SYNIVERSE HOLDINGS INC
Form 10-K
February 26, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from to

COMMISSION FILE NUMBER 001-32432
333-88168

SYNIVERSE HOLDINGS, INC.

SYNIVERSE TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**30-0041666**
Delaware	**06-1262301**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

8125 Highwoods Palm Way

Tampa, Florida 33647

(Address of principal executive office)

(Zip code)

(813) 637-5000

(Registrant s telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Syniverse Holdings, Inc. Common Stock, $0.001 per share	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Exchange Act: None

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Syniverse Holdings, Inc.	Yes ¨ No x
Syniverse Technologies, Inc.	Yes x No ¨

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 x 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 Regulations S-T (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

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

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

As of June 30, 2009, the last business day of the Registrants most recently completed second fiscal quarter, the aggregate market value of their common equity held by non-affiliates was $1,093,901,210 based on the closing sales price as reported on the New York Stock Exchange. This calculation of market value has been made for the purposes of this report only and should not be considered as an admission or conclusion by the Registrants that any person is in fact an affiliate of the Registrants.

As of February 24, 2010, there were 69,385,368 shares of Syniverse Holdings, Inc. s common stock outstanding. As of February 24, 2010 there were 2,000 shares of Syniverse Technologies, Inc. s common stock outstanding, all of which are owned of record by Syniverse Holdings, Inc.

Documents Incorporated by Reference

The information called for by Part III is incorporated by reference to the definitive proxy statement for the registrant s 2010 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2009.

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SYNIVERSE HOLDINGS, INC.

SYNIVERSE TECHNOLOGIES, INC.

FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2009

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements in this Report, including, without limitation, those related to our future operations or results under the caption entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, may constitute forward-looking statements for purposes of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance, and involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control, and which may cause our actual results, performance or achievements, or the global telecommunications industry or economy generally, to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that may be forward-looking statements. You can identify these forward-looking statements through our use of words such as may, will, anticipate, assume, should, indicate, would, believe, conte expect, estimate, continue, plan, target, point to, project, predict, could, intend, potential, and other similar words and expr otherwise regarding the outlook for our future business and financial performance and/or the performance of the global telecommunications industry and economy generally. Such forward looking statements include, without limitation, statements regarding:

- expectations of growth of the global wireless telecommunications industry, including increases in new wireless technologies including smartphones, wireless subscribers, wireless usage, roaming, mobile data, number portability and SMS and MMS messaging;
- increases in demand for our services due to growth of the global wireless telecommunications industry, greater technology complexity and the introduction of new and incompatible wireless technologies;
- expectations of increases in our 2010 revenue;
- expectations of increases in our revenue generated outside North America due to increasing sales to new and existing global customers;
- our beliefs of the effects that the current economic conditions will have on our business;
- 2010 capital expenditures; and
- the sufficiency of our cash on hand, cash available from operations and cash available from our revolving line of credit to fund our operations, debt service and capital expenditures.

The forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- system failures, security breaches, delays and other problems;
- the loss of major customers;
- current economic conditions;

the inability of enacted legislation to stabilize the United States financial system;

the lack of provisions in most of our customer contracts related to minimum payments;

future consolidation among our customers that may cause decreased transaction volume and/or a reduction in our pricing;

the failure to adapt to rapid technological changes in the telecommunications industry;

intense competition in our market for services;

the advantages that many of our competitors have over us;

uncertain results from our continued expansion into international markets;

the costs and difficulties of acquiring and integrating complementary business and technologies;

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the difficulties of successfully integrating our operations with the acquisition of VeriSign s messaging business (VM3);

the failure to achieve or sustain market acceptance at desired pricing levels or transaction volumes;

the inability of our customers to successfully implement our services;

the risk exposure related to our reliance on third-party providers for communications software, hardware and infrastructure;

the capacity limits on our network and application platforms and inabilities to expand and upgrade our systems to meet demand;

the reduction in levels of our customers subscriber usage patterns;

the failure to obtain additional capital on acceptable terms, or at all;

the failure to service our substantial debt;

our stock price volatility and volatility in the market generally;

regulations affecting our customers and us and future regulations to which they or we become subject to;

changes in accounting policies and procedures;

the inability to obtain or retain licenses or authorizations that may be required to sell our services internationally;

the failure to protect our intellectual property rights;

claims that we are in violation of intellectual property rights and any indemnities to our customers required therefrom;

the loss of key personnel and inabilities to successfully attract and retain personnel;

customer migrations from our services to in-house solutions; and

fluctuations in currency exchange rates.

Although we presently believe that the plans, expectations and results expressed in or suggested by the forward-looking statements are reasonable, these forward-looking statements are based upon information presently available to our management and are inherently subjective, uncertain and subject to change, due to any number of risks and uncertainties, including, without limitation, those risks and factors discussed in this Annual Report on Form 10-K for the year ended December 31, 2009 under the captions Management s Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements and Risk Factors, and otherwise in the reports and filings that we make with the Securities and Exchange Commission. New factors emerge from time to time, and it is not possible for us to predict the nature, or assess the potential impact, of each new factor on our business. Accordingly, you should not place undue reliance on any forward-looking statements, since those statements speak only as of the date that they are made. We have no obligation and do not undertake to publicly update, revise or correct any of the forward-looking statements after the date of this Report, or after the respective dates on which such statements otherwise are made, whether as a result of new information, future events, or otherwise, except as otherwise may be required by law.

Market, Ranking and Other Data

The data included herein regarding markets and ranking, including the size of certain service markets and our position and the position of our competitors and customers within these markets, is based on independent industry publications, reports from government agencies or other published industry sources and our estimates are based on our management s knowledge and experience in the markets in which we operate. When we rank

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our customers by size, we base those rankings on the number of subscribers our customers serve. When we describe our market position, we base those descriptions on the number of subscribers serviced by our customers. Our estimates have been based on information obtained from our customers, suppliers, trade and business organizations and other contacts in the markets in which we operate. We believe these estimates to be accurate as of the date of this Annual Report. However, this information may prove to be inaccurate because of the methods by which we obtain certain data for our estimates, because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in a survey of market size. In addition, the provided market data is not a guaranty of future market characteristics because consumption patterns and consumer preferences can and do change.

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PART I

ITEM 1. BUSINESS

Overview

We are a leading enabler of wireless voice and data services for telecommunications companies worldwide. For over 20 years, we have served as one of the wireless industry s only operator-neutral intermediaries, solving the challenges that arise as new technologies, standards and protocols emerge. Our data clearinghouse, network and technology services solve technical and operational challenges for the wireless industry by translating incompatible communication standards and protocols and simplifying operator interconnectivity. Our suite of transaction-based services allows our customers to deliver seamless voice, data and next generation services to wireless subscribers, including wireless voice and data roaming, Short Message Service (SMS), Multimedia Messaging Services (MMS), number portability and value-added roaming services.

Demand for our services is driven primarily by wireless voice and data traffic, subscriber roaming activity, SMS and MMS messaging, number porting and next generation IP applications. The global wireless telecommunications industry is expected to grow due to continued subscriber growth, increased usage and deployment of new services. In addition, subscriber adoption of new technologies and services can also drive demand for our services due to the resulting increase in interoperability complexities. The global wireless industry relies on an extensive and complex set of communication standards, technical protocols, network interfaces and systems that must successfully communicate with one another in order to provide voice and data services to subscribers in their local markets and when roaming. The proliferation of these standards has resulted in technological incompatibilities, which are increasingly difficult to manage as new technologies and services are introduced and deployed. We believe that as telecommunications usage expands and complexity continues to increase, the demand for our services will grow.

We have developed a broad set of innovative interoperability solutions in response to the evolving needs of our customers. Through our integrated suite of services, we enable our customers to provide their subscribers with enhanced services including:

- national and international wireless voice and data roaming;
- wireless data services, including SMS and MMS, across incompatible standards and protocols;
- intelligent network services such as number portability and advanced IP service offerings; and
- value-added roaming services.

Our service platforms also enable our customers to rapidly and cost-effectively deploy next-generation wireless services including enhanced wireless data and value-added roaming services.

We generate the majority of our revenue on a per-transaction basis, and often receive revenue from multiple transactions during a single call or data session. The remainder of our revenue is generated from custom software development fees, hardware sales, professional services, and recurring, non-transaction fees for network connections and software maintenance.

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Executive Overview

Financial Highlights

For the year ended December 31, 2009, total revenue decreased $23.4 million, or 4.6%, to $483.0 million from $506.4 million for the same period in 2008. Net income decreased $12.8 million, or 16.3%, to $65.7 million for the year ended December 31, 2009 from $78.5 million for the same period in 2008. Diluted earnings per share was $0.96 and $1.15 for the years ended December 31, 2009 and 2008, respectively.

Technology Interoperability services revenues decreased $23.9 million, or 7.5%, to $293.8 million for the year ended December 31, 2009 from $317.7 million for the same period in 2008. The revenue decrease was driven by decreases in data clearinghouse services primarily resulting from lower prices associated with the renewal of the Verizon Wireless (Verizon) contract in September 2008 and the loss of mobile data roaming (MDR) transactions between Alltel and Sprint Nextel resulting from the Alltel/Sprint Nextel insourcing initiative combined with the Verizon acquisition of Alltel Corporation (Alltel). The impact of these decreases is partially offset by increased roaming volumes and messaging revenues of $33.2 million in the fourth quarter associated with our acquisition of the messaging business of VeriSign, Inc. (VM3). In addition, our technology turnkey solutions offering has experienced lower sales due to reduced capital spending by customers in the Asia Pacific region related to the economic downturn and increased competition.

Number Portability services revenues increased $2.4 million, or 8.1%, to $31.7 million for the year ended December 31, 2009 from $29.3 million for the same period in 2008 due to increased porting volumes. Network services revenues increased $0.3 million, or 0.2%, to $122.8 million for the year ended December 31, 2009 from $122.5 million for the same period in 2008. Revenues from Call Processing services, Enterprise Solutions and Off-Network Database Queries decreased a total of $2.1 million for the year ended December 31, 2009 as compared to the same period in 2008.

Business Developments

Acquisition of the Messaging Business of VeriSign, Inc.

On August 24, 2009, we entered into an acquisition agreement to acquire the messaging business of VeriSign, Inc. (VeriSign) for a purchase price of $175.0 million, subject to certain adjustments to reflect fluctuations in working capital. Under the acquisition agreement, we acquired the stock of VeriSign ICX Corporation and certain other assets associated with VeriSign s Inter-Carrier Gateway, Premium Messaging Gateway, PictureMail Service and Mobile Enterprise Solutions businesses (collectively VM3). On October 23, 2009, the purchase was completed for cash proceeds of $175.0 million including final working capital adjustments of $0.5 million, which was paid subsequent to December 31, 2009. As of December 31, 2009, we have incurred $3.5 million of acquisition-related costs which are included in general and administrative expenses.

Through the acquisition of VM3, we believe we will expand our current messaging operations to achieve the solution s scale, reach and capabilities needed to provide mobile customers with new service offerings to meet their subscribers growing need for messaging services.

Acquisition of Wireless Solutions International

On May 15, 2009, we acquired certain assets of Wireless Solutions International (WSI). The acquisition was funded by a cash payment from our existing cash balances and common stock. We believe the acquisition of this GSM Association (GSMA)-certified roaming hub provider will further enhance our global roaming reach.

India Number Portability Services

In February 2009, we entered into a joint venture agreement to implement number portability services in India. This joint venture was awarded the license for Zone 1, which includes the service areas of Delhi, Mumbai and nine other areas. We expect to provide India s telecommunications customers with number portability clearinghouse and centralized database solutions for the next 10 years. The service offering is dependent on completing the processing platform and database, provider readiness and regulatory confirmation of the implementation timeline.

The Indian telecommunications regulatory authority announced an official delay in the implementation timeline to March 31, 2010. Our readiness efforts are continuing despite this announcement. We believe that further delays may be possible, which are dependent on provider readiness to implement number portability.

2008 Events Affecting 2009

During 2008, we became aware of several developments that have impacted our growth rates in 2009. These developments include the Alltel/Sprint Nextel insourcing initiative, the Verizon acquisition of Alltel and the Verizon renewal. Each of these developments is described below.

Alltel/Sprint Nextel Insourcing Initiative

In order to manage the expense associated with the significant volume growth in mobile data, Alltel and Sprint Nextel directly connected their IP backbone networks in January 2009. Thus, they no longer use Syniverse as a third party intermediary to manage the connectivity and exchange of billing records between their mobile data roaming platforms. Our revenue and net income for 2009 include the impact of this insourcing initiative from the January 2009 effective date.

Verizon Acquisition of Alltel

During the second quarter of 2008, Verizon announced that it would acquire Alltel. Verizon completed its acquisition of Alltel in January 2009. The impact of the combination of these two customers on us ranged across a variety of services, and affected revenues we receive not only from Verizon and Alltel, but from other roaming partners as well. As of December 31, 2009, we believe that all of the expected impact of the integration has been realized.

Verizon Renewal

Effective September 30, 2008, we have extended our contract with Verizon for three years at reduced prices. Verizon uses a large suite of services, for its data clearing and roaming operations products such as MDR, data clearinghouse, Visibility, UniRoam and a number of other services. Verizon s new terms and pricing remain transaction-based, primarily affecting Technology Interoperability Services.

Refer to Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations for a detailed explanation of these results.

Business Description

We have built our reputation over the past 20 years by designing comprehensive solutions that solve wireless technology complexities as new technology standards and protocols emerge. Our integrated suite of services is described below.

Technology Interoperability Services

We operate one of the largest wireless clearinghouses globally, enabling the accurate invoicing and settlement of domestic and global wireless roaming telephone calls and wireless data events. We also provide financial settlement services, SMS and MMS routing and translation, roaming fraud prevention services, interstandard roaming solutions and MDR services between providers. We are a trusted intermediary and primary

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connection point between hundreds of wireless providers. In addition, we have expanded our mobile data solutions to include mobile broadband solutions, prepaid applications and value-added roaming services. We primarily generate revenue by charging per-transaction processing fees pursuant to long term contracts. We expect that increasing wireless roaming, mobile data and SMS and MMS volume will drive growth in our Technology Interoperability services.

Our technology interoperability services include:

Data Clearinghouse Services. We process and exchange proprietary subscriber roaming usage data on a secure and confidential basis to support financial settlement between wireless customers and subscriber invoicing for services used while roaming. Our clearinghouse services support multiple billing formats including TAP for GSM customers and CIBER for CDMA customers. We also support Remote Authentication Dial-In User Service or RADIUS, and IPDR formats for wireless data transactions including messaging, mobile commerce, content, and location-based applications. Customers use our solutions to access custom, on-line reports providing business intelligence, trends and daily and monthly summaries of key data. Customers use these reports to track their net financial positions with their roaming partners.

Messaging Services. Our messaging services reliably translate, route and deliver SMS, MMS and other message formats across disparate networks. We accomplish the translating, routing and delivering of messages by mapping a message to a phone number, determining the appropriate operator, routing the message accurately and resolving incompatibility issues among CDMA, GSM and VoIP providers. Our services can deliver messages domestically and globally to multiple devices and platforms.

