made as of August 27, 1996 by and between CELLULAR TECHNICAL SERVICES COMPANY, INC. ("CTS") having its offices at 2401 Fourth Avenue, Suite 808, Seattle, Washington 98121, and CELLCO PARTNERSHIP, a Delaware general partnership d/b/a BELL ATLANTIC NYNEX MOBILE ("Company") having its offices at 180 Washington Valley Road, Bedminster, New Jersey 07921.

RECITALS

A. CTS and Company each possess certain information which is not generally available to the public, and which is proprietary to such party or considered by such party to be confidential or trade secret.

B. In connection with a proposed or existing business relationship between the parties, and during the performance of any resulting agreement between the parties, either party may disclose certain information to the other party which is proprietary to the disclosing party or considered by the disclosing party to be confidential or trade secret.

C. The parties wish to protect such proprietary and confidential information from disclosure to third parties and to prevent use or disclosure thereof except as authorized in accordance with this Agreement or otherwise in writing.

NOW, THEREFORE, CTS and Company agree as follows:

1. CONFIDENTIAL INFORMATION. "Confidential Information" means any type of information, data, or knowledge which is disclosed at any time from one party hereto (the "Disclosing Party") to the other party hereto (the "Receiving Party") which is not generally known to the public and which is proprietary to the Disclosing Party or considered by the Disclosing Party to be confidential or trade secret, regardless of the form of disclosure (e.g., whether written, oral, graphic, electronic, or visual), the date of disclosure (e.g., whether before, on, or after the date of this Agreement), or the party through whom disclosure is made (e.g., whether direct or indirect disclosure). "Confidential Information" includes without limitation all technical information, customer information, financial information, business plans or projections, marketing information, and any other information relating to the past, present, or future business operations or financial condition of the Disclosing Party.

2. NONDISCLOSURE; RESTRICTED USE.

2.1 The Receiving Party shall hold all Confidential Information of the Disclosing Party in strictest trust and confidence. The Receiving Party shall not, during the term of this Agreement, disclose or permit to be disclosed through the Receiving Party to any person, entity or governmental body, or personnel thereof, or use other than as expressly permitted by this Agreement, any Confidential Information of the Disclosing Party. Notwithstanding the preceding sentence, the Disclosing Party consents in advance to the disclosure of its Confidential Information to those employees of the Receiving Party necessary to perform the obligations of the Receiving Party under the agreements described in the Recitals, above, provided that the Receiving Party shall ensure that each such person maintains the confidentiality of the Disclosing Party's Confidential Information disclosed to him or her.

The obligations of the Receiving Party set forth in Section 2.1 shall not apply to any Confidential Information of the Disclosing Party which:

2.2.1 Was in the public domain at the time of the Disclosing Party's communication thereof to the Receiving Party;

2.2.2 Enters the public domain through no fault of the Receiving Party subsequent to the time of the Disclosing Party's communication thereof to the Receiving Party;

2.2.3 Was in the Receiving Party's possession free of any obligation of confidentiality to the Disclosing Party at the time of the Disclosing Party's communication thereof to the Receiving Party (as can be shown from tangible evidence in the form of ordinary business records normally kept and in existence at the time of the disclosure);

2.2.4 Is developed by the Receiving Party completely independent from the Confidential Information of the Disclosing Party (as can be shown from tangible evidence in the form of ordinary business records normally kept and in existence at the time of the disclosure); or

2.2.5 Is required by law or regulation to be disclosed, but only to the extent and for the purpose of such required disclosure after providing the Disclosing Party with advance written notice if reasonably possible such that the Disclosing Party is afforded an opportunity to contest the disclosure.

2.3 The Receiving Party shall have the burden of proving the existence of any of the exceptions described in Section 2.2 above.

3. CONFIDENTIAL INFORMATION DISCLOSING PARTY'S PROPERTY. The Confidential Information of the Disclosing Party shall be and remain the exclusive property of the Disclosing Party. The Receiving Party shall not take or use any materials, records, or media of any nature that contain Confidential Information of the Disclosing Party or that belong to the Disclosing Party without the express written consent of the Disclosing Party, and, upon request by the Disclosing Party, the Receiving Party shall deliver to the Disclosing Party all of same in the Receiving Party's possession, custody or control, and the Receiving Party shall not retain any copies thereof.

4. STANDARD OF CONFIDENTIALITY PROTECTION. At all times, the Receiving Party will protect the confidentiality of the Disclosing Party's Confidential Information. The minimum standard for protection thereof shall be that degree of protection, and those measures intended to implement such protection, as the Receiving Party affords its own most secret or highly confidential information, but in any event no lesser standard than that which a reasonable person would utilize with respect to trade secrets or highly confidential information.

5. REMEDY FOR BREACH. The parties hereto recognize and agree that money damages are an inadequate remedy for breach of this Agreement by the Receiving Party and further recognize that breach of this Agreement by the Receiving Party would result in irreparable harm to the Disclosing Party. Therefore, in the event of a breach or threatened breach by the Receiving Party of this Agreement, the Receiving Party may be enjoined from engaging in any activity prohibited by this Agreement by injunction issued by a court of competent jurisdiction. In the event any court of competent jurisdiction determines any provision herein is too broad to enforce as written, either as to time or geographical area or otherwise, such court is authorized and directed by the parties hereto to construe,

modify or reform such provision to the extent reasonably necessary to make such provision enforceable. Nothing herein shall be construed as prohibiting the Disclosing Party from pursuing any other remedies available to it for such breach or threatened breach of this Agreement, including the recovery of damages.

6. MISCELLANEOUS.

6.1 TERM. This Agreement shall be effective as of the date first written above and shall remain in effect for a period of five (5) years thereafter. All obligations of the Receiving Party under this Agreement shall survive the termination of this Agreement with respect to Confidential Information of the Disclosing Party disclosed to the Receiving Party prior to termination of this Agreement.

6.2 GOVERNING LAW. This Agreement shall be interpreted and governed in accordance with the laws of the state of New York.

6.3 NO FURTHER OBLIGATION. Nothing in this Nondisclosure Agreement shall obligate either party to enter into or to refrain from entering into any further agreement or negotiation with the other party or with any third party.

