

APPENDIX E

NTELOS Holdings Corp.'s Most Recent Form 10-Q Quarterly Report (For The
Quarter Ended March 31, 2010)

NTLS 10-Q 3/31/2010

Section 1: 10-Q (FORM 10-Q)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

or

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

For the transition period from _____ to _____

Commission File Number: 000-51798

NTELOS Holdings Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

36-4573125
(I.R.S. Employer
Identification No.)

401 Spring Lane, Suite 300, PO Box 1990, Waynesboro, Virginia 22980
(Address of principal executive offices) (Zip Code)

(540) 946-3500
(Registrant's telephone number, including area code)

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

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

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

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

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

There were 41,588,994 shares of the registrant's common stock outstanding as of the close of business on April 29, 2010.

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QUARTERLY REPORT ON FORM 10-Q
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Condensed Consolidated Balance Sheets

NTELOS Holdings Corp.
(Unaudited)

(In thousands)	March 31, 2010	December 31, 2009
Assets		
Current Assets		
Cash	\$ 51,889	\$ 51,097
Accounts receivable, net of allowance of \$17,340 (\$18,028 in 2009)	46,948	45,767
Inventories and supplies	7,638	10,870
Other receivables	1,852	1,705
Income tax receivable	—	4,368
Prepaid expenses and other	13,323	10,196
	<u>121,650</u>	<u>124,003</u>
Securities and Investments	<u>1,055</u>	<u>1,023</u>
Property, Plant and Equipment		
Land and buildings	43,869	43,331
Network plant and equipment	623,366	622,404
Furniture, fixtures and other equipment	82,339	75,620
Total in service	749,574	741,355
Under construction	30,974	14,008
	<u>780,548</u>	<u>755,363</u>
Less accumulated depreciation	<u>272,614</u>	<u>254,388</u>
	<u>507,934</u>	<u>500,975</u>
Other Assets		
Goodwill	113,041	113,041
Franchise rights	32,000	32,000
Other intangibles, less accumulated amortization of \$63,227 (\$60,299 in 2009)	61,432	64,360
Radio spectrum licenses in service	115,449	115,449
Radio spectrum licenses not in service	16,853	16,850
Deferred charges and other assets	12,163	12,845
	<u>350,938</u>	<u>354,545</u>
	<u>\$ 981,577</u>	<u>\$ 980,546</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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Condensed Consolidated Balance Sheets
NTELOS Holdings Corp.
(Unaudited)

(In thousands, except par value per share amounts)

	March 31, 2010	December 31, 2009
Liabilities and Equity		
Current Liabilities		
Current portion of long-term debt	\$ 6,961	\$ 6,876
Accounts payable	29,882	30,756
Dividends payable	11,630	11,604
Advance billings and customer deposits	20,647	20,006
Accrued compensation	6,197	5,583
Income tax payable	4,613	—
Accrued operating taxes	3,148	3,070
Other accrued liabilities	5,727	4,832
	<u>88,805</u>	<u>82,727</u>
Long-term Liabilities		
Long-term debt	620,747	622,032
Retirement benefits	32,959	41,287
Deferred income taxes	38,094	35,437
Other long-term liabilities	22,535	22,818
Income tax payable	136	136
	<u>714,471</u>	<u>721,710</u>
Commitments and Contingencies		
Equity		
Preferred stock, par value \$.01 per share, authorized 100 shares, none issued	—	—
Common stock, par value \$.01 per share, authorized 55,000 shares; 42,492 shares issued and 41,541 shares outstanding (42,486 issued and 41,431 outstanding in 2009)	425	425
Additional paid in capital	170,537	169,887
Treasury stock, 950 shares at cost (1,055 shares at cost in 2009)	(16,266)	(16,927)
Retained earnings	33,010	32,129
Accumulated other comprehensive loss	(8,910)	(9,004)
Total NTELOS Holdings Corp. Stockholders' Equity	<u>178,796</u>	<u>176,510</u>
Noncontrolling interests	(495)	(401)
	<u>178,301</u>	<u>176,109</u>
	<u>\$ 981,577</u>	<u>\$ 980,546</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Operations
NTELOS Holdings Corp.
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	March 31, 2010	March 31, 2009
Operating Revenues	\$ 137,551	\$ 140,664
Operating Expenses		
Cost of sales and services (exclusive of items shown separately below)	43,293	45,224
Customer operations	30,969	29,414
Corporate operations	10,289	8,968
Depreciation and amortization	21,528	23,158
Accretion of asset retirement obligations	124	236
	106,203	107,040
Operating Income	31,348	33,624
Other Income (Expenses)		
Interest expense	(10,090)	(5,306)
Gain on interest rate swap	—	928
Other income	67	75
	(10,023)	(4,303)
	21,325	29,321
Income Tax Expense	8,595	11,687
Net Income	12,730	17,634
Net Income Attributable to Noncontrolling Interests	(219)	(232)
Net Income Attributable to NTELOS Holdings Corp.	\$ 12,511	\$ 17,402
Basic and Diluted Earnings per Common Share Attributable to NTELOS Holdings Corp. Stockholders:		
Income per share – basic and diluted	\$ 0.30	\$ 0.41
Weighted average shares outstanding – basic	41,216	42,155
Weighted average shares outstanding – diluted	41,540	42,331
Cash Dividends Declared per Share – Common Stock	\$ 0.28	\$ 0.26

See accompanying Notes to Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Cash Flows
NTELOS Holdings Corp.
(Unaudited)

(In thousands)	Three Months Ended	
	March 31, 2010	March 31, 2009
Cash flows from operating activities		
Net income attributable to NTELOS Holdings Corp.	\$ 12,511	\$ 17,402
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	18,600	20,307
Amortization	2,928	2,851
Accretion of asset retirement obligations	124	276
Deferred income taxes	2,658	8,644
Gain on interest rate swap instrument	—	(928)
Equity-based compensation expense	1,224	1,043
Amortization of loan origination costs and debt discount	656	94
Noncontrolling interests	219	232
Retirement benefits and other	889	1,394
Changes in assets and liabilities from operations:		
(Increase) decrease in accounts receivable	(1,181)	6,317
Decrease in inventories and supplies	3,232	1,531
Increase in other current assets	(3,274)	(3,951)
Changes in income taxes	8,937	5,089
Decrease in accounts payable	(1,099)	(872)
Increase (decrease) in other current liabilities	2,321	(3,918)
Retirement benefit contributions and distributions	(9,319)	(9,200)
Net cash provided by operating activities	39,426	44,311
Cash flows from investing activities		
Purchases of property, plant and equipment	(25,391)	(31,614)
Other	—	2
Net cash used in investing activities	(25,391)	(31,612)
Cash flows from financing activities		
Repayments on first lien term loan	(1,588)	(1,572)
Cash dividends paid on common stock	(11,604)	(10,968)
Capital distributions to noncontrolling interests	(313)	—
Acquisition of noncontrolling interest in Virginia PCS Alliance, L.C.	—	(653)
Other	262	399
Net cash used in financing activities	(13,243)	(12,794)
Increase (decrease) in cash	792	(95)
Cash:		
Beginning of period	51,097	65,692
End of period	\$ 51,889	\$ 65,597

See accompanying Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements
NTELOS Holdings Corp.

Note 1. Organization

NTELOS Holdings Corp. (hereafter referred to as "Holdings Corp." or the "Company"), through NTELOS Inc. and its subsidiaries, is an integrated communications provider that offers a broad range of products and services to businesses, telecommunications carriers and residential customers in Virginia, West Virginia, Pennsylvania and surrounding states. The Company's primary services are wireless digital personal communications services ("PCS"), local and long distance telephone services, high capacity transport, data services for Internet access and wide area networking, and IPTV-based video services. Holdings Corp. does not have any independent operations.

On December 31, 2009, the Company closed on an agreement to purchase certain fiber optic and network assets and related transport and data service contracts from Allegheny Energy, Inc. for approximately \$27 million. The purchase includes approximately 2,200 route-miles of fiber principally through Infeasible Rights to Use ("IRUs") located primarily in central and western Pennsylvania and West Virginia, with portions also in Maryland, Kentucky and Ohio. These IRUs have a 20 year life. The Company has initially allocated the purchase price as follows: \$25.5 million to IRU's and other equipment, \$1.6 million to customer intangible and \$0.4 million to current liabilities. The Company estimates the total annualized revenue from the transport and data service contracts acquired by the Company is approximately \$7 million. The Company believes the purchase price approximates the fair value of the net assets recorded and therefore has not recorded any goodwill or gain on the transaction. The Company will finalize its acquisition accounting for this transaction in 2010.

Note 2. Significant Accounting Policies

In the Company's opinion, the accompanying unaudited condensed consolidated financial statements as of and for the three months ended March 31, 2010 and for the three months ended March 31, 2009 contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2010, and the results of operations and cash flows for all periods presented on the respective financial statements included herein. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year. The accompanying condensed consolidated balance sheet as of December 31, 2009 has been derived from the audited financial statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

Accounting Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Financial Statement Classification

Certain amounts in the prior year financial statements have been reclassified, with no effect on net income, to conform to current year presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, NTELOS Inc. and all of its wholly-owned subsidiaries and those limited liability corporations where NTELOS Inc. or certain of its subsidiaries, as managing member, exercises control. All significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Company considers its investment in all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Company places its temporary cash investments with high credit quality financial institutions with a maturity date of not greater than 90 days from acquisition and all are investments held

Notes to Condensed Consolidated Financial Statements—(Continued)
NTELOS Holdings Corp.

by commercial banks. At times, such investments may be in excess of the FDIC insurance limit. The commercial bank that holds significantly all of the Company's cash at March 31, 2010 has maintained a high rating by Standard & Poor's and Moody's. At March 31, 2010 and December 31, 2009, the Company did not have any cash equivalents.

The Company's cash was held in a market rate savings account and non-interest bearing deposit accounts. The total held in the market rate savings account at March 31, 2010 and December 31, 2009 was \$3.8 million and \$5.8 million, respectively. The remaining \$48.1 million of cash at March 31, 2010 and the remaining \$45.2 million of cash at December 31, 2009 were held in non-interest bearing deposit accounts. Total interest income related to cash was \$0.1 million for each of the three months ended March 31, 2010 and 2009, respectively.

Trade Accounts Receivable

The Company sells its services to residential and commercial end-users and to other communication carriers primarily in Virginia, West Virginia and parts of Maryland and Pennsylvania. The Company has credit and collection policies to maximize collection of trade receivables and requires deposits on certain sales. The Company maintains an allowance for doubtful accounts based on historical results, current and expected trends and changes in credit policies. Management believes the allowance adequately covers all anticipated losses with respect to trade receivables. Actual credit losses could differ from such estimates. The Company includes bad debt expense in customer operations expense in the condensed consolidated statements of operations. Bad debt expense was \$2.3 million for each of the three months ended March 31, 2010 and 2009, respectively. The Company's allowance for doubtful accounts was \$17.3 million and \$18.0 million as of March 31, 2010 and December 31, 2009, respectively.

Inventories and Supplies

The Company's inventories and supplies consist primarily of items held for resale such as PCS handsets and accessories. The Company values its inventory at the lower of cost or market. Inventory cost is computed on a currently adjusted standard cost basis (which approximates actual cost on a first-in, first-out basis). Market value is determined by reviewing current replacement cost, marketability and obsolescence.

Property, Plant and Equipment and Other Long-Lived Assets

Long-lived assets include property, plant and equipment, radio spectrum licenses, long-term deferred charges, goodwill and intangible assets to be held and used. Long-lived assets, excluding goodwill and intangible assets with indefinite useful lives, are recorded at cost and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount should be addressed pursuant to the subsequent measurement guidance described in FASB ASC 360-10-35. Impairment is determined by comparing the carrying value of these long-lived assets to management's best estimate of future undiscounted cash flows expected to result from the use of the assets. If the carrying value exceeds the estimated undiscounted cash flows, the excess of carrying value over the estimated fair value is recorded as an impairment charge. The Company believes that no impairment indicators exist as of March 31, 2010 that would require it to perform impairment testing.

Goodwill, franchise rights and radio spectrum licenses are considered indefinite-lived intangible assets. Indefinite-lived intangible assets are not subject to amortization but are instead tested for impairment annually or more frequently if an event indicates that the asset might be impaired. The Company assesses the recoverability of indefinite-lived assets annually on October 1 and whenever adverse events or changes in circumstances indicate that impairment may have occurred.

The Company determined that there were no material impairment indicators present as of March 31, 2010 that would require testing during the three months ended March 31, 2010.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

Intangibles with a finite life are classified as other intangibles on the condensed consolidated balance sheets. At March 31, 2010 and December 31, 2009, other intangibles were comprised of the following:

(Dollars in thousands)	Estimated Life	March 31, 2010		December 31, 2009	
		Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Customer relationships	3 to 15 yrs.	\$115,009	\$ (60,058)	\$115,009	\$ (57,291)
Trademarks	14 to 15 yrs.	9,650	(3,169)	9,650	(3,008)
Total		\$124,659	\$ (63,227)	\$124,659	\$ (60,299)

The Company amortizes its finite-lived intangible assets using the straight-line method. The Company capitalizes costs incurred to renew or extend the term of a recognized intangible asset and amortizes such costs over the remaining life of the asset. No such costs were incurred during the three months ended March 31, 2010 or 2009. Amortization expense for the three months ended March 31, 2010 and 2009 was \$2.9 million and \$2.8 million, respectively. The Company attributed \$1.6 million of the \$27 million asset purchase from Allegheny Energy, Inc. (Note 1) to customer relationships, which is being amortized over a period of five years.

Amortization expense for the remainder of 2010 and the next five years is expected to be as follows:

(In thousands)	Customer Relationships	Trademarks	Total
Remainder of 2010	\$ 8,301	\$ 484	\$ 8,785
2011	11,068	645	11,713
2012	10,411	645	11,056
2013	10,082	645	10,727
2014	10,082	645	10,727
2015	\$ 4,041	\$ 645	\$ 4,686

Derivatives and Hedging Activities

The Company did not designate its swap agreement outstanding during the three months ended March 31, 2009 as a cash flow hedge for accounting purposes and, therefore, recorded the changes in market value of the swap agreement as gain or loss on interest rate swap instrument for the applicable period.

The August 2009 senior secured credit facility (Note 4) provided that the Company must enter into a hedge agreement by May 4, 2010 for a minimum notional amount of \$320 million to manage its exposure to interest rate movements by converting a portion of its long-term debt from variable to fixed rates. The Company executed an amendment to the senior secured credit facility on April 23, 2010 to extend the date by which a hedge agreement is required to December 31, 2010.

Share-Based Compensation

The Company accounts for share-based employee compensation plans under FASB ASC 718, *Stock Compensation*. Equity-based compensation expense from share-based equity awards is recorded with an offsetting increase to additional paid-in capital on the condensed consolidated balance sheet. For equity awards with only service conditions, the Company recognizes compensation cost on a straight-line basis over the requisite service period for the entire award.

The fair value of the common stock options granted in 2010 and 2009 was estimated at the respective measurement date using the Black-Scholes option-pricing model with assumptions related to risk-free interest rate, expected volatility, dividend yield and expected terms (Note 8).

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

Total equity-based compensation expense related to all of the Company's share-based awards for the three months ended March 31, 2010 and 2009, the Company's 401(k) matching contributions for the three months ended March 31, 2010, and equity-based compensation expense for the Company's 2009 annual incentive bonus plan for certain officers and management positions for the three months ended March 31, 2009 (Note 8) was allocated as follows:

(In thousands)	Three Months Ended	
	March 31, 2010	March 31, 2009
Cost of sales and services	\$ 183	\$ 93
Customer operations	244	190
Corporate operations	797	760
Equity-based compensation expense	<u>\$ 1,224</u>	<u>\$ 1,043</u>

Future charges for equity-based compensation related to instruments outstanding at March 31, 2010 for the remainder of 2010 and for the years 2011 through 2014 are estimated to be \$3.1 million, \$2.7 million, \$1.8 million, \$0.7 million and less than \$0.1 million, respectively. Equity-based compensation expense related to the 401(k) match is conditional on future participant contributions; as such, the future equity-based compensation estimates do not include this element.

Pension Benefits and Retirement Benefits Other Than Pensions

For the three months ended March 31, 2010 and 2009, the components of the Company's net periodic benefit cost for its Defined Benefit Pension Plan were as follows:

(In thousands)	Three Months Ended	
	March 31, 2010	March 31, 2009
Service cost	\$ 703	\$ 731
Interest cost	965	899
Expected return on plan assets	(1,096)	(758)
Amortization of loss	105	288
Net periodic benefit cost	<u>\$ 677</u>	<u>\$ 1,160</u>

Pension plan assets were valued at \$56.4 million at March 31, 2010, which included funding contributions in the first quarter of 2010 of \$9.0 million, and \$45.9 million at December 31, 2009.

For the three months ended March 31, 2010 and 2009, the components of the Company's net periodic benefit cost for its Other Postretirement Benefit Plans were as follows:

(In thousands)	Three Months Ended	
	March 31, 2010	March 31, 2009
Service cost	\$ 25	\$ 31
Interest cost	172	194
Amortization of loss	—	17
Net periodic benefit cost	<u>\$ 197</u>	<u>\$ 242</u>

The total expense recognized for the Company's nonqualified pension plan for both the three months ended March 31, 2010 and 2009 was \$0.2 million, and less than \$0.1 million of this expense for each respective period relates to the amortization of unrealized loss.

NTELOS Inc. also sponsors a contributory defined contribution plan under Internal Revenue Code Section 401(k) for substantially all employees. The Company's policy, effective June 1, 2009, is to make matching contributions in shares of the Company's common stock. Prior to June 1, 2009, the Company's policy was to make matching contributions in cash.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

Treasury Stock

On August 24, 2009, the Company's board of directors authorized management to repurchase up to \$40 million of the Company's common stock (Note 7). Shares of common stock repurchased by the Company are recorded at cost as treasury stock and result in a reduction of stockholders' equity. The Company reissues treasury shares as part of its shareholder approved stock-based compensation programs, its employee stock purchase program and for its 401(k) match.

Note 3. Disclosures about Segments of an Enterprise and Related Information

The Company manages its business segments with separate products and services.

The Company has one customer, Sprint Nextel, which accounted for approximately 21% and 22% of the Company's total revenue for the three months ended March 31, 2010 and 2009, respectively. Revenue from this customer was derived from a wireless PCS wholesale contract and rural local exchange carrier ("RLEC") and Competitive Wireline segments' network access.

Summarized financial information concerning the Company's reportable segments is shown in the following table.