Roaming Facilitation. Our roaming facilitation capabilities allow wireless subscribers to receive voice and data services while roaming on another operator s network, regardless of differing technology standards. We simplify inter-standard and global voice roaming by providing our customers with subscriber call origination, automatic call delivery and subscriber invoicing data. In addition, we offer value-added services to improve the subscribers experience while increasing the customers roaming revenues.

Mobile Data Roaming. Our mobile data roaming services provide connectivity and reach to CDMA mobile customers to expand the availability of mobile data services to their subscribers while roaming on other networks. These services provide customers with the ability to manage and control their data networks while improving the type and quality of service their subscribers receive.

DataNet. Our near-real time roaming data exchange service helps to reduce the losses our customers suffer from fraud by simplifying the management of roaming data collection, translation, analysis and routing between wireless operators.

Financial Settlement Services. We provide financial settlement services to GSM and CDMA customers worldwide. Our financial settlement services support the efficient and timely payment of roaming related charges by wireless operators to their roaming network partners across domestic and international boundaries.

Value-Added Roaming Services. We provide a suite of ancillary value-added roaming services to our customers, including re-rating, invoicing, reporting, tariff maintenance, inter-working services, TAP generation, conversion, Steering of Roaming, Welcome SMS, business intelligence and outsourcing and training.

The acquisition of VM3 has resulted in the expansion of our global messaging capabilities and our integrated suite of services to include:

Inter-Carrier Gateway enables customers to deliver inter-carrier person-to-person SMS and MMS messages across geographies and technologies. While we currently offer these services as described above in our Messaging Services, we have expanded our scale and reach in this offering. In addition, with the acquisition, we have gained a larger Tier 1 customer base for these services.

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PictureMail provides a state-of-the-art MMS platform with core components that include a hosted MMS service center (MMSC) for MMS routing, handset photo applications, a social networking interface, and photo storage and sharing capabilities.

Premium Messaging Gateway manages our customer s delivery of off-portal or third-party content to subscribers.

Mobile Enterprise Solutions (MES) enables businesses to send time- and event-based messages or alerts via voice, text message or email to subscribers, employees or partners, and allows our customers to offer their high-value enterprise subscribers a broader array of services, including enterprise paging, mobile financial services and other advanced applications.

Major customers who utilize our technology interoperability services include Verizon, Sprint Nextel, AT&T Mobility, U.S. Cellular, Bell Mobility, Virgin Mobile, Telus Communications and Centennial Cellular.

Network Services

We interconnect customers through our SS7 network to a suite of intelligent database services and provide wireless and fixed line call signaling services. Our intelligent database services include caller ID, local number portability, line information database and toll-free number routing. Customers also use our SS7 signaling solutions to set-up, translate and route telephone calls both domestically and globally. We also provide customers cost-effective, single-point connectivity to other widely used communication networks (such as Frame Relay and Internet Protocol) to support voice, SMS messaging, MMS messaging, VoIP and data roaming services.

By operating one of the largest independent SS7 networks, we provide our customers access to substantially the entire U.S. public-switched telecommunications network, global connectivity, operator-grade reliability and intelligent network services that provides a migration path for customers transitioning to all IP infrastructures. Our network architecture provides a robust, reliable, and highly redundant signaling platform. In addition, our intelligent network databases also permit customers to offer value-added calling features to their subscribers.

Our primary network services include SS7 network services, IP networking services, intelligent network database services and IPX transport services. We generate revenues from these services primarily by charging per-transaction processing fees, circuit fees, port fees and software license fees.

Our network services include:

SS7 Network Services. We operate one of the largest independent SS7 networks in the United States. Our SS7 network supports the call set-up, routing and delivery of wireless and fixed line telephone calls and supports access to intelligent network database services. Our global signaling gateway for customers and other network providers translates between the predominant North American signaling standard (American National Standards Institute SS7) and other global signaling standards such as International Telecommunications Union C7. We also provide customers with network analysis tools that monitor subscriber activity.

IP Networking Services. Our IP networking services provide customers cost-effective single-point connectivity to many widely used communication networks such as Frame Relay and Internet Protocol. We provide a suite of services that enables subscribers to have seamless access to their home operators GPRS, HSPA (GSM) or 1x-RTT, 1xEV-DO (CDMA) data network while roaming both nationally and globally. This Internet Protocol based virtual private network offers secure access to home based e-commerce, public Internet, corporate intranets and e-mail systems to roaming subscribers. We also manage network circuits that interconnect operators cell sites and switches across local and regional boundaries.

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Intelligent Network Database Services. Our intelligent network database services enable customers to offer enhanced services and features to subscribers. Our caller ID service provides access to calling name databases, allowing customers to query local exchange carriers and other major independent telephone operators to reduce the name not available messages that subscribers receive. We provide access to all U.S. regional number portability databases to support call routing to subscribers who have ported their telephone number to a different service provider. We also access databases that provide routing for toll free numbers. We access line information databases to provide enhanced services such as validating telephone numbers, billing information and calling card data.

IPX Transport Service. IPX is an open, standardized, IP connectivity model for multiple types of service providers. IPX Transport Service is a global, private, IP network which supports end-to-end quality of service. IPX Transport network provides the ability to operate, bill, and manage customized, ubiquitous services over a single transport facility. Specific service examples available over IPX Transport include: Roaming Exchange GRX, CRX, MDR, CDMA, Wifi, and GPRS/UMTS. Signaling traffic will be supported over the IP network via the industry standard SS7oIP SCTP/ Sigtran protocols.

Major customers who utilize our network services include AT&T Mobility, Sprint Nextel, T-Mobile, Verizon Wireless, U.S. Cellular, MetroPCS, Videotron and Cox Communications.

Number Portability Services

We are a leading provider of number portability services to U.S. and Canadian customers, as well as customers in other countries including Singapore. These services enable subscribers to switch operators while keeping the same telephone number. As number portability-related technology and operational complexities were identified, we developed solutions that facilitated the exchange of information between operators and transmitted information to regional industry databases. These services route and track the multiple transactions involved in porting numbers between service providers and identify and facilitate problem resolution when porting transactions are not successful. These services also manage the unique challenges of porting numbers between wireless and fixed line providers and from operators who have chosen to manually process porting transactions.

We have been designated as a master database administrator in Singapore, expanding our suite of number portability services. Our centralized number portability database solution for Singapore supplies all mobile operators with the ability to port numbers by providing the ability to agree and coordinate ports between themselves. In the future, we will also support fixed and emerging operators who are required to port numbers in Singapore. In addition, our solution will maintain the master routing database for ported numbers and provide updates to operators for use in routing calls or SMS messages.

In February 2009, we entered into a joint venture agreement to implement number portability services in India. This joint venture was awarded the license for Zone 1, which includes the service areas of Delhi, Mumbai and nine other areas. We expect to provide India s telecommunications operators with number portability clearinghouse and centralized database solutions for the next 10 years. The service offering is dependent on completing the processing platform and database, operator readiness and regulatory confirmation of the implementation timeline.

We generate revenues from number portability services primarily by charging per-transaction fees and fixed fees. We anticipate that subscriber growth and international implementation of number portability will present opportunities for us to grow our number portability services operations.

Call Processing Services

We provide global call handling and fraud management solutions that enable subscribers from one operator to make and receive telephone calls while roaming on another operator s network. We support global roaming by

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connecting wireless operators and by resolving geographic and operator differences in subscriber verification, call delivery and signaling network protocols. We also offer customers comprehensive fraud detection and fraud prevention services.

Our primary call processing services include signaling solutions and fraud prevention services. We generate revenues from these services primarily by charging per-transaction processing fees.

Our Call Processing Services include:

Signaling Solutions. Our services verify a CDMA subscriber s eligibility to receive service while roaming internationally in another operator s market. Our signaling solutions also resolve conflicting global numbering plans and overlapping system identifiers to allow subscribers to roam when the visited service provider may not normally recognize the subscriber.

Fraud Prevention Services. We provide multiple services to customers to minimize the financial losses associated with subscriber fraud. Our fraud profiling solutions collect usage data from mobile switches to create a unique profile for each subscriber based upon the subscriber s call activity.

Enterprise Solutions

We enable customers to offer billing consolidation and data management services to large enterprise subscribers. Our solutions consolidate subscriber usage data on to one invoice and offer robust online reporting and analysis tools that enable enterprise subscribers to manage their telecommunications-related costs. We generate revenues from this service on a per-subscriber processing basis.

Off-Network Database Queries

We provide our customers with the ability to connect to various third-party intelligent network database providers. These providers charge us a per-transaction fee for access to their databases, which we pass on to our customers with little or no margin.

Segments

We operate as a single operating segment, since our chief operating decision maker decides resource allocations on the basis of our consolidated financial results.

Revenues by service offerings are as follows:

	Year Ended December 31,		
	2009	2008	2007
Technology Interoperability Services	$ 293,782	$ 317,685	$ 184,471
Network Services	122,804	122,529	124,788
Number Portability Services	31,654	29,291	27,128
Call Processing Services	28,126	29,720	31,421
Enterprise Solutions	1,322	2,387	4,084
Off Network Database Queries	5,303	4,744	5,632
Total Revenues	$ 482,991	$ 506,356	$ 377,524

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Revenues by geographic region based on the bill to location on the invoice, are as follows:

	Year Ended December 31,		
	2009	2008	2007
North America (U.S. and Canada)	$ 351,378	$ 361,438	$ 291,186
Asia Pacific	39,392	46,445	41,725
Caribbean and Latin America (includes Mexico)	32,817	30,666	23,860
Europe, Middle East and Africa	54,101	63,063	15,121
Off Network Database Queries (i)	5,303	4,744	5,632
Total Revenues	$ 482,991	$ 506,356	$ 377,524

(i) Off-Network Database Queries are not allocated to geographic regions.

For the years ended December 31, 2009, 2008 and 2007, we derived 68.7%, 67.9% and 73.3%, respectively, of our revenues from customers in the United States.

In January 2010, we began implementing changes to our internal operating structure as a result of the acquisition of the VM3 messaging business in October 2009. In line with our strategies and realignment of our services to better coordinate our operations with similar type service offerings, we are reorganizing our operations into three primary lines of business with business leaders heading each line of business with profitability responsibility for their respective business unit. This ensures that we are aligning our resources closer to where decisions are made that affect our customers. Our corporate and shared service functions are streamlining their organizations and focusing them on core activities that can more efficiently support the goals of the business units. Our new operating structure has resulted in changes to our reportable business segments beginning in the first quarter of 2010.

The three lines of business as well as the services included in each are as follows:

Roaming. The Roaming line of business will include all of the services currently included in our Technology Interoperability Services, with the exception of the technology turn-key solutions and Messaging Services including the VM3 assets, which will be included in a separate line of business as described below. In addition, Roaming will include all of the services currently described in our Call Processing Services section.

Messaging. The Messaging line of business will include our existing Messaging Services and the services of the recently acquired VM3 business, as currently described in our Technology Interoperability Services section.

Network. The Network line of business will include all of the services currently included in our Network Services and Enterprise Solutions sections, as well as our Number Portability Services.

In addition, we will also report a separate Other category, which will be comprised of our technology turn-key solutions, also known as our ITHL business; sales, marketing, corporate administrative and other functions. Our ITHL business provides value-added services to customers in the Asia Pacific region. The ITHL operations are different from our core transaction-based revenue generating services.

We will begin reporting these new segments in our first interim reporting period ending March 31, 2010.

Industry Summary

The global wireless industry has grown significantly since its inception as wireless services have become increasingly available and affordable. According to CTIA The Wireless Association, the U.S. wireless industry has grown from an estimated total subscriber base of 97.0 million in

2000 to 276.6 million by mid-year 2009, a

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185% increase. CTIA also reported that twelve-month total wireless service revenues grew from $45.3 billion to $151.2 billion in the 9 years ending June 2009, a 234% increase. Additionally, reported annualized wireless minutes have grown to over 2.25 trillion in June 2009. This expanding subscriber base and corresponding growth in industry revenues has been driven by improved service quality, greater national and international wireless roaming coverage, decreased pricing and the growth in messaging, mobile data and content services.

On a global basis, similar trends have been cited by Informa, an industry research firm. According to an Informa forecast:

- Total worldwide subscribers will rise by 23% from 2008 2013 to nearly 3.5 billion, while global roaming subscribers are expected to rise by 64% to 600 million over the same period.

- Global roaming revenues are expected to increase by 27% from 2008 2013 to nearly $32 billion, with a rising share of roaming revenues from data and SMS.

- Data and SMS share of mobile roaming revenues is expected to rise steadily from 2008 2013. Global non-messaging data roaming revenues will grow at an average of 29% per year over the forecast period, with annual revenues in 2013 reaching $1.4 billion. Non-messaging data revenues will overtake SMS revenues in 2012 with over 20% annual growth in 2013.

Wireless industry growth has been accompanied by a steady introduction of new and often incompatible technologies. This has resulted in the proliferation of different network architectures, including various mobile switch types (such as those manufactured by Alcatel-Lucent, Nortel, Ericsson and Motorola), diverse signaling standards (such as Code Division Multiple Access, or CDMA; Global System for Mobile Communication, or GSM; Integrated Digital Enhanced Network, or iDEN; Long Term Evolution, or LTE, WiMAX and Wi-Fi), distinct billing record formats (such as Cellular Intercarrier Billing Exchange Record, or CIBER; Transferred Account Procedure, or TAP; and Remote Authentication Dial-In User Service, or RADIUS) and multiple network protocols (such as Frame Relay, SS7 and Internet Protocol). This has created significant technological incompatibilities and operational challenges for wireless customers.

As a result, many customers utilize third-party technology services providers like us to:

- serve as a trusted intermediary for proprietary data exchange between competitive wireless operators;

- provide centralized, single point connectivity to the systems and networks of multiple operators;

- enable communication between new and legacy operator systems by resolving incompatibilities associated with geographic and operator variations in communication protocols;

- simplify the operational challenges associated with operator differences in the timing of new technology deployment;

- offer access to a range of intelligent network database services required for enhanced wireless services; and

- rapidly develop new solutions to meet emerging wireless industry technology complexities and to support next generation services such as wireless data and VoIP.

Market Opportunity

We expect the technology complexities and operational challenges faced by communications providers to continue to grow as the industry evolves. These complexities and challenges are driven by a variety of wireless industry trends including the growth in the number of wireless telephone subscribers, the volume of wireless roaming telephone calls and the growing volume of SMS and MMS messages and wireless data events. In addition, we believe the emergence of next-generation wireless communication services such as WiMAX, LTE and VoIP, future possible government mandated changes, and new applications for existing communications services will drive future industry growth.

Technology Interoperability Services

The proliferation and evolution of incompatible communication protocols, messaging/data formats and billing standards has made it increasingly difficult for our customers to connect systems and networks and to share the information required to offer seamless global wireless voice and data services to subscribers. Technology service providers solve these interoperability problems by offering wireless roaming clearinghouse services, SMS and MMS messaging translation and routing services, and wireless data roaming facilitation and clearinghouse solutions to support emerging mobile data services.