6.4 ENTIRE AGREEMENT; AMENDMENTS. This Agreement together with all exhibits or schedules attached to this Agreement: (a) contains the entire understanding between the parties with respect to the safeguarding of Confidential Information; and (b) supersedes all prior communications and understandings between the parties with respect thereto. This Agreement may be modified, supplemented and/or amended only by a writing signed by authorized representatives of both CTS and Company.

EXECUTED as of the date first set forth above by authorized representatives of Company and CTS.

COMPANY:
CELLCO PARTNERSHIP
By Bell Atlantic NYNEX Mobile, Inc.
Its Managing General Partner

CTS:
CELLULAR TECHNICAL SERVICES
COMPANY, INC.

By /s/ Richard J. Lynch

Richard J. Lynch

By /s/ Robert P. Dahut

Robert P. Dahut

Print Name

Exec. V.P. & Chief Tech. Officer

Title

Print Name

President & Chief Operating Officer

Title

Company's Address for Notices:

180 Washington Valley Road
Bedminster, New Jersey 07921
Attention: E.V.P. -
Chief Technical Officer

CTS's Address for Notices:

2401 Fourth Avenue, Suite 808
Seattle, Washington 98121
Attention: Legal Department

* CONFIDENTIAL MATERIAL OMITTED - FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

Telefax: (908) 306-6836

Telefax: (206) 443-1550

With a copy to:

180 Washington Valley Road
Bedminster, New Jersey 07921
Attention: Legal Department
Telefax: (908) 306-6836

BILATERAL NONDISCLOSURE AGREEMENT

PAGE 4

* CONFIDENTIAL MATERIAL OMITTED - FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

SCHEDULE J
TO
MASTER PURCHASE AND LICENSE AGREEMENT
NONDISCRIMINATION COMPLIANCE AGREEMENT

Attached to this Schedule is a copy of the Customer's standard form of Nondiscrimination Compliance Agreement.

CTS: _____

CUSTOMER: _____

NON-DISCRIMINATION COMPLIANCE AGREEMENT

To the extent that this contract is subject to them, Contractor shall comply with the applicable provisions of the following: Exec. Order No. 11246, Exec. Order No. 11625, Exec. Order No. 12138, Exec. Order No. 11701, Exec. Order No. 11758, Section 503 of the Rehabilitation Act of 1973, Section 402 of the Vietnam Era Veterans' Readjustment Assistance Act of 1974 and the rules, regulation and relevant Orders of the Secretary of Labor pertaining to the Executive Orders and Statutes listed above. The following table describes the clauses which are included in the contract.

| ANNUAL CONTRACT VALUE | CLAUSES |
|-----------------------|--------------------------|
| ----- | ----- |
| Under \$2,500 | 5* |
| \$2,500-\$10,000 | 5*8 |
| \$10,000-\$50,000 | 1,2,5*,6,7,8,9 |
| \$50,000-\$500,000 | 1,2,3**,4**,5,6,7,8,9 |
| Over \$500,000 | 1,2,3**,4**,5,6,7,8,9*** |

1. Equal Employment Opportunity Provisions

In accordance with executive Order 11246, dated September 24, 1965, and Subpart 22.8 of Subchapter D of Chapter 1 of Title 48 of the Code of Federal Regulations as may be amended from time to time, the parties incorporate herein by this reference the regulations and contract clauses required by those provisions to be made a part of government contracts and subcontracts.

2. Certification of Non-Segregated Facilities

The Contractor certifies that it does not and will not maintain any facilities it provides for its employees in a segregated manner, or permit its employees to perform their services at any location under its control where segregated facilities are maintained; and that it will obtain a similar certification prior to the award of any nonexempt subcontract.

3. Certification of Affirmative Action Program

The Contractor affirms that it has developed and is maintaining an Affirmative Action Plan as required by Subpart 22.8 of Subchapter D of Chapter 1 of Title 48 of the Code of Federal Regulations.

4. Certification of Filing of Employer Information Reports

The Contractor agrees to file annually on or before the 31st day of March complete and accurate reports on Standard Form 100 (EE0-1) or such forms as may be promulgated in its place.

5. Utilization of Small Business Concerns and Small Disadvantaged Business Concerns

(a) it is the policy of the United States that small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals shall have the maximum practicable opportunity to participate in performing contracts let by any Federal agency.

(b) The Contractor hereby agrees to carry out this policy in the awarding of subcontracts to the fullest extent consistent with efficient contract performance. The Contractor further agrees to cooperate in studies or surveys as may be conducted by the United States Small Business Administration or the awarding agency of the United States as may be necessary to determine the extent of the Contractor's compliance with this clause.

(c) As used in this contract, the term "small business concern" shall mean a small business as defined pursuant to section 3 of the Small Business Act and relevant regulations promulgated pursuant thereto. The term "small business concern owned and controlled by socially and economically disadvantaged individuals" shall mean a small business concern-

(1) Which is at least 51 percent owned by one or more socially and economically disadvantaged individuals; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more socially and economically disadvantaged individuals; and

(2) Whose management and daily business operations are controlled by one or more of such individuals.

The Contractor shall presume that socially and economically disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Asian-Indian Americans and other minorities, or any other individual found to be disadvantaged by the Administration pursuant to section 8(a) of the Small Business Act.

(d) Contractors acting in good faith may rely on written representations by their subcontractors regarding their status as either a small business concern or a small business concern owned and controlled by socially and economically disadvantaged individuals.

6. Utilization of Women-Owned Small Businesses

(a) "Women-owned small business," as used in this clause, means businesses that are at least 51 percent owned by women who are United States citizens and who also control and operate the business.

"Control," as used in this clause, means exercising the power to make policy decisions.

"Operate," as used in this clause, means being actively involved in the day-to-day management of the business.

(b) It is the policy of the United States that women-owned small businesses shall have the maximum practicable opportunity to participate in performing contracts awarded by any Federal agency.

(c) The Contractor agrees to use its best efforts to give women-owned small businesses the maximum practicable opportunity to participate in the subcontracts it awards to the fullest extent consistent with the efficient performance of its contract.