(In thousands)	Wireless PCS	RLEC	Competitive Wireline	Other	Elim- inations	Total
As of and for the three months ended March 31, 2010						
Operating revenues	\$104,045	\$ 14,235	\$ 19,139	\$ 132	\$ —	\$137,551
Intersegment revenues ⁽¹⁾	77	1,684	1,271	6	(3,038)	—
Operating income (loss)	23,639	6,450	4,728	(3,469)	—	31,348
Depreciation and amortization	14,090	3,488	3,863	87	—	21,528
Accretion of asset retirement obligations	188	5	(69)	—	—	124
Equity-based compensation charges	185	92	18	929	—	1,224
Goodwill	63,700	33,438	15,903	—	—	113,041
Total segment assets	\$516,330	\$189,247	\$160,975	\$ 1,126	\$ —	\$867,678
Corporate assets						113,899
Total assets						\$981,577
For the three months ended March 31, 2009						
Operating revenues	\$ 109,206	\$ 14,690	\$ 16,643	\$ 125	\$ —	\$ 140,664
Intersegment revenues ⁽¹⁾	63	1,574	1,243	6	(2,886)	—
Operating income (loss)	26,153	7,215	3,624	(3,368)	—	33,624
Depreciation and amortization	16,283	3,666	3,151	58	—	23,158
Accretion of asset retirement obligations	257	5	14	—	—	276
Equity-based compensation charges	\$ 98	\$ 63	\$ 5	\$ 877	\$ —	\$ 1,043

⁽¹⁾ Intersegment revenues consist primarily of telecommunications services such as local exchange services, inter-city and local transport of voice and data traffic, and leasing of various network elements. Intersegment revenues are primarily recorded at tariff and prevailing market rates.

The Company refers to its paging and communications services operations, neither of which are considered separate reportable segments, and unallocated corporate related items that do not provide direct benefit to the operating segments as Other Communications Services ("Other"). Total unallocated corporate operating expenses for the three months ended March 31, 2010 and 2009 were \$2.5 million and \$2.4 million, respectively.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

Additionally, the "Other" category included equity-based compensation of \$0.9 million and \$0.5 million for the three months ended March 31, 2010 and 2009, respectively, related to equity awards for all employees receiving such awards, including 401(k) matching contributions for the three months ended March 31, 2010 for corporate and communication services employees. Equity-based compensation expense for the "Other" category for the three months ended March 31, 2009 also included \$0.4 million related to the 2009 annual incentive bonus plan for certain officers and other management positions based on an estimate of the pro-rata amount that would be earned in the form of equity awards.

Operating expenses which provide a direct benefit to the operating segments are allocated based on estimations of the relative benefit or based on the relative size of a segment to the total of the three segments. Total corporate expenses (excluding depreciation expense) allocated to the segments were \$6.0 million and \$6.4 million for the three months ended March 31, 2010 and 2009, respectively. Additionally, depreciation expense related to corporate assets is allocated to the operating segments and was \$2.3 million and \$1.8 million for the three months ended March 31, 2010 and 2009, respectively.

Note 4. Long-Term Debt

As of March 31, 2010 and December 31, 2009, the Company's outstanding long-term debt consisted of the following:

<i>(In thousands)</i>	March 31, 2010	December 31, 2009
First lien term loan, net of discount	\$626,089	\$ 627,444
Capital lease obligations	1,619	1,464
	<u>627,708</u>	<u>628,908</u>
Less: current portion of long-term debt	6,961	6,876
Long-term debt	<u>\$620,747</u>	<u>\$ 622,032</u>

Long-term debt, excluding capital lease obligations

On August 7, 2009, the Company refinanced the existing first lien term loan with \$670 million of new senior secured credit facility comprised of a \$35 million revolving credit facility and a \$635 million term loan. The first lien term loan was issued at a 1% discount for net proceeds of \$628.7 million. The new first lien term loan matures in August 2015 with quarterly payments of \$1.6 million and the remainder due at maturity. The first lien term loan bears interest at 3.75% above either the Eurodollar rate or 2.0%, whichever is greater. The senior secured credit facility is secured by a first priority pledge of substantially all property and assets of NTELOS Inc. and all material subsidiaries, as guarantors, excluding the RLECs. The first lien term loan also includes various restrictions and conditions including covenants relating to leverage and interest coverage ratio requirements. At March 31, 2010, NTELOS Inc.'s leverage ratio (as defined under the credit agreement) was 2.80:1.00 and its interest coverage ratio (as defined) was 6.71:1.00. The credit agreement requires that the leverage ratio not exceed 4.00:1.00 and that the interest coverage ratio not be less than 3.00:1.00. The \$35 million revolving credit facility, which expires in 2014, remains undrawn.

During second quarter 2010 the Company amended its first lien term loan to extend the date by which the Company must enter into a hedge agreement from May 4, 2010 to December 31, 2010.

The first lien term loan has a restricted payment basket which can be used to make certain restricted payments, as defined under the credit agreement, including the ability to pay dividends, repurchase stock or advance funds to the Company. The restricted payment basket is increased by \$10.0 million on the first day of each quarter plus an additional quarterly amount for calculated excess cash flow based on the definition in the credit agreement, and is decreased by any actual restricted payments, including dividend payments and stock repurchases. The calculated excess cash flow for the three months ended March 31, 2010 was \$5.3 million. This amount will be added to the restricted payment basket in the second quarter of 2010. The \$11.6 million dividend (Note 7) was the only restricted payment made during the quarter ended March 31, 2010. The balance of the basket as of March 31, 2010 was \$31.5 million.

In connection with the refinancing of the first lien term loan described above, the Company deferred issuance costs of approximately \$11.5 million which are being amortized to interest expense over the life of the debt using the effective interest method. Amortization of these costs for the three months ended March 31, 2010 was \$0.4 million.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

The first lien term loan was recorded net of a 1% discount (\$6.4 million) of the debt issuance. The discount is being accreted to interest expense using the effective interest method over the life of the debt and is reflected in interest expense in the condensed consolidated statement of operations. Accretion for the three months ended March 31, 2010 was \$0.2 million.

The aggregate maturities of long-term debt outstanding at March 31, 2010, excluding capital lease obligations, based on the contractual terms of the instruments are \$4.8 million for the remainder of 2010, \$6.4 million per year in 2011 through 2014 and \$601.7 million in 2015.

The Company's blended average interest rate on its long-term debt as of March 31, 2010 and December 31, 2009 was approximately 6.4% and 4.8%, respectively.

Capital lease obligations

In addition to the long-term debt discussed above, the Company has entered into capital leases on vehicles used in its operations with lease terms of four to five years. At March 31, 2010, the carrying value and accumulated depreciation of these assets is \$3.6 million and \$1.7 million, respectively, and the net present value of these future minimum lease payments is \$1.6 million. As of March 31, 2010, the principal portion of these obligations is due as follows: \$0.5 million for the remainder of 2010, \$0.5 million in 2011, \$0.4 million in 2012, \$0.2 million in 2013, \$0.1 million in 2014 and less than \$0.1 million thereafter.

Note 5. Supplementary Disclosures of Cash Flow Information

The following information is presented as supplementary disclosures for the condensed consolidated statements of cash flows for the periods indicated below.

(In thousands)	Three Months Ended	
	March 31, 2010	March 31, 2009
Cash payments for:		
Interest (net of amounts capitalized)	\$ 9,105	\$ 4,824
Income taxes		6
Cash received from income tax refunds	3,000	1
Supplemental financing activities:		
Dividend declared not paid	\$11,630	\$ 10,995

The amount of interest capitalized in both of the three months ended March 31, 2010 and 2009 was less than \$0.1 million, respectively. For the three months ended March 31, 2009, interest payments in the above table exclude \$0.7 million interest paid on an interest rate swap agreement (Note 6).

Note 6. Financial Instruments

Cash, accounts receivable, accounts payable and accrued liabilities are reflected in the condensed consolidated financial statements at cost which approximates fair value because of the short-term maturity of these instruments. The fair values of other financial instruments are based on quoted market prices or discounted cash flows based on current market conditions.

The Company measures all derivatives at fair value based on information provided by the counterparty which the Company corroborates with third party information, and recognizes them as either assets or liabilities on the Company's condensed consolidated balance sheet. Changes in the fair values of derivative instruments are recognized in either earnings or comprehensive income, depending on the designated use and effectiveness of the instruments.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

During the quarter ended March 31, 2009, the Company had an interest rate swap agreement scheduled to extend through March 1, 2010 to manage its exposure to interest rate movements. The interest rate swap had a notional amount of \$600 million with fixed interest rate payments at a per annum rate of 2.66% and variable rate payments based on the three-month U.S. Dollar LIBOR. In connection with the aforementioned refinancing, the Company paid \$9.3 million, inclusive of \$2.3 million of accrued unpaid interest, to terminate its interest rate swap agreement.

The following table indicates the difference between face amount, carrying amount and fair value of the Company's financial instruments at March 31, 2010 and December 31, 2009:

Financial Instruments (In thousands)	Face Amount	Carrying Amount	Fair Value
March 31, 2010			
Nonderivatives:			
Financial assets:			
Cash	\$ 51,889	\$ 51,889	\$ 51,889
Long-term investments for which it is not practicable to estimate fair value	N/A	1,055	1,055
Financial liabilities:			
Senior credit facility	631,825	626,089	636,298
Capital lease obligations	\$ 1,619	\$ 1,619	\$ 1,619
December 31, 2009			
Nonderivatives:			
Financial assets:			
Cash	\$ 51,097	\$ 51,097	\$ 51,097
Long-term investments for which it is not practicable to estimate fair value	N/A	1,023	1,023
Financial liabilities:			
Senior credit facility	633,413	627,444	630,993
Capital lease obligations	\$ 1,464	\$ 1,464	\$ 1,464

Of the long-term investments for which it is not practicable to estimate fair value in the table above, \$0.9 million as of March 31, 2010 and December 31, 2009 represents the Company's investment in CoBank. This investment is primarily related to patronage distributions of restricted equity and is a required investment related to the portion of the first lien term loan held by CoBank. This investment is carried under the cost method.

The fair value of the senior credit facility was derived based on quoted trading price obtained from the administrative agent at March 31, 2010 and December 31, 2009 as applicable. The Company's valuation technique for this instrument is considered to be level two fair value measurements within the fair value hierarchy described in FASB ASC 820.

Note 7. Equity

On February 25, 2010, the Company's board of directors declared a quarterly dividend on its common stock in the amount of \$0.28 per share (totaling \$11.6 million), which was paid on April 12, 2010 to stockholders of record on March 12, 2010. On April 30, 2010, the board of directors declared a cash dividend in the amount of \$0.28 per share to be paid on July 14, 2010 to stockholders of record on June 14, 2010.

On August 24, 2009, the Board of Directors authorized management to repurchase up to \$40 million of the Company's common stock. The Company may conduct its purchases in the open market, in privately negotiated transactions, through derivative transactions or through purchases made in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. The share repurchase program does not require the Company to acquire any specific number of shares and may be terminated at any time. During the three months ended March 31, 2010, the Company did not repurchase any of its common shares. Through December 31, 2009, the Company had repurchased 1,046,467 shares for \$16.9 million.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

The computations of basic and diluted earnings per share for the three months ended March 31, 2010 and 2009 are as follows:

(In thousands)	Three Months Ended	
	March 31, 2010	March 31, 2009
Numerator:		
Income applicable to common shares for earnings-per-share computation	<u>\$12,511</u>	<u>\$ 17,402</u>
Denominator:		
Total shares outstanding	41,541	42,349
Less: weighted average unvested shares	(267)	(64)
Less: effect of calculating weighted average shares	(58)	(130)
Denominator for basic earnings per common share—weighted average shares outstanding	<u>41,216</u>	<u>42,155</u>
Plus: weighted average unvested shares	267	64
Plus: common stock equivalents of stock options outstanding	57	83
Plus: contingently issuable shares	—	29
Denominator for diluted earnings per common share—weighted average shares outstanding	<u>41,540</u>	<u>42,331</u>

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Notes to Condensed Consolidated Financial Statements—(Continued)
NTELOS Holdings Corp.

Below is a summary of the activity and status of equity as of and for the three months ended March 31, 2010:

(In thousands, except per share amounts)	Common Shares	Treasury Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total NTELOS Holdings Corp. Stockholders' Equity	Non-controlling Interests	Total Equity
Balance, December 31, 2009	42,486	(1,055)	\$ 425	\$169,887	\$(16,927)	\$ 32,129	\$ (9,004)	\$176,510	\$ (401)	\$176,109
Equity-based compensation				840				840		840
Excess tax deduction related to the recognition of certain equity-based compensation				16				16		16
Restricted shares issued, shares issued through the employee stock purchase plan, shares issued through 401(k) matching contributions and stock options exercised	6	105		(206)	661			455		455
Cash dividends declared (\$0.28 per share)						(11,630)		(11,630)		(11,630)
Capital distribution to noncontrolling interests									(313)	(313)
Comprehensive Income:										
Net income attributable to NTELOS Holdings Corp.						12,511				
Amortization of unrealized loss from defined benefit plans, net of \$60 of deferred income taxes							94			
Comprehensive income attributable to NTELOS Holdings Corp.								12,605		
Comprehensive income attributable to noncontrolling interests									219	
Total Comprehensive Income										12,824
Balance, March 31, 2010	42,492	(950)	\$ 425	\$170,537	\$(16,266)	\$ 33,010	\$ (8,910)	\$178,796	\$ (495)	\$178,301

For the three months ended March 31, 2009, comprehensive income was \$17.8 million and was comprised of net income of \$17.6 million and amortization of unrealized losses from defined benefit plans of \$0.2 million.

Note 8. Stock Plans

During the three months ended March 31, 2010, the Company issued 346,481 stock options under the Equity Incentive Plan and issued 28,520 stock options under the Non-Employee Director Equity Plan. The options issued under the Equity Incentive Plan vest one-fourth annually beginning one year after the grant date and the options issued under the Non-Employee Director Equity Plan cliff vest one year following the grant date. No options expired during the period. Additionally, during the three months ended March 31, 2010, the Company issued 90,607 shares of restricted stock under the Equity Incentive Plan and 13,700 shares of restricted stock under the Non-Employee Director Equity Plan. The restricted shares issued under the Equity Incentive Plan cliff vest after one or three years and the restricted shares issued under the Non-Employee Director Equity Plan cliff vest after one year.

The fair value of each option award is estimated on the grant date using the Black-Scholes option-pricing model with assumptions related to risk-free interest rate, expected volatility, dividend yield and expected terminations. For more details on these Black-Scholes assumptions, see Note 9 contained in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2009. The fair value of each restricted stock award is based on the closing price of the Company's common stock on the grant date.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

The summary of the activity and status of the Company's stock options for the three months ended March 31, 2010 is as follows:

(In thousands, except per share amounts)	Shares	Weighted Average Exercise Price per Share	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Stock options outstanding as of January 1, 2010	1,456	\$ 18.06		
Granted during the period	375	17.48		
Exercised during the period	(17)	4.20		
Forfeited during the period	(41)	20.35		
Outstanding as of March 31, 2010	<u>1,773</u>	<u>\$ 18.01</u>	<u>8.6 years</u>	<u>\$ ---</u>
Exercisable as of March 31, 2010	<u>634</u>	<u>\$ 18.18</u>	<u>7.5 years</u>	<u>\$ ---</u>
Expected to vest as of March 31, 2010	<u>1,747</u>	<u>\$ 12.21</u>		<u>\$ ---</u>

The weighted-average grant date fair value of stock options granted during the first three months of 2010 and 2009 was \$3.85 per share and \$4.40 per share, respectively. The total intrinsic value of options exercised during the first three months of 2010 and 2009 was \$0.2 million and \$0.1 million, respectively. The total fair value of options that vested during the first three months of 2010 and 2009 was \$1.8 million and \$1.6 million, respectively.

The summary of the activity and status of the Company's restricted stock awards for the three months ended March 31, 2010 is as follows:

(In thousands, except per share amounts)	Shares	Weighted Average Grant Date Fair Value per Share
Restricted stock outstanding as of January 1, 2010	233	\$ 18.14
Granted during the period	104	17.52
Vested during the period	(17)	18.01
Forfeited during the period	(33)	18.19
Restricted stock outstanding as of March 31, 2010	<u>287</u>	<u>\$ 17.92</u>

As of March 31, 2010, there was \$3.7 million of total unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over a weighted-average period of 2.2 years. The total fair value of restricted shares that vested during the first three months of 2010 was \$0.3 million. No restricted shares vested during the three months ended March 31, 2009.

Note 9. Income Taxes

Income tax expense for the three months ended March 31, 2010 was \$8.6 million, representing the statutory tax rate applied to pre-tax income and the effects of certain non-deductible compensation. The Company expects its recurring non-deductible expenses to relate primarily to certain non-cash share-based compensation, and other non-deductible compensation. For the remainder of 2010, the amounts of these charges for equity-based awards outstanding as of March 31, 2010 and other non-deductible compensation are expected to be \$0.8 million and \$0.2 million, respectively.

The Company has unused net operating losses, including certain built-in losses ("NOLs") totaling \$166.6 million as of March 31, 2010. These NOLs are subject to an adjusted annual maximum limit (the "IRC 382 Limit") of \$9.2 million. Based on the IRC 382 Limit, the Company expects to use NOLs of approximately \$141.1 million as follows: \$6.9 million for the remainder of 2010, \$9.2 million per year in 2011 through 2024, \$5.1 million in 2025 and \$0.8 million in 2026.

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Notes to Condensed Consolidated Financial Statements—(Continued)

NTELOS Holdings Corp.

While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could be greater than its accrued position. Accordingly, additional provisions could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

Note 10. Commitments and Contingencies

The Company periodically makes claims or receives disputes related to our billings to other carriers for access to our network. The Company does not recognize revenue related to such matters until the period that it is reasonably assured of the collection of these claims.

The Company periodically disputes network access charges that we are assessed by other companies that we interconnect with and are involved in other disputes and legal and tax proceedings and filings arising from normal business activities. While the outcome of such matters is currently not determinable, management does not expect that the ultimate costs to resolve such matters will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows, and believes that adequate provision for any probable and estimable losses has been made in the Company's condensed consolidated financial statements.

The Company has purchase commitments relating to capital expenditures totaling \$13.0 million as of March 31, 2010, which are expected to be satisfied during 2010.

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

Any statements contained in this report that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. The words "anticipates," "believes," "expects," "intends," "plans," "estimates," "targets," "projects," "should," "may," "will" and similar words and expressions are intended to identify forward-looking statements. These forward-looking statements are contained throughout this report, for example in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Such forward-looking statements reflect, among other things, our current expectations, plans and strategies, and anticipated financial results, all of which are subject to known and unknown risks, uncertainties and factors that may cause our actual results to differ materially from those expressed or implied by these forward-looking statements. Many of these risks are beyond our ability to control or predict. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this report. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made. We do not undertake any obligation to update or review any forward-looking information, whether as a result of new information, future events or otherwise. You should read the following discussion of our financial condition in conjunction with our consolidated financial statements and the related notes included elsewhere in this report. The following discussion contains forward-looking statements that involve risks and uncertainties. For additional information regarding some of these risks and uncertainties that affect our business and the industry in which we operate, please see "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009.

Overview

We are a leading provider of wireless and wireline communications services to consumers and businesses primarily in Virginia, West Virginia and parts of Maryland and Pennsylvania. Our primary services are wireless digital personal communications services ("PCS"), local and long distance telephone services, high capacity transport, data services for Internet access and wide area networking and IPTV-based video services.