Clearinghouses translate various network signaling and billing protocols to allow different operators to offer and be compensated for roaming services. These wireless clearinghouses serve as trusted third parties for the collection, translation and distribution of the information required to monitor and invoice services provided by one operator to numerous other operators subscribers. Demand for clearinghouse services is primarily driven by the number of domestic and international wireless roaming subscribers. We expect that increased roaming traffic volumes will drive incremental technology interoperability and clearinghouse transaction volumes for the industry.

The growth of SMS and MMS messaging is also driving significant operational challenges for our customers. Cross-operator SMS messaging and MMS messaging requires extensive network connectivity and complex message protocol conversion between wireless operators. Operator-grade message translation and routing are critical to wireless operators who increasingly rely on messaging services to drive incremental revenue growth and to improve customer retention.

According to Portio Research, a mobile and wireless sector research firm, worldwide SMS traffic is expected to grow from 5.5 trillion messages in 2009 to 11.5 trillion messages in 2014 (a compound annual growth rate of approximately 16%), with this growth expected to be driven by an increase in the SMS traffic in North America challenging Asia Pacific s lead position in the worldwide SMS market. Worldwide MMS traffic is expected to grow from 119.0 billion messages in 2009 to 385.1 billion messages in 2014 (a compound annual growth rate of approximately 26%), and this growth is expected to be driven by an increase in MMS traffic in North America and European regions with continued strong contributions from Asia Pacific.

The emergence of mobile data and premium content services are also driving demand for clearinghouse services, translation services and roaming facilitation services. This growth has been and will continue to be supported by the deployment of next generation data networks. We believe the increase in data roaming will drive the need for data clearinghouse services that simplify network connectivity and the exchange of invoicing data between multiple operators.

Network Services

SS7 networks are a core element of today s telecommunications infrastructure. SS7 is the telecommunications industry s standard network signaling protocol used by substantially all operators to enable the setup and delivery of telephone calls and to offer enhanced calling features like caller ID. Outsourced network services provide operators cost effective, single point connectivity to an SS7 network, other widely used communication networks and critical databases. As a result, operators avoid the cost and complexity of managing individual network connections to multiple operators, eliminate the expense of licensing and maintaining intelligent network revenues databases and reduce the need for building capital-intensive network infrastructure. Drivers of network services include subscriber growth, roaming call volume growth, roaming data growth and SMS messaging volume growth.

In addition, data roaming requires operators to support packet-switched, Internet Protocol-based communications protocols including General Packet Radio Service, or GPRS; High Speed Packet Access, or HSPA; 1 x Radio Transmission Technology, or 1xRTT; and 1 x Evolution Data Optimized, or 1xEV-DO (technology designed to support faster data transmission). Technology service providers support data roaming services and enable subscribers to access their home wireless data services (such as public Internet, corporate intranets, e-mail and m-commerce) while abroad or beyond the reach of their home network. The emergence of Internet Protocol-based signaling solutions and database services associated with VoIP will also require network, routing and translation services to communicate with legacy networks. VoIP offers traditional voice telephone services but at a significantly lower cost by bypassing the traditional telephone network.

In February 2009, we launched our IP Packet eXchange Network Transport solution, or IPX, to help global operators keep up with increasing volumes while maintaining quality of service for subscribers. IPX provides our customers access to a full suite of mobile data services via a single ubiquitous network while supporting emerging 3G Plus solutions. Via this global network solution, operators connect to a single network to utilize a full suite of data services. This approach means customers can reduce costs by adding additional services or increasing capacity without needing to connect to additional networks.

Number Portability Services

In 1996, the United States Federal Communications Commission, or FCC, mandated number portability services to encourage competition by permitting subscribers to change operators while retaining their current telephone numbers. Regulators in Canada, Singapore and India have also mandated number portability. Other jurisdictions around the world are currently mandating or are analyzing the need for the implementation of number portability services. To facilitate the portability of telephone numbers, operators exchange information with other operators and transmit information to regional number portability databases in order to support call routing. Implementation of number portability services impacts nearly every system within operator operations including network signaling and routing, switching, billing, point of sale and customer care.

Technology service providers enable operators to implement number portability services to their customers by streamlining the ordering and communication processes that organize, prioritize and route number portability transactions between operators and industry databases. These services must be able to route and track the multiple transactions involved in porting numbers between service providers, identify and facilitate problem resolution, manage the unique challenges of porting between fixed line and wireless operators, and interface to operators who have chosen less automated porting solutions.

Following the introduction of number portability services in the U.S., the telecommunications industry experienced rapid consumer adoption. We expect the drivers of number portability services demand will be continued increase in the number of wireless subscribers, operator competition and increased regulatory focus, and adoption of number portability services in other countries around the world. In addition, there has been a greater tendency of subscribers to transition away from fixed lines to wireless or VoIP services.

Call Processing Services

Call processing solutions support the proper authentication, handling and routing of telephone calls in order to reduce fraud and to allow CDMA wireless subscribers to make and accept telephone calls while roaming on another operator s network. Wireless roaming growth is causing new call routing and delivery complexities for operators. Due to geographic and operator differences in subscriber verification, call delivery and signaling network protocols, these services require extensive data management capabilities.

Drivers of call processing demand include international wireless subscriber growth and international wireless roaming call volume growth. Operators are increasingly using SS7 networks to replace traditional call processing functionality and to address wireless subscriber fraud issues.

Customers

We provide our services to approximately 700 telecommunications operators and to over 100 enterprise customers in approximately 160 countries. Our customers include wireless operators, telecommunications providers, internet service providers and social networking portals, cable companies and other non-traditional

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enterprise clients. We serve most of the largest global wireless telecommunications providers including American Moviles, AT&T Mobility, China Mobile, China Unicom, Orange, Reliance Communications, Sprint Nextel, T-Mobile, Telecom Italia, Telefonica, Telenor, TeliaSonera, Turkcell, Telecom Italia, Verizon Wireless, VimpelCom and Vodafone. We believe that maintaining strong relationships with our customers is one of our core competencies and that maintaining these relationships is critical to our success.

For the year ended December 31, 2009, sales to one customer were 21.0% of total revenues. No other customer represented more than 10% of revenues for the year ended December 31, 2009, although a significant amount of our remaining revenues were generated from services provided to a small number of other customers. We expect two customers will individually represent more than 10% of revenues in 2010 as a result of the acquisition of VM3.

Our three largest customers for the year ended December 31, 2009 represented approximately 35% of our revenues in the aggregate, while our ten largest customers for the year ended December 31, 2009 represented approximately 50% of our revenues in the aggregate. In 2010, we expect our three largest customers will represent approximately 42% of our revenues in the aggregate, while our ten largest customers are anticipated to represent approximately 59% of our revenues with the acquisition of VM3.

Competition

We have a number of competitors for each specific service that we offer.

Technology Interoperability Services. Our primary competitors include MACH, TNS, Inc. and Sybase. Certain wireless operators also choose to deploy in-house interoperability and billing solutions for clearing their own and affiliate traffic.

Network Services. Our competitors for SS7 network connectivity and intelligent network services include TNS, Inc., AT&T, Tata Communications Limited and local exchange carriers. Wireless and fixed line operators may also choose to deploy and manage their own in-house SS7 networks. Our network services compete with a variety of companies including TNS, Inc. and Aicent in the U.S. and Cable & Wireless, Global Crossing, France Telecom, BICS, KPN and Qwest internationally.

Number Portability Services. Our primary competitors in the United States for number portability services are NeuStar and Telcordia. Internationally, primary competitors include Telcordia, Neustar and Accenture, as well as several other smaller companies.

Call Processing Services. Our call processing services primarily compete with products from Tata Communications Limited and TNS, Inc.

Enterprise Solutions. Certain wireless operators have developed their own services for enterprise account management. Competitive factors in the market for our services primarily include breadth and quality of services offered, price, development capability and new product innovation.

Competitive Strengths

We believe that the following strengths differentiate us in the marketplace:

Leading provider of roaming enablement, signaling and interoperability solutions to the wireless industry. We believe we are a leading provider of roaming, signaling and interoperability solutions to wireless operators worldwide. Our solutions allow wireless operators to deliver seamless voice, data and next-generation services to wireless subscribers, including roaming, SMS, MMS, MDR, caller ID, number portability and value-added services. We believe our extensive experience solving interoperability challenges of the wireless industry positions us well as new technology incompatibilities and complexities emerge with the introduction of new wireless voice and data services.

Global customer base. We currently provide our services to approximately 700 telecommunications operators and to over 100 enterprise customers in approximately 160 countries.

Transaction-based business model with recurring revenues and strong operating cash flows. Our historical success in customer retention, growth in transaction volumes and ability to leverage existing technology platforms to serve additional customers enable us to generate a high level of recurring revenues and strong operating cash flows.

Extensive and collaborative relationships. We maintain collaborative relationships with many of our customers and have jointly developed applications and services designed specifically to meet their business requirements. This unique positioning enables us to more effectively anticipate, identify and address evolving industry needs and opportunities.

Proven track record of technology innovation enables us to address the evolving needs of our customers. We have a long history of providing solutions to the wireless industry for over 20 years. Moreover, we believe that we are and will continue to be a leading developer and provider of next-generation technology services to our customers. These services include messaging, wireless data, interactive video, VoIP and other IP-based solutions.

Experienced management team with deep customer relationships. Our senior management team has significant industry knowledge and deep customer relationships developed over an average of 19 years of telecommunications and technology industry experience.

Strategy

In order to strengthen our market leadership position, enhance growth and maximize profitability, we intend to:

Optimize our current business. We continue to seek opportunities to more efficiently manage our business in order to maximize our operational effectiveness, competitiveness and profitability. We anticipate furthering these efforts as we continue our global expansion.

We have substantially completed our data clearinghouse upgrades resulting from the integration of BSG Wireless, which we acquired in December 2007. We have consolidated and integrated technology and operational platforms which we expect will generate significant cost saving synergies. In addition, we have been successful at selling new services to our existing customers and have been successful in retaining our customer base with a 99% customer retention rate in 2009.

Expand product offerings. We believe that we are well positioned to develop innovative services that solve complexities associated with new market participants and new technologies. In 2009, we launched Syniverse NEXT, an advanced messaging hub solution. This solution provides interworking between operators for the exchange of presence data, SMS, and MMS messages across networks, protocols and message types. Our IPX Network Transport service also expands our current network service offerings. This solution brings the next generation network to our customers who need the ability to deliver new, differentiated global applications and services, including advanced video and multimedia, to their subscribers. In addition, through the acquisition of the VM3 messaging business, we expanded our current messaging operations to achieve additional scale, reach and capabilities needed to provide our customers with new service offerings to meet their subscribers growing need for messaging services.

We intend to pursue sales opportunities with non-traditional customer segments and new entrants into the mobile messaging market, such as cable companies, Internet providers and portals. We intend to continue to sell incremental services to our existing customers to further diversify our revenue and increase per-customer revenues.

Continue to expand globally. We are aggressively pursuing global expansion opportunities in new markets. We have continued to expand our sales and support offices in Europe, Asia Pacific and Latin America. This expansion has helped us win contracts with leading operators in many countries

including the United Kingdom, France, China, Italy, Russia, India, Brazil and Africa. For the year ended December 31, 2009, 26.4% of our total revenues (excluding off-network database queries) were generated outside of North America as compared to 27.9% for the year ended December 31, 2008. The decline in the percentage of revenue generated outside of North America is attributable to the acquisition of VM3, which generated a large majority of its revenue within the United States. Going forward, we expect the percentage of our revenue generated outside North America to increase due to increasing sales to new and existing global customers.

Pursue new business opportunities. We continue to seek opportunities to acquire businesses that expand our range of services, increase economies of scale, provide opportunities to increase our customer base and cross-selling opportunities and enter new geographies. In October 2009, we completed the acquisition of the VM3 messaging business. Through this acquisition, we believe we will expand our current messaging operations to achieve the solution s scale, reach and capabilities needed to provide our customers with new service offerings to meet their subscribers growing need for messaging services. In May 2009, we acquired certain assets of WSI, a roaming hub provider that further enhances our global reach. We are assessing roaming and interoperability opportunities in emerging areas, such as mobile advertising, mobile payments, location-based services, driven by subscriber and operator trends.

Sales and Marketing

As of December 31, 2009, our sales and marketing organizations included 169 people who identify and address customer needs and concerns, deliver comprehensive services and offer a comprehensive customer support system.

Sales. Our sales department is geographically diverse and globally focused. Sales directors are organized geographically with global offices responsible for North America, Caribbean and Latin America, Asia Pacific and Europe/Middle East/Africa. Account managers are product specialists and work as a team to respond to customer needs.

Marketing. Our marketing organization is comprised primarily of marketing communications employees. This organization is responsible for consistent communications and brand management globally. This includes product marketing, media relations, tradeshow and event planning and marketing communications.

Technology and Operations

Technology

As of December 31, 2009, our technology group was comprised of 513 professionals. This group performs all functions associated with the design, development, testing, implementation and operational support of our services. The primary functions of the Technology group include Product Management, Product Development and Life Cycle, Operational Support Services, Technology Services and Research and Development.

Product Management. Working with the sales organization, product managers are responsible for managing the product s positioning throughout the life cycle as well as managing costs and pricing. These responsibilities include developing strategic product and market plans, specifying product requirements, planning development resources and managing product launches.

Product Development and Life Cycle. Delivers new product developments, enhancements and maintenance releases and develops integrated solutions that address customer needs across multiple areas including billing, messaging, decision support and reporting.

Operational Support Services. Provides 24x7 operational product support to ensure a high level of service and system availability.

Technology Services. Responsible for maintaining the high overall quality of customer service through centralized testing, system/data base administration and configuration management.

Research & Development. Responsible for researching new telecommunications technologies and identify solutions which facilitate technology migration and interoperability functionality for operators.

Operations

As of December 31, 2009, we had 317 employees dedicated to managing internal operations and customer support functions. Key functions include:

Customer Service, Documentation and Training. Provides front-line support for our global customers. Documentation and Training group publishes the technical documentation accompanying portfolio of services in multiple languages and also travels nationally and globally to provide strategic customer training.

Operator Business Process Outsourcing. Manages the outsourcing of operators personnel operations.

Internal Operations Support. Manages internal hardware and software technology programs as well as the Local Area Network, Internet, email and departmental servers for the employees. Other internal operations functions include information security, facilities management and disaster recovery.

As of December 31, 2009, we had 83 employees dedicated to network provisioning, monitoring and support.

Network Operations Center. We maintain a state-of-the-art Network Operations Center that actively monitors applications, network and connections to customers. The Network Operations Center provides support both domestically and globally 24 hours a day, seven days a week, 365 days a year. The Network Operations Center proactively identifies potential application, operating system, network, switch connectivity and call processing problems. These problems are managed through resolution with customers in conjunction with Inter-Exchange Operators, Local Exchange Operators, field engineering, our internal product support and development teams and vendors.