7. Affirmative Action for Special Disabled Veterans and Veterans of the Vietnam Era

In accordance with Exec. Order 11701, dated January 24, 1973, and Subpart 22.13 of Subchapter D of Chapter 1 of Title 48 of the Code of Federal Regulations, as may be amended from time to time, the parties incorporate herein by this reference the regulations and contract clauses required by those provisions to be made a part of Government contracts and subcontracts.

8. Affirmative Action for Handicapped Workers

In accordance with Exec. Order 11701, dated January 24, 1973, and Subpart 22.14 of Subchapter D of Chapter 1 of Title 48 of the Code of Federal Regulations, as may be amended from time to time, the parties incorporate herein by this reference the regulations and contract clauses required by those provisions to be made a part of Government contracts and subcontracts.

9. Employment Reports on Special Disabled Veterans and Veterans of the Vietnam Era

(a) The contractor agrees to report at least annually, as required by the Secretary of Labor, on:

(1) The number of special disabled veterans and the number of veterans of the Vietnam era in the workforce of the contractor by job category and hiring location; and

(2) The total number of new employees hired during the period covered by the report, and of that total, the number of special disabled veterans, and the number of veterans of the Vietnam era.

(b) The above items shall be reported by completing the form entitled "Federal Contractor Veterans' Employment Report VETS-100."

(c) Reports shall be submitted no later than March 31 of each year beginning March 31, 1968.

(d) The employment activity report required by paragraph (a)(2) of this section shall reflect total hires during the most recent 12-month period as of the ending date selected for the employment profile required by paragraph (a) (1) of this section. Contractors may select an ending date: (1) as of the end of any pay period during the period January through March 1st of the year the report is due, or (2) as of December 31, if the contractor has previous written approval from the Equal Employment Opportunity Commission to do so for purposes of submitting the Employer Information Report EEO-1 (Standard Form 100).

(e) The count of veterans reported according to paragraph (a) above shall be based on voluntary disclosure. Each contractor subject to the reporting requirements at 38 U.S.C. 2012(d) shall invite all special disabled veterans and veterans of the Vietnam era who wish to benefit under the affirmative action program at 38 U.S.C. 2012 to identify themselves to the contractor. The invitation shall state that the information is voluntarily provided, that the information will be kept confidential, that disclosure or refusal to provide the information will not subject the applicant or employee to any adverse treatment, and that the information will be used only in accordance with the regulations promulgated under 38 U.S.C. 2012. Nothing in this paragraph (e) shall preclude an employee from informing a contractor at a future time of his or her desire to benefit from this program. Nothing in this paragraph (e) shall relieve a contractor from liability for discrimination under 38 U.S.C. 2012.

* Applies only if contract has further subcontracting opportunities.

** Applies only to businesses with 50 or more employees.

*** Contractor must also adopt and comply with a small business and small disadvantaged business subcontracting plan pursuant to Title 48 of the Code of Federal Regulations.

[LETTERHEAD]

October 25, 1996

Mr. Stephen Katz
Chairman of the Board/Chief Executive Officer
Cellular Technical Services Company, Inc.
2401 Fourth Avenue
Seattle, Washington 98121

Dear Steve,

We are pleased to advise you that based upon your annual financial statements for the fiscal year ending December 31, 1995, The Chase Manhattan Bank (the "Bank") has approved your request for a secured line of credit for Cellular Technical Services Company, Inc., in the aggregate amount of \$5,000,000. The line of credit will be secured by a first priority perfected security interest in all personal property of Cellular Technical Services Company, Inc. Our officers may, at their discretion, make short-term loans to Cellular Technical Services Company, Inc., on such terms as are mutually agreed upon between us from time to time.

Borrowings under this line of credit are intended to be used to meet your normal short-term working capital needs and will bear interest at such a rate as shall be mutually agreed upon by each of us from time to time. This line of credit has an associated administration fee of \$4,000, payable in advance.

It is a condition that all outstandings under the line be repaid for a consecutive 30 day period before the expiration date of this line.

As this line is not a commitment, credit availability is, in addition, subject to your execution and delivery of such documentation as the Bank deems appropriate and the receipt and continuing satisfaction with current financial information, which information will be furnished to the Bank as it may from time to time reasonably request. This line of credit expires on September 30, 1997.

We are pleased to be of service and trust you will call upon us to assist in any of your banking requirements.

Very truly yours,

/s/ Sallyanne K. Ballweg

[CHASE LOGO]

[LETTERHEAD]

November 8, 1996

Mr. Michael McConnell
Vice President and Chief Financial Officer
Cellular Technical Services Company, Inc.
2401 Fourth Avenue, Suite 808
Seattle, Washington 98121

Dear Mike:

I am in receipt of Kyle Sugamele's letter which contained the signed security agreement and UCC filings for CTS. All of the necessary documentation is now in place for CTS to borrow under its \$5,000,000 secured line of credit.

Very truly yours,

/s/ Sallyanne K. Ballweg

Melville , N.Y.

\$ _____, 19__

On _____ (insert specific date or "DEMAND"), for value received, the undersigned hereby promises to pay to the order of CHEMICAL BANK (hereinafter the "Bank") at its offices at 395 North Service Road, Melville, N.Y.

_____ DOLLARS with interest payable on _____ (specific date) and the last day of each month (quarter, month, etc.) thereafter (and at maturity) at a per annum rate of 3/4 % above the Bank's Prime Rate (which shall be the rate of interest as is publicly announced at the Bank's principal office from time to time as its Prime Rate), adjusted as of the date of each such change. The foregoing rate shall be computed for the actual number of days elapsed on the basis of a 360-day year, but in no event shall be higher than the maximum permitted under applicable law. Interest on any past due amount, whether at the due date thereof or by acceleration, shall be paid at a rate of one percent per annum in excess of the above stated rate, but in no event higher than the maximum permitted under applicable law. Time for payment extended by law shall be included in the computation of interest.