Our wireless operations are composed of an NTELOS-branded retail business, including the FRAWG brand in certain markets, and a wholesale business which primarily relates to an exclusive contract with Sprint. We believe our regional focus and contiguous service area provide us with a differentiated competitive position relative to our primary wireless competitors, most of whom are national providers. Our wireless revenues accounted for approximately 76% and 78% of our total revenues in each of the three months ended March 31, 2010 and 2009, respectively. As of March 31, 2010, our wireless retail business had approximately 445,300 NTELOS retail subscribers, representing an 8.0% penetration of our total covered population. As of March 31, 2010, 1,065 (or 85%) of our total cell sites contain Evolution Data Optimized Revision A ("EV-DO") technology, which provides us with the technical ability to support high-speed mobile wireless data services.

We have an agreement with Sprint Spectrum L.P. to act as their exclusive wholesale provider of network services through July 31, 2015. Under this arrangement, which we refer to as the Strategic Network Alliance, we are the exclusive PCS service provider in our western Virginia and West Virginia service area to Sprint for all Sprint CDMA wireless customers. For the three months ended March 31, 2010 and 2009, we realized wireless wholesale revenues of \$28.3 million and \$30.1 million, respectively. Of this total for the three months ended March 31, 2010 and 2009, \$27.1 million and \$28.8 million, respectively, related to the Strategic Network Alliance. Following a contractual travel data rate reset on July 1, 2009, our monthly calculated revenue from Sprint Nextel has fallen below the \$9.0 million minimum and thus we have been billing and recognizing revenue at the \$9.0 million minimum stipulated in the contract since the July 2009 travel data rate reset. Revenue from this contract is projected to remain at that level throughout 2010.

Our wireline operations include the rural local exchange carrier ("RLEC") segment and the Competitive Wireline segment. Our wireline operating income margins were approximately 34% and 35% for the three months ended March 31, 2010 and 2009, respectively.

Founded in 1897, our wireline incumbent local exchange carrier business is conducted through two subsidiaries that qualify as RLECs under the Telecommunications Act. These two RLECs provide wireline communications services to residential and business customers in the western Virginia cities of Waynesboro and Covington, and portions of Alleghany, Augusta and Botetourt counties. As of March 31, 2010, we operated approximately 37,700 RLEC telephone access lines.

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Our wireline business is supported by an extensive 4,700 route-mile fiber optic network, inclusive of the purchase from Allegheny Energy, Inc. described below. We utilize the network to backhaul communications traffic for retail services and to serve as a carriers' carrier network, providing transport services to third parties for long distance, internet, wireless and private network services. Our fiber optic network is connected to and marketed with adjacent fiber optic networks in the mid-Atlantic region. On December 31, 2009, we closed on an agreement to purchase certain fiber optic and network assets and related transport and data service contracts from Allegheny Energy, Inc. The purchase included approximately 2,200 route-miles of fiber located primarily in central and western Pennsylvania and West Virginia, with portions also in Maryland, Kentucky and Ohio. With this expansion of our fiber optic network, we plan to escalate the growth of our Competitive Wireline enterprise business in certain West Virginia, Maryland and Pennsylvania local markets. Also in 2009, we purchased an Indefeasible Right of Use ("IRU") and we completed a fiber swap agreement, which together allowed us to expand our broadband and high-capacity business communications services to Culpeper, Madison and Warrenton, Virginia, adding approximately 200 fiber route-miles to our network.

We leverage our wireline network infrastructure to offer competitive voice and data communication services outside our RLEC coverage area through our Competitive Wireline segment. Within our Competitive Wireline segment, we market and sell local and long distance, voice and data services almost exclusively to business customers through our competitive local exchange carrier ("CLEC") and Internet Service Provider ("ISP") operation. As of March 31, 2010, we served customers with approximately 49,500 CLEC access line connections. We also offer broadband services in over 98% of our RLEC service area and as of March 31, 2010, we operated approximately 24,200 broadband access connections in our markets, representing an increase of 5.8% over the connections on March 31, 2009. We also offer NTELOS video in selected neighborhoods within our two RLEC service areas and in two CLEC neighborhoods. The product offers video entertainment services and provides an alternative to cable and satellite TV. It is delivered via fiber-to-the-home ("FTTH") which allows us to deliver integrated video, local and long distance telephone services, plus broadband Internet access at speeds currently up to 20 megabits per second. At March 31, 2010, we had approximately 2,200 video customers and passed approximately 9,200 homes with fiber. Revenues and operating expenses from the broadband and video products are included in the Competitive Wireline segment.

Many of the market risk factors which affected our results of operations in 2009 have affected our results of operations in the first three months of 2010. Additionally, the impact of overall unfavorable economic conditions and increased competition that we experienced throughout 2009 is continuing into 2010. The magnitude of the impact from the economy and competition may be greater than we anticipate. If it is, the indefinite-lived asset recoverability testing required as of October 1, 2010 (or earlier testing performed if such an impairment indicator arises) could trigger a revaluation which could result in impairment charges.

In wireless, we are continuing to make network improvements, including network expansion and cell site additions. Additionally, we continue to improve our handset offerings and refine plans and features to improve the customer experience. However, the current economic climate and increased competition has contributed to slower than anticipated year over year wireless net subscriber growth (less than 1%) as a result of an increase in customer churn in the second half of 2009. The Company is attempting to mitigate churn levels in 2010 by investing in further customer retention programs. We also continue to face risks to our competitive "value" position in the postpay market, including through the introduction in January 2010 of reduced price nationwide unlimited voice plans by competitors such as AT&T, Verizon and US Cellular. We expect postpay competition to continue to be intense as the market gets closer to saturation and carriers focus on taking market share from competitors. We expect competition with prepaid products to intensify as more competitors have targeted this segment as a means to sustain growth and increase market share. Competition in the wireless prepay market changed dramatically in 2009. Whereas our prepay competitive position was largely uncontested prior to last year, during 2009 a number of large wireless competitors, including Boost (operated by Sprint), TracFone's Straight Talk service, Virgin Mobile (prior to being acquired by Sprint Nextel in 2009), T-Mobile and Page Plus, entered the prepaid market. Many of these competitors have access to big box retailers and convenience stores that are unavailable to us. Pricing competition in the prepaid market also intensified during the fourth quarter of 2009 and the first quarter of 2010, with the introduction of a number of prepaid unlimited nationwide plans for less than \$50 per month. To remain competitive with our prepaid product offerings, we launched the FRAWG Unlimited Wireless brand in the Richmond and Hampton Roads, Virginia markets late in the second quarter of 2009. FRAWG provides value-seeking customers prepay wireless plan options without a contract, credit check or activation fee. While plans feature competitive price points, our acquisition costs are substantially lower with reduced handset subsidy and selling costs.

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Average monthly revenues per handset/unit in service ("ARPU") from voice are expected to continue to decline in 2010 due to competitive pressures and economic conditions. However, we anticipate data ARPU will continue to grow and offset a substantial portion of the decline in voice ARPU. Our wireless network upgrade to EV-DO has helped increase retail data ARPU by \$2.05 for the three months ended March 31, 2010 over the three months ended March 31, 2009. Higher handset subsidy costs as compared to 2009 have been experienced in the first quarter of 2010 and are expected to continue throughout 2010 due to actual and expected higher mix of smart phones associated with the projected growth in data ARPU. Data ARPU and data revenue are expected to continue to grow in 2010 due to the continued increase in penetration and usage escalating from our EV-DO deployment; however, this upgrade has resulted in a significant increase in network expenses and data cost of sales, both of which are captured in cost of sales and services. Wireless capital expenditures for 2010 are expected to decrease significantly from 2009 as the planned network upgrade to EV-DO was completed in 2009.

During 2010, we plan to expand our wireless service into one additional new local market and plan to increase and improve our points of distribution in our existing markets. Also, as our business continues to mature, we expect to increase our cash flows from operations net of capital expenditures.

In the RLEC segment, we experienced access line losses in 2009 and these losses are expected to continue in 2010, impacted by continued cable competition, wireless substitution and the economic climate. As of March 31, 2010, we have lost approximately 500 access lines year to date. These line losses, coupled with mid-year 2009 rate reductions as a result of our biennial tariff filing with the FCC for NTELOS Telephone, contributed to a 3.1% decline in RLEC revenues from the first three months of 2009. Our primary strategy to respond to this trend is to leverage our strong incumbent market position to increase our revenue by cross-selling additional services to our customer base, and to promote our Competitive Wireline segment strategic products (local services, IPTV-based video services, broadband voice and data services, and high-capacity network access and transport services) and extend our Competitive Wireline segment network to increase the addressable market area. Toward this pursuit, we have more than 25 new potential markets that are available to us as a result of the addition of approximately 2,500 fiber route-miles to our network, mostly in the fourth quarter of 2009.

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Other Overview Discussion

To supplement our financial statements presented under generally accepted accounting principles, or GAAP, throughout this document we reference non-GAAP measures, such as ARPU to measure operating performance for which our operating managers are responsible and upon which we evaluate their performance.

ARPU is a telecommunications industry metric that measures service revenues per period divided by the weighted average number of handsets in service during that period. ARPU as defined below may not be similar to ARPU measures of other companies, is not a measurement under GAAP and should be considered in addition to, but not as a substitute for, the information contained in our condensed consolidated statements of operations. We closely monitor the effects of new rate plans and service offerings on ARPU in order to determine their effectiveness. We believe ARPU provides management useful information concerning the appeal of our rate plans and service offerings and our performance in attracting and retaining high-value customers. The table below provides a reconciliation of operating revenue from our wireless segment (Note 3 in our Notes to condensed consolidated financial statements) to subscriber revenues used to calculate average monthly ARPU for the three months ended March 31, 2010 and 2009.

	Three Months Ended	
	March 31, 2010	March 31, 2009
(Dollars in thousands, other than average monthly ARPU data)		
Wireless communications revenues	\$104,045	\$109,206
Less: equipment revenues from sales to new customers	(3,075)	(1,772)
Less: equipment revenues from sales to existing customers	(4,575)	(5,269)
Less: wholesale revenues	(28,319)	(30,076)
(Less) plus: other revenues and adjustments	(149)	53
Wireless gross subscriber revenues	\$ 67,927	\$ 72,142
Average number of subscribers	441,781	440,629
Total average monthly ARPU	\$ 51.25	\$ 54.58
Wireless gross subscriber revenues	\$ 67,927	\$ 72,142
Less: wireless voice and other features revenues	(53,573)	(60,537)
Wireless data revenues	\$ 14,354	\$ 11,605
Average number of subscribers	441,781	440,629
Total data average monthly ARPU	\$ 10.83	\$ 8.78

Operating Revenues

Our revenues are generated from the following categories:

- wireless PCS, consisting of retail revenues from network access, data services, equipment revenues and feature services; and wholesale revenues from the Strategic Network Alliance and roaming from other carriers;
- RLEC segment revenues, including local service, network access, toll and directory advertising;
- Competitive Wireline segment revenues, including revenues from our key strategic products (local services, broadband voice and data services, high-capacity network access and transport services and IPTV-based video services) and from other Competitive revenues (long distance, dial-up Internet services, switched access and reciprocal compensation); and
- Other communications services revenues, including primarily revenues from paging and revenue from leasing excess building space.

Operating Expenses

Our operating expenses are incurred from the following categories:

- cost of sales and services, including digital PCS handset equipment costs which, in keeping with industry practice, particularly with handsets sold with service contracts, we sell to our customers at a price below our cost, and usage-based access charges, including long distance, roaming charges, and other direct costs

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incurred in accessing other telecommunications providers' networks in order to provide telecommunication services to our end-user customers, leased facility expenses for connection to other carriers, cell sites and switch locations and engineering and repairs and maintenance expenses related to property, plant and equipment;

- customer operations expenses, including marketing, product management, product advertising, selling, billing, publication of regional telephone directories, customer care, directory services, customer retention and bad debt expenses;
- corporate operations expenses, including taxes other than income, executive, accounting, legal, purchasing, information technology, human resources and other general and administrative expenses, including earned bonuses and equity-based compensation expense related to stock and option instruments held by certain members of corporate management;
- depreciation and amortization, including depreciable long-lived property, plant and equipment and amortization of intangible assets where applicable; and,
- accretion of asset retirement obligations ("ARO").

Other Income (Expenses)

Our other income (expenses) are generated (incurred) from interest expense on debt instruments, including changes in fair value of our interest rate swap instrument, which was terminated during the August 2009 refinancing, other income, which includes interest income, and gain on sale of investments.

Income Taxes

Our income tax expense and effective tax rate increases or decreases based upon changes in a number of factors, including our pre-tax income or loss, state minimum tax assessments, and non-deductible expenses.

Noncontrolling Interests in Losses (Earnings) of Subsidiaries

We have an RLEC segment partnership that owns certain signaling equipment and provides service to a number of small RLECs and to TNS that has a 46.3% noncontrolling interest. Also, our Virginia PCS Alliance, L.C., or the VA Alliance, that provides PCS services to a 2.0 million populated area in central and western Virginia, has a 3% noncontrolling interest.

The VA Alliance has incurred cumulative operating losses since it initiated PCS services in 1997. In accordance with FASB ASC 810-10-45-21, we attribute net income or losses to the noncontrolling interests in the VA Alliance. No capital contributions from the 3% minority owners were made during the three months ended March 31, 2010 or 2009. The VA Alliance made a \$0.3 million capital distribution to the minority owners during the three months ended March 31, 2010.

Results of Operations

Three months ended March 31, 2010 compared to three months ended March 31, 2009

Operating revenues decreased \$3.1 million, or 2.2%, from the three months ended March 31, 2009 to the three months ended March 31, 2010 primarily due to a decrease in wireless PCS revenues of \$5.2 million, or 4.7%, primarily from declines in subscriber revenues and wholesale revenues. Wireline revenues increased \$2.0 million over the comparative three months due to growth in key strategic product revenues in the Competitive Wireline segment, including revenues associated with the fiber optic assets acquired from Allegheny Energy, Inc. as of December 31, 2009. These increases were partially offset by a decline in revenue from the RLEC segment.

Operating income decreased \$2.3 million from the three months ended March 31, 2009 driven by the decline in revenue discussed above, partially offset by a decrease in operating expenses of \$0.8 million, or 0.8%, from the comparative three-month period. The operating expense decrease was primarily driven by a decrease in cost of wireless sales and accelerated depreciation as discussed further below.

Net income attributable to NTELOS Holdings Corp. decreased \$4.9 million, or 28.1%, from the first three months of 2009. In addition to the \$2.3 million decrease in operating income, other expenses (net of other income), increased by \$5.7 million primarily relating to a \$4.8 million increase in interest expense and the prior year favorable change in interest rate swap value of \$0.9 million. These decreases to net income were offset by a \$3.1 million decrease in income tax expense.

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OPERATING REVENUES

The following table identifies our external operating revenues by business segment for the three months ended March 31, 2010 and 2009:

Operating Revenues (dollars in thousands)	Three Months Ended March 31,		\$ Variance	% Variance
	2010	2009		
Wireless PCS	\$104,045	\$109,206	\$(5,161)	(4.7)%
Wireline				
RLEC	14,235	14,690	(455)	(3.1)%
Competitive Wireline	19,139	16,643	2,496	15.0%
Total wireline	33,374	31,333	2,041	6.5%
Other	132	125	7	5.6%
Total	\$137,551	\$140,664	\$(3,113)	(2.2)%

WIRELESS COMMUNICATIONS REVENUES—Wireless communications revenues decreased \$5.2 million from the first three months of 2009 to the first three months of 2010 due to a decrease in our net retail subscriber revenue of \$4.0 million, or 5.6%, and a \$1.8 million, or 5.8%, decrease in wholesale and roaming revenues. Partially offsetting these decreases was a \$0.6 million, or 8.6%, increase in equipment revenue.

Subscriber revenues reflected net subscriber growth of approximately 800 subscribers, less than 1%, from approximately 444,500 subscribers as of March 31, 2009 to approximately 445,300 subscribers as of March 31, 2010. Following the net decrease in customers from the end of the first quarter 2009 to year end 2009, we added approximately 6,700 net customers during the first quarter of 2010. However, a shift to a higher mix of prepaid as compared to postpay gross subscriber additions and churn and downward ARPU pressure with certain prepaid products reduced subscriber revenue growth. Data revenue increased \$2.1 million, but was more than offset by a decline in voice revenues brought about by competitive pricing reductions and economic conditions which contributed to subscribers changing to or purchasing lower priced plans, the mix shift noted above and an increase in the number of prepaid subscribers who suspend service for a period of time. Underlying the 24.9% growth in data revenue was the technology upgrade to EV-DO and an increased sales emphasis on smart phones and other data-centric handsets coupled with a broader array of data packages and increased sales of data cards. Total data ARPU for all prepaid and postpay products was \$10.83 for the three months ended March 31, 2010 compared to \$8.78 for the three months ended March 31, 2009, an increase of 23.3%, reflecting the increased take-rate on data packages and increased usage rates.

Growth in data ARPU has partially offset declines in voice ARPU, leading to blended ARPU of \$51.25 for the three months ended March 31, 2010 as compared to \$54.58 for the three months ended March 31, 2009.

In response to competitive pressures, we launched the FRAWG Unlimited Wireless brand in the Richmond and Hampton Roads, Virginia markets late in the second quarter of 2009. FRAWG provides prepaid wireless options at lower, competitive price points (along with reduced subsidy and sales costs to us). For the first three months of 2010, FRAWG contributed to a higher mix of prepaid sales at lower ARPU levels than the traditionally higher ARPU postpay rate plans, albeit at a lower net subsidy cost from the prepaid sales. The higher mix of FRAWG and other prepaid product sales, coupled with the current economic environment and competitive pricing, could result in further declines in voice related ARPU which we anticipate will be partially offset by growth in data ARPU.

The decrease in wholesale and roaming revenue was driven by a \$1.8 million, or 6.1%, decrease in revenue from the Strategic Network Alliance. Roaming revenues from other carriers were flat from the comparative three months. The revenue decrease from the Strategic Network Alliance is reflective of data usage which was billable at substantially higher contractual preset rates in 2009 up until the July 1, 2009 contractual travel data rate reset. Following the travel data rate reset, our monthly calculated revenue from Sprint Nextel was below the \$9.0 million minimum and thus we billed and recognized revenue at the \$9.0 million minimum stipulated in the contract in the

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first three months of 2010. Revenue from this contract is projected to remain at the \$9.0 million monthly minimum throughout 2010. Accordingly, due to the first half of 2009 wholesale revenues being above the \$9.0 million minimum per month, we would expect a decline of approximately \$4.8 million in 2010 if wholesale revenue remains at the \$9.0 million per month minimum as expected for the six months ended June 30, 2010 and the year as compared to the prior year comparable periods. Also, roaming revenues from other carriers may decline in 2010 as a result of industry consolidation of carriers with complementary networks or from other roaming arrangements which may not be favorable to us.