Network Services. Designs, develops and supports our SS7 and Internet Protocol-based Intelligent Network Service offerings. Employees within Network Services work closely with other functional departments and vendors to ensure that we are engineering and monitoring cost effective and reliable network solutions which meet customers needs.

Employees

As of December 31, 2009, we had approximately 1,289 employees (as measured on a full-time equivalent basis). Certain of our employees in various countries outside of the United States are subject to laws providing representation rights to employees on workers councils. Management believes that employee relations are good.

Governmental Regulation

Certain services we offer are subject to regulation by the FCC that could have an indirect effect on our business. In particular, end-user revenues from selected services are used to determine our contribution to the FCC s Universal Service Fund. Additionally, we are certified by certain state utility regulatory commissions to resell intrastate private line services although we do not currently engage in the resell of services on an intrastate basis. Some of our customers may also be subject to federal or state regulation that could have an indirect effect on our business. We do not offer services that are deemed to be common carrier telecommunications services.

Intellectual Property Rights

We attempt to protect our intellectual property rights in the United States and in foreign countries through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and agreements preventing the unauthorized disclosure and use of our intellectual property. We currently maintain approximately 264 registrations and 36 applications in approximately 43 countries covering our marks; over 25

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patents and 70 patent applications, several jointly-owned with Verizon Wireless in the United States and in foreign countries; and over 40 U.S. Copyright Registrations covering numerous software applications. In addition, we maintain certain trade secrets for which, in order to maintain the confidentiality of such trade secrets, we have not sought patent protection.

Where to Find Additional Information

We file annual and quarterly reports, proxy statements and other information with the SEC. You may read and print materials that we have filed with the SEC from its website at *www.sec.gov*. In addition, certain of our SEC filings, including our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act can be viewed and printed from the investor information section of our website at *www.syniverse.com*, free of charge, as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Certain materials relating to our corporate governance, including our senior financial officers code of ethics, are also available in the investor information section of our website. Our website and the information contained or incorporated therein are not intended to be incorporated into this report.

Copies of our filings, specified exhibits and corporate governance materials are also available, free of charge, by writing to us using the address on the cover of this Form 10-K. You may also telephone our investor relations office directly at (813) 637-5007.

Our SEC filings may also be viewed and copied at the following SEC Public Reference Room and at the offices of the New York Stock Exchange where our common stock is quoted under the symbol SVR .

SEC Public Reference Room

100 F Street, N.E.

Washington, DC 20549

(You may call the SEC at 1-800-SEC-0330 for further information on the public reference room.)

NYSE Euronext

20 Broad Street

New York, NY 10005

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ITEM 1A. RISK FACTORS

The following are certain risks associated with our business, an investment in our securities, and with achieving the forward-looking statements contained in this report or in our news releases, Web sites, public filings, investor and analyst conferences or elsewhere, include, but are not limited to, the risk factors described below. Any of the risk factors described below could cause our actual results to differ materially from expectations and could have a material adverse effect on our business, financial condition or operating results. We may not succeed in addressing these challenges and risks.

System failures, security breaches, delays and other problems could harm our reputation and business, cause us to lose customers and expose us to customer liability.

Our success depends on our ability to provide reliable services to our customers. Our operations could be interrupted by any damage to or failure of:

- our computer software or hardware, or our customers or suppliers computer software or hardware;
- our networks, our customers networks or our suppliers networks; and
- our connections and outsourced service arrangements with third parties.

Our systems and operations are also vulnerable to damage or interruption from:

- power loss, transmission cable cuts and other telecommunications failures;
- hurricanes, fires, earthquakes, floods and other natural disasters;
- interruption of service due to potential facility migrations;
- computer viruses or software defects;
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events; and
- errors by our employees or third-party service providers.

Because many of our services play a mission-critical role for our customers, any damage to or failure of the infrastructure we rely on, including that of our customers and vendors, could disrupt the operation of our network and the provision of our services, result in the loss of current and potential customers and expose us to potential customer liability.

We depend on a small number of customers for a significant portion of our revenues and the loss of any of our major customers would harm us.

Our three largest customers for the year ended December 31, 2009 represented approximately 35% of our revenues in the aggregate, while our ten largest customers for the year ended December 31, 2009 represented approximately 50% of our revenues in the aggregate. We expect to continue to depend upon a small number of customers for a significant percentage of our revenues. In 2010, we expect our three largest customers will represent approximately 42% of our revenues in the aggregate, while our ten largest customers are anticipated to represent approximately 59% of our revenues with the acquisition of VM3. Because our major customers represent such a large part of our business, the loss of any of our major customers would negatively impact our business.

Most of our customer contracts do not provide for minimum payments at or near our historical levels of revenues from these customers.

Although some of our customer contracts require our customers to make minimum payments to us, these minimum payments are substantially less than the revenues that we have historically earned from these customers. If our customers decide for any reason not to continue to purchase services from us at current levels or at current prices, to terminate their contracts with us or not to renew their contracts with us, our revenues would decline.

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Future consolidation among our customers may cause us to lose transaction volume and reduce our prices, which would negatively impact our financial performance.

In the past, consolidation among our customers has caused us to lose transaction volume and to reduce prices. In the future, our transaction volume and pricing may decline for similar reasons. Such consolidation activities may take the form of business combinations, strategic partnerships, or other business arrangements between the operators. For example, during the second quarter of 2008 Verizon announced that it would acquire Alltel. Verizon completed this acquisition in January 2009. The impact to us of the consolidation is described under Business Developments in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

We may not be able to expand our customer base to make up any revenue declines if we lose customers or if our transaction volumes decline as a result of consolidation activities. Our attempts to diversify our customer base and reduce our reliance on particular customers may not be successful.

If we do not adapt to rapid technological change in the telecommunications industry, we could lose customers or market share.

Our industry is characterized by rapid technological change, frequent new service introductions and changing customer demands. Significant technological changes could make our technology and services obsolete. Our success depends in part on our ability to adapt to our rapidly changing market by continually improving the features, functionality, reliability and responsiveness of our existing services and by successfully developing, introducing and marketing new features, services and applications to meet changing customer needs. We cannot assure you that we will be able to adapt to these challenges or respond successfully or in a cost-effective way to adequately meet them. Our failure to do so would impair our ability to compete, retain customers or maintain our financial performance. We sell our services primarily to telecommunications companies. Our future revenues and profits will depend, in part, on our ability to sell to new market participants.

The market for our services is intensely competitive and many of our competitors have advantages over us.

We compete in markets that are intensely competitive and rapidly changing. Increased competition could result in fewer customer orders, reduced pricing, reduced gross and operating margins and loss of market share, any of which could harm our business. We face competition from large, well-funded providers of similar services, such as Neustar, Sybase, MACH, TNS, Inc. and other existing communications, billing and technology companies. We are aware of major Internet service providers, software developers and smaller entrepreneurial companies that are focusing significant resources on developing and marketing services that will compete with the services we offer. We anticipate increased competition in the telecommunications industry and the entrance of new competitors into our business.

We expect that competition will remain intense in the near term and that our primary long-term competitors may not yet have entered the market. Many of our current and potential competitors have significantly more employees and greater financial, technical, marketing and other resources than we do. Our competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements than we can. In addition, many of our current and potential competitors have greater name recognition and more extensive customer bases that they can use to their advantage.

Our customers may develop in-house solutions and migrate part or all of the services that we provide them to these in-house solutions.

We believe that certain customers may choose to internally deploy certain functionality currently provided by our services. In recent years, we have experienced a loss of revenue streams from certain of our services as some of our customers have decided to meet their needs for these services in-house. For example, in order to

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manage the expense associated with the significant volume growth in mobile data, Alltel and Sprint Nextel have directly connected their IP backbone networks. Thus, they no longer use Syniverse as a third party intermediary to manage the connectivity and exchange of billing records between their mobile data roaming platforms beginning in January 2009.

Our failure to achieve or sustain market acceptance at desired pricing levels or transaction volumes could impact our ability to maintain profitability or positive cash flow.

Competition and industry consolidation have resulted in pricing pressure, which we expect to continue in the future and which we expect to continue to address through our volume-based pricing strategy. This pricing pressure could cause large reductions in the selling price of our services. For example, consolidation in the wireless services industry in the United States over the past several years could give our customers increased transaction volume leverage in pricing negotiations. Our competitors or our customers in-house solutions may also provide services at a lower cost, significantly increasing pricing pressures on us. While historically pricing pressure has been largely offset by volume increases and the introduction of new services, in the future we may not be able to offset the effects of any price reductions.

Our continued expansion into international markets is subject to uncertainties that could affect our operating results.

Our growth strategy contemplates continued expansion of our operations into foreign jurisdictions. International operations and business expansion plans are subject to numerous risks, including:

- the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;
- fluctuations in currency exchange rates;
- foreign customers may have longer payment cycles than customers in the U.S.;
- U.S. and foreign import, export and related regulatory controls on trade;
- tax rates in some foreign countries may exceed those of the U.S. and foreign earnings may be subject to withholdings requirements or the imposition of tariffs, exchange controls or other restrictions;
- general economic and political conditions in the countries where we operate may have an adverse effect on our operations in those countries or not be favorable to our growth strategy;
- unexpected changes in regulatory requirements;
- the difficulties associated with managing a large organization spread throughout various countries;
- the risk that foreign governments may adopt regulations or take other actions that would have a direct or indirect adverse impact on our business and market opportunities; and
- the potential difficulty in enforcing intellectual property rights in certain foreign countries.

For the year ended December 31, 2009, 26.4% of our total revenues (excluding off-network database queries) were generated outside of North America as compared to 27.9% for the year ended December 31, 2008. As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could result in higher costs or reduced revenues for our international operations.

The costs and difficulties of acquiring and integrating complementary businesses and technologies could impede our future growth, diminish our competitiveness and harm our operations.

As part of our growth strategy, we intend to consider acquiring complementary businesses. Recent and future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt and

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contingent liabilities and an increase in amortization expense related to identifiable intangible assets acquired, which could harm our business, financial condition and results of operations. Risks we could face with respect to acquisitions include:

- greater than expected costs, management time and effort involved in identifying, completing and integrating acquisitions;
- potential disruption of our ongoing business and difficulty in maintaining our standards, controls, information systems and procedures;
- entering into markets and acquiring technologies in areas in which we have little experience;
- acquiring intellectual property which may be subject to various challenges from others;
- the inability to successfully integrate the services, products and personnel of any acquisition into our operations;
- the inability to achieve expected synergies;
- a need to incur debt, which may reduce our cash available for operations and other uses, or a need to issue equity securities, which may dilute the ownership interests of existing stockholders;
- realizing little, if any, return on our investment; and
- unforeseen integration difficulties may cause service disruptions.

Difficulty in integrating technology may harm our business.

Following the acquisition of the VM3 messaging business, we have begun to integrate certain technology platforms. This integration includes establishing new data centers and relocating certain facilities. This process may be slower or more difficult than we currently contemplate. Furthermore, we may encounter unanticipated difficulties in this process, which could cause integration difficulties and customer disruptions. The measures that we have taken to date or plan to take in the future may not adequately resolve those issues. If we fail to successfully integrate technology platforms, our ability to achieve cost efficiencies expected to result from the acquisition of the VM3 messaging business may be impaired, which may adversely affect our future financial position, results of operations and customer relationships.

The inability of our customers to successfully implement our services could harm our business.

Significant technical challenges can arise for our customers when they implement our services. Our customers ability to support the deployment of our services and integrate them successfully within their operations depends, in part, on our customers technological capabilities and the level of technological complexity involved. Difficulty in deploying those services could increase our customer service support costs, delay the recognition of revenues until the services are implemented and reduce our operating margins.

Our reliance on third-party providers for communications software, hardware and infrastructure exposes us to a variety of risks we cannot control.

Our success depends on software, equipment, network connectivity and infrastructure hosting services supplied by our vendors and customers. We cannot assure you that we will be able to continue to purchase the necessary software, equipment and services from these vendors on acceptable terms or at all. If we are unable to maintain current purchasing terms or ensure service availability with these vendors and customers, we may lose customers and experience an increase in costs in seeking alternative supplier services.

Our business also depends upon the capacity, reliability and security of the infrastructure owned and managed by third parties, including our vendors and customers, that is used by our technology interoperability services, network services, number portability services, call processing services and enterprise solutions. We

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have no control over the operation, quality or maintenance of a significant portion of that infrastructure and whether those third parties will upgrade or improve their software, equipment and services to meet our and our customers evolving requirements. We depend on these companies to maintain the operational integrity of our services. If one or more of these companies is unable or unwilling to supply or expand its levels of service to us in the future, our operations could be severely interrupted. In addition, rapid changes in the telecommunications industry have led to industry consolidation. This consolidation may cause the availability, pricing and quality of the services we use to vary and could lengthen the amount of time it takes to deliver the services that we use.

Inability to develop or maintain relationships with material vendors.

Certain of our products are dependent on third-party vendors and our inability to develop or maintain relationships with these vendors could result in a significant disruption to the services we provide. If we are unable to maintain current purchasing terms or ensure service availability with these vendors, we may lose customers and experience an increase in costs in seeking alternative supplier services. The failure to develop and maintain vendor relationships and any resulting disruptions to the provision of our services could have a material adverse impact on our operations.

Fluctuations in currency exchange rates may adversely affect our results of operations.

A growing part of our business consists of sales made to customers outside the United States. A portion of the net revenues we receive from such sales is denominated in currencies other than the U.S. dollar. Additionally, portions of our cost of net revenues and our other operating expenses are incurred by our international operations and denominated in local currencies. While fluctuations in the value of these net revenues, costs and expenses as measured in U.S. dollars have not materially affected our results of operations historically, we cannot assure you that adverse currency exchange rate fluctuations will not have a material impact in the future. In addition, our balance sheet reflects non-U.S. dollar denominated assets and liabilities, including intercompany balances eliminated in consolidation, which can be adversely affected by fluctuations in currency exchange rates.

We may need additional capital in the future and it may not be available on acceptable terms, or at all.

We may require more capital in the future to:

- fund our operations;
- enhance and expand the range of services we offer;
- maintain and expand our network; and
- respond to competitive pressures and potential strategic opportunities, such as investments, acquisitions and international expansion.

We cannot assure you that additional financing will be available on terms favorable to us, or at all. The terms of available financing may place limits on our financial and operating flexibility. In addition, our senior credit facility and the indenture governing our 7 3/4% senior subordinated notes contain financial and other restrictive covenants that will limit our ability to incur indebtedness or obtain financing. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or abandon expansion opportunities. Moreover, even if we are able to continue our operations, our failure to obtain additional financing could reduce our competitiveness as our competitors may provide better-maintained networks or offer an expanded range of services.

Our financial results may be adversely affected if we have to impair our intangible assets or goodwill.