The undersigned hereby grants to the Bank a lien on, security interest in and right of set-off against all moneys, securities and other property of the undersigned and the proceeds thereof now or hereafter delivered to remain with or in transit in any manner to the Bank, its correspondents or its agents from or for the undersigned, whether for safekeeping, custody, pledge, transmission, collection or for any other purpose, or coming into possession, control or custody of the Bank, Chemical Securities, Inc., or any other affiliate of the Bank in any way, and, also, any balance of any deposit account and credits of the undersigned with, and any other claims of the undersigned against, the Bank, Chemical Securities, Inc., or any other affiliate of the Bank at any time existing (all of which are hereinafter collectively called "Collateral"), as collateral security for the payment of this note and all other liabilities and obligations now or hereafter owed by the undersigned to the Bank, contracted with or acquired by the Bank, whether joint, several, direct, indirect, absolute, contingent, secured, unsecured, matured or unmatured (all of which are hereafter collectively called "Liabilities"), hereby authorizing the Bank at any time or times, without notice or demand, to apply any such Collateral or any proceeds thereof to any of such Liabilities in such amounts as it in its sole discretion may select, either contingent, unmatured or otherwise and whether any other collateral security therefor is deemed adequate or not. Undersigned authorizes the Bank to deliver to others a copy of this note as written notification of the undersigned's transfer of a security interest in the Collateral. The Bank further is authorized at any time or times, without demand or notice to the undersigned, to transfer to or register in the name of its nominee or nominees all or any part of the Collateral and to exercise any and all rights, power and privileges (except that prior to an Event of Default the Bank shall not have the right to vote or to direct the voting of any Collateral). The collateral security and other rights described herein shall be in addition to any other collateral security described in any separate agreement executed by the undersigned.

In the event of: default in the prompt payment of any Liabilities; default in any other indebtedness of the undersigned (which, for the purposes of this sentence, means the undersigned or any guarantor, surety or endorser of, or any person or entity which has pledged any of its property to secure, any Liabilities); complete or partial liquidation or suspension of any business of the undersigned; dissolution, merger, consolidation or reorganization of the undersigned; death of or loss of employment by an individual or any member of any partnership (if the undersigned is an individual or a partnership); failure to furnish any financial information or to permit inspection of any books or records at the Bank's request; a representation, warranty or statement of the undersigned proving false in any material respect when made or furnished; general assignment for the benefit of creditors or insolvency of the undersigned; commencement of any proceeding supplementary to any execution relating to any judgment against the undersigned; attachment, distraint, levy, execution or final judgment against the undersigned or against the property of the undersigned; assignment by the undersigned of any equity in any of the Collateral without the written consent of the Bank; appointment of a receiver, conservator, rehabilitator or similar officer for the undersigned, or for any property of the undersigned; tax assessment by the United States Government or any state or political subdivision thereof against the undersigned; the taking of possession of, or assumption of control over, all or any substantial part of the property of the undersigned by the United States Government, or any state or political subdivision thereof, foreign government (de facto or de jure) or any agency of any thereof; calling of a meeting of creditors, assignment for the benefit of creditors or bulk sale or notice thereof; any mortgage, pledge of or creation of a security interest in any assets without the consent of the holder of this note; filing of a petition in bankruptcy, commencement of any proceeding under any bankruptcy or debtor's law (or similar law analogous in purpose or effect) for the relief, reorganization, composition, extension, arrangement or readjustment of any of the obligations by or against the undersigned; then, and in any of those events (each, an "Event of Default"), all Liabilities, although otherwise unmatured or contingent, shall forthwith become due and payable without notice or demand and notwithstanding anything to the contrary contained herein or in any other instrument. Further, acceptance of any payments shall

not waive or affect any prior demand or acceleration of these Liabilities, and each such payment made shall be applied first to the payment of accrued interest, then to the aggregate unpaid principal or otherwise as determined by the Bank in its sole discretion. The undersigned hereby irrevocably consents to the IN PERSONAM jurisdiction of the federal and/or state courts located within the State of New York over controversies arising from or relating to this note or the Liabilities and IRREVOCABLY WAIVES TRIAL BY JURY and the right to interpose any counterclaim or offset of any nature in any such litigation. The undersigned further irrevocably waives presentment, demand, protest, notice of dishonor and all other notices or demands of any kind in connection with this note or any Liabilities. The undersigned shall be jointly and severally liable hereon.

The Bank may, at its option, at any time when in the judgment of the Bank the Collateral is inadequate or the Bank deems itself insecure, or upon or at any time after the occurrence of an Event of Default, proceed to enforce payment of the same and exercise any of or all the rights and remedies afforded the Bank by the Uniform Commercial Code (the "Code") or otherwise possessed by the Bank. Any requirement of the Code for reasonable notice to the undersigned shall be deemed to have been complied with if such notice is mailed, postage prepaid, to the undersigned and such other persons entitled to notice, at the addresses shown on the records of the Bank at least four (4) days prior to the time of sale, disposition or other event requiring notice under the Code.

The undersigned agrees to pay to the Bank, as soon as incurred, all costs and expenses incidental to the care, preservation, processing, sale or collection of or realization upon any of or all the Collateral or incurred in connection with the enforcement or collection of this note, or in any way relating to the rights of the Bank hereunder, including reasonable inside or outside counsel fees and expenses. Each and every right and remedy hereby granted to the Bank or allowed to it by law shall be cumulative and not exclusive and each may be exercised by the Bank from time to time and as often as may be necessary.

The undersigned shall have the sole responsibility for notifying the Bank in writing that the undersigned wishes to take advantage of any redemption, conversion or other similar right with respect to any of the Collateral. The Bank may release any party (including any partner or any undersigned) without notice to any of the undersigned, whether as co-makers, endorsers, guarantors, sureties, assigns or otherwise, without affecting the liability of any of the undersigned hereof or any partner of any undersigned hereof.

Upon any transfer of this note, the undersigned hereby waiving notice of any such transfer, the Bank may deliver the Collateral or any part thereof to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to the Bank with respect thereto and the Bank shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but the Bank shall retain all rights hereby given to it with respect to any Liabilities and Collateral not so transferred. No modification or waiver of any of the provisions of this note shall be effective unless in writing, signed by the Bank, and only to the extent therein set forth; nor shall any such waiver be applicable except in the specific instance for which given. This agreement sets forth the entire understanding of the parties, and the undersigned acknowledges that no oral or other agreements, conditions, promises, understandings, representations or warranties exist in regard to the obligations hereunder, except those specifically set forth herein.