Our wholesale revenues derived from the Strategic Network Alliance are primarily from the voice usage by Sprint and Sprint affiliate customers who live in the Strategic Network Alliance service area ("home minutes of use"), those customers of Sprint who use our network for voice services while traveling through the Strategic Network Alliance service area ("travel minutes of use") and data usage by Sprint customers who live in or travel through the Strategic Network Alliance service area. We added 34 cell sites within this wholesale service area from March 31, 2009 to March 31, 2010, improving existing service and extending this coverage area.

The Strategic Network Alliance extends through July 31, 2015 and is subject to automatic three-year extensions unless certain notice provisions are exercised. The agreement prohibits Sprint from directly or indirectly commencing construction of, contracting for or launching its own wireless communications network in the agreement territory until a maximum of 18 months prior to the end of the agreement. The agreement specifies a series of usage rates for various types of services. The voice rate pricing under the agreement provides for semi-annual volume discounts based on Sprint's voice revenue yield to provide incentives for the migration of additional traffic onto the network. Data rates for Sprint in-market home subscribers are on a per subscriber basis. The data rate for Sprint customers that are traveling through the territory and use the network is on a per kilobyte basis. This rate is reset quarterly. The Strategic Network Alliance also permits our NTELOS-branded customers to access Sprint's national wireless network at reciprocal rates as the Sprint travel rates.

WIRELINE COMMUNICATIONS REVENUES—Wireline communications revenues increased \$2.0 million, or 6.5%, over the comparative three months, with revenues from strategic products increasing \$2.7 million, or 19.3%, primarily offset by a \$0.5 million, or 3.1%, decrease in RLEC revenues.

- **RLEC Revenues.** RLEC revenues decreased \$0.5 million from the comparative three months primarily due to decreased access and local service revenues as a result of a 6.5% decrease in access lines and a 1.2% decrease in carrier access minutes due primarily to a decline in usage by wireless carriers. On July 1, 2009, our interstate access rates were subject to a biennial reset (reduction). This rate reset coupled with network grooming by our customers resulted in an annualized reduction in revenue of approximately \$2.4 million.
Access lines totaled approximately 37,700 as of March 31, 2010 and 40,300 as of March 31, 2009. This access line loss is reflective of residential wireless substitution, the effect of current economic conditions on businesses, competitive voice service offerings from Comcast in one of our three RLEC markets and the conversion of Centrex lines to PBX trunks. Additionally, we encountered additional voice competition in one market from one provider in the first quarter of 2010 which could result in greater line losses than experienced in 2009. We expect that this new voice service competition will primarily be for residential customers.
- **Competitive Wireline Revenues.** Competitive Wireline revenue for the first three months of 2010 increased \$2.5 million over the first three months of 2009 primarily due to \$1.7 million of revenues recognized in the first three months of 2010 related to the Allegheny asset acquisition. Strategic product revenues from our other markets increased \$1.0 million over the comparative three months, primarily from increases in broadband voice and data services, which include broadband over fiber, dedicated Internet access, DSL, integrated access and Metro Ethernet, and transport revenue.

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OPERATING EXPENSES

The following table identifies our operating expenses by business segment, consistent with the table presenting operating revenues above, for the three months ended March 31, 2010 and 2009:

Operating Expenses (dollars in thousands)	Three Months Ended March 31,		\$ Variance	% Variance
	2010	2009		
Wireless PCS	\$ 65,943	\$ 66,415	\$ (472)	(0.7)%
Wireline				
RIEC	4,200	3,741	459	12.3%
Competitive Wireline	10,599	9,849	750	7.6%
Total wireline	14,799	13,590	1,209	8.9%
Other	2,585	2,558	27	1.1%
Operating expenses, before equity-based compensation charges, depreciation and amortization and accretion of asset retirement obligations	83,327	82,563	764	0.9%
Equity-based compensation	1,224	1,043	181	17.4%
Depreciation and amortization	21,528	23,158	(1,630)	(7.0)%
Accretion of asset retirement obligations	124	276	(152)	(55.1)%
Total operating expenses	\$106,203	\$107,040	\$ (837)	(0.8)%

OPERATING EXPENSES – The following describes our operating expenses by segment and on a basis consistent with our financial statement presentation.

The discussion below relates to our operating expenses by segment before equity-based compensation charges, depreciation and amortization and accretion of asset retirement obligations:

Wireless Communications – The operating expense decrease in wireless communications from the comparative three-month period was primarily due to the \$3.4 million decreased cost of sales (“COS”), largely offset by an increase in retention expense of \$2.4 million. The decrease in COS was partially driven by a decrease in equipment COS of \$1.6 million primarily due to a change in the classification of handset returns and exchanges from COS in the prior year to retention expense in the current year. The remainder of the decrease in COS was primarily driven by a decrease in roaming costs of \$0.4 million as a result of in-network roaming savings associated with continued cell site expansion and lower roaming rates from our roaming partners and a \$0.9 million decrease in data COS partially driven by favorable cost reductions.

We expect COS expenses to grow in 2010 as roaming volume from national and unlimited plans increases, sales of smart phones and data cards continue to represent a significantly higher percentage of total sales than in the prior year, usage of data features increases and our customer base grows. This will be partially offset by higher FRAWG product sales.

In addition to the COS decrease, compensation, benefits and employee sales commissions decreased a total of \$0.4 million from the comparative three months primarily due to a decrease in average headcount and a decrease in the number of gross additions from the comparative three months. Agent sales commissions also decreased \$0.6 million from the comparative three months due to a decrease in sales generated from third-party agents and the lower selling costs related to the FRAWG product. Operating taxes decreased \$0.4 million from the comparative period primarily due to a favorable tax ruling of \$0.3 million in the first three months of 2010. Finally, bad debt expense decreased \$0.2 million from the comparative three-month period (and \$1.3 million below the fourth quarter 2009) due to improvement in accounts receivable aging and total accounts receivable.

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Certain other expenses increased year over year. Advertising expense increased \$0.5 million related to heavier advertising in response to competitive pressure and to promote the FRAWG unlimited prepay offering. Cell site and network access expenses increased \$0.6 million related to additional access connectivity to support high-speed data over the EV-DO network, strong growth in data usage by subscribers, and related to a 5.1% increase in the number of cell sites as of March 31, 2010 over March 31, 2009. We anticipate capital upgrades to certain of our cell sites in 2010 which will allow us to reduce cell site backhaul facilities which will partially offset network facility expense increases from continued cell site usage and cell site additions. The remainder of the operating expenses which increased as compared to the first quarter 2009 is attributable to general and administrative and other costs which collectively increased \$0.9 million.

- *Wireline Communications* – The increase noted in the table above is attributable to a \$0.7 million increase in operating expenses related to the new Allegheny markets (Note 1) and increases in access expense, professional fees and weather related repairs and maintenance expenses in our other markets.
- *Other* – Other operating expenses increased 1.1% from the three months ended March 31, 2009 to the three months ended March 31, 2010. The results for the three months ended March 31, 2010 include the recognition of severance benefits totaling \$0.9 million which were provided for in the employment agreement of an executive officer who left the Company in March 2010. The results for the three months ended March 31, 2009 include the recognition of a \$1.0 million signing bonus paid to our then new President and Chief Operating Officer.

COST OF SALES AND SERVICES—Cost of sales and services decreased \$1.9 million, or 4.3%, from the three months ended March 31, 2009 to the three months ended March 31, 2010. As discussed above, wireless variable COS decreased \$3.4 million from the comparative three months largely related to the expense classification change from COS to retention expense (included in customer operations expenses) and expense decreases related to roaming and data COS. Partially offsetting this decrease in variable COS was an increase in cell site and network access costs \$0.9 million over the comparative three months primarily related to an increase in the number of cell sites over March 31, 2009 and additional access connectivity to support high-speed data over the EV-DO network, increased data usage and our increased subscriber base, as described above. Repairs and maintenance expenses also increased \$0.6 million over the comparative three months which were largely weather related.

CUSTOMER OPERATIONS EXPENSES—Customer operations expenses increased \$1.6 million, or 5.3%, from the three months ended March 31, 2009 to the three months ended March 31, 2010. As discussed in the wireless communications section above, retention costs increased \$2.4 million over the comparative three months. Advertising expenses increased \$0.5 million over the comparative three months related to an increase in promotions to combat the increase in competitive pressures and to promote the recently launched FRAWG unlimited prepay offering. Partially offsetting these increases was a \$0.7 million decrease in compensation and benefits expense due to lower average headcount in the first three months of 2010 compared to the first three months of 2009 and a \$0.6 million decrease in wireless third party agent commissions.

CORPORATE OPERATIONS EXPENSES—Corporate operations expense increased \$1.3 million, or 14.7%, from the three months ended March 31, 2009 to the three months ended March 31, 2010. This increase is primarily attributable to increases in professional fees, license fees and royalties and compensation and benefits in the first three months of 2010 over the first three months of 2009. Partially offsetting these increases was a decrease in operating taxes of \$0.3 million related to a favorable tax ruling in the first three months of 2010.

DEPRECIATION AND AMORTIZATION EXPENSES—Depreciation and amortization expenses decreased \$1.6 million, or 7.0%, from the three months ended March 31, 2009 to the three months ended March 31, 2010. This decrease is primarily attributable to a decrease in accelerated depreciation of \$1.4 million from the first three months of 2009 primarily related to 3G-1xRTT and other equipment scheduled to be replaced earlier than originally anticipated in connection with the EV-DO upgrade discussed below, covering approximately 85% of total cell sites, which was completed by June 30, 2009.

Normal depreciation expense decreased \$0.3 million from the three months ended March 31, 2009 driven primarily by significant asset retirements during 2009 for the wireline and wireless segments. Partially offsetting these

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decreases was an increase in amortization expense of \$0.1 million from the first three months of 2009 due to the addition of amortization for a customer list intangible asset acquired from the purchase of the Allegheny assets (Note 1).

ACCRETION OF ASSET RETIREMENT OBLIGATIONS—Accretion of asset retirement obligations is recorded in order to accrete the estimated asset retirement obligation over the life of the related asset up to its future expected settlement cost. This charge decreased approximately \$0.2 million from the three months ended March 31, 2009.

OTHER INCOME (EXPENSES)

Interest expense on debt instruments increased \$4.8 million, or 90.2%, from the three months ended March 31, 2009 to the three months ended March 31, 2010 due primarily to the refinancing of our senior credit facility on August 7, 2009. Upon refinancing, the senior credit facility was increased by over \$30 million and the interest rate increased to 5.75% from an average rate that was over 100 basis points lower through the date of refinancing. Also, amortization of discount and origination costs were \$0.6 million higher for the three months ended 2010 versus the 2009 comparable period.

Additionally, we recorded a gain from the change in the fair value of the interest rate swap instrument in the first quarter of 2009 of \$0.9 million. In August 2009, NTELOS Inc. terminated this interest rate swap agreement.

Other income (expenses) primarily related to interest income from cash was flat from the three months ended March 31, 2009 to the three months ended March 31, 2010.

INCOME TAXES

Income tax expense for the three months ended March 31, 2010 was \$8.6 million, representing the statutory tax rate applied to pre-tax income and the effects of certain non-deductible compensation. We expect our recurring non-deductible expenses to relate primarily to certain non-cash share-based compensation, and other non-deductible compensation. For the remainder of 2010, the amounts of these charges for equity-based awards outstanding as of March 31, 2010 and other non-deductible compensation are expected to be \$0.8 million and \$0.2 million, respectively. Income tax expense for the three months ended March 31, 2009 was \$11.7 million.

We have unused net operating losses, including certain built-in losses ("NOLs") totaling \$166.6 million as of March 31, 2010. These NOLs are subject to an adjusted annual maximum limit (the "IRC 382 Limit") of \$9.2 million. Based on the IRC 382 Limit, we expect to use NOLs of approximately \$141.1 million as follows: \$6.9 million for the remainder of 2010, \$9.2 million per year in 2011 through 2024, \$5.1 million in 2025 and \$0.8 million in 2026.

Liquidity and Capital Resources

For the three months ended March 31, 2010 and 2009, we funded our working capital requirements, capital expenditures and cash dividend payments from cash on hand and net cash provided from operating activities. We believe our cash generated from operating segments will continue to fund our working capital requirements, capital expenditures, higher interest cost following our debt refinancing, any stock repurchases under our previously announced repurchase plan, cash dividends and required debt principal payments prior to maturity.

As of March 31, 2010, we had approximately \$51.9 million in cash and working capital (current assets minus current liabilities) of approximately \$32.8 million. As of December 31, 2009, we had approximately \$51.1 million in cash and working capital of approximately \$41.3 million. Of the cash on hand on March 31, 2010, \$47.9 million was held by NTELOS Inc. and its subsidiaries which are subject to usage restrictions pursuant to the credit agreement.

As of March 31, 2010, we had \$714.5 million in aggregate long term liabilities, consisting of \$620.7 million in outstanding long-term debt (\$627.7 million including the current portion, with the \$635 million senior credit facility being recorded net of a \$6.4 million (or 1%) discount) and approximately \$93.7 million in other long-term liabilities. Our credit agreement also includes a revolving credit facility of \$35 million (the "Revolving Credit Facility"), which is available for our working capital requirements and other general corporate purposes. The aggregate maturities of our long-term debt, excluding capital lease obligations, based on the contractual terms of the instruments are \$4.8 million for the remainder of 2010, \$6.4 million per year in 2011 through 2014 and \$601.7 million in 2015.

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In addition to the long-term debt from the credit agreement, we also enter into capital leases on vehicles used in our operations with lease terms of four to five years. At March 31, 2010, the net present value of these future minimum lease payments was \$1.6 million.

We have a restricted payment basket under the terms of the credit agreement which can be used to make certain restricted payments, including the ability to pay dividends and repurchase stock. The restricted payment basket is increased by \$10.0 million per quarter (beginning in the first quarter of 2010) plus an additional quarterly amount for calculated excess cash flow based on the definition in the credit agreement, and is decreased by any actual restricted payments. The calculated excess cash flow for the three months ended March 31, 2010 was \$5.3 million. This amount will be added to the restricted payment basket in the second quarter of 2010. The balance of the basket as of March 31, 2010 was \$31.5 million. As previously noted, we may repurchase an additional \$23.1 million of our common stock up to a total of \$40 million through our repurchase plan announced on August 24, 2009.

We are a holding company that does not operate any business of our own. As a result, we are dependent on cash dividends and distributions and other transfers from our subsidiaries to make dividend payments or repurchase our common stock. Amounts that can be made available to us to pay cash dividends or repurchase stock are restricted by the NTELOS Inc. Credit Agreement.

Under the credit agreement, NTELOS Inc. is also bound by certain financial covenants. Noncompliance with any one or more of the debt covenants may have an adverse effect on our financial condition or liquidity in the event such noncompliance cannot be cured or should we be unable to obtain a waiver from the lenders of the NTELOS Inc. senior secured credit facilities. As of March 31, 2010, we are in compliance with all of our debt covenants, and our ratios at March 31, 2010 are as follows:

	Actual	Covenant Requirement at March 31, 2010
Total debt outstanding to EBITDA	2.80	Not more than 4.00
Minimum interest coverage ratio	6.71	Not less than 3.00

During the three months ended March 31, 2010, net cash provided by operating activities was approximately \$39.4 million. Net income during this period was \$12.5 million. We recognized \$27.3 million of depreciation, amortization, deferred taxes and other non-cash charges (net). Total net changes in operating assets and liabilities used \$0.4 million. The principal changes in operating assets and liabilities from December 31, 2009 to March 31, 2010 were as follows: accounts receivable increased by \$1.2 million primarily due to reduction in the allowance account from improved aging; inventories and supplies decreased \$3.2 million driven by a reduction in inventory from peak retail selling season levels at year-end; other current assets increased \$3.3 million related to increases in prepaid maintenance contract and rents; changes in income taxes totaled \$8.9 million due to net estimated tax payments compared to current tax accruals; accounts payable decreased \$1.1 million; and other current liabilities increased \$2.3 million primarily related to deferred compensation, rebate, and professional services accruals. Retirement benefit payments for the first three months of 2010 were approximately \$9.3 million which includes a \$9.0 million pension plan funding.

During the three months ended March 31, 2009, net cash provided by operating activities was approximately \$44.3 million. Net income during this period was \$17.4 million. We recognized \$33.9 million of depreciation, amortization, deferred taxes and other non-cash charges (net). Total net changes in operating assets and liabilities used \$7.0 million. The principal changes in operating assets and liabilities from December 31, 2008 to March 31, 2009 were as follows: accounts receivable decreased by \$6.3 million; inventories and supplies decreased \$1.5 million; other current assets increased \$4.0 million; changes in income taxes totaled \$3.1 million; accounts payable decreased \$0.9 million; and other current liabilities decreased \$3.9 million. Retirement benefit payments for the first quarter of 2009 were approximately \$9.2 million which includes a \$9.0 million pension plan funding.

Our cash flows used in investing activities for the three months ended March 31, 2010 were approximately \$25.4 and were primarily used for the purchase of property and equipment comprised of (i) approximately \$10.2 million related to our wireless business, including approximately \$2.5 million of continued network coverage expansion and enhancements within our coverage area, approximately \$4.9 million of expenditures for additional capacity to support our projected growth in our NTELOS-branded subscribers and increased voice and data usage by existing subscribers and growth in voice and data usage under the Strategic Network Alliance, and approximately \$2.8 million to support our existing networks and other business needs, (ii) approximately \$13.2 million for routine capital outlays and facility upgrades supporting our RLEC operations, for the actual and projected growth of our

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voice and data offerings, including those in our new territories from the Allegheny Energy, Inc. fiber acquisition, and for fiber deployment in the RLEC territory related to an infrastructure upgrade to offer, among other services, enhanced broadband services and IPTV-based video services, and (iii) approximately \$2.0 million related primarily to information technology for web portal applications to enhance the customer on-line buying, payment and account management experiences.

Our cash flows used in investing activities for the three months ended March 31, 2009 were approximately \$31.6 million and were primarily used for the purchase of property and equipment comprised of (i) approximately \$18.0 million related to our wireless business, including approximately \$1.0 million of incremental capital expenditures related to our network upgrade to EV-DO, (ii) approximately \$10.2 million related to our RLEC and Competitive Wireline businesses and (iii) approximately \$3.5 million related to information technology and corporate expenditures.

We currently expect capital expenditures for 2010 to be in the range of \$78 million to \$87 million absent any unforeseen strategic growth opportunities which could increase capital expenditures above this range. Our capital expenditures associated with our wireless business will be primarily for additional capacity needs, continued network coverage expansion and for coverage enhancements within our coverage area. Our wireline capital expenditures will be targeted to provide normal network facility upgrades for our RLEC operations, to support the projected growth of our Competitive Wireline voice and data offerings, including strategic fiber builds, and fiber deployment in the RLEC territory related to an infrastructure upgrade to offer, among other services, continued deployment of fiber to the home and growth in IPTV-based video subscribers. Finally, we will make additional investments in web portal and other enhancements and upgrades to our information technology systems in support of growth and new service offerings and applications.

Net cash used in financing activities for the three months ended March 31, 2010 aggregated \$13.2 million, which primarily represents the following:

- \$1.6 million repayments on our first lien term loan;
- \$11.6 million used for common stock cash dividends (\$0.28 per share in the aggregate) paid on January 12, 2010;
- \$0.3 million used for capital distributions to noncontrolling interests; and,
- \$0.3 million proceeds and tax benefits primarily related to the exercise of stock options and net borrowings under capital leases.