As a result of our acquisitions, a significant portion of our total assets consist of intangible assets (including goodwill). Goodwill and intangible assets, net of amortization, together accounted for approximately 70% and

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67% of the total assets on our balance sheet as of December 31, 2009 and December 31, 2008, respectively. We may not realize the full fair value of our intangible assets and goodwill. We expect to engage in additional acquisitions, which may result in our recognition of additional intangible assets and goodwill. Under current accounting standards, we are able to amortize certain intangible assets over the useful life of the asset, while goodwill is not amortized. We evaluate on a regular basis whether all or a portion of our goodwill intangible assets may be impaired. Under current accounting rules, any determination that impairment has occurred would require us to write-off the impaired portion of goodwill and such intangible assets, resulting in a charge to our earnings. Such a write-off could adversely affect our financial condition and results of operations.

Our substantial indebtedness could have a material adverse effect on our financial health and prevent us from fulfilling our obligations.

We have significant debt service obligations. As of December 31, 2009, we had outstanding indebtedness of approximately $512.5 million (including the current portion of $3.4 million). We are the borrower of all of this outstanding indebtedness.

Our substantial debt could have important consequences to investors. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which will reduce the funds available for working capital, capital and development expenditures, acquisitions and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in the manufacture, production, distribution or marketing of our services, customer demand, competitive pressures and the industries we serve;
- place us at a competitive disadvantage compared to our competitors that are less leveraged than we are;
- increase our vulnerability to both general and industry-specific adverse economic conditions; and
- limit our ability to borrow additional funds.

We may incur substantial additional debt in the future. The addition of further debt to our current debt levels could intensify the leverage-related risks that we now face.

In addition, our debt contains financial and other restrictive covenants that may limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default, which if not cured or waived, could result in the acceleration of all our debts.

Our stock price may be volatile.

The trading price of our common stock could be subject to wide fluctuations in response to various factors, some of which are beyond our control, such as:

- actual or anticipated variations in quarterly results of operations;
- changes in intellectual property rights of us or our competitors;

announcements of technological innovations;

the introduction of new products or changes in product;

pricing by us or our competitors;

changes in financial estimates by securities analysts;

announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;

additions or departures of key personnel; and

generally adverse market conditions.

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We have anti-takeover protections that may delay or prevent a change in control that could benefit our stockholders.

We have adopted a stockholder rights plan that may discourage, delay or prevent a change of control and make any future unsolicited acquisition attempt more difficult.

On November 16, 2008, our Board of Directors adopted a stockholder rights plan which declared a dividend of one preferred share purchase right (the Right) for each outstanding share of Common Stock, par value $0.001 per share (the Common Shares), of the Company. The dividend was payable on November 28, 2008 to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share (a Unit) of Series A Junior Participating Preferred Stock, par value $0.01 per share (the Preferred Shares), at a price of $33 per one one-thousandth of a Preferred Share (the Purchase Price), subject to adjustment. Each Unit has designations and powers, preferences and rights, and the qualifications, limitations and restrictions designed to make it the economic equivalent of a Common Share. The description and terms of the Rights are set forth in the Rights Agreement dated November 16, 2008.

Under the plan, the stock rights will become exercisable only when a public announcement or notice to us has been made that a person or group has acquired, or obtained the right to acquire beneficial ownership of 15% or more of the outstanding shares of our Common Shares, other than as a result of an offer approved by the Board of Directors of the Company and (ii) 10 business days (or, if determined by the Board of Directors, a specified or unspecified later date) following the commencement or announcement of an intention to make a tender offer or exchange offer which, if successful, would cause the bidder to own 15% of more of our outstanding Common Shares. Until a Right is exercised, the holder thereof, will have no rights as a stockholder, other than rights resulting from such holder s ownership of Common Shares, including, without limitation, the right to vote or to receive dividends.

Regulations affecting our customers and us and future regulations to which they or we may become subject may harm our business.

Although we do not offer services that are deemed to be common carrier telecommunication services, certain of the services we offer are subject to regulation by the United States Federal Communications Commission, or FCC, that could have an indirect effect on our business. The U.S. telecommunications industry has been subject to continuing deregulation since 1984 and the European and Asian telecommunications industries are also subject to continued deregulation. We cannot predict when, or upon what terms and conditions, further regulation or deregulation might occur or the effect regulation or deregulation may have on our business. Several services that we offer may be indirectly affected by regulations imposed upon potential users of those services, which may increase our costs of operations. In addition, future services we may provide could be subject to direct regulation.

Capacity limits on our network and application platforms may be difficult to project and we may not be able to expand and upgrade our systems to meet increased use.

As customers usage of our services increases, we will need to expand and upgrade our network and application platforms. We may not be able to accurately project the rate of increase in usage of our services. In addition, we may not be able to expand and upgrade, in a timely manner, our systems, networks and application platforms to accommodate increased usage of our services. If we do not appropriately expand and upgrade our systems and networks and application platforms, we may lose customers and our operating performance may suffer.

We may not be able to receive or retain licenses or authorizations that may be required for us to sell our services internationally.

The sales and marketing of our services and related products internationally are subject to the U.S. Export Control regime and similar regulations in other countries. In the United States, items of a commercial nature are generally subject to regulatory control by the U.S. Department of Commerce s Bureau of Industry and Security

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and to Export Administration Regulations though other international trade regulations may apply as well. In the future, regulatory authorities may require us to obtain export licenses or other export authorizations to export our services or related products abroad, depending upon the nature of items being exported, as well as the country to which the export is to be made. We cannot assure you that any of our applications for export licenses or other authorizations will be granted or approved. Furthermore, the export license/export authorization process is often time-consuming. Violation of export control regulations could subject us to fines and other penalties, such as losing the ability to export for a period of years, which would limit our revenue growth opportunities and significantly hinder our attempts to expand our business internationally.

Failure to protect our intellectual property rights adequately may have a material adverse affect on our results of operations or our ability to compete.

We attempt to protect our intellectual property rights in the United States and in foreign countries through a combination of patent, trademark, copyright and trade secret laws, as well as licensing agreements and agreements preventing the unauthorized disclosure and use of our intellectual property. We cannot assure you that these protections will be adequate to prevent competitors from copying or reverse engineering our services, or independently developing and marketing services that are substantially equivalent to or superior to our own. Moreover, third parties may be able to successfully challenge, oppose, invalidate or circumvent our patents, trademarks, copyrights and trade secret rights. We may fail or be unable to obtain or maintain adequate protections for certain of our intellectual property in the United States or certain foreign countries or our intellectual property rights may not receive the same degree of protection in foreign countries as they would in the United States because of the differences in foreign trademark, patent and other laws concerning proprietary rights. Such failure or inability to obtain or maintain adequate protection of our intellectual property rights for any reason could have a material adverse effect on our business, results of operations and financial condition.

Monitoring and protecting our intellectual property rights is difficult and costly. From time to time, we may be required to initiate litigation or other action to enforce our intellectual property rights or to establish their validity. Such action could result in substantial cost and diversion of resources and management attention and we cannot assure you that any such action will be successful.

If third parties claim that we are in violation of their intellectual property rights, it could have a negative impact on our results of operations and ability to compete.

We face the risk of claims that we have infringed the intellectual property rights of third parties. For example, significant litigation regarding patent rights exists in our industry. Our competitors in both the U.S. and foreign countries, many of which have substantially greater resources than we have and have made substantial investments in competing technologies, may have applied for or obtained, or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make and sell our products and services. We have not conducted an independent review of patents issued to third parties. The large number of patents, the rapid rate of new patent issuances, the complexities of the technology involved and uncertainty of litigation increase the risk of business assets and management s attention being diverted to patent litigation.

It is possible that third parties will make claims of infringement against us or against our licenses in connection with their use of our technology. Any claims, even those without merit, could:

- be expensive and time-consuming to defend;
- cause us to cease making, licensing, using or selling equipment, services or products that incorporate the challenged intellectual property;
- require us to redesign our equipment, services or products, if feasible;
- divert management s attention and resources; and

require us to enter into royalty or licensing agreements in order to obtain the right to use necessary intellectual property.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us or one of our licensees in connection with a third party s use of our technology could result in our being required to pay significant damages, enter into costly license or royalty agreements or stop the sale of certain products, any of which could have a negative impact on our operating profits and harm our future prospects.

If our products infringe on the intellectual property rights of others, we may be required to indemnify our customers for any damages they suffer.

We generally indemnify our customers with respect to infringement by our products of the proprietary rights of third parties. Third parties may assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers or may be required to obtain licenses for the products they use. If we cannot obtain all necessary licenses on commercially reasonable terms, our customers may be forced to stop using our products.

We depend on key personnel to manage our business effectively and may not be successful in attracting and retaining such personnel.

We depend on the performance of our senior management team and other key employees. Our success also depends on our ability to attract, integrate, train, retain and motivate these individuals and additional highly skilled technical and sales and marketing personnel, both in the United States and abroad. The loss of the services of any of our senior management team or other key employees or failure to attract, integrate, train, retain and motivate additional key employees could harm our business.

Unfavorable general economic conditions in the United States or in other major global markets could negatively impact our financial performance.

Unfavorable general economic conditions have recently deteriorated due to credit conditions resulting from slower economic activity, concerns about inflation and deflation, volatility in energy costs, decreased consumer confidence, reduced corporate profits and capital spending. Adverse business conditions and liquidity concerns in the United States or in one or more of our other major markets, could adversely affect our customers in the wireless communications markets and thus impact our financial performance. These conditions make it difficult for our customers, our vendors and us to accurately forecast and plan future business activities, and they could cause further slow spending on our services. Furthermore, during challenging economic times such as recession or economic slowdown, our customers or vendors may face issues gaining timely access to sufficient credit, which could impair their ability to make timely payments or provide services to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our accounts receivable outstanding would be negatively impacted. The current economic downturn and any future downturn may reduce our revenue or our percentage of revenue growth on a quarter-to-quarter basis. We cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, world-wide, or in the telecommunications industry. If the economy or the markets in which we operate do not improve from their current condition or if they continue to deteriorate, our customers or potential customers could continue to reduce or further delay their use of our services, which would adversely impact our revenues and ultimately our profitability. In addition, we may record additional charges related to the restructuring of our business and the impairment of our goodwill and other long-lived assets, and our business, financial condition and results of operations will likely be materially and adversely affected.

Demand for our services is driven primarily by wireless voice and data traffic, subscriber roaming activity, SMS and MMS messaging, number porting and next generation IP applications. Changes in subscriber usage patterns could be affected in any recession or economic downturn in the United States or any other country where we do business and could negatively impact the number of transactions processed and adversely affect our revenues and earnings.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our headquarters is located in a 199,000 square foot leased office space in Tampa, Florida. The lease term for the headquarters facility is eleven years and commenced on November 1, 2005. At our option, we have the right to renew the lease for two additional periods of five years each. The headquarters facility is a multi-purpose facility that supports our corporate administrative, North American sales, technology and operations functions. In addition, we lease several smaller offices throughout North America including office space in Mountain View, California and 22,153 square feet in Santa Cruz, California for technology and operations functions which are under a transition services agreement with VeriSign, Inc. as a result of the VM3 acquisition.

We lease several offices for our Asia Pacific operations including 8,812 square feet in Hong Kong, 4,384 square feet in Singapore, 3,882 square feet in Malaysia and 31,069 square feet in Bangalore, India. The Bangalore, India facility is under a transition services agreement with VeriSign, Inc. as a result of the VM3 acquisition.

In Europe, we have leases for office space as follows: 20,782 square feet in Russelsheim, Germany and 6,441 square feet in London, England. These facilities comprise technology and operations functions.

We consider our facilities and equipment suitable and adequate for our business as currently conducted with the exception of the facilities that we are currently occupying under a transition services agreement with VeriSign, Inc. resulting from the acquisition of VM3. As a result, we have entered into new leases for 36,003 square feet in Campbell, California and 40,835 square feet in Bangalore, India to replace these facilities and we will be relocating our employees to these new facilities in 2010.

ITEM 3. LEGAL PROCEEDINGS

We are currently a party to various claims and legal actions that arise in the ordinary course of business. We believe such claims and legal actions, individually and in the aggregate, will not have a material adverse effect on our business, financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of calendar year 2009.

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PART II

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

Syniverse Holdings, Inc.

Our common stock is listed on the New York Stock Exchange under the symbol SVR. Public trading of our common stock commenced on February 10, 2005. Prior to that date, there was no public trading market for our common stock.

The following table sets forth the high and low sales closing prices per share for our common stock as reported on the New York Stock Exchange for the years ended December 31, 2009 and 2008:

2009	High	Low
First quarter	$ 17.22	$ 11.26
Second quarter	$ 16.96	$ 12.12
Third quarter	$ 19.39	$ 14.48
Fourth quarter	$ 18.92	$ 15.82

2008	High	Low
First quarter	$ 18.86	$ 13.53
Second quarter	$ 22.35	$ 15.74
Third quarter	$ 18.62	$ 14.23
Fourth quarter	$ 19.08	$ 7.23

On February 24, 2010, the last reported sale price of our common stock on The New York Stock Exchange was $16.45 per share. As of February 19, 2010 there were 15,596 holders of record of our common stock.

We have not paid any dividends on our common stock during the past two fiscal years and do not intend to pay dividends on our common stock in the foreseeable future. In addition, our indenture and new senior credit facility include restrictions on our ability to pay cash dividends on our common stock.

Equity Compensation Plan Information

See Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters for information regarding shares of common stock authorized for issuance under our equity compensation plans.

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Stock Performance Graph

The following stock performance graph and accompanying table compare the shareholders cumulative return on the common stock from February 10, 2005 to December 31, 2009 with the cumulative total return of the Russell 2000 Index and the Dow Jones U.S. Mobile Telecommunications Index over the same period. The comparative data assumes that $100.00 was invested on the date of our initial public offering, February 10, 2005, in the common stock and in each of the indices referred to above and that any dividends were reinvested. The stock price performance shown in the table set forth below is not necessarily indicative of future stock price performance.

	February 9, 2005	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008	December 31, 2009
Syniverse	100.00	130.63	93.69	97.38	74.63	109.25
Russell 2000	100.00	107.59	125.88	122.43	79.82	99.95
Dow Jones U.S. Mobile Telecommunications Index	100.00	110.32	113.59	93.55	25.73	33.99

Syniverse Technologies, Inc.

There is currently no established public trading market for the common stock, no par value, of Syniverse Technologies, Inc., a company which is wholly-owned by Syniverse Holdings, Inc.

Syniverse Technologies, Inc. has not paid any dividends on its common stock during the past two fiscal years and does not intend to pay dividends on its common stock in the foreseeable future. In addition, our indenture and senior credit facility include restrictions on its ability to pay cash dividends on its common stock.

Syniverse Technologies, Inc. does not have any shares of common stock authorized for issuance under any equity compensation plans.

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ITEM 6. SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth certain of our historical financial data for the most recent five years. We have derived the selected historical consolidated financial data as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 from our audited consolidated financial statements and the related notes included elsewhere herein. The selected historical consolidated financial data as of December 31, 2007, 2006 and 2005 and for the years ended December 31, 2006 and 2005 have been derived from our audited consolidated financial statements, which are not included in this filing. The selected historical financial data set forth below is not necessarily indicative of the results of our future operations and should be read in conjunction with the discussion under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations, and the historical consolidated financial statements and accompanying notes included elsewhere herein.