If the undersigned is a partnership, the agreement herein contained shall remain in force and applicable, notwithstanding any changes in the individuals composing the partnership or any release of any partner or partners and their partners shall not thereby be released from any liability. If this note is signed by more than one party, the terms "undersigned", as used herein, shall include mean the "undersigned and each of them" and each undertaking herein contained shall be their joint and several undertaking, provided, however, that in the phrases "of the undersigned", "by the undersigned", "against the undersigned", "for the undersigned", "to the undersigned", and "on the undersigned", the term "undersigned" shall mean the "undersigned or any of them"; and the Bank may release or exchange any of the Collateral belonging to any of the parties hereto and it may renew or extend any of the liabilities of any of them and may make additional advances or extensions of credit to any of them or release or fail to set off any deposit account or credit to any of them or grant other indulgences to any of them, all from time to time, before or after maturity hereof, with or without further notice to or assent from any of the other parties hereto. Each reference herein to the Bank shall be deemed to include its successors, endorsees and assigns, in whose favor the provisions hereof shall also inure. Each reference herein to the undersigned shall be deemed to include the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned, all of whom shall be bound by the provisions hereof.

The provisions of this note shall be construed and interpreted and all rights and obligations hereunder determined in accordance with the laws of the State of New York, and, as to interest rates, applicable Federal law.

By: Cellular Technical Services Company, Inc.

By: _____

Address: 2401 Fourth Avenue

Address: _____

Seattle, Washington 98121

ALL REFERENCES TO CHEMICAL BANK,
THE CHASE MANHATTAN BANK, N.A.
OR THE CHASE MANHATTAN BANK,
(NATIONAL ASSOCIATION) SHALL MEAN
THE CHASE MANHATTAN BANK, A
NEW YORK STATE CHARTERED BANK.

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of November 8, 1996 among CELLULAR TECHNICAL SERVICES COMPANY, INC., 2401 Fourth Avenue, Seattle, Washington 98121, a Delaware corporation (the "Company"), and the persons whose names and addresses are set forth on the signature page hereof (each a "Purchaser").

ARTICLE I

PURCHASE AND SALE OF COMMON STOCK

1.1 PURCHASE AND SALE. Upon the basis of the representations, warranties and covenants, for the consideration, and subject to the terms and conditions set forth in this Agreement, the Company agrees to sell to each Purchaser, and each Purchaser agrees to severally purchase from the Company, the number of shares of the Common Stock, \$.001 par value of the Company set forth opposite his name on the signature page hereof which shares total an aggregate of 400,000 shares (the "Shares") free and clear of all claims, liens, charges and encumbrances of any nature whatsoever. In consideration of the sale of the Shares by the Company to the Purchasers, each Purchaser shall, on or before November 12, 1996, pay in cash or wire funds to the Company the amount set forth opposite his name on the signature page hereof. The opinion of Parker Chapin Flattau & Klimpl, LLP, counsel to the Company, concerning certain matters under this Agreement shall be delivered to the Purchasers upon full payment of the purchase price for the Shares.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

The Company represents, warrants and covenants to each Purchaser as follows:

2.1 INCORPORATION AND ORGANIZATION. The Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and authority to own and operate its assets and properties and carry on its business as presently conducted and is duly qualified to do business and is in good standing in all jurisdictions in which the ownership or occupancy of its properties or its activities presently makes such qualification necessary, except where the failure to so qualify or be in good standing would not have a material adverse effect upon the businesses, properties or assets of the Company.

2.2 AUTHORITY AND VALIDITY. The Company has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, including without limitation the sale and issuance of the Shares. The execution and delivery by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action of the Company. This Agreement has been duly and validly executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought. The Shares when issued in accordance with this Agreement will be, duly and validly issued, fully paid and nonassessable and free of pre-emptive rights by any shareholders of the Company.

2.3 CONSENTS AND APPROVALS. Assuming the accuracy of the representation of each Purchaser set forth in Section 3.5 hereof and except as may be required pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or pursuant to the Securities Act of 1933, as amended (the "Securities Act"), in connection with the Company's registration obligation under Article IV hereof, all authorizations, approvals and consents, if any, required to be obtained from, and all registrations, declarations and filings, if any, required to be made with all governmental authorities and regulatory bodies to permit the Company to execute and deliver and to perform its obligations under, this Agreement have been obtained or made, as the case may be, and all such authorizations, approvals, consents, registrations, declarations and filings (collectively, "Company consents and filings") are in full force and effect, except where failure to obtain and/or maintain in full force and effect such Company consents and filings would not have a material adverse effect upon the execution and delivery of, and upon the performance of the Company's obligations under, this Agreement.

2.4 NO VIOLATIONS. Neither the execution or delivery by the Company, nor the consummation by the Company of the transactions herein contemplated, nor the fulfillment by the Company of the terms and provisions hereof (i) will conflict with, violate or result in a breach of, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality or any arbitrator, applicable to the Company, (ii) will conflict with, violate or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of the Company's certificate of incorporation and by-laws, or (iii) will conflict with, violate or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of any material loan agreement, indenture, trust, deed or other agreement or instrument to which the Company is a party or by which it is bound, except where such conflict, violation or breach will not have a material adverse effect on the Company's execution, delivery, consummation or fulfillment of this Agreement.

2.5 PUBLIC DOCUMENTS. As of the dates on which they were filed, none of the Company's filings with the Securities and Exchange Commission (the "SEC") since January 1, 1996 contained any untrue statements of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company has registered its Common Stock pursuant to Section 12 of the Exchange Act and the Common Stock is included for trading on the NASDAQ Stock Market. The Company has filed in a timely manner all material required to be filed pursuant to all applicable reporting obligations under either Section 13(a) or 15(d) of the Exchange Act for a period of at least 12 months prior to the date hereof. As of November 11, 1996 the Company has issued and outstanding 22,212,708 shares of Common Stock.