Net cash used in financing activities for the three months ended March 31, 2009 aggregated \$12.8 million, which primarily represents the following:

- \$1.6 million in payments on our first lien term loan;
- \$11.0 million for common stock cash dividends (\$0.26 per share) paid on January 12, 2009;
- \$0.7 million was used to acquire a noncontrolling interest in the VA Alliance; and,
- \$0.4 million proceeds and tax benefits primarily related to the exercise of stock options and net borrowings under capital leases.

On February 25, 2010, the board of directors declared a cash dividend in the amount of \$0.28 per share which was paid on April 12, 2010 to stockholders of record on March 12, 2010 and totaled \$11.6 million. On April 30, 2010, the board of directors declared a cash dividend in the amount of \$0.28 per share to be paid on July 14, 2010 to stockholders of record on June 14, 2010. As noted above, we intend to continue to pay regular quarterly dividends on our common stock. Any decision to declare future dividends will be made at the discretion of the board of directors and will depend on, among other things, our results of operations, cash requirements, investment opportunities, financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We believe that our current cash balances of \$51.9 million and our cash flow from operations will be sufficient to satisfy our foreseeable working capital requirements, capital expenditures, cash dividend payments and any stock repurchases through our stock repurchase plan discussed above for the next 24 months. If our growth opportunities result in unforeseeable capital expenditures, we may need to access our \$35 million revolving credit facility and could seek additional financing in the future.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks primarily related to interest rates. As of March 31, 2010, \$631.8 million was outstanding under the first lien term loan. As of March 31, 2010, NTELOS Inc. had a leverage ratio of 2.80:1.00 and an interest coverage ratio of 6.71:1.00, both of which are favorable to any future covenant requirement. This facility bears interest at 3.75% above either the Eurodollar rate or 2.00%, whichever is greater, or 2.75% above either the Federal Funds rate or 3.00%, whichever is greater. We have other fixed rate, long-term debt in the form of capital leases totaling \$1.6 million as of March 31, 2010.

In connection with the refinancing in August 2009, we terminated our \$600 million interest rate swap agreement.

We have interest rate risk on borrowings under the first lien term loan and we could be exposed to loss. During second quarter 2010, we amended our first lien term loan to extend the date by which we must enter into a hedge agreement from May 4, 2010 to December 31, 2010.

At March 31, 2010, our financial assets included cash of \$51.9 million. Other securities and investments totaled \$1.1 million at March 31, 2010.

The following sensitivity analysis indicates the impact at March 31, 2010, on the fair value of certain financial instruments, which are potentially subject to material market risks, assuming a ten percent increase and a ten percent decrease in the levels of our interest rates:

(In thousands)	Book Value	Fair Value	Estimated fair value assuming noted decrease in market pricing	Estimated fair value assuming noted increase in market pricing
First lien term loan	\$ 626,089	\$636,298	\$ 652,834	\$ 620,249
Capital lease obligations	1,619	1,619	1,781	1,457

A ten percent increase or decrease in interest rates would result in a change of \$1.0 million in interest expense for 2010, computed using the 2% LIBOR floor stipulated in our senior credit facility. Interest on our senior credit facility is calculated at the higher of LIBOR rate or 2% plus 3.75%. Actual LIBOR rates at March 31, 2010 were well below 2% and thus, a 10% change in the actual LIBOR rate from the rate at March 31, 2010 would result in no change in interest expense in 2010.

Critical Accounting Policies

The fundamental objective of financial reporting is to provide useful information that allows a reader to comprehend our business activities. To aid in that understanding, management has identified our critical accounting policies for discussion in our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC on February 26, 2010. These policies have the potential to have a more significant impact on our financial statements, either because of the significance of the financial statement item to which they relate, or because they require judgment and estimation due to the uncertainty involved in measuring, at a specific point in time, events which are continuous in nature. The following policies are related to new policies adopted during the first quarter of 2010, existing policies that were changed during the first quarter of 2010 and new policies that were issued by the FASB during the first quarter of 2010 but will be adopted in a future reporting period.

In October 2009, the FASB issued Accounting Standards Update ("ASU") 2009-13, *Multiple-Deliverable Revenue Arrangements*. ASU 2009-13 amends FASB ASC Subtopic 605-25, *Revenue Recognition -- Multiple-Element Arrangements*, to eliminate the requirement that all undelivered elements have vendor-specific objective evidence ("VSOE") or third-party evidence ("TPE") before an entity can recognize the portion of an overall arrangement fee that is attributable to items that already have been delivered. In the absence of VSOE or TPE of the standalone selling price for one or more delivered or undelivered elements in a multiple-element arrangement, entities will be required to estimate the selling prices of those elements. The overall arrangement fee will be allocated to each element (both delivered and undelivered items) based on their relative selling prices, regardless of whether those selling prices are evidenced by VSOE or TPE or are based on the entity's estimated selling price. Application of the "residual method" of allocating an overall arrangement fee between delivered and undelivered elements will no longer be permitted upon adoption of ASU 2009-13. Additionally, the new guidance will require entities to disclose

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more information about their multiple-element revenue arrangements. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company is currently assessing the impact of ASU 2009-13 on its condensed consolidated financial statements and disclosures.

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act. The new legislation makes extensive changes to the current system of health care insurance and benefits. This new health care legislation creates an income tax charge for companies that provide qualifying prescription drug coverage to Medicare-eligible retirees and which currently receive a nontaxable subsidy from the U.S. government. Under the new health care legislation, income tax deductions for the cost of providing that prescription drug coverage will be reduced by the amount of any subsidy received. This change will cause companies to record a charge to earnings to write off a portion of their deferred tax assets related to postretirement health care obligations under current accounting requirements. Under FASB guidance, the effect of changes in tax laws or rates on deferred tax assets and liabilities is reflected in the period that includes the enactment date, even though the changes may not be effective until future periods. The subsidy that the Company receives is not material and the expected impact of this new legislation is not expected to be material to the Company's condensed consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements* which amends the FASB's fair value measurements and disclosures requirements to require reporting entities to make new disclosures about recurring or non-recurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information about purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair-value measurements. The ASU also clarifies existing fair-value measurement disclosure guidance about the level of disaggregation, inputs and valuation techniques. The disclosures were included in this filing.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

Changes in Internal Control Over Financial Reporting

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

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PART II -- OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved in routine litigation in the ordinary course of our business. We do not believe that any pending or threatened litigation of which we are aware would have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors (pages 20 to 35) in our Annual Report on Form 10-K for the year ended December 31, 2009, which could materially affect our business, financial condition or future results. The risks described in the Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

We do not believe that there have been any material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2009.

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

On August 24, 2009, the Company's board of directors authorized management to repurchase up to \$40 million of the Company's common stock.

The Company did not repurchase any shares of its common stock during the first quarter of 2010. As of March 31, 2010, the approximate dollar value of shares that may yet be purchased under the Plan is \$23,073,534.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Description
10.1*	Separation agreement, dated as of March 10, 2010, for Frank C. Guido.
10.2*	Employment Agreement, dated as of March 10, 2010, between NTELOS Holdings Corp. and Conrad J. Hunter.
10.3*	Amendment No. 1, dated as of April 23, 2010, to the Credit Agreement.
31.1*	Certificate of James A. Hyde, Chief Executive Officer and President pursuant to Rule 13a-14(a).
31.2*	Certificate of Michael B. Money maker, Executive Vice President and Chief Financial Officer, Treasurer and Secretary pursuant to Rule 13a-14(a).
32.1*	Certificate of James A. Hyde, Chief Executive Officer and President pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certificate of Michael B. Money maker, Executive Vice President and Chief Financial Officer, Treasurer and Secretary pursuant to 18 U.S.C., Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

(c) 2010 TIP. Three Hundred Twelve Thousand One Hundred and Twenty Dollars (\$312,120), (which is the present value equivalent of two (2) times your target incentive bonus of sixty percent (60%) of your base salary) to be paid on the first day immediately following the earlier of six (6) months after the Separation Date or your death, less any sums which may be required to be deducted or withheld under applicable provisions of law.

Nothing in this letter agreement shall be deemed an admission by the Company or any parent, subsidiary or affiliate of the Company, or by you, of any violation of any agreement, statute, law, or right or of any wrongdoing of any kind.

3. Employee Benefits. You and, as applicable, your dependents, also will receive the following employee benefits:

(a) Continuation of medical, dental and flexible spending plan coverage through COBRA for up to twenty-four (24) months after the Separation Date. COBRA administration is handled by Ceridian. They will mail a package to your home for you to elect continued coverage. To the extent you are not eligible to continue such medical, dental and flexible spending account coverage for the full twenty-four (24) months, you will be reimbursed, on a net after-tax basis, no less frequently than monthly, for the cost of individual insurance coverage for you and your dependents under a policy or policies that provide benefits (other than disability coverage) not less favorable than the benefits (other than disability coverage) provided under such medical, dental and flexible spending account plans. Notwithstanding the foregoing, the coverage or reimbursements for coverage provided under this subsection 3(a) shall cease if you or your dependents become covered under any employee welfare benefit plan of any other employer of yours that provides the same or similar types of benefits.

(b) Continuation of life insurance and accidental death and dismemberment insurance. You must port your current employee coverage to an individual policy with Reliance Standard. If you port to individual coverage, the Company will pay your premium for such coverage, no less frequently than monthly, for twenty-four (24) months after the Separation Date. You will be required to pay the full premium if you elect to continue coverage beyond such date.

(c) Continuation of Executive Life Insurance. For 2010, the Company already has paid to you an annual amount equal to the average life insurance premium paid to insure other executives of the Company on a prorated cost per thousand basis as if you had a term life insurance contract providing a death benefit of \$549,000.

(d) OPEB Coverage. You will be eligible to participate in the Company's post-retirement medical and life insurance benefits plan ("OPEB") in accordance with the terms provided in such plan from time to time for participation by Company employees who are hired before April 1, 1993 and satisfy the plan's age and service requirements for retiree coverage. You will be eligible for coverage under OPEB on the same terms and for the same periods as other eligible participants, beginning as of the date you otherwise would have been eligible for OPEB coverage had you continued employment with the Company and then retired at the time

you had met the age and service requirements for OPEB coverage. The date upon which you will be eligible for OPEB coverage, provided OPEB is still in existence at such time, will be October 1, 2021.

(e) Your rights to benefits under the Company's employee benefit plans in which you participate, including any rights to benefits after your death, will be determined in accordance with the applicable plan documents, except as otherwise set forth herein.

(f) Notwithstanding any other provision hereof, if any of the payments to be made or benefits to be provided pursuant to this Section 3 constitute nonqualified deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended, (the "Code"), then such payments or benefits will be delayed, to the extent required under Section 409A of the Code, until six (6) months after the Separation Date or, if earlier, your death (the "409A Deferral Period"). In the event any such payments would otherwise have been made in the 409A Deferral Period, the payments shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. In the event any of the foregoing benefits are deferred, any such benefit may be provided during the 409A Deferral Period at your expense, with you having the right to reimbursement from the Company as soon as the 409A Deferral Period ends, and the balance of the benefits will be provided as otherwise scheduled.

4. Standard Termination Payments. You, and after your death, your beneficiary, will receive payments for earned and unpaid base salary accrued through your Separation Date and unreimbursed business and entertainment expenses incurred through your Separation Date as reimbursable under the Company's normal policies. Payment of these items will be made consistent with normal check processing schedules.

5. Company Stock

(a) You currently hold the following Company Stock Options ("Options"):

	Outstanding Units	Grant Date	Vested Units	Unvested Units	Exercisable Until
Stock Options	13,184	9/15/05	13,184	0	60 days
Stock Options	13,500	3/5/07	10,125	3,375	60 days
Stock Options	13,500	3/3/08	6,750	6,750	60 days
Stock Options	21,400	3/2/09	5,350	16,050	3 months

Options that are not vested as of your Separation Date will be forfeited.

(b) You currently hold the following shares of Company Restricted Stock:

	Outstanding Units	Grant Date	Vested Units	Unvested Units
Restricted Stock	3,500	3/3/08	1,750	1,750
Restricted Stock	12,429	3/2/09	3,107	9,322

Shares of Company Restricted Stock that are not vested upon your Separation Date will be forfeited.

6. Verification of Employment. Consistent with established company practices of not providing job references, no representative of the Company will be authorized to provide information on your employment other than your dates of employment, job title, and compensation.

7. Accord and Satisfaction. You agree to sign and be bound by this letter agreement in order to receive from the Company the severance and other benefits described in paragraphs 2, 3, 4 and 5. By signing this letter agreement, you accept the severance and other benefits described herein as a final accord and satisfaction of all payments and benefits due you from the Company or any parent, subsidiary or affiliate relating to your employment, including, without limitation, any amounts that may be due you under the terms of the Amended and Restated Employment Agreement dated December 18, 2008 between the Company and you (the "Employment Agreement," attached hereto as Exhibit A), and you hereby waive any rights to receive any other payments and benefits from the Company or any parent, subsidiary or affiliate of the Company other than as described in this letter agreement, including without limitation, any payments and benefits to which you may be entitled under such Employment Agreement. You also acknowledge that you are not entitled to receive any payments or benefits under any other severance plan, arrangement, program or policy of the Company or any parent, subsidiary or affiliate of the Company. Except as otherwise provided herein, this letter agreement constitutes the final and entire agreement between you and the Company on the subject matter herein, and no other representation, promise, or agreement has been made to cause you to sign this letter agreement. All other agreements regarding your employment or the subject matter therein shall be superceded by this letter agreement except as expressly set forth herein.

8. Company Property. You agree to return all Company property that is in your possession or in your home. Such items include but are not limited to gas card, credit card, computer, wireless handsets and accessories, files, and reports.

9. Non-Competition and Confidential Information. You agree, acknowledge and affirm that Sections 5, 8, 10 and 13 of the Employment Agreement remain in full force and effect and are not superceded, merged or otherwise affected by this letter agreement and that you will continue to be bound by the terms and conditions of Sections 5, 8, 10 and 13 of the Employment Agreement. You further agree that the covenants, prohibitions and restrictions contained in this letter agreement are in addition to, and not in lieu of, any rights or remedies that the Company may have available pursuant to the Employment Agreement or the laws of any jurisdiction, or the common law or equity, and the enforcement or non-enforcement by the Company of its rights

and remedies pursuant to this letter agreement shall not be construed as a waiver of any other rights or remedies that it may possess. Any breach by you of this paragraph 9, or of Sections 5 and 8 of the Employment Agreement, shall be grounds for termination of any payments to be made or benefits to be delivered hereunder. Additionally, in the event of any such breach, you agree to repay the Company any severance and other benefits that you previously received pursuant to this letter agreement.

10. **General Release.** For and in consideration of the payments and promises set forth in this letter agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, you hereby release, acquit, and forever discharge the Company and all affiliates, parents, subsidiaries, partners, joint venturers, owners, and shareholders, and all of their officers, directors, employees, representatives, and agents, and all successors and assigns thereof (each a "Released Party"), from any and all claims, charges, complaints, demands, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, entitlements, costs, losses, debts, and expenses (including attorneys' fees and legal expenses), of any nature whatsoever, known or unknown, which you now have, had, or may hereafter claim to have had against the Company or any other Released Party, of any kind or nature whatsoever, arising from any act, omission, transaction, matter, or event which has occurred or is alleged to have occurred up to the date you execute this letter agreement.

The claims knowingly and voluntarily released herein include, but are not limited to, all claims relating in any way to your employment with the Company or the conclusion of that employment, whether such claims are now known or are later discovered, including claims under the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 1981, the Americans with Disabilities Act, the Family and Medical Leave Act, the Fair Labor Standards Act or other federal or state wage and hour laws, the Employee Retirement Income Security Act, claims for breach of contract, infliction of emotional distress, claims under any other federal or state law pertaining to employment or employment benefits, and any other claims of any kind based on any contract, tort, ordinance, regulation, statute, or constitution; provided, however, that nothing in this Agreement shall be interpreted to release any claims which you may have for workers compensation benefits. You acknowledge that this letter agreement may be pled as a complete defense and shall constitute a full and final bar to any claim based on any act, omission, transaction, matter, or event which has occurred or is alleged to have occurred up to the date you execute this letter agreement.

11. **Non-Disparagement.** You agree not to make any statement or take any action that criticizes or disparages the Company or its parent, subsidiaries or affiliates, their employees, officers, directors, representatives and agents, their management or their practices or that disrupts or impairs their normal operations, and the Company and its parent, subsidiaries and affiliates agree not to take any action that criticizes or disparages you, except that nothing in this letter agreement shall be interpreted to limit either of our rights to confer with counsel or to provide truthful testimony pursuant to subpoena, notice of deposition or as otherwise required by law. This provision is in addition to, and not in lieu of, the substantive protections under applicable law relating to defamation, libel, slander, interference with contractual or business relationships, or other statutory, contractual, or tort theories.

12. Receipt and Effective Date. You acknowledge that you have read and understand this letter agreement, that you have been provided a period of twenty-one (21) calendar days to consider its terms, and that you have been advised in writing to discuss its terms with an attorney or other advisor before executing it. This letter agreement will not become effective and enforceable until seven (7) days after you execute it. You further understand that you may revoke this letter agreement within seven (7) calendar days after you have signed it by delivering written notice of revocation to Joe Leigh, 1154 Shenandoah Village, Waynesboro, VA 22980. If the end of such revocation period falls on a Saturday, Sunday or legal holiday in the Commonwealth of Virginia, the revocation period shall be extended until the next day that is not a Saturday, Sunday or legal holiday in the Commonwealth of Virginia. Notwithstanding anything contained herein to the contrary, you understand and agree that, if you fail to sign the letter agreement on or before the expiration of twenty-one (21) days of the day you received it, or if you revoke the letter agreement before the expiration of the revocation period, this letter agreement shall be canceled and void and neither party shall have any rights or obligations arising under it, and you will not be entitled to receive any payments or benefits under this letter agreement not otherwise payable absent this letter agreement. Notwithstanding any other provision of this letter agreement, no payments or benefits shall be made hereunder until the expiration of such revocation period.

13. Severability. Except as set forth below, the terms, conditions, covenants, restrictions, and other provisions contained in this letter agreement are separate, severable, and divisible. If any term, provision, covenant, restriction, or condition of this letter agreement or part thereof, or the application thereof to any person, place, or circumstance, shall be held to be invalid, unenforceable, or void, the remainder of this letter agreement and such term, provision, covenant, or condition shall remain in full force and effect to the greatest extent practicable and permissible by law, and any such invalid, unenforceable, or void term, provision, covenant, or condition shall be deemed, without further action on the part of the parties hereto, modified, amended, limited, or deleted to the extent necessary to render the same and the remainder of this letter agreement valid, enforceable, and lawful. In the event that any portion of the General Release in paragraph 10 is deemed void or unenforceable, the Company shall have no further obligation to provide any further severance benefits, and you agree to repay any payments for severance benefits that have been made.