	Year Ended December 31,				
	2009	2008	2007	2006	2005
	(dollars in thousands, except per share data)				
Statement of Operations Data (3):					
Revenues					
Technology Interoperability	$ 293,782	$ 317,685	$ 184,471	$ 138,655	$ 108,429
Network Services	122,804	122,529	124,788	124,832	132,120
Number Portability Services	31,654	29,291	27,128	28,766	50,836
Call Processing Services	28,126	29,720	31,421	29,315	28,619
Enterprise Solutions	1,322	2,387	4,084	7,289	11,026
Revenues Excluding Off-Network Database Queries	477,688	501,612	371,892	328,857	331,030
Off-Network Database Queries	5,303	4,744	5,632	8,162	10,761
Total Revenues	482,991	506,356	377,524	337,019	341,791
Costs and expenses:					
Cost of operations	172,950	165,236	137,520	134,641	129,190
Sales and marketing	38,789	45,549	30,637	25,446	23,344
General and administrative	74,502	79,241	56,937	58,508	49,396
Depreciation and amortization (1)	60,397	55,344	42,867	41,172	46,815
Restructuring (2)	2,583	(29)	2,211	1,006	143
	349,221	345,341	270,172	260,773	248,888
Operating income	133,770	161,015	107,352	76,246	92,903
Other income (expense), net:					
Interest income	323	1,894	2,049	1,824	1,957
Interest expense	(28,890)	(37,246)	(25,603)	(27,328)	(34,647)
Loss on extinguishment of debt				(924)	(42,804)
Other income (expense), net	939	(402)	(69)	332	1,436
	(27,628)	(35,754)	(23,623)	(26,096)	(74,058)
Income before provision for (benefit from) income taxes	106,142	125,261	83,729	50,150	18,845
Provision for (benefit from) income taxes	40,465	46,797	31,310	(39,574)	9,041
Net income	65,677	78,464	52,419	89,724	9,804
Preferred stock dividends					(4,195)
Net loss attributable to noncontrolling interest	(590)				
Net income attributable to Syniverse Holdings, Inc.	$ 66,267	$ 78,464	$ 52,419	$ 89,724	$ 5,609

Net income per common share:					
Basic	$ 0.96	$ 1.15	$ 0.77	$ 1.34	$ 0.09
Diluted	$ 0.96	$ 1.15	$ 0.77	$ 1.33	$ 0.09
Weighted average common shares outstanding:					
Basic	68,031	67,675	67,333	66,943	61,973
Diluted	68,153	67,731	67,401	67,298	62,978
Common stock dividends					

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	Year Ended December 31, 2009	2008	2007	2006	2005
	(dollars in thousands, except per share data)				
Other Financial Data:					
Net cash provided by (used in):					
Operating activities	$ 142,373	$ 163,972	$ 121,262	$ 97,811	$ 110,577
Investing activities	(215,256)	(41,642)	(301,953)	(63,683)	(32,555)
Financing activities	1,317	(903)	202,275	(57,052)	(46,603)
Capital expenditures	(37,654)	(40,819)	(27,665)	(19,921)	(34,001)
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 91,934	$ 165,605	$ 49,086	$ 26,704	$ 49,294
Property and equipment, net	64,315	50,251	43,856	42,880	43,426
Total assets	1,309,724	1,199,834	1,107,550	784,147	771,358
Total debt	512,464	513,813	522,935	311,561	367,794
Total stockholder s equity	621,154	535,842	470,792	414,794	322,639

(1) Depreciation and amortization amounts exclude accretion of debt discount and amortization of deferred finance costs, which are both included in interest expense in the statement of operations data.

(2) Restructuring expense is comprised primarily of severance benefits associated with our cost rationalization initiatives, which were implemented in September 2005, February 2006, August 2006, January 2007, June 2007 and December 2009. The restructurings for 2005, 2006 and 2009 were related to internal reorganizations. The restructurings in 2007 were related to a facility closing and internal reorganization.

(3) Results include the following acquisitions in the respective periods subsequent to the acquisition date: VM3 acquisition completed in October 2009, WSI acquisition completed in May 2009, BSG Wireless acquisition completed in December 2007 and ITHL acquisition completed in June 2006.

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

The following discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future. Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our results could differ materially from the results anticipated by our forward-looking statements as a result of many known and unknown factors, including but not limited to those discussed in Item 1A Risk Factors of this report. See also Cautionary Notice Regarding Forward-Looking Statements located above Item 1 Business.

You should read the following discussion and analysis in conjunction with Item 6 Selected Financial Data and Item 8 Financial Statements and Supplementary Data appearing elsewhere in this annual report.

Business

We are a leading enabler of wireless voice and data services for telecommunications companies worldwide. For over 20 years, we have served as one of the wireless industry s only operator-neutral intermediaries, solving the challenges that arise as new technologies, standards and protocols emerge. Our data clearinghouse, network and technology services solve technical and operational challenges for the wireless industry by translating incompatible communication standards and protocols and simplifying operator interconnectivity. Our suite of transaction-based services allows operators to deliver seamless voice, data and next generation services to wireless subscribers, including wireless voice and data roaming, SMS and MMS, number portability and value-added roaming services.

Demand for our services is driven primarily by wireless voice and data traffic, subscriber roaming activity, SMS and MMS messaging, number porting and next generation IP applications. The global wireless telecommunications industry is expected to grow due to continued subscriber growth, increased usage and deployment of new services. In addition, subscriber adoption of new wireless technologies and services can also drive demand for our services due to the resulting increase in interoperability complexities. The global wireless industry relies on an extensive and complex set of communication standards, technical protocols, network interfaces and systems that must successfully communicate with one another in order to provide voice and data services to subscribers in their local markets and when roaming. The proliferation of these standards has resulted in technological incompatibilities, which are increasingly difficult to manage as new wireless technologies and services are introduced and deployed. We believe that as wireless usage expands and complexity continues to increase, the demand for our services will grow.

We have developed a broad set of innovative interoperability solutions in response to the evolving needs of our customers. Through our integrated suite of services, we enable customers to provide their subscribers with enhanced services including:

- national and international wireless voice and data roaming;
- wireless data services, including SMS and MMS, across incompatible standards and protocols;
- intelligent network services such as wireless number portability and advanced IP service offerings; and
- value-added roaming services.

Our service platforms also enable operators to rapidly and cost-effectively deploy next-generation wireless services including enhanced wireless data, wireless Voice-over-Internet Protocol, or VoIP, and value-added roaming services.

We provide our services to approximately 700 telecommunications operators and to over 100 enterprise customers in approximately 160 countries. Our customers include wireless operators, telecommunications providers, internet service providers and social networking portals, cable companies and other non-traditional enterprise clients. We serve most of the largest global wireless telecommunications providers including AT&T

Mobility, Sprint Nextel, T-Mobile, Verizon Wireless, China Mobile, American Moviles, Telenor, Telefonica, Orange, China Unicom, TeliaSonera, Vodafone, Reliance Communications, Turkcell, Telecom Italia and VimpelCom. We believe that maintaining strong relationships with our customers is one of our core competencies and that maintaining these relationships is critical to our success.

Services

We provide an integrated suite of services to wireless telecommunications operators that meet the evolving technology requirements of the wireless industry. These services include:

Technology Interoperability Services. We operate one of the largest wireless data clearinghouses globally, enabling the accurate invoicing and settlement of domestic and global wireless roaming telephone calls and wireless data events. We also provide financial settlement services, Short Message Service (SMS), Multimedia Messaging Services (MMS) routing and translation, roaming fraud prevention services, interstandard roaming solutions and Mobile Data Roaming (MDR) services between operators. In addition, we have expanded our mobile data solutions to include interactive video and mobile broadband solutions, prepaid applications and value-added roaming services. Wireless operators send data records to our service platforms for processing, aggregation, translation and distribution between operators.

Network Services. We connect disparate wireless and fixed line operator networks and enable access to intelligent network database services like caller ID and provide translation and routing services to support the establishment and delivery of telephone calls through our SS7 hub. SS7 is the telecommunications industry s standard network signaling protocol used by substantially all operators to enable critical telecommunications functions such as number portability, toll-free calling services and caller ID.

Number Portability Services. Our leading number portability services are used by many wireless operators, including most domestic operators, to enable wireless subscribers to switch service providers while keeping the same telephone number. We also provide these services to all wireless operators in Canada and Singapore.

Call Processing Services. We provide wireless operators with global call handling, signaling and fraud management solutions that enable wireless subscribers from one operator to make and accept telephone calls while roaming on another operator s network.

Enterprise Solutions. Our enterprise wireless data management platform enables operators to offer large corporate customers reporting and analysis tools to manage telecom-related expenses.

Off-Network Database Queries. We provide our customers with the ability to connect to various third-party intelligent network database providers. These providers charge us a per-transaction fee for access to their databases, which we pass on to our customers with little or no margin.

The completion of the VM3 acquisition has resulted in the expansion of our global messaging capabilities and the expansion of our integrated suite of services to include:

Inter-Carrier Gateway enables operators to deliver inter-carrier person-to-person SMS and MMS messages across geographies and technologies. While we currently offer these services as described above in our Messaging Services, we have expanded our scale and reach in this offering. In addition, with the acquisition, we have gained a larger Tier 1 customer base for these services.

PictureMail provides state-of-the-art MMS platform with core components that include a hosted MMS service center (MMSC) for MMS routing, handset photo applications, a social networking interface, and photo storage and sharing capabilities.

Premium Messaging Gateway manages delivery of off-portal or third-party content to subscribers.

Mobile Enterprise Solutions (MES) enables businesses to send time- and event-based messages or alerts via voice, text message or email to customers, employees or partners, and allows operators to offer their high-value enterprise customers a broader array of services, including enterprise paging, mobile financial services and other advanced applications.

Executive Overview

Financial Highlights

For the year ended December 31, 2009, total revenue decreased $23.4 million, or 4.6%, to $483.0 million from $506.4 million for the same period in 2008. Net income decreased $12.8 million, or 16.3%, to $65.7 million for the year ended December 31, 2009 from $78.5 million for the same period in 2008. Diluted earnings per share was $0.96 and $1.15 for the years ended December 31, 2009 and 2008, respectively.

Technology Interoperability services revenues decreased $23.9 million, or 7.5%, to $293.8 million for the year ended December 31, 2009 from $317.7 million for the same period in 2008. The revenue decrease was driven by lower prices associated with the renewal of the Verizon Wireless (Verizon) contract in September 2008 and the loss of mobile data roaming transactions between Alltel Corporation (Alltel) and Sprint Nextel resulting from the Alltel/Sprint Nextel insourcing initiative combined with the Verizon acquisition of Alltel. The impact of these decreases is partially offset by increased roaming volumes and messaging revenues of $33.2 million in the fourth quarter associated with our acquisition of the messaging business of VeriSign, Inc. In addition, our technology turnkey solutions offering has experienced lower sales due to reduced capital spending by operators in the Asia Pacific region related to the economic downturn and increased competition.

Number Portability services revenues increased $2.4 million, or 8.1%, to $31.7 million for the year ended December 31, 2009 from $29.3 million for the same period in 2008 due to increased porting volumes. Network services revenues increased $0.3 million, or 0.2%, to $122.8 million for the year ended December 31, 2009 from $122.5 million for the same period in 2008. Revenues from Call Processing services, Enterprise Solutions and Off-Network Database Queries decreased a total of $2.1 million for the year ended December 31, 2009 as compared to the same period in 2008.

Acquisitions

Acquisition of the Messaging Business of VeriSign, Inc.

On August 24, 2009, we entered into an acquisition agreement to acquire the messaging business of VeriSign, Inc. (VeriSign) for a purchase price of $175.0 million, subject to certain adjustments to reflect fluctuations in working capital. Under the acquisition agreement, we acquired the stock of VeriSign ICX Corporation and certain other assets associated with VeriSign s Inter-Carrier Gateway, Premium Messaging Gateway, PictureMail Service and Mobile Enterprise Solutions businesses (collectively VM3). On October 23, 2009, the purchase was completed for cash proceeds of $175.0 million including final working capital adjustments of $0.5 million, which was paid subsequent to December 31, 2009. As of December 31, 2009, we have incurred $3.5 million of acquisition-related costs which are included in general and administrative expenses.

Through the acquisition of VM3, we believe we will expand our current messaging operations to achieve the solution s scale, reach and capabilities needed to provide mobile operators with new service offerings to meet customers growing need for messaging services.

Acquisition of Wireless Solutions International

On May 15, 2009, we acquired certain assets of Wireless Solutions International (WSI). The acquisition was funded by a cash payment from our existing cash balances and common stock. We believe the acquisition of this GSM Association (GSMA)-certified roaming hub provider will further enhance our global roaming reach.

Acquisition of BSG Wireless

On December 19, 2007, we acquired the wireless data clearing and financial settlement business (BSG Wireless) of Billing Services Group Limited (BSG) pursuant to a Share Purchase Agreement, dated April 1, 2007. Under the Purchase Agreement, we acquired all of the outstanding share capital of Billing Services Group Luxembourg S. à r.l. and Billing Services Group Asia Limited from BSG for an aggregate purchase price of $294.4 million in cash, which included debt repaid at closing and acquisition related costs of $7.4 million. The acquisition was funded through the draw down of our amended and restated credit facility. The acquisition enabled us to combine our industry-leading technology interoperability and network services capabilities with BSG Wireless GSM data clearing expertise, European, Middle Eastern and Asian operator relationships, and financial clearing and settlement capabilities.

Business Developments

India Number Portability Services

In February 2009, we entered into a joint venture agreement to implement number portability services in India. This joint venture was awarded the license for Zone 1, which includes the service areas of Delhi, Mumbai and nine other areas. We expect to provide India s telecommunications operators with number portability clearinghouse and centralized database solutions for the next 10 years. The service offering is dependent on completing the processing platform and database, operator readiness and regulatory confirmation of the implementation timeline.

The Indian telecommunications regulatory authority announced an official delay in the implementation timeline to March 31, 2010. Our readiness efforts are continuing despite this announcement. We believe that further delays may be possible, which are dependent on operator readiness to implement number portability.

2008 Events Affecting 2009

During 2008, we became aware of several developments that have impacted our growth rates in 2009. These developments include the Alltel/Sprint Nextel insourcing initiative, the Verizon acquisition of Alltel and the Verizon renewal. Each of these developments is described below.

Alltel/Sprint Nextel Insourcing Initiative

In order to manage the expense associated with the significant volume growth in mobile data, Alltel and Sprint Nextel directly connected their IP backbone networks in January 2009. Thus, they no longer use Syniverse as a third party intermediary to manage the connectivity and exchange of billing records between their mobile data roaming platforms. Our revenue and net income for 2009 include the impact of this insourcing initiative from the January 2009 effective date.

Verizon Acquisition of Alltel

During the second quarter of 2008, Verizon announced that it would acquire Alltel. Verizon completed its acquisition of Alltel in January 2009. The impact of the combination of these two customers on us ranged across a variety of services, and affected revenues we receive not only from Verizon and Alltel, but from other roaming partners as well. As of December 31, 2009, we believe that all of the expected impact of the integration has been realized.