2.6 FULL DISCLOSURE. There is no fact known to the Company (other than general economic conditions known to the public generally) that has not been disclosed in the Company's filings with the SEC that (i) is likely to have a material adverse effect on the condition (financial or otherwise) or in the earnings, business affairs, business prospects, properties or assets of the Company and its subsidiaries taken as a whole or (ii) is likely to materially and adversely affect the ability of the Company to perform its obligations pursuant to this Agreement.

2.7 EXEMPTION FROM SECURITIES ACT. Assuming that the representations, warranties and acknowledgments of each Purchaser provided for in Article III hereof are true and correct, the sale of the Shares to each such Purchaser pursuant to this Agreement will be exempt from the registration provisions of the Securities Act and the registration provisions of any blue sky or other state referred to as "blue sky laws") of any applicable jurisdiction.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASERS

Each Purchaser severally represents, warrants and covenants to the Company solely with respect to himself as follows:

3.1 ORGANIZATION. Each Purchaser which is not an individual has been duly organized and is subsisting and has full power and authority to own and operate its assets and properties and carry on its businesses as presently conducted.

3.2 AUTHORITY. Such Purchaser has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by such Purchaser of this Agreement and the consummation by such Purchaser of the transactions contemplated hereby have been duly authorized by all necessary action of such Purchaser. This Agreement has been duly and validly executed and delivered by such Purchaser and constitutes a valid and binding obligation of such Purchaser enforceable against such Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought.

3.3 CONSENTS AND APPROVALS. Assuming the accuracy of the representations of the Company set forth in Section 2.3 hereof, all authorizations, approvals and consents, if any, required to be obtained from, and all registrations, declarations and filings, if any, required to be made with, all governmental authorities and regulatory bodies to permit such Purchaser to execute and deliver, and to perform its obligations under this Agreement have been obtained or made, as the case may be, and all such authorizations, approvals, consents, registrations, declarations and filings (collectively, "Purchaser consents and filings") are in full force and effect, except where failure to obtain and/or maintain in full force and effect the Purchaser consents and filings would not have a material adverse effect upon the execution and delivery of, and upon the performance of the Purchasers' obligations under, this Agreement.

3.4 NO VIOLATIONS. Neither the execution or delivery by such Purchaser of this Agreement, nor the consummation by such Purchaser of the transactions herein contemplated, nor the fulfillment by such Purchaser of the terms and provisions hereof (i) will conflict with, violate or result in a breach of, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality or any arbitrator, applicable to such Purchaser, or (ii) will conflict with, violate or result in a breach of, or constitute a default under, any of the terms, conditions or provisions of any material loan agreement, indenture, trust, deed or other agreement or instrument to which such Purchaser is a party or by which he is bound, except where such conflict, violation or breach will not have a material adverse effect on such Purchaser's execution, delivery, consummation or fulfillment of this Agreement.

3.5 INVESTMENT REPRESENTATION. Such Purchaser is an accredited investor within the meaning of Regulation D promulgated under the Securities Act and is acquiring the Shares for his own account for investment purposes, and not with a view to, or for resale in connection with, any distribution thereof within the meaning of the Securities Act and that the Shares will not be resold except in compliance with the Securities Act. Such Purchaser understands that the Shares have not been registered under the

Securities Act or any blue sky laws in reliance, in part, upon the representations, warranties and covenants contained herein. Such Purchaser also understands that he cannot offer for sale, sell or transfer the Shares except as provided below.

3.6 TRANSFER RESTRICTIONS. Such Purchaser agrees that the following restrictive legend will be placed on certificates representing any or all of the Shares and that transfer of any or all of the Shares may be refused by the Company's transfer agent unless the Shares for which transfer is sought are registered under the Securities Act and all other applicable federal securities or blue sky laws or unless such Purchaser provide information satisfactory to the Company that such registration is not required:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF THE COMPANY THAT THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OTHER THAN (1) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES."

Such Purchaser agrees that the Shares being delivered pursuant to this Agreement shall not be transferred by such Purchaser except (i) pursuant to an effective registration statement under the Securities Act, or (ii) pursuant to an exemption from registration under the Securities Act. Each Purchaser represents and warrants that he or it has (i) such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of an investment in the Common Stock, (ii) all information deemed by him or it to be necessary or appropriate to evaluate the risks and merits of an investment in the Company Securities, (iii) received all information requested from the Company and (iv) had the opportunity to ask questions of and receive answers from representatives of the Company concerning the Company.

ARTICLE IV

4.1 REGISTRATION. The Company, at its cost and expense as provided in Section 5.3 below, agrees to effect the registration under the Securities Act and relevant blue sky laws of the Shares (the "Registration Shares") in order to permit their resale by the Purchasers in the manner selected by the Purchasers. The Company and the Purchaser shall cooperate in good faith in connection with the furnishing of information required for such registration and the taking of such other actions as may be legally or commercially necessary in order to effect such registration. Within 60 days following the date hereof, the Company shall file a registration statement on Form S-3 with respect to the resale of the Registration Shares and shall use its best efforts to cause such registration statement to become effective as soon as practicable thereafter. Such best efforts shall include, but not be limited to, (i) promptly responding to all comments received from the staff of the SEC, (ii) providing the Purchaser's counsel with a contemporaneous copy of all written communications from and to the staff of the SEC with respect to such registration statement, (iii) promptly preparing and filing amendments to such registration statement which are responsive to the comments received from the staff of the SEC, (iv) furnishing to each Purchaser such number of copies of each prospectus included in the registration statement for the Registration Shares, including each preliminary prospectus, each of which shall be in conformity with the requirements of the rules and regulations of the SEC, (v) notifying each Purchaser at any time when a prospectus relating to such Registration Shares is required to be delivered under rules and regulations of the SEC of the happening of any event as a result of which the prospectus included in the registration

statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of circumstances then existing, and promptly preparing and furnishing to each Purchaser a reasonable number of copies of a supplement to or amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registration Shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, (vi) using its reasonable commercial efforts to cause all Registration Shares to be included for trading on the NASDAQ Stock Market and (vii) in instances where an exemption from such qualification is not available, using its reasonable best efforts to register or qualify the Registration Shares under the securities or blue sky laws of such jurisdictions as each Purchaser shall reasonably request; provided, that the Company shall not be required to register or qualify under the blue sky laws in states where the Company is already cleared. Once declared effective by the SEC, the Company shall cause such registration statement to remain effective until the earlier of (i) the sale by the Purchaser of all shares so registered or (ii) 360 days after the effective date of such registration statement.