14. Taxes.

(a) You shall be responsible for any tax consequences of any payments made pursuant to this letter agreement, except for any applicable taxes that the Company withholds. You acknowledge and agree that the Company is not undertaking to advise you with respect to any tax consequences of this letter agreement, and that you are solely responsible for determining those consequences and satisfying all of your applicable tax obligations resulting from any payments described herein.

(b) If any payment or benefit (including additional vesting) the Company provides to you, whether paid or provided pursuant to this letter agreement or pursuant to any other agreement, policy, plan, program or arrangement in which you participated, would subject you to the excise tax imposed by Section 4999 of the Internal Revenue Code or any similar tax under state or local law, or any interest or penalties with respect thereto, then the payments and benefits

provided under this letter agreement or any other agreement, policy, plan, program or arrangement must be reduced to the largest amount that results in no portion of any such payments or benefits being subject to such excise tax or related interest and penalties. In no event will the reductions imposed by this paragraph 14(b) be in excess of the amount of any payments or benefits that you might otherwise be entitled to receive. To the extent any such reduction is applicable, the reduction will take place against any non-cash or cash benefits under this letter agreement or other plan, agreement or arrangement as you will direct. The Company and you agree to provide each other such information as may be reasonably requested, and to otherwise cooperate, to prepare the calculations contemplated by this paragraph.

15. Assignment. Your rights and obligations under this letter agreement are personal to you and may not be transferred by you by assignment or otherwise.

16. Non-Waiver. Neither any course of dealing nor any failure or neglect of either party hereto in any instance to exercise any right, power, or privilege hereunder or under law shall constitute a waiver of that right, power, or privilege or of the same right, power, or privilege in any other instance. Any waiver by either party hereto must be contained in a written instrument signed by the party to be charged with such waiver and, in the case of the Company, by its Chief Executive Officer.

17. Acknowledgements. You acknowledge that you have read this letter agreement and understand its terms. You have been provided with a full and fair opportunity to consult with an attorney of your choosing and to obtain any and all advice you deem appropriate with respect to this letter agreement. In light of the foregoing, you are satisfied with the terms of this letter agreement and agree that its terms are binding upon you.

18. Non-Disclosure. You covenant and agree that you will not disclose the existence or terms of this letter agreement to any person except (i) licensed attorney(s) for the purpose of obtaining legal advice, (ii) licensed or certified accountant(s) for purposes of preparing tax returns or other financial services, (iii) proceedings to enforce the terms of this letter agreement, or (iv) as otherwise required by law or court order. However, nothing herein shall limit your ability to confer with legal counsel, to testify truthfully under subpoena or court order, or to cooperate with an investigation by a municipal, state or federal agency for enforcement of laws, and you may disclose the existence or terms of this letter agreement to your spouse or other immediate family, including your parents, provided you take reasonable measures to assure that she or they do not disclose the existence or terms of this letter agreement to a third party, except as otherwise allowed herein.

19. Previous Agreements. You agree and specifically acknowledge that the Company and you are entering into this letter agreement for the purpose of amicably resolving any and all issues relating to the end of your employment with the Company. This letter agreement supercedes any previous agreement(s), whether written or oral, that you may have had with the Company or any subsidiary or affiliate, including your Employment Agreement, and any other such agreement is merged into and extinguished by this letter agreement, except as expressly provided otherwise in this letter agreement.

20. Governing Law and Interpretation. This letter agreement shall be deemed to be made in, and in all respects shall be interpreted, construed, and governed by and in accordance with the laws of the Commonwealth of Virginia, notwithstanding any choice of law provisions otherwise requiring application of other laws. It shall be interpreted according to the fair meaning of the terms herein and not strictly in favor of, or against, either party.

21. Amendments. No amendment or modification of this letter agreement shall be binding or effective for any purpose unless made in a writing signed by the party against whom enforcement of such amendment or modification is sought.

22. Section 409A. Notwithstanding any other provision of this letter agreement, it is intended that any payment or benefit provided hereto that is considered nonqualified deferred compensation subject to Section 409A of the Code will be provided and paid in a manner, and at such time and in such form, as complies with the applicable requirements of Section 409A of the Code. For purposes of this letter agreement, all rights to payments and benefits hereunder will be treated as rights to a series of separate payments and benefits to the fullest extent allowable by Section 409A of the Code. Notwithstanding any other provision of this letter agreement, however, neither the Company nor any of its Released Parties shall be liable to you in the event any provision of this letter agreement fails to comply with, or be exempt from, Section 409A of the Code.

23. Beneficiary. You may designate one or more individuals or entities as your beneficiary under this Agreement and change any prior beneficiary designation, so long as such designation or change in designation is in writing and delivered to Joe Leigh or his successor, at the address set forth in paragraph 12 above, prior to your death. In the absence of a valid beneficiary designation, or should your designated beneficiary predecease you, your estate shall be your beneficiary. Your beneficiary shall be entitled to receive any payments owed to you after your death, and to exercise any rights you had prior to your death, to the extent such payments or rights are to continue after your death.

Please sign, date, and have Notarized in the space below to accept the terms of your termination of employment from the Company and return the executed letter to me for the Company's files. If you have any questions, please let me know.

Sincerely,
NTELOS INC.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the undersigned have signed and executed this Agreement on the dates set forth below as an expression of their intent to be bound by the foregoing terms of this Agreement.

By: _____
Frank Guido Date

Sworn to and subscribed
before me this _____ day
of _____, 2010.

Notary Public
[Seal]

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Section 3: EX-10.2 (EMPLOYMENT AGREEMENT)

Exhibit 10.2

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of March 10, 2010 between Conrad J. Hunter (the "Executive"), NTELOS Inc., a Virginia corporation, and NTELOS Holdings Corp., a Delaware corporation ("Holdings") (and collectively with NTELOS, Inc., the "Company") recites and provides as follows:

WHEREAS, the Company considers it essential to the best interests of its shareholders to foster the continuing employment of its key management personnel; and

WHEREAS, the Board of Directors of the Company (the "Board") expects that the Executive will make substantial contributions to the growth and prospects of the Company; and

WHEREAS, the Executive will serve the Company in reliance upon the undertakings of the Company contained herein.

WHEREAS, the Company desires to enter into this Agreement with Executive on the terms set forth herein in order to establish the terms and conditions of Executive's services on behalf of the Company and Executive desires to do the same, each with the understanding that this Agreement shall terminate on April 12, 2010 if Executive has not commenced employment on such date.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants herein, the receipt and sufficiency of which are hereby acknowledged by each of the parties, NTELOS Inc., Holdings and the Executive agree as follows:

1. Employment.

(a) Position. On the terms and subject to the conditions set forth herein, the Company agrees to employ the Executive as Executive Vice President, President -- Wireless Operations throughout the Employment Term (as defined below). At the request of the Board and without additional compensation, the Executive shall also serve as an officer and/or director of any or all of the subsidiaries of the Company.

(b) Duties and Responsibilities. The Executive shall have such duties and responsibilities that are consistent with the Executive's position as the Board determines and shall perform such duties and carry out such responsibilities to the best of the Executive's ability for the purpose of advancing the business of the Company and its subsidiaries. Subject to the provisions of Section 1(c) below, during the Employment Term the Executive shall devote the Executive's full business time, skill and attention to the business of the Company and its subsidiaries, and, except as specifically approved by the Board, shall not engage in any other business activity or have any other business affiliation.

(c) Other Activities. Anything in this Agreement to the contrary notwithstanding, as part of the Executive's business efforts and duties on behalf of the Company, the Executive may participate fully in social, charitable and civic activities, and, if

specifically approved by the Board, the Executive may serve on the boards of directors of other companies, *provided* that such activities do not unreasonably interfere with the performance of and do not involve a conflict of interest with the Executive's duties or responsibilities hereunder.

2. **Employment Term.** The "Employment Term" hereunder shall commence on the date the Executive commences employment with the Company (the "Effective Time") and shall continue in full force and effect until May 2, 2012 unless terminated earlier pursuant to the terms and conditions of this Agreement. The Employment Term will renew hereunder automatically for successive one-year periods unless either party gives written notice to the other not less than six (6) months prior to the end of Employment Term hereof (or any subsequent anniversary, as the case may be) that such party does not wish the Employment Term to be so extended, and under such circumstances, the Employment Term and this Agreement will terminate by its terms, and without liability to either party, on May 2, 2012 (or such subsequent anniversary, as the case may be). Notwithstanding the foregoing, upon the occurrence of a "Change in Control" (as such term is defined in Section 4(e)(iv)), the Employment Term shall be automatically extended so that the Employment Term will not expire until the date which is 24 months from the date of a Change in Control, subject to automatic renewal, as described above. In the event the Executive does not commence employment with the Company by April 12, 2010, this Agreement shall be null and void and no rights or obligations shall have accrued hereunder.

3. **Compensation.** During the Employment Term, the Company will pay and/or otherwise provide the Executive with compensation and related benefits as follows:

(a) **Base Salary.** The Company agrees to pay the Executive, for services rendered hereunder, an initial base salary at the annual rate of \$340,000 (the "Base Salary"). Base Salary will be reviewed annually throughout the Employment Term by the Compensation Committee of the Board. Notwithstanding anything in this Agreement to the contrary, the Company may reduce the Executive's Base Salary by up to 10% during the Employment Term, but only as part of a salary reduction program pursuant to which the Base Salaries of all Executive Officers are reduced by the same percentage at the same time and for the same period of time. The Base Salary shall be payable in equal periodic installments, not less frequently than monthly, less any sums which may be required to be deducted or withheld under applicable provisions of law. The Base Salary for any partial year shall be prorated based upon the number of days elapsed in such year.

(b) **Stock-Based Incentive Compensation.** The Executive shall be eligible to participate in the Company's stock-based incentive compensation plan pursuant to its terms ("Stock-Based Incentive Payment").

(c) **Team Incentive Plan.** The Executive shall be eligible to participate in the Company's team incentive plan with an annual incentive target of sixty percent (60%) of Base Salary ("Incentive Payment"), subject to achievement of such program's objectives and final approval of the Board. Notwithstanding the foregoing or the terms of the team incentive plan, the full Incentive Payment the Executive is eligible to receive under the team incentive plan based on objective performance factors must be paid and cannot be reduced or eliminated as a

result of individual performance factors other than as a result of a good faith determination by the Board. The Incentive Payment, if any, shall be payable on or before the March 15 immediately following the end of the year in which the Incentive Payment vests and is no longer subject to a substantial risk of forfeiture within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Code").

(d) Benefits. During the Employment Term (and thereafter to the extent expressly provided herein), the Executive shall be entitled to participate in all of the Company's employee benefit plans applicable to the Company's comparable senior executives according to the terms of those plans. In addition to the foregoing compensation, the Company agrees that during the Employment Term it shall provide to the Executive a monthly automobile allowance pursuant to Company policy payable in equal periodic installments, not less frequently than monthly, less any sums which may be required to be deducted or withheld under applicable provisions of law. The Company shall reimburse Executive under the terms and conditions of the relocation package accompanying the offer letter dated March 2, 2010.

(e) Vacation. The Executive shall be entitled to a minimum of four weeks of vacation annually, during which time the Executive shall receive compensation in accordance with the terms of this Agreement.

(f) Term Life Insurance. During the Employment Term, and in addition to any other benefits to which Executive shall be entitled, the Company agrees to pay the premiums on a term life insurance contract covering the Executive that pays a death benefit of at least \$672,000. The Company in its discretion shall select the term life insurance contract on which it will pay the premiums; but, the Executive shall be the owner of such contract and will be or will designate the beneficiary of such contract. The Company (i) will include and report such premium payments in the Executive's taxable income to the extent required under applicable law and (ii) also will pay to the Executive an additional payment in an amount such that after payment by the Executive of all taxes imposed on the additional payment, the Executive retains an amount of the additional payment equal to the taxes imposed upon the Executive with respect to the Company's payment of the premiums on the term life insurance contract. The amount of the additional payment shall be determined based on the Executive's likely effective rates of federal, state and local income taxation for the calendar year in which the additional payment is to be made, net of the likely reduction in federal income taxes that is obtained from any deduction of state and local taxes. Such premium payments and additional payments for taxes shall be paid on or before March 15 immediately following the year for which the term life insurance contract was in place. Executive agrees, for purposes of calculating the amount of the additional payment, to provide the Company such information as the Company may reasonably request to determine the amount of the additional payment and to cooperate with the Company in good faith in order to effectively make such determination. The Company shall hold all such information secret and confidential and shall not, without the prior written consent of the Executive or as otherwise may be required by law or legal process, communicate or divulge such information to anyone other than the Company and those in need of such information for purposes of determining the amount of the additional payment. Notwithstanding any other provision of this Agreement, in the event the term life insurance contract described herein extends beyond the termination of Executive's employment with the

Company, the Executive, and not the Company, shall be obligated to pay the premiums on such term life insurance contract accruing after the Executive's termination of employment with the Company. Notwithstanding any other provision of this Agreement, if the Company's preferred insurance providers, for whatever reason, are unwilling to insure the Executive on commercially reasonable terms, the Company will pay to the Executive an annual amount equal to the average life insurance premium paid to insure other Executives on a prorated cost per thousand basis in lieu of the term life insurance described in this paragraph.

4. Termination of Employment.

(a) By the Company For Cause. The Company may terminate the Executive's employment under this Agreement at any time for Cause (as defined in Section 4(e)) and shall provide written notice of termination to the Executive (which notice shall specify in reasonable detail the basis upon which such termination is made). Notwithstanding the foregoing, in no event, shall any termination of employment be deemed for Cause unless the Executive's employment is terminated within 180 days of when the Company learns of the act or conduct that constitutes Cause and the Chief Executive Officer of the Company or the Board of Directors concludes that the situation warrants a determination that the Executive's employment terminated for Cause. In the event the Executive's employment is terminated for Cause, all provisions of this Agreement (other than Sections 5 through 15 hereof) and the Employment Term shall be terminated; *provided, however*, that such termination shall not divest the Executive of any previously vested benefit or right unless the terms of such vested benefit or right specifically require such divestiture where the Executive's employment is terminated for Cause. In addition, the Executive shall be entitled to payment of the Executive's earned and unpaid Base Salary to the date of termination payable as set forth above. The Executive also shall be entitled to unreimbursed business and entertainment expenses in accordance with the Company's policy (payable within 30 days of the date of termination), and unreimbursed medical, dental and other employee benefit expenses incurred in accordance with the Company's employee benefit plans (the payments and benefits described in this subsection (a) herein after referred to as the "Standard Termination Payments").

(b) Upon Death or Disability. If the Executive dies, all provisions of Section 3 of this Agreement (other than rights or benefits arising as a result of such death) and the Employment Term shall be automatically terminated; *provided, however*, that an amount equal to the earned and unpaid Incentive Payments to the date of death and the Standard Termination Payments shall be paid to the Executive's surviving spouse or, if none, the Executive's estate (as set forth above), and the death benefits under the Company's employee benefit plans shall be paid to the Executive's beneficiary or beneficiaries as properly designated in writing by the Executive. If the Executive is unable to perform the essential functions of the Executive's job under this Agreement, with or without reasonable accommodation, by reason of physical or mental disability or incapacity ("Disability") and such disability or incapacity shall have continued for any period aggregating six months within any 12 consecutive months, the Company may terminate this Agreement and the Employment Term at any time thereafter. In such event, the Executive shall be entitled to receive the Executive's normal compensation hereunder during said time of disability or incapacity, and shall thereafter be entitled to receive the "Disability Incentive Payment" (as described in the penultimate sentence of this subsection (b)) and the Standard Termination Payments (as set forth above). The portion of the payment representing the Disability Incentive Payment shall be paid in a lump sum determined on a net present value basis, using a reasonable discount rate determined by the Board. The Disability Incentive Payment shall be equal to the target Incentive Payment that the Executive would have been eligible to receive for the year in which the Employment Term is terminated multiplied by a fraction, the numerator of which is the number of days in such year before and including the day of termination of the Employment Term and the denominator of which is the total number of days in such year. Subject to Section 19 below, the Disability Incentive Payment shall be payable in a lump sum on the 60th day after termination of the Executive's employment.

(c) By the Company Without Cause.

(i) The Company may terminate the Executive's employment under this Agreement at any time without Cause (for purposes of clarity, it is acknowledged that expiration of the Employment Term (including notice of non-renewal) shall not be considered a termination without Cause), and other than by reason of the Executive's death or disability. The Company shall provide written notice of termination to the Executive, which notice shall specify the effective date of such termination and that the termination is without Cause (the "Termination Date"). If the Termination Date is later than the date of the notice, then from the date of the notice through the Termination Date, the Executive shall continue to perform the normal duties of the Executive's employment hereunder, and shall be entitled to receive when due all compensation and benefits applicable to the Executive hereunder. Thereafter, conditioned upon the Executive executing and not revoking a general release in favor of the Company, the Board and their affiliates, in a form mutually acceptable to both parties hereto, before the 60th day after termination of the Executive's employment, the Company shall pay the Executive the amounts set forth in this subsection (c). Under such circumstances, subject to Section 19 below, the Company shall pay the Executive an amount equal to forty percent (40%) of the Executive's Base Salary for a period of twenty-four (24) months (the "Termination Period"), in such periodic installments as were being paid immediately prior to the Termination Date, with a lump sum payment on the 60th day after termination of the Executive's employment equal to the payments the Executive would have received had the payments commenced immediately following termination of the Executive's employment and subsequent installments in equal periodic installments thereafter, not less frequently than monthly, less any sums which may be required to be deducted or withheld under applicable provisions of law.

(ii) Subject to Section 19 below, the Company shall pay the Executive a lump sum on the 60th day after termination of the Executive's employment, determined on a net present value basis, using a reasonable discount rate determined by the Board, equal to the full target Incentive Payment for the year that includes the Termination Date multiplied by a fraction, the numerator of which is the number of months in the Termination Period and the denominator of which is 12.

(iii) The Company shall also be obligated to pay to the Executive the Standard Termination Payments (as set forth above).

(iv) During the Termination Period, the Executive and the Executive's dependents will be entitled to continued participation in the "employee welfare benefit plans" (as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974) in which the Executive and the Executive's dependents participated on the Executive's Termination Date with respect to any such plans for which such continued participation is allowed pursuant to applicable law and the terms of the plan. In lieu of coverage for which such continued participation is not allowed, subject to Section 19 below, the Executive will be reimbursed, on a net after-tax basis, no less frequently than monthly, for the cost of individual insurance coverage

for the Executive and the Executive's dependents under a policy or policies that provide benefits (other than disability coverage) not less favorable than the benefits (other than disability coverage) provided under such employee welfare benefit plans. Notwithstanding the foregoing, the coverage or reimbursements for coverage provided under this subsection (iv) shall cease if the Executive and/or the Executive's dependents become covered under an employee welfare benefit plan of another employer of the Executive that provides the same or similar type of benefits.