Verizon Renewal

Effective September 30, 2008, we have extended our contract with Verizon for three years at reduced prices. Verizon uses a large suite of services, for its data clearing and roaming operations products such as MDR, data clearinghouse, Visibility, UniRoam and a number of other services. Verizon s new terms and pricing remain transaction-based, primarily affecting Technology Interoperability Services.

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Revenues

Most of our revenues are transaction-based charges under long-term contracts, typically with terms averaging three years in duration. From time to time, if a contract expires and we have not previously negotiated a new contract or renewal with the customer, we continue to provide services on a month to month billing schedule under the terms of the expired contract as we negotiate new agreements or renewals. Most of the services and solutions we offer to our customers are based on applications, network connectivity and technology platforms owned and operated by us. We also generate revenues through the sale of software licenses, hardware and professional services. We generate our revenues through the sale of our technology interoperability services, network services, number portability services, call processing services, enterprise solutions and off-network database queries to telecommunications operators throughout the world. Generally, there is a slight increase in wireless roaming telephone usage and corresponding revenues in the high-travel months of our second and third fiscal quarters. In addition, for our messaging services, revenues generally grow sequentially through the calendar year with volumes peaking in the fourth quarter holiday season.

Future increases or decreases in revenues are dependent on many factors, such as industry subscriber growth, subscriber habits, and volume and pricing trends, with few of these factors known in advance. From time to time, specific events such as customer contract renewals at different terms, a customer contract termination, a customer s decision to change technologies or to provide solutions in-house, or a consolidation of operators will be known to us and then we can estimate their impact on our revenues.

Costs and Expenses

Our costs and expenses consist of cost of operations, sales and marketing, general and administrative and depreciation and amortization.

Cost of operations includes data processing costs, network costs, revenue share service provider arrangements, facilities costs, hardware costs, licensing fees, personnel costs associated with service implementation, training and customer care and off-network database query charges.

Sales and marketing includes personnel costs, advertising costs, trade show costs and relationship marketing costs.

General and administrative includes research and development expenses, a portion of the expenses associated with our facilities, business development expenses, and expenses for executive, finance, legal, human resources and other administrative departments and professional service fees relating to these functions. Our research and development expenses, which are primarily personnel, relate to technology creation, enhancement and maintenance of new and existing services.

Depreciation and amortization relate primarily to our property and equipment including our SS7 network, computer equipment, infrastructure facilities related to information management, capitalized software and other intangible assets recorded in purchase accounting.

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Results of Operations

Comparison of 2009 and 2008

	Year Ended December 31, 2009	% of Revenues	Year Ended December 31, 2008	% of Revenues	2009 vs. 2008 $	Change %
			(dollars in thousands)			
Revenues:						
Technology Interoperability Services	$ 293,782	60.8%	$ 317,685	62.7%	(23,903)	(7.5)%
Network Services	122,804	25.4%	122,529	24.2%	275	0.2%
Number Portability Services	31,654	6.6%	29,291	5.8%	2,363	8.1%
Call Processing Services	28,126	5.8%	29,720	5.9%	(1,594)	(5.4)%
Enterprise Solutions	1,322	0.3%	2,387	0.5%	(1,065)	(44.6)%
Revenues excluding Off-Network Database Queries	477,688	98.9%	501,612	99.1%	(23,924)	(4.8)%
Off-Network Database Queries	5,303	1.1%	4,744	0.9%	559	11.8%
Total Revenues	482,991	100.0%	506,356	100.0%	(23,365)	(4.6)%
Costs and expenses:						
Cost of operations	172,950	35.8%	165,236	32.6%	7,714	4.7%
Sales and marketing	38,789	8.0%	45,549	9.0%	(6,760)	(14.8)%
General and administrative	74,502	15.4%	79,241	15.6%	(4,739)	(6.0)%
Depreciation and amortization	60,397	12.5%	55,344	10.9%	5,053	9.1%
Restructuring	2,583	0.5%	(29)	(0.0)%	2,612	(9006.9)%
	349,221	72.3%	345,341	68.2%	3,880	1.1%
Operating income	133,770	27.7%	161,015	31.8%	(27,245)	(16.9)%
Other income (expense), net:						
Interest income	323	0.1%	1,894	0.4%	(1,571)	(82.9)%
Interest expense	(28,890)	(6.0)%	(37,246)	(7.4)%	8,356	(22.4)%
Other, net	939	0.2%	(402)	(0.1)%	1,341	(333.6)%
	(27,628)	(5.7)%	(35,754)	(7.1)%	8,126	(22.7)%
Income before provision for income taxes	106,142	22.0%	125,261	24.7%	(19,119)	(15.3)%
Provision for income taxes	40,465	8.4%	46,797	9.2%	(6,332)	(13.5)%
Net income	65,677	13.6%	78,464	15.5%	(12,787)	(16.3)%
Less: Net loss attributable to noncontrolling interests	(590)	(0.1)%		0.0%	(590)	(100.0)%
Net income attributable to Syniverse Holdings, Inc.	$ 66,267	13.7%	$ 78,464	15.5%	$ (12,197)	(15.5)%

Revenues

Total revenues decreased $23.4 million to $483.0 million for the year ended December 31, 2009 from $506.4 million for the same period in 2008. The decrease in revenues was primarily due to decreases in Technology Interoperability Services, Call Processing Services and Enterprise Solutions offset in part by an increase in Network Services, Number Portability Services and Off-Network Database Queries and the addition of VM3 messaging revenues of $33.2 million in the fourth quarter of 2009.

Technology Interoperability Services revenues decreased $23.9 million to $293.8 million for the year ended December 31, 2009 from $317.7 million for the same period in 2008. The revenue decrease was driven by lower prices associated with the renewal of the Verizon contract in September 2008 and the loss of mobile data roaming transactions between Alltel and Sprint Nextel resulting from the Alltel/Sprint Nextel insourcing initiative combined with the Verizon acquisition of Alltel. The impact of these decreases is partially offset by increased roaming volumes and messaging revenues of $33.2 million in the fourth quarter associated with our acquisition of VM3. In addition, our technology turnkey solutions offering has experienced lower sales due to reduced capital spending by operators in the Asia Pacific region related to the economic downturn and increased competition.

Network Services revenues increased $0.3 million to $122.8 million for the year ended December 31, 2009 from $122.5 million for the same period in 2008.

Number Portability Services revenues increased $2.4 million to $31.7 million for the year ended December 31, 2009 from $29.3 million for the same period in 2008. The increase in revenues was primarily due to organic volume growth and our Singapore number portability services.

Call Processing Services revenues decreased $1.6 million to $28.1 million for the year ended December 31, 2009 from $29.7 million for the same period in 2008. The decrease in revenues was due to continued declines in our legacy fraud-related services and Signaling Solutions due to the September 2008 Verizon renewal and expected network migrations, which was partially offset by higher call processing volumes. We expect this decline in revenue for our legacy fraud-related services to continue.

Enterprise Solutions Services revenues decreased $1.1 million to $1.3 million for the year ended December 31, 2009 from $2.4 million for the same period in 2008. The decrease in revenues was primarily due to a lower number of subscribers on our enterprise wireless data management platform, which we expect to continue.

Off-Network Database Queries revenues increased $0.6 million to $5.3 million for the year ended December 31, 2009 from $4.7 million for the same period in 2008. The increase in revenues was primarily driven by increased volumes. We pass these off-network database query fees onto our customers, with little or no margin, based upon the charges we receive from the third-party database providers. We expect these services to decline in future periods.

Expenses

*Cost of operations incr*eased $7.8 million to $173.0 million for the year ended December 31, 2009 from $165.2 million for the same period in 2008. The increase was primarily due to operating costs associated with our acquisition of VM3 in the fourth quarter offset by lower costs associated with our technology turnkey solutions offering as a result of reduced capital spending by operators in the Asia Pacific region, lower performance-based compensation and lower data processing costs as a result of our cost reduction efforts. As a percentage of revenue, cost of operations is expected to increase from 35.8% in 2009 to approximately 38% for 2010 as a result of the full year impact of the VM3 acquisition, which has historically produced lower margins than our core businesses.

Sales and marketing expenses decreased $6.7 million to $38.8 million for the year ended December 31, 2009 from $45.5 million for the same period in 2008. The decrease was primarily due to lower sales incentives, performance-based compensation and discretionary expenses offset by increased costs associated with VM3 services in the fourth quarter.

General and administrative decreased $4.7 million to $74.5 million for the year ended December 31, 2009 from $79.2 million for the same period in 2008. The decrease was primarily due to lower performance-based compensation and discretionary expenses partially offset by an increase of $3.4 million in professional services primarily related to the acquisition of the VM3 business.

Depreciation and amortization expenses increased $5.1 million to $60.4 million for the year ended December 31, 2009 from $55.3 million for the same period in 2008. The increase was primarily due to additional amortization of acquired intangible assets from our acquisition of VM3.

Restructuring expense was $2.6 million for the year ended December 31, 2009. In December 2009, we completed a restructuring plan to reduce our workforce in Asia Pacific to better align our operating costs to the economic environment and eliminated certain redundant positions in Europe and North America. As a result of this plan, we incurred severance related costs of $2.6 million.

Other

Interest income decreased $1.6 million to $0.3 million for the year ended December 31, 2009 from $1.9 million for the same period in 2008. The decrease was due to lower yields earned on outstanding cash balances.

Interest expense decreased $8.3 million to $28.9 million for the year ended December 31, 2009 from $37.2 million for the same period in 2008. The decrease was primarily due to lower interest rates on our senior credit facility.

Other, net increased $1.3 million to $0.9 million for the year ended December 31, 2009 from $(0.4) million for the same period in 2008. The increase was primarily due to foreign currency transaction gains on foreign denominated cash balances and intercompany accounts as a result of our global presence.

Provision for income taxes decreased $6.3 million to $40.5 million for the year ended December 31, 2009 from $46.8 million for the same period in 2008. During the year ended December 31, 2009 and 2008, the effective tax rate was 38.1% and 37.4%, respectively. The increase in our effective tax rate is attributed to the mix of income from domestic and foreign tax jurisdictions with higher tax rates offset by our tax planning initiatives. We believe our effective tax rate may increase in 2010 due to the operations of VM3 as a large portion of the revenues generated by these messaging services are in domestic jurisdictions subject to higher tax rates.

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Results of Operations

Comparison of 2008 and 2007

	Year Ended December 31, 2008	% of Revenues	Year Ended December 31, 2007	% of Revenues	2008 vs. 2007 $	Change %
	(dollars in thousands)					
Revenues:						
Technology Interoperability Services	$ 317,685	62.7%	$ 184,471	48.8%	133,214	72.2%
Network Services	122,529	24.2%	124,788	33.1%	(2,259)	(1.8)%
Number Portability Services	29,291	5.8%	27,128	7.2%	2,163	8.0%
Call Processing Services	29,720	5.9%	31,421	8.3%	(1,701)	(5.4)%
Enterprise Solutions	2,387	0.5%	4,084	1.1%	(1,697)	(41.6)%
Revenues excluding Off-Network Data Base Queries	501,612	99.1%	371,892	98.5%	129,720	34.9%
Off-Network Database Queries	4,744	0.9%	5,632	1.5%	(888)	(15.8)%
Total Revenues	506,356	100.0%	377,524	100.0%	128,832	34.1%
Costs and expenses:						
Cost of operations	165,236	32.6%	137,520	36.4%	27,716	20.2%
Sales and marketing	45,549	9.0%	30,637	8.1%	14,912	48.7%
General and administrative	79,241	15.6%	56,937	15.1%	22,304	39.2%
Depreciation and amortization	55,344	10.9%	42,867	11.4%	12,477	29.1%
Restructuring	(29)	(0.0)%	2,211	0.6%	(2,240)	(101.3)%
	345,341	68.2%	270,172	71.6%	75,169	27.8%
Operating income	161,015	31.8%	107,352	28.4%	53,663	50.0%
Other income (expense), net:						
Interest income	1,894	0.4%	2,049	0.5%	(155)	(7.6)%
Interest expense	(37,246)	(7.4)%	(25,603)	(6.8)%	(11,643)	45.5%
Other, net	(402)	(0.1)%	(69)	(0.0)%	(333)	482.6%
	(35,754)	(7.1)%	(23,623)	(6.3)%	(12,131)	51.4%
Income before provision for income taxes	125,261	24.7%	83,729	22.2%	41,532	49.6%
Provision for income taxes	46,797	9.2%	31,310	8.3%	15,487	49.5%
Net income	$ 78,464	15.5%	$ 52,419	13.9%	$ 26,045	49.7%

Revenues

Total revenues increased $128.8 million to $506.4 million for the year ended December 31, 2008 from $377.5 million for the same period in 2007. The increase in revenues was primarily due to growth in Technology Interoperability Services driven by organic volume growth in our wireless data clearinghouse services, SMS and MMS interoperability, MDR services and the addition of $54.9 million of revenues from BSG Wireless.

Technology Interoperability Services revenues increased $133.2 million to $317.7 million for the year ended December 31, 2008 from $184.5 million for the same period in 2007. The increase in revenues was primarily due to organic volume growth in our wireless data clearinghouse services, SMS and MMS interoperability, MDR and the addition of $54.9 million of revenues from BSG Wireless for the year ended December 31, 2008.

Network Services revenues decreased $2.3 million to $122.5 million for the year ended December 31, 2008 from $124.8 million for the same period in 2007. The decrease in revenues was primarily due to customer migrations off our services platform partially offset by increases in our SS7 and data networking products.

Number Portability Services revenues increased $2.2 million to $29.3 million for the year ended December 31, 2008 from $27.1 million for the same period in 2007. The increase was primarily driven by an increase in wireless porting volumes resulting from both specific promotions of certain significant wireless operators in the U.S. and other porting activities.

Call Processing Services revenues decreased $1.7 million to $29.7 million for the year ended December 31, 2008 from $31.4 million for the same period in 2007. The decrease in revenues was due to continued declines in our legacy fraud-related services and Signaling Solutions due to expected network migrations. We expect this decline to continue for our legacy fraud-related services.

Enterprise Solutions revenues decreased $1.7 million to $2.4 million for the year ended December 31, 2008 from $4.1 million for the same period in 2007. The decrease in revenues was primarily due to a lower number of subscribers on our enterprise wireless data management platform. We expect this decline to continue.

Off-Network Database Queries revenues decreased $0.9 million to $4.7 million for the year ended December 31, 2008 from $5.6 million for the same period in 2007. The decrease in revenues was primarily driven by customers moving to direct access and billing arrangements with third-party intelligent network database providers. We pass these off-network database query fees onto our customers, with little or no margin, based upon the charges we receive from the third-party database providers. We expect this decline to continue.

Costs and expenses

Cost of operations increased $27.7 million to $165.2 million for the year ended December 31, 2008 from $137.5 million for the same period in 2007. The increase was primarily due to expenses incurred by BSG Wireless, increased performance compensation and higher data processing costs commensurate with higher revenues.