(b) In anticipation of the registration of the Registration Shares under the Securities Act and the rules and regulations promulgated thereunder pursuant to this Agreement, the Company will: (i) indemnify and hold harmless each Purchaser and each other person, if any, who controls each Purchaser within the meaning of the Securities Act (each such party, an "Indemnified Party"), to the fullest extent permitted by law, against any losses, claims, damages or liabilities, joint or several, to which any such Indemnified Party may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the registration statement under which the Registration Shares were registered under the Securities Act and the rules and regulations promulgated thereunder, any preliminary prospectus or final prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) promptly reimburse each Indemnified Party on demand for any reasonable legal or any other expenses reasonably incurred thereby in connection with investigating or defending such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in said registration statement, said preliminary prospectus, said prospectus or said amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Indemnified Party specifically for incorporation therein.

(c) Each Purchaser will severally (i) indemnify and hold harmless the Company and each other person, if any, who controls the Company within the meaning of the Securities Act, to the fullest extent permitted by law, against any losses, claims, damages or liabilities, joint or several, to which the Company or such controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement under which the Registration Shares were registered under the Securities Act and the rules and regulations promulgated thereunder, any preliminary prospectus or final prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) promptly reimburse the Company on demand and each other person, if any, who controls the Company within the meaning of the Securities Act for any reasonable legal or any other expenses reasonably incurred thereby in connection with investigating or defending any such loss, claim,

damage, liability or action, in each case under clause (i) or (ii) of this paragraph (c) to the extent and only to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement in said preliminary prospectus or said prospectus or said amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Purchaser specifically for incorporation therein.

(d) In addition to the indemnification and remedies provided above, each of the Company, on the one hand, and each Purchaser severally on the other hand, agrees to indemnify the other and hold the other harmless from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees) which the other party may sustain or incur in connection with the breach by the indemnifying party of any representation, warranty or covenant made by it or him in this Agreement.

ARTICLE V

MISCELLANEOUS

5.1 COLLATERAL AGREEMENTS, AMENDMENTS AND WAIVERS. This Agreement supersedes all prior documents, understandings and agreements, oral or written, relating to this transaction and constitutes the entire understanding between the parties with respect to the subject matter hereof. Any modification or amendment to, or waiver of, any provision of this Agreement may be made only by an instrument in writing executed by the party against whom enforcement thereof is sought.

5.2 SUCCESSORS AND ASSIGNS. Neither the Purchasers' nor the Company's rights or obligations under this Agreement may be assigned, except that each Purchaser may assign his rights hereunder to an affiliate or other purchaser in a private transaction provided that (i) such affiliate or purchaser is deemed an "accredited investor" within the meaning of Regulation D of the Securities Act, (ii) the affiliate or purchaser certifies to the Company that he or it is an "accredited investor" and (iii) the affiliate or purchaser shall execute and deliver such documentation as the Company deems necessary to be bound by the terms of this Agreement. Any assignment in violation of the foregoing shall be null and void. Subject to the preceding sentences of this Section 5.2, the provisions of this Agreement (and, unless otherwise expressly provided therein, of any document delivered pursuant to this Agreement) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

5.3 EXPENSES. Each party shall pay all costs and expenses incurred by it in connection with the negotiation, execution and delivery of this Agreement and the transactions contemplated hereby. The Company shall pay all costs and expenses incurred in connection with the registration of the Registration Shares pursuant to Article IV hereof, except that the Company will not be responsible for paying Purchasers' legal costs or brokerage commissions incurred in connection therewith.

5.4 INVALID PROVISIONS. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, then, if possible such illegal, invalid or unenforceable provision will be modified to such extent as is necessary to comply with such present or future laws and such modification shall not affect any other provision hereof, provided that if such provision may not be so modified such illegality, invalidity or unenforceability will not affect any other provision, but this Agreement will be reformed, construed and enforced as if such invalid, illegal or unenforceable provision had never been contained herein.

5.5 NOTICES. In any case where any notice or other communication is required or permitted to be given hereunder (including, without limitation, any change in the information set forth in this

Section 5.5) such notice or communication shall be in writing and (a) personally delivered, (b) sent by registered United States mail, postage prepaid, return receipt requested, (c) transmitted by telecopy or (d) sent by way of a recognized overnight courier service, postage prepaid, return receipt requested with instructions to deliver on the next business day, in each case as follows:

If to the Company, to:

Mr. Stephen Katz, Chairman of the Board
Cellular Technical Services Company, Inc.
2401 Fourth Avenue
Seattle, Washington 98121

with a copy to:

Parker Chapin Flattau & Klimpl, LLP
1211 Avenue of the Americas
New York, New York 10036
Attention: Edward R. Mandell

If to a Purchaser to his or its address
set forth on the signature page hereof

with a copy to:

Lawrence N. Rosen, Esq.
2925 Aventura Boulevard, Suite 308
Aventura, Florida 33180

and

Jeffrey M. Levine, CPA
1050 Lee Wagener Boulevard, Suite 301
Ft. Lauderdale, Florida 33315

5.6 PUBLIC ANNOUNCEMENT. Neither the Company nor the Purchaser shall issue or cause the publication of any press release or other public announcement with respect to the transactions contemplated by this Agreement without the consent of the other party, which consent shall not be unreasonably withheld, provided that the Company may make such disclosure as it deems appropriate pursuant to its reporting obligations under the Exchange Act and that each party may issue such press releases or public announcements as shall be required by law.