(d) By the Executive. The Executive may terminate the Executive's employment, and any further obligations which the Executive may have to perform services on behalf of the Company hereunder at any time after the date hereof, by sending written notice of termination to the Company not less than sixty (60) days prior to the effective date of such termination. During such sixty (60) day period, the Executive shall continue to perform the normal duties of the Executive's employment hereunder, and shall be entitled to receive when due all compensation and benefits applicable to the Executive hereunder. Except as provided below, if the Executive shall elect to terminate the Executive's employment hereunder (other than as a result of the Executive's death or disability), then the Executive shall remain vested in all vested benefits provided for hereunder or under any benefit plan of the Company in which the Executive is a participant and shall be entitled to receive the Standard Termination Payments (as set forth above), but the Company shall have no further obligation to make payments or provide benefits to the Executive under Section 3 hereof. Anything in this Agreement to the contrary notwithstanding, the termination of the Executive's employment by the Executive for Good Reason (as defined in Section 4(e)), shall be deemed to be a termination of the Executive's employment without Cause by the Company for purposes of this Agreement, and the Executive shall be entitled to the payments and benefits set forth in Section 4(c) above, subject to the Executive executing and not revoking a general release in favor of the Company, the Board and their affiliates, in a form mutually acceptable to both parties hereto, before the 60th day after the termination of Executive's employment. Notwithstanding the foregoing, in no event shall any termination of employment by the Executive be deemed for Good Reason unless the Executive terminates employment within 180 days of when the Executive learns of the act or conduct that constitutes Good Reason.

(e) Definitions. For purposes of this Agreement, the following definitions will apply:

(i) Cause. The term "Cause" means: (i) gross or willful misconduct; (ii) willful and repeated failure to comply with the lawful directives of the Board or any supervisory personnel; (iii) any criminal act or act of dishonesty or willful misconduct that has a material adverse impact on the property, operations, business or reputation of the Company or its subsidiaries or any act of fraud, dishonesty or misappropriation involving the Company or its subsidiaries; (iv) any conviction or plea of guilty or nolo contendere to a felony or a crime involving dishonesty; (v) the material breach of the terms of any confidentiality, non-competition, non-solicitation or employment agreement the employee has with the Company or its subsidiaries; (vi) acts of malfeasance or negligence in a matter of material importance to the Company or its subsidiaries; (vii) the material failure to perform the duties and responsibilities of employee's position after written notice and a reasonable opportunity to cure (not to exceed 45

days); (viii) grossly negligent conduct; or (ix) activities materially damaging to the property, operations, business or reputation of the Company or its subsidiaries (it being understood that conduct or activities pursuant to employee's exercise of good faith business judgment shall not be in violation of this Section 4(e)(i)). For purposes of this Agreement, Executive will also be deemed to be terminated for "Cause" if, in connection with the sale, transfer, conveyance or other disposition of all or substantially all of the assets (whether by asset sale, stock sale, merger, combination or otherwise) of one or more of the Company's Material Lines of Business (a "Material Line of Business Sale"), (i) one or more of the purchasers in such Material Line of Business Sale offers employment (the "Employment Offer") to Executive which Employment Offer would not permit Executive to terminate employment pursuant to clauses (i), (ii), (iii), (iv) or (v) of the definition of Good Reason contained herein, (ii) Executive declines such Employment Offer, and (iii) the Company terminates Executive's employment within six (6) months of the consummation of the Material Line of Business Sale.

(ii) Good Reason. "Good Reason" means, after written notice by the Executive to the Board, and a reasonable opportunity for the Company to cure (not to exceed 45 days), that (i) the Executive's Base Salary is not paid or is reduced by more than 10 percent in the aggregate or other than as part of a salary reduction program pursuant to which the Base Salaries of the Chief Executive Officer, all Executive Vice Presidents and all Senior Vice Presidents are reduced by the same percentage at the same time and for the same period of time, (ii) the Executive's target Incentive Payment is reduced, (iii) the Executive's job duties and responsibilities are diminished (additionally, a reduction in the size of the Company as a result of a Sale of a Material Line of Business shall not alone constitute a diminution in the Executive's job duties and responsibilities and any diminution in the Executive's job duties and responsibilities after notice of non-renewal of the Employment Term is given by either party shall not be considered "Good Reason" hereunder), (iv) the Executive is required to relocate to a facility more than 50 miles from Waynesboro, Virginia, (v) the Executive is not provided benefits (e.g., health insurance) that are comparable in all material respects to those previously provided to the Executive, (vi) the Executive is directed by the Board or an officer of the Company or an affiliate (or the Company's successor or an affiliate thereof) to engage in conduct that Company counsel, or mutually agreed upon counsel if requested by the Executive, has advised is likely to be illegal and that such counsel states with specificity why such direction is likely to be illegal (including a proposal for modification of such direction which in counsel's opinion would not be likely to be illegal), or (vii) the Executive is directed by the Board or an officer of the Company or an affiliate (or the Company's successor or an affiliate thereof) to refrain from acting and Company counsel, or mutually agreed upon counsel if requested by the Executive, has advised that such failure to act is likely to be illegal and that such counsel states with specificity why such direction is likely to be illegal (including a proposal for modification of such direction which in counsel's opinion would not be likely to be illegal). If the Executive is directed to engage in conduct that he reasonably believes is likely to be illegal or to refrain from acting and the Executive reasonably believes that such failure to act is likely to be illegal, the Executive can express such reservations to the Board or directing officer, and the Company shall, at its expense, engage Company counsel, or mutually agreed upon counsel if requested by the Executive, to advise as to whether such conduct or failure to act is likely to be illegal. Subject to the last sentence of Section 4(d) hereof, if any of the events occur that would entitle the Executive to terminate the Executive's employment for Good Reason hereunder and the

Executive does not exercise such right to terminate the Executive's employment, any such failure shall not operate to waive the Executive's right to terminate the Executive's employment for that or any subsequent action or actions, whether similar or dissimilar, that would constitute Good Reason. For purposes of clarity, it is acknowledged that expiration of the Employment Term (including notice of non-renewal) shall not be considered "Good Reason" hereunder.

(iii) Material Line of Business. "Material Line of Business" means any line or lines of business or service or group of services which represent(s) in the aggregate either 25% or more of the Company's consolidated revenues or 25% or more of the Company's consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) for the twelve month period ended on the last day of the most recently ended fiscal quarter for the Company.

(iv) Change in Control. "Change in Control" means any of the following described in clauses (I) through (V) below, provided that a "Change in Control" shall not mean any event listed in clauses (I) through (V) that occurs directly or indirectly as a result of or in connection with Quadrangle Capital Partners LP, a Delaware limited partnership, Quadrangle Select Partners LP, a Delaware limited partnership, Quadrangle Capital Partners - A LP, a Delaware limited partnership, and Quadrangle NTELOS Holdings II LP, a Delaware limited partnership (collectively the "Quadrangle Entities") and/or their Affiliates, related funds and co-investors becoming the owner or "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Holdings representing more than fifty-one percent (51%) of the combined voting power of the then outstanding securities, or the shareholders of Holdings approve a merger, consolidation or reorganization of Holdings with any other company and such merger, consolidation or reorganization is consummated, and after such merger, consolidation or reorganization any of the Quadrangle Entities or their respective Affiliates, related funds and co-investors acquire more than fifty-one percent (51%) of the combined voting power of Holdings' then outstanding securities:

(I) any Person is or becomes the owner or "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Holdings representing more than fifty-one percent (51%) of the combined voting power of the then outstanding securities;

(II) consummation of a merger, consolidation or reorganization of Holdings with any other company, or a sale of all or substantially all the assets of Holdings (a "Transaction"), other than (i) a Transaction that would result in the voting securities of Holdings outstanding immediately prior thereto continuing to represent either directly or indirectly more than fifty-one percent (51%) of the combined voting power of the then outstanding securities of Holdings or such surviving or purchasing entity;

(III) the shareholders of Holdings approve a plan of complete liquidation of Holdings and such liquidation is consummated; or

(IV) a sale, transfer, conveyance or other disposition (whether by asset sale, stock sale, merger, combination or otherwise) (a "Sale") of a Material

Line of Business (other than any such sale to the Quadrangle Entities or their Affiliates, related funds and co-investors), except that with respect to this clause (IV) there shall only be a Change in Control with respect to the Executive who is employed at such time in such Material Line of Business (whether full or part-time), and the Executive does not receive an offer for "comparable employment" with the purchaser and the Executive's employment is terminated by Holdings or any Affiliate of Holdings no later than six (6) months after the consummation of the Sale of the Material Line of Business. For these purposes, "comparable employment" means that (i) the Executive's base salary and target incentive payments are not reduced in the aggregate, (ii) the Executive's job duties and responsibilities are not diminished (but a reduction in size of Holdings as the result of a Sale of a Material Line of Business, or the fact that the purchaser is smaller than Holdings, shall not alone constitute a diminution in the Executive's job duties and responsibilities), (iii) the Executive is not required to relocate to a facility more than fifty (50) miles from the Executive's principal place of employment at the time of the Sale and (iv) the Executive is provided benefits that are comparable in the aggregate to those provided to the Executive immediately prior to the Sale; or

(V) During any period of twelve (12) consecutive months commencing on the Effective Time, (i) the individuals who constituted the Board of Directors of Holdings on the Effective Time, and (ii) any new director who either (A) was elected by the Board of Directors of Holdings or nominated for election by Holdings' stockholders and whose election or nomination was approved by a vote of more than fifty percent (50%) of the directors then still in office who either were directors on the Effective Time, or whose election or nomination for election was previously so approved or (B) was appointed to the Board of Directors of Holdings pursuant to the designation of Quadrangle Entities, cease for any reason to constitute a majority of the Board.

For purposes of the foregoing, "Person" means an individual, corporation, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

For purposes of the foregoing, "Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.

5. **Confidential Information.** The Executive understands and acknowledges that during the Executive's employment with the Company, the Executive has been and will be making use of, acquiring or adding to the Company's Confidential Information (as defined below). In order to protect the Confidential Information, the Executive will not, during the Executive's employment with the Company or at any time thereafter, in any way utilize any of the Confidential Information except in connection with the Executive's employment by the

Company. The Executive will not at any time use any Confidential Information for the Executive's own benefit or the benefit of any person except the Company. At the end of the Executive's employment with the Company, the Executive will surrender and return to the Company any and all Confidential Information in the Executive's possession or control, as well as any other Company property that is in the Executive's possession or control. The Executive acknowledges and agrees that any breach of this Section 5 would be a material breach of this Agreement. The term "Confidential Information" shall mean any information that is confidential and proprietary to the Company, including but not limited to the following general categories:

- (i) trade secrets;
- (ii) lists and other information about current and prospective customers;
- (iii) plans or strategies for sales, marketing, business development, or system build-out;
- (iv) sales and account records;
- (v) prices or pricing strategy or information;
- (vi) current and proposed advertising and promotional programs;
- (vii) engineering and technical data;
- (viii) the Company's methods, systems, techniques, procedures, designs, formulae, inventions and know-how; personnel information;
- (ix) legal advice and strategies; and
- (x) other information of a similar nature not known or made available to the public or the Company's Competitors (as defined in Section 8).

Confidential Information includes any such information that the Executive may prepare or create during the Executive's employment with the Company, as well as such information that has been or may be created or prepared by others. This promise of confidentiality is in addition to any common law or statutory rights of the Company to prevent disclosure of its Trade Secrets and/or Confidential Information.

6. Return of Documents. All writings, records and other documents and things containing any Confidential Information in the Executive's custody or possession shall be the exclusive property of the Company, shall not be copied and/or removed from the premises of the Company, except in pursuit of the business of the Company, and shall be delivered to the Company, without retaining any copies, upon the termination of the Executive's employment or at any time as requested by the Company.

7. **Reaffirm Obligations.** Upon termination of the Executive's employment with the Company, the Executive shall, if requested by the Company, reaffirm in writing Employee's recognition of the importance of maintaining the confidentiality of the Company's proprietary information and trade secrets and reaffirm all of the obligations set forth in Section 5 of this Agreement.

8. **Non-Compete; Non-Solicitation.** The Executive agrees that:

(a) while the Executive is employed by the Company, the Executive will not, directly or indirectly, compete with the business conducted by the Company, and the Executive will not, directly or indirectly, provide any services to a Competitor.

(b) For a period of 24 months after the Executive's employment with the Company ends for any reason (the "Non-Competition Period"), the Executive will not compete with the Company by performing or causing to be performed the same or similar types of duties or services that the Executive performed for the Company for a Competitor of the Company in any capacity whatsoever, directly or indirectly, within any city or county of the continental United States in which, at the time the Executive's employment with the Company ends, the Company provides services or products, offers to provide services or products, or has documented plans to provide or offer to provide services or products within the Non-Competition Period provided that the Executive has knowledge of those plans at the time the Executive's employment with the Company ends (the "Service Area"). Additionally, the Executive agrees that during the Non-Competition Period, the Executive will not, directly or indirectly, sell, attempt to sell, provide or attempt to provide, any wireless or wireline telecommunication services, including but not limited to internet services, to any person or entity who was a customer or an actively sought prospective customer of the Company, at any time during the Executive's employment with the Company. The restrictions set forth above shall immediately terminate and shall be of no further force or effect in the event of a default by the Company in the payment of any consideration, if any, to which the Executive is entitled under Section 8(i) below, which default is not cured within thirty (30) days after written notice thereof. The Executive acknowledges and agrees that because of the nature of the Company's business, the nature of the Executive's job responsibilities, and the nature of the Confidential Information and Trade Secrets of the Company which the Company will give the Executive access to, any breach of this provision by the Executive would result in the inevitable disclosure of the Company's Trade Secrets and Confidential Information to its direct competitors.

(c) While the Executive is employed by the Company and during the Non-Competition Period, the Executive will not, directly or indirectly, solicit or encourage any employee of the Company to terminate employment with the Company; hire, or cause to be hired, for any employment by a Competitor, any person who within the preceding 12 month period has been employed by the Company, or assist any other person, firm, or corporation to do any of the acts described in this subsection (c).

(d) The Executive acknowledges and agrees that the Company has a legitimate business interest in preventing him from engaging in activities competitive with it as described in this Section 8 and that any breach of this Section 8 would constitute a material breach of this Section 8 and this Agreement.

(e) The Company may notify anyone employing the Executive or evidencing an intention to employ the Executive during the Non-Competition Period as to the existence and provisions of this Agreement and may provide such person or organization a copy of this Agreement. The Executive agrees that the Executive will provide the Company the identity of any employer the Executive plans to go to work for during the Non-Competition Period along with the Executive's anticipated job title, anticipated job duties with any such employer, and anticipated start date. The Company will analyze the proposed employment and make a determination as to whether it would violate this Section 8. If the Company determines that the proposed employment would not pose an unacceptable threat to the Company's interests, the Company will notify the Executive in writing that it does not object to the employment. The Executive further agrees to provide a copy of this Agreement to anyone who employs the Executive during the Non-Competition Period.

(f) The Executive acknowledges and agrees that this Section 8 is intended to limit the Executive's right to compete only to the extent necessary to protect the Company's legitimate business interest. The Executive acknowledges and agrees that the Executive will be reasonably able to earn a livelihood without violating the terms of this Section 8. If any of the provisions of this Section 8 should ever be deemed to exceed the time, geographic area, or activity limitations permitted by applicable law, the Executive agrees that such provisions may be reformed to the maximum time, geographic area and activity limitations permitted by applicable law, and the Executive authorizes a court or other trier of fact having jurisdiction to so reform such provisions. In the event the Executive breaches any of the restrictions or provisions set forth in this Section 8, the Executive waives and forfeits any and all rights to any further benefits under this Agreement, including but not limited to the consideration set forth in subsection (i) below as well as any additional payments, compensation, benefits or severance pay he may otherwise be entitled to receive under this Agreement. Additionally, in the event the Executive breaches any of the restrictions or provisions set forth in this Section 8, the Executive agrees to repay the Company for any of the consideration set forth in subsection (i) below that the Executive received prior to the breach as well as any additional payments, compensation, benefits or severance pay the Executive might otherwise have previously received under Section 4(c) of this Agreement.

(g) For purposes of this Section 8, the following definitions will apply:

(i) "Directly or indirectly" as used in this Agreement includes an interest in or participation in a business as an individual, partner, shareholder, owner, director, officer, principal, agent, employee, consultant, trustee, lender of money, or in any other capacity or relation whatsoever. The term includes actions taken on behalf of the Executive or on behalf of any other person. "Directly or indirectly" does not include the ownership of less than 5% of the outstanding shares of any corporation, if such shares are publicly traded in the over-the-counter market or listed on a national securities exchange.

(ii) "Competitor" as used in this Agreement means any person, firm, association, partnership, corporation or other entity that competes or attempts to compete with the Company by providing or offering to provide wireless or wireline telecommunication services, including but not limited to internet services, within any city or county in which the Company provides or offers those services or products.

(h) Notwithstanding any other provision of this Section 8, the Executive will not be considered to have violated any prohibition against competing with the Company for engaging in any of the following activities: (1) being employed or retained by (i) any parent, subsidiary or affiliate organization of any Competitor where that parent, subsidiary or affiliate organization does not itself, and the Executive's employment will not cause the Executive to, compete or attempt to compete with the Company by providing or offering to provide wireless or wireline telecommunications services, including but not limited to internet services, within the Service Area or (ii) any Competitor, directly or indirectly, so long as Executive's employment or service does not relate to working principally within the Service Area or activities that would benefit the Competitor principally within the Service Area; or (2) working or providing services within the Service Area so long as the Executive's employment or service does not relate to the type of services provided or offered by the Company within that Service Area or to services for which the Company has documented plans to provide, offer or supply within that Service Area at the time of Executive's termination of employment; or (3) selling or attempting to sell wireless or wireline telecommunications services, including but not limited to internet services, so long as the services or products, which the Executive is selling or attempting to sell to a customer, do not relate to the type of services or products provided or offered by the Company to such customer or for which the Company has documented plans to provide, offer or supply to such customer at the time of Executive's termination of employment; provided, however, that the Executive is nevertheless prohibited from: (i) selling, attempting to sell, and providing or attempting to provide, to any person who was a customer, or who was actively sought as a customer, of the Company at the time of Executive's termination of employment any wireless or wireline telecommunications services, including but not limited to internet services, that are the type of services or products that the Company sold, attempted to sell or provided or attempted to provide to such customer as described in (b) above and (ii) soliciting or encouraging any employee of the Company to terminate employment or taking any other of the prohibited actions as described in (c) above.

(i) In consideration of the Executive's undertakings set forth in this Section 8 with respect to periods after termination of employment, but only in the event that the Executive is entitled to the benefits and payments under Section 4(c) above, subject to Section 19 below, the Company will pay the Executive an amount equal to sixty percent (60%) of his Base Salary during the Non-Competition Period, in such periodic installments, not less frequently than monthly, as his Base Salary was being paid immediately prior to termination of employment, with a lump sum payment on the 60th day after termination of the Executive's employment equal to the payments the Executive would have received had the payments commenced immediately following termination of the Executive's employment and subsequent installments in equal periodic installments thereafter, not less frequently than monthly, less any sums which may be required to be deducted or withheld under applicable provisions of law. In the event the Executive is not entitled to the benefits and payments under Section 4(c) above, the Company will not pay Executive any of the consideration set forth in this Section 8(i).