Sales and marketing expenses increased $14.9 million to $45.5 million for the year ended December 31, 2008 from $30.6 million for the same period in 2007. The increase was primarily due to higher employee-related expenses for our global expansion, increased performance compensation and expenses incurred by BSG Wireless.

General and administrative expenses increased $22.3 million to $79.2 million for the year ended December 31, 2008 from $56.9 million for the same period in 2007. The increase was primarily due to expenses incurred by BSG Wireless and increases in legal fees, travel, sales incentive and performance compensation commensurate with higher revenues and severance and relocation expenses associated with changes in our senior management team.

Depreciation and amortization expenses increased $12.4 million to $55.3 million for the year ended December 31, 2008 from $42.9 million for the same period in 2007. The increase was primarily due to additional amortization of acquired intangible assets from our acquisition of BSG Wireless.

Restructuring expense was $2.2 million for the year ended December 31, 2007. In January 2007, we completed a restructuring plan resulting in the closure of our Oklahoma office, the elimination of certain executive positions, and the termination of 10 employees. As a result, we incurred $0.7 million in severance related costs and $1.3 million in costs associated with the lease of our corporate aircraft. In June 2007, we committed to a restructuring plan affecting our technology development and support groups. We estimated that the plan would result in the elimination of 56 employees over the remainder of the year. As a result, we accrued $0.6 million in severance related costs. During the third and fourth quarter of 2007, we experienced a higher than expected level of attrition among the employees impacted by the offshoring plan resulting in a reduction of our severance liability of $0.4 million.

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Other

Interest income was $1.9 million and $2.0 million for the years ended December 31, 2008 and 2007, respectively. Interest income was primarily earned on outstanding cash balances.

Interest expense increased $11.6 million to $37.2 million for the year ended December 31, 2008 from $25.6 million for the same period in 2007. The increase was primarily due to higher outstanding debt resulting from the financing of our acquisition of BSG Wireless in December 2007.

Other, net increased $0.3 million to $(0.4) million for the year ended December 31, 2008 from $(0.1) million for the same period in 2007. The increase was primarily due to foreign currency transaction losses as a result of our global expansion.

Provision for income taxes increased $15.5 million to $46.8 million for the year ended December 31, 2008 from $31.3 million for the same period in 2007. The increase in income taxes was primarily due to higher income before taxes. Our effective tax rates for the years ended December 31, 2008 and 2007 was approximately 37.4%.

Liquidity and Capital Resources

Cash Flow Information

Cash and cash equivalents were $91.9 million at December 31, 2009 as compared to $165.6 million at December 31, 2008. The following table sets forth, for the periods indicated, selected consolidated cash flow information (in thousands).

	Year Ended December 31,		
	2009	**2008**	**2007**
Net cash provided by operating activities	$ 142,373	$ 163,972	$ 121,262
Net cash used in investing activities	(215,256)	(41,642)	(301,953)
Net cash provided by (used) in financing activities	1,317	(903)	202,275
Effect of exchange rate changes on cash	(2,105)	(4,908)	798
Net (decrease) increase in cash	$ (73,671)	$ 116,519	$ 22,382

Net cash provided by operating activities was $142.4 million for the year ended December 31, 2009 as compared to $164.0 million for the same period in 2008. The decrease was primarily related to lower net income adjusted for non-cash items and timing of working capital items including estimated tax payments. Changes in non-cash items were driven primarily by higher depreciation and amortization related to VM3 acquired property and equipment and intangibles offset by a decrease in deferred income tax expense. The overall decrease in working capital was largely related to a decline in variable performance compensation and by additional obligations owed to VeriSign, Inc. associated with a transition services agreement entered into as a part of the VM3 acquisition.

Net cash used in investing activities was $215.3 million for the year ended December 31, 2009, which includes $37.7 million for capital expenditures, $3.1 million for the acquisition of WSI and $174.5 million for the acquisition of VM3. Net cash used in investing activities was $41.6 million for the year ended December 31, 2008, which includes $40.8 million for capital expenditures and an adjustment of $0.8 million related to the acquisition of BSG Wireless. Net cash used in investing activities was $302.0 million for the year ended December 31, 2007, which includes $273.6 million, net of acquired cash, for the acquisition of BSG Wireless and $27.7 million for capital expenditures.

Capital expenditures for property and equipment, including capitalized software costs, decreased $3.1 million to $37.7 million for the year ended December 31, 2009 from $40.8 million for the same period in 2008.

For the year ended December 31, 2009 we incurred approximately $37.7 million for capital expenditures related to investment in network capacity and our new IPX infrastructure, upgrading our business continuity and disaster recovery platform and capitalized software for new products and services. Capital expenditures for property and equipment, including capitalized software costs, increased $13.1 million to $40.8 million for the year ended December 31, 2008 from $27.7 million for the same period in 2007. For the year ended December 31, 2008 we incurred approximately $40.8 million for capital expenditures primarily for network infrastructure to support customer growth, non-network production upgrades and capitalized software. For the year ended December 31, 2007 we incurred approximately $27.7 million for capital expenditures primarily for non-network production upgrades, investment in our messaging infrastructure to support our anticipated growth and capitalized software development. We expect total capital expenditures in 2010 to be approximately 9.2% of revenues (excluding Off-Network Database Queries), which includes approximately $11.0 million for one-time capital expenditures related to the integration of VM3.

Net cash provided by financing activities was $1.3 million for the year ended December 31, 2009, which includes principal payments on our senior credit facility of $3.4 million offset by $3.8 million for issuances of stock related to stock-based compensation and $1.0 million in capital contributions received from partners holding a noncontrolling interest in a joint venture. Net cash used in financing activities was $0.9 million for the year ended December 31, 2008, which includes principal payments on our senior credit facility of $3.5 million offset by $2.6 million for issuances of stock related to stock-based compensation. Net cash provided by financing activities was $202.3 million for the year ended December 31, 2007, which includes $290.0 million of borrowings to fund our acquisition of BSG Wireless partially offset by principal payments on our senior credit facility of $81.6 million and debt issuance costs paid in connection with our amended and restated credit facility of $7.2 million.

On October 6, 2008, we entered into an interest rate swap agreement to hedge $100.0 million of our U.S.-denominated term loan under our senior credit facility. The hedge effectively swaps variable rate interest expense based on 1-month LIBOR to a fixed rate interest expense thereby reducing our exposure to interest rate fluctuations. The effective date of the swap is October 31, 2008 and the maturity date is October 31, 2010. The fixed rate is 5.26% based on our 2.76% swap rate plus our 2.50% applicable margin.

Our principal sources of liquidity are cash flows generated from operations and borrowings under our senior credit facility. Our principal uses of cash are to meet debt service requirements, finance our capital expenditures, make acquisitions and provide working capital. We expect that cash on hand, cash available from operations, and the availability of cash under our revolving line of credit will be sufficient to fund our operations, debt service and capital expenditures for the foreseeable future.

Debt and Credit Facilities

Amended and Restated Senior Credit Facility

On August 9, 2007, we entered into a $464.0 million amended and restated credit agreement, the senior credit facility, with Lehman Brothers Inc. and Deutsche Bank Securities Inc. as joint lead arrangers and joint book-running managers, Lehman Commercial Paper Inc., as administrative agent, Deutsche Bank AG New York Branch, as syndication agent, Bear Stearns Corporate Lending Inc. and LaSalle Bank National Association, as co-documentation agents and the lenders from time to time parties thereto. The obligations under the senior credit facility are unconditionally guaranteed by Syniverse Holdings, Inc. and all material U.S. domestic subsidiaries of Syniverse Technologies, Inc. (the Guarantors) and are secured by a security interest in substantially all of the tangible and intangible assets of Syniverse Technologies, Inc. and the Guarantors. The obligations under the senior credit facility are also secured by a pledge of the capital stock of Syniverse Technologies, Inc. and its direct and indirect U.S. subsidiaries.

The senior credit facility provides for aggregate borrowings of $464.0 million as follows:

- a term loan of $112.0 million in aggregate principal amount;
- a delayed draw term loan of $160.0 million in aggregate principal;
- a Euro-denominated delayed draw term loan facility of the equivalent of $130.0 million;
- a revolving credit line of $42.0 million; and
- a Euro-denominated revolving credit line of the equivalent of $20.0 million.

On December 19, 2007, the delayed draw term loans of $290.0 million (delayed draw term loan of $160.0 million and Euro-denominated delayed draw term loan of the equivalent of $130.0 million) were used to fund the acquisition of the BSG Wireless described in Note 4 of our consolidated financial statements, including the repayment of existing debt and to pay related transaction fees and expenses. The delayed draw term loans were subject to a commitment fee of 1.25% per annum on undrawn amounts.

The applicable margin for the base rate term loan and the base rate revolving loans is 1.50%. U.S. dollar denominated borrowings bear interest at either a base rate or, at our option, a LIBOR rate. The applicable margin for the Eurodollar term loan, Euro-denominated term loan and Eurodollar revolving loans is 2.50%. Euro-denominated borrowings under the senior credit facility bear interest at a EURIBOR rate. The term loan facilities require regularly scheduled quarterly payments of principal and interest, and the entire amount of the term loan facilities will mature on August 9, 2014. The full amount borrowed under the revolving credit line will mature on August 9, 2013. In the event we fail to refinance our 7 $^{3}/4$% senior subordinated notes by February 15, 2013, then the maturity date of our term loan facilities and revolving credit line will be accelerated to February 15, 2013.

On May 4, 2009, we entered into an Amendment, Waiver, Resignation and Appointment Agreement, or the amendment, with Lehman Commercial Paper Inc., Bank of America, N.A., and certain of the other parties to the senior credit facility. Pursuant to the amendment, Lehman Commercial Paper has resigned as administrative agent and Bank of America has been appointed as successor administrative agent under the senior credit facility. The amendment also provides for other modifications of the senior credit facility including the termination of Lehman Commercial Paper s commitments under our undrawn revolving credit lines of $28.2 million and provides for Bank of America to extend commitments under our undrawn revolving credit lines of $10.0 million. This modification reduces our revolving credit lines from $62.0 million to $43.8 million.

As of December 31, 2009, we had an aggregate face amount of $337.5 million of outstanding indebtedness under our senior credit facility representing $211.0 million in U.S. dollar denominated term loans, $126.5 million in Euro-denominated term loans, $29.6 million available under the revolving credit line and $14.2 million available under the Euro-denominated revolving credit line. As of December 31, 2009, the applicable interest rate was 2.73% on the term loan based on the LIBOR option and 2.97% on the Euro-denominated delayed term loan based on the EURIBOR option.

The senior credit facility contains covenants that will limit our ability and that of our Guarantors to, among other things, incur or guarantee additional indebtedness, create liens, pay dividends on or repurchase stock, make certain types of investments, restrict dividends or other payments from our subsidiaries, enter into transactions with affiliates and sell assets or merge with other companies. The senior credit facility also requires compliance with financial covenants, including a maximum ratio of total indebtedness to Consolidated EBITDA. As of December 31, 2009, we believe we are in substantial compliance with all of our covenants contained in the senior credit facility.

7 $^{3}/4$% Senior Subordinated Notes Due 2013

On August 24, 2005, we completed a private offering of $175.0 million in aggregate principal amount of our 7 $^{3}/4$% senior subordinated notes due 2013. Interest on the notes accrues at the rate of 7 $^{3}/4$% per annum and is payable semi-annually in arrears on February 15 and August 15, commencing on February 15, 2006.

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The indenture governing our 7 3/4% senior subordinated notes due 2013 contains certain covenants that among other things, limit our ability to incur additional indebtedness and issue preferred stock, pay dividends, make other restricted payments and investments, create liens, incur restrictions on the ability of our subsidiaries to pay dividends or other payments to them, sell assets, merge or consolidate with other entities, and enter into transactions with affiliates. As of December 31, 2009, we believe we are in substantial compliance with all of the covenants contained in the indenture governing our senior subordinated notes.

Non-GAAP Financial Measures

We believe that the disclosure of adjusted EBITDA, operating free cash flow, adjusted net income and cash net income is useful to investors as these non-GAAP measures form the basis of how our executive team and Board of Directors evaluates our performance. By disclosing these non-GAAP measures, we believe that we create for investors a greater understanding of, and an enhanced level of transparency into, the means by which our management team operates our company. We also believe these measures can assist investors in comparing our performance to that of other companies on a consistent basis without regard to certain items that do not directly affect our ongoing operating performance or cash flows.

Adjusted EBITDA, operating free cash flow, adjusted net income and cash net income have limitations as analytical tools, and should not be relied on or considered in isolation or as a substitute for GAAP measures, such as net income, cash flows from operating activities and other consolidated income or other cash flows statement data prepared in accordance with GAAP. In addition, these non-GAAP measures may not be comparable to other similarly titled measures of other companies. Because of these limitations, adjusted EBITDA and operating free cash flow should not be considered as measures of discretionary cash available to us to invest in the growth of our business. Adjusted net income and cash net income also should not be considered as a replacement for, or a measure that should be used or analyzed in lieu of, net income. We attempt to compensate for these limitations by relying primarily upon our GAAP results and using adjusted EBITDA, operating free cash flow, adjusted net income and cash net income as supplemental information only.

Adjusted EBITDA and Operating Free Cash Flow

Adjusted EBITDA is determined by adding the following items to net income: interest expense, net, provision for income taxes, depreciation and amortization, restructuring, non-cash stock compensation, BSG Wireless transition expenses, and messaging acquisition and integration expenses.

Operating free cash flow is determined by subtracting capital expenditures from, and adding the change in working capital due to payment of BSG pre-acquisition contractual obligation, cash received in legal settlement and ITHL contingent payment to net cash provided by operating activities.

We utilize adjusted EBITDA and operating free cash flow because we believe that adjusted EBITDA and operating free cash flow provide useful information regarding our continuing operating results. We rely on adjusted EBITDA and operating free cash flow as primary measures to review and assess the operating performance of our management team in connection with our executive compensation and bonus plans. We also review adjusted EBITDA and operating free cash flow to compare our current operating results with corresponding periods and with the operating results of other companies in our industry. In addition, we utilize adjusted EBITDA and operating free cash flow as an assessment of our overall liquidity and our ability to meet our debt service obligations.

Adjusted Net Income and Cash Net Income

Cash net income is determined by first calculating adjusted net income. Adjusted net income is calculated by (i) adding the following items to net income: provision for income taxes, restructuring, non-cash stock compensation, BSG Wireless transition expenses, messaging acquisition and integration expenses, and purchase accounting amortization; (ii) adjusting the resulting pre-tax sum for a provision for income taxes at an assumed long-term tax rate of 37.5% (39% for all periods through December 31, 2007), which excludes the effect of our net operating losses; and (iii) adding to that sum the cash benefit of our tax-deductible goodwill. The cash benefit is a result of the differing treatments of approximately $436 million of goodwill on our balance sheet at December 31, 2009 ($362 million for periods ending December 31, 2008 and 2007), which primarily is the result of acquisitions that we made from Verizon in February 2002, IOS North America in September 2004 and VM3 in October 2009. Specifically, while this goodwill