5.7 NO THIRD-PARTY BENEFICIARIES. No person or entity not a party to this Agreement or referred to in 5.2 hereof shall be deemed to be a third-party beneficiary hereunder or entitled to any rights hereunder.

5.8 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OR CHOICE OF LAW. EACH OF THE PARTIES CONSENTS TO THE JURISDICTION OF THE FEDERAL COURTS WHOSE DISTRICTS ENCOMPASSES ANY PART OF THE CITY OF NEW YORK OR THE STATE COURTS OF THE

STATE OF NEW YORK LOCATED WITHIN THE CITY OF NEW YORK IN CONNECTION WITH ANY DISPUTE ARISING UNDER THIS AGREEMENT AND HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY OBJECTION, INCLUDING ANY OBJECTION BASED ON FORUM NON CONVENIENS, TO THE BRINGING OF ANY SUCH PROCEEDING IN SUCH JURISDICTIONS.

5.9 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which may be executed by one or more of the parties hereto, but all of which, when taken together, shall constitute but one agreement binding upon each of the parties hereto.

5.10 HEADINGS. Headings contained in this Agreement are for convenience only and shall in no manner be construed as part of this Agreement.

5.11 GENDER. Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

CELLULAR TECHNICAL SERVICES COMPANY, INC.

By: /s/ Stephen Katz

Stephen Katz, Chairman of the Board

| PURCHASERS ----- | NO. OF SHARES ----- | PURCHASE PRICE ----- |
|--|------------------------|-------------------------|
| /s/ Harvey Sandler _____ Harvey Sandler 17663 Lake Estates Drive Boca Raton, Florida 33496 ###-##-#### ----- Social Security No. | 120,000 | \$1,950,000 |
| /s/ Phyllis Sandler _____ Phyllis Sandler 17663 Lake Estates Drive Boca Raton, Florida 33496 ###-##-#### ----- Social Security No. | 60,000 | 975,000 |
| /s/ Ricky Sandler _____ Fusion Partners L.P. c/o Ricky Sandler 237 Park Avenue, Suite 801 New York, New York 10017 13-3796083 ----- | 65,000 | 1,056,250 |

| | | |
|--|---------|-----------|
| Social Security No. | | |
| /s/ Ricky Sandler | 1,300 | 21,125 |
| <hr/> | | |
| Rising Stars Off Shore Fund, Ltd.* c/o Ricky Sandler 237 Park Avenue, Suite 801 New York, New York 10017 | | |
| /s/ Ricky Sandler | 3,700 | 60,125 |
| <hr/> | | |
| Ricky Sandler 237 Park Avenue, Suite 801 New York, New York 10017 | | |
| ###-##-#### ----- | | |
| Social Security No. | | |
| /s/ Andrew Sandler | 10,000 | 162,500 |
| <hr/> | | |
| Andrew Sandler 422 East 72nd Street, Apt. 33E New York, New York 10021 | | |
| ###-##-#### ----- | | |
| Social Security No. | | |
| /s/ Martin Tash | 120,000 | 1,950,000 |
| <hr/> | | |
| Martin Tash 17049 Northway Circle Boca Raton, Florida 33496 | | |
| ###-##-#### ----- | | |
| Social Security No. | | |
| /s/ Jeffrey M. Levine | 10,000 | 162,500 |
| <hr/> | | |
| Jeffrey M. Levine 3520 Magellen Circle, No. 737 North Miami Beach, Florida 33180 | | |
| ###-##-#### ----- | | |
| Social Security No. | | |
| /s/ David Ross | 10,000 | 162,500 |
| <hr/> | | |
| David Ross 6860 Lions Head Lane Boca Raton, Florida 33496 | | |
| ###-##-#### ----- | | |
| Social Security No. | | |
| *Off shore entity | | |

EXHIBIT 11.1 COMPUTATION OF EARNINGS PER SHARE

CELLULAR TECHNICAL SERVICES COMPANY, INC.
 COMPUTATION OF EARNINGS PER SHARE
 (unaudited)

| | THREE MONTHS ENDED SEPTEMBER 30, | | NINE MONTHS ENDED SEPTEMBER 30, | |
|--|-------------------------------------|----------------|------------------------------------|--------------|
| | 1996 | 1995 | 1996 | 1995 |
| Primary earnings per share: | | | | |
| Net income (loss) for calculation of primary earnings per share | \$ 54,230 | \$ (1,183,421) | \$ (4,436,767) | \$ (447,784) |
| Weighted average number of shares outstanding | 22,064,713 | 20,364,070 | 21,857,357 | 20,004,200 |
| Dilutive effect of outstanding stock options - based upon the Treasury Stock Method using average market price (1) | 1,524,012 | | | |
| Weighted average number of shares, as adjusted, for calculation of primary earnings per share | 23,588,725 | 20,364,070 | 21,857,357 | 20,004,200 |
| Primary earnings (loss) per share (2) | \$.00 | \$ (.06) | \$ (.20) | \$ (.02) |

(1) Common Stock equivalent shares have not been considered in the calculations for those periods during which the Company incurred net losses because the effect would be antidilutive.

(2) Fully diluted earnings per share computations are not included since they would not materially change results presented on the primary earnings per share basis.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE ACCOMPANYING FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

| | | |
|------------|-------------|------------|
| 9-MOS | | |
| | DEC-31-1996 | |
| | SEP-30-1996 | |
| | | 3,794,682 |
| | | 0 |
| | | 7,114,620 |
| | | 12,215 |
| | | 3,991,903 |
| | 15,603,860 | |
| | | 5,275,567 |
| | | 2,644,297 |
| | | 21,834,981 |
| | 7,301,223 | |
| | | 0 |
| | 0 | |
| | | 0 |
| | | 22,209 |
| | | 14,511,549 |
| 21,834,981 | | |
| | | 13,246,362 |
| | 13,995,533 | |
| | | 8,933,074 |
| | | 18,647,093 |
| | | 0 |
| | | 0 |
| | | 0 |
| | (4,436,767) | |
| | | 0 |
| | (4,436,767) | |
| | | 0 |
| | | 0 |
| | | 0 |
| | (4,436,767) | |
| | | (0.20) |
| | | (0.20) |