(j) In the event the Executive breaches any of the restrictions or provisions set forth in this Section 8, the Executive waives and forfeits any and all rights to any further payments under subsection (i) or otherwise under this Agreement. This waiver and forfeiture shall be effective even in the event a court refuses to enforce the restrictions set forth in this Section 8.

9. **Representations.** The Executive represents and warrants to the Company that the execution, delivery and performance of this Agreement by the Executive does not conflict with, or result in the breach by the Executive or violation by the Executive of, any other agreement to which the Executive is a party or by which the Executive is bound. The Executive hereby agrees to indemnify the Company, its officers, directors and shareholders and hold them harmless from and against any liability (including, without limitation, reasonable attorneys' fees and expenses) which they may at any time suffer or incur arising out of or relating to any breach of an agreement, representation or warranty made by the Executive herein. The Company represents and warrants that this Agreement and the transactions contemplated hereby have been duly authorized by the Company by all necessary corporate and shareholder action, and that the execution, delivery and performance of this Agreement by the Company does not conflict with, or result in the breach or violation by the Company of, its Certificate of Incorporation, Articles of Incorporation or Bylaws or any other agreement to which the Company is a party or by which it is bound. The Company hereby agrees to indemnify the Executive and hold the Executive harmless from and against any liability (including, without limitation, reasonable attorneys' fees and expenses) which the Executive may at any time suffer or incur arising out of or relating to any breach of an agreement, representation or warranty made by the Company herein. Any payments to be made hereunder by one party to the other shall be made as soon as administratively practicable (and within sixty (60) days) after the final settlement or resolution of the claim or dispute for which the payments are required.

10. **Remedies.** The parties hereto agree that the Company would suffer irreparable harm from a breach by the Executive of any of the covenants or agreements contained herein. Therefore, in the event of the actual or threatened breach by the Executive of any of the provisions of this Agreement, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provisions hereof. The Executive agrees that if a lawsuit or other proceeding is brought to enforce the terms of this Agreement or determine the validity of its terms and the Company prevails, the Company will be entitled to recover from the Executive its reasonable attorneys' fees and court costs. The Executive agrees that these provisions are reasonable.

11. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Company and its affiliates and their successors and assigns, and shall be binding upon and inure to the benefit of the Executive and the Executive's legal representatives and assigns, *provided* that in no event shall the Executive's obligations to perform services for the Company and its affiliates be delegated or transferred by the Executive. The Company may

assign or transfer its rights hereunder to a successor corporation in the event of a merger, consolidation or transfer or sale of all or substantially all of the assets of the Company or of the Company's business (*provided, however*, that no such assignment or transfer shall have the effect of relieving the Company of any liability to the Executive hereunder or under any other agreement or document contemplated herein), but only if such assignment or transfer does not result in employment terms, conditions, duties or responsibilities which are or may be materially different than the terms, conditions, duties or responsibilities of the Executive hereunder. If the Company assigns or transfers its rights under this Agreement to a successor corporation, the Executive's obligations under Section 8 of this Agreement will be construed and enforceable with respect to the business and geographic scope of the Company only and will not be construed or enforceable with respect to the business and geographic scope of any successor corporation to which the Company's rights may be assigned or transferred to the extent such business or geographic scope is greater than that of the Company at the time of such assignment or transfer. The Executive may not transfer or assign the Executive's rights and obligations under this Agreement.

12. **Modification or Waiver.** No amendment, modification, waiver, termination or cancellation of this Agreement shall be binding or effective for any purpose unless it is made in a writing signed by the party against whom enforcement of such amendment, modification, waiver, termination or cancellation is sought. No course of dealing between or among the parties to this Agreement shall be deemed to affect or to modify, amend or discharge any provision or term of this Agreement. No delay on the part of the Company or the Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or the Executive of any such right or remedy shall preclude other or further exercises thereof. A waiver of a right or remedy on any one occasion shall not be construed as a bar to or waiver of any such right or remedy on any other occasion.

13. **Governing Law; Jurisdiction.** This Agreement and all rights, remedies and obligations hereunder, including, but not limited to, matters of construction, validity and performance shall be governed by the laws of the Commonwealth of Virginia without regard to its conflict of laws principles or rules. To the full extent lawful, each of the Company and the Executive hereby consents irrevocably to personal jurisdiction, service and venue in connection with any claim or controversy arising out of this Agreement in the courts of the Commonwealth of Virginia located in Waynesboro, Virginia, and in the federal courts in the Western District of Virginia.

14. **Excise Taxes.**

(a) If any payment or distribution by the Company or any affiliate to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Code Section 4999 or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and

penalties, being hereafter collectively referred to as the "Excise Tax"), then the benefits payable or provided under this Agreement (or other Payments as described above) shall be reduced (but not in excess of the amount of the benefits payable or provided under this Agreement) if, and only to the extent that, such reduction will allow the Executive to receive a greater Net After Tax Amount than such Executive would receive absent such reduction.

(b) The Accounting Firm (as defined below) will first determine the amount of any Parachute Payments (as defined below) that are payable to the Executive. The Accounting Firm also will determine the Net After Tax Amount attributable to the Executive's total Parachute Payments.

(c) The Accounting Firm will next determine the largest amount of payments that may be made to the Executive without subjecting the Executive to the Excise Tax (the "Capped Payments"). Thereafter, the Accounting Firm will determine the Net After Tax Amount attributable to the Capped Payments.

(d) The Executive then will receive the total Parachute Payments or the total Capped Payments, whichever provides the Executive with the higher Net After Tax Amount; however, if the reductions imposed under this Section 14 are in excess of the amount of benefits payable or provided under this Agreement, then the total Parachute Payments will be adjusted by first reducing, on a pro rata basis, the amount of any noncash or cash benefits under this Agreement, then noncash or cash benefits under any other plan, agreement or arrangement, then any cash payments under this Agreement and finally any cash payments under any other plan agreement or arrangement. The Accounting Firm will notify the Executive and the Company if it determines that the Parachute Payments must be reduced and will send the Executive and the Company a copy of its detailed calculations supporting that determination.

(e) As a result of the uncertainty in the application of Code Sections 280G and 4999 at the time that the Accounting Firm makes its determinations under this Section 14, it is possible that the Executive will have received Parachute Payments or Capped Payments in excess of the amount that should have been paid or distributed ("Overpayments"), or that additional Parachute Payments or Capped Payments should be paid or distributed to the Executive ("Underpayments"). If the Accounting Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive, which assertion the Accounting Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, that Overpayment may, at the Executive's discretion, be treated for all purposes as a loan ab initio that the Executive must repay to the Company immediately together with interest at the applicable Federal rate under Code Section 7872; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Executive to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Executive is subject to tax under Code Section 4999 or generate a refund of tax imposed under Code Section 4999 and the Executive will receive a greater Net After Tax Amount than such Executive would otherwise receive. If the Accounting Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the Accounting Firm will notify the Executive and the Company of that determination and the amount of that Underpayment will be paid to the Executive promptly by the Company after such determination.

(f) For purposes of this Section 14, the following terms shall have their respective meanings:

(i) "Accounting Firm" means the independent accounting firm currently engaged by the Company, or a mutually agreed upon independent accounting firm if requested by the Executive; and

(ii) "Net After Tax Amount" means the amount of any Parachute Payments or Capped Payments, as applicable, net of taxes imposed under Code Sections 1, 3101 (b) and 4999 and any State or local income taxes applicable to the Executive on the date of payment. The determination of the Net After Tax Amount shall be made using the highest combined effective rate imposed by the foregoing taxes on income of the same character as the Parachute Payments or Capped Payments, as applicable, in effect on the date of payment.

(iii) "Parachute Payment" means a payment that is described in Code Section 280G(b)(2), determined in accordance with Code Section 280G and the regulations promulgated or proposed thereunder.

(g) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by the preceding subsections shall be borne by the Company.

(h) The Company and the Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or the Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by the preceding subsections. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

15. Severability. Whenever possible each provision and term of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision or term of this Agreement shall be held to be prohibited by or invalid under such applicable law, then such provision or term shall be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provisions or term or the remaining provisions or terms of this Agreement. If any provision contained in Sections 5 or 8 of this Agreement shall for any reason be held to be excessively broad or unreasonable as to time, territory, or interest to be protected, a court is hereby empowered and requested to construe such provision by narrowing it so as to make it reasonable and enforceable to the extent provided under applicable law.

16. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same Agreement.

17. **Headings.** The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part hereof and shall not affect the construction or interpretation of this Agreement.

18. **Entire Agreement.** This Agreement (together with all documents and instruments referred to herein) constitutes the entire agreement, and supersedes all other prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof, including any employment or management continuity agreement under which the Executive hereby agrees to waive all rights and which is hereby terminated.

19. **Nonqualified Deferred Compensation Omnibus Provision.** It is intended that any payment or benefit which is provided pursuant to or in connection with this Agreement which is considered to be deferred compensation subject to Section 409A of the Code shall be paid and provided in a manner, and at such time, including without limitation, payment and provision of benefits only in connection with the occurrence of a permissible payment event contained in Section 409A of the Code (e.g., death, disability, separation from service from the Company and its affiliates as defined for purposes of Section 409A of the Code), and in such form, as complies with the applicable requirements of Section 409A of the Code to avoid the unfavorable tax consequences provided therein for non-compliance. In connection with effecting such compliance with Section 409A of the Code, the following shall apply:

(a) Neither the Executive nor the Company shall take any action to accelerate or delay the payment of any monies and/or provision of any benefits in any matter which would not be in compliance with Section 409A of the Code (including any transition or grandfather rules thereunder).

(b) If the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, any payment or provision of benefits in connection with the Executive's separation from service (as determined for purposes of Section 409A of the Code) shall not be made until six months after the Executive's separation from service (the "409A Deferral Period"). In the event such payments are otherwise due to be made in installments or periodically during the 409A Deferral Period, the payments which would otherwise have been made in the 409A Deferral Period shall be accumulated and paid in a lump sum as soon as the 409A Deferral Period ends, and the balance of the payments shall be made as otherwise scheduled. In the event benefits are required to be deferred, any such benefits may be provided during the 409A Deferral Period at the Executive's expense, with the Executive having the right to reimbursement from the Company as soon as the 409A Deferral Period ends, and the balance of the benefits shall be provided as otherwise scheduled.

(c) For purposes of this Agreement, all rights to payments and benefits hereunder shall be treated as rights to receive a series of separate payments and benefits to the fullest extent allowed by Section 409A of the Code.

(d) For purposes of determining time of (but not entitlement to) the payment or provision of deferred compensation under this Agreement under Section 409A of the Code

in

connection with the Executive's termination of employment, termination of employment will be read to mean a "separation from service" within the meaning of Section 409A of the Code where it is reasonably anticipated that no further services would be performed after that date or that the level of bona fide services the Executive would perform after that date (whether as an employee or independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed over the immediately preceding thirty-six (36) month period.

(e) For purposes of this Agreement, a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code shall be determined on the basis of the applicable twelve-month period ending on the specified employee identification date designated by the Company consistently for purposes of this Agreement and similar agreements or, if no such designation is made, based on the default rules and regulations under Section 409A(a)(2)(B)(i) of the Code.

(f) Notwithstanding any of the provisions of this Agreement, the Company shall not be liable to the Executive if any payment or benefit which is to be provided pursuant to this Agreement and which is considered deferred compensation subject to Section 409A of the Code otherwise fails to comply with, or be exempt from, the requirements of Section 409A of the Code.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

NTELOS Holdings Corp.

By: _____
James A. Hyde
President and Chief Executive Officer

NTELOS Inc.

By: _____
James A. Hyde
President and Chief Executive Officer

Executive

By: _____
Conrad J. Hunter

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Section 4: EX-10.3 (AMENDMENT NO. 1, DATED AS OF APRIL 23, 2010, TO THE CREDIT AGREEMENT)

Exhibit 10.3

Execution Version

AMENDMENT NO. 1

AMENDMENT No. 1, dated as of April 23, 2010 (this "Amendment"), to the Credit Agreement referred to below, among NTELOS INC., a Virginia corporation (the "Borrower"), certain subsidiaries of the Borrower party thereto (the "Subsidiary Guarantors") and the Lenders (as defined in the Credit Agreement referred to below) party hereto.

PRELIMINARY STATEMENTS

A. The Borrower, the Subsidiary Guarantors, the Lenders, and JP Morgan Chase Bank, N.A., as collateral agent, administrative agent, issuing bank and swing line bank are parties to a Credit Agreement, dated as of August 7, 2009 (as in effect on the date hereof, the "Credit Agreement").

B. As contemplated by Section 9.01 of the Credit Agreement, the Borrower has requested that the Agents and Lenders amend certain terms of the Credit Agreement as hereinafter provided, and the Agents and the Required Lenders have agreed to amend the Credit Agreement.

In consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Except as otherwise defined in this Amendment, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

SECTION 2. Amendment to the Credit Agreement. Subject to the satisfaction of the conditions set forth in Section 3 of this Amendment, Section 5.01(n) of the Credit Agreement is hereby amended by deleting the phrase "on and after the 270th day following the Closing Date" and replacing it with the following phrase "on and after December 31, 2010."

SECTION 3. Effectiveness. The effectiveness of the amendment to the Credit Agreement set forth in Section 2 of this Amendment is subject to the execution and delivery hereof by the Borrower, the Subsidiary Guarantors, and the Required Lenders (the date of such execution and delivery, the "Effective Date").

SECTION 4. Costs and Expenses. Without limiting the obligations of Borrower under the Credit Agreement, the Borrower agrees to pay to the Administrative Agent all of the Administrative Agent's costs, expenses, fees and disbursements paid or payable in connection with the preparation, negotiation, execution and delivery of this Amendment, including the fees of counsel to the Administrative Agent in connection with the foregoing.

SECTION 5. Consent and Affirmation of the Loan Parties.

(a) Each Loan Party (prior to and after giving effect to this Amendment) hereby consents to the amendment of the Credit Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Credit Agreement, this Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended by this Amendment. For

greater certainty and without limiting the foregoing, each Loan Party hereby confirms that the existing security interests granted by such Loan Party in favor of the Secured Parties pursuant to the Loan Documents in the Collateral described therein shall continue to secure the obligations of the Loan Parties under the Credit Agreement and the other Loan Documents as and to the extent provided in the Loan Documents.

(b) Each Subsidiary Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Subsidiary Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Guarantor to any future amendments to the Credit Agreement.

SECTION 6. Confirmation of Representations and Warranties.

(a) Each Loan Party hereby represents and warrants, on and as of the date hereof, that the representations and warranties contained in the Loan Documents are true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of the date hereof, before and after giving effect to this Amendment, as though made on and as of the date hereof, other than any such representations or warranties that, by their terms, refer to a specific date.

(b) Each Loan Party represents and warrants, on and as of the date hereof, that (i) it has the requisite power to execute and deliver this Amendment, and all corporate or other action required to be taken by it for the due and proper authorization, execution, delivery and performance of this Amendment and the consummation of the transactions contemplated hereby has been duly and validly taken; (ii) this Amendment has been duly authorized, executed and delivered by it and (iii) no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the execution and delivery of this Amendment.

(c) Each Loan Party represents and warrants that this Amendment constitutes a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally and except as enforceability may be limited by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Each Loan Party hereby represents and warrants that, on and as of the date hereof, no event has occurred and is continuing that constitutes a Default or an Event of Default.

SECTION 7. Reference to and Effect on the Credit Agreement.

(a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) The Credit Agreement as specifically amended by this Amendment is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. This Amendment shall be a "Loan Document" for purposes of the definition thereof in the Credit Agreement.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under the Credit Agreement.

SECTION 8. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery by telecopier or other electronic means of an executed counterpart of a signature page to this Amendment shall be effective as delivery of an original executed counterpart of this Amendment.

SECTION 9. Governing Law. This Amendment, including any claim or controversy arising herefrom whether sounding in contract law, tort law or otherwise, shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any conflicts of laws principles thereof that would result in the application of any law other than the laws of the State of New York.

SECTION 10. Headings. Section headings are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

SECTION 11. Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired hereby.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers as of the day and year first above written.

NTELOS INC., as Borrower

By

Name: Michael B. Moneymaker
Title: Executive Vice President, Chief Financial Officer, Secretary and Treasurer

NA COMMUNICATIONS, INC.
NTELOS CABLE INC.
NTELOS CABLE OF VIRGINIA INC.
NTELOS COMMUNICATIONS INC.
NTELOS COMMUNICATIONS SERVICES INC.
NTELOS CORNERSTONE INC.
NTELOS LICENSES INC.
NTELOS MEDIA INC.
NTELOS NETACCESS INC.
NTELOS NET LLC
NTELOS NETWORK INC.
NTELOS OF WEST VIRGINIA INC.
NTELOS PCS INC.
NTELOS PCS NORTH INC.
R&B CABLE, INC.
R&B COMMUNICATIONS, INC.
R&B NETWORK, INC.
RICHMOND 20MHZ, LLC
ROANOKE & BOTETOURT NETWORK LLC
THE BEEPER COMPANY
VIRGINIA RSA 6 LLC
VIRGINIA PCS ALLIANCE, L.C.
VIRGINIA TELECOMMUNICATIONS PARTNERSHIP
WEST VIRGINIA PCS ALLIANCE, L.C., as Guarantors

By

Name: Michael B. Moneymaker
Title: Executive Vice President, Chief Financial Officer, Secretary and Treasurer

JPMORGAN CHASE BANK, N.A., as a Lender

By _____

Name:

Title:

By _____
Name:
Title:

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Section 5: EX-31.1 (SECTION 302 CEO CERTIFICATION)

Exhibit 31.1

CERTIFICATIONS

I, James A. Hyde, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2010 of NTELOS HOLDINGS CORP.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2010

/s/ James A. Hyde
James A. Hyde
Chief Executive Officer and President

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Section 6: EX-31.2 (SECTION 302 CFO CERTIFICATION)

Exhibit 31.2

CERTIFICATIONS

I, Michael B. Moneymaker, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended March 31, 2010 of NTELOS HOLDINGS CORP.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2010

/s/ Michael B. Moneymaker

Michael B. Moneymaker

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

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Section 7: EX-32.1 (SECTION 906 CEO CERTIFICATION)

Exhibit 32.1

NTELOS HOLDINGS CORP.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of NTELOS HOLDINGS CORP. (the "Company") on Form 10-Q for the three months ended March 31, 2010 (the "Report"), I, James A. Hyde, Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

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

By: /s/ James A. Hyde

James A. Hyde

Chief Executive Officer and President

May 4, 2010

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Section 8: EX-32.2 (SECTION 906 CFO CERTIFICATION)

Exhibit 32.2

NTELOS HOLDINGS CORP.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of NTELOS HOLDINGS CORP. (the "Company") on Form 10-Q for the three months ended March 31, 2010 (the "Report"), I, Michael B. Moneymaker, Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the Company, do hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge that:

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

By: /s/ Michael B. Moneymaker

Michael B. Moneymaker

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

May 4, 2010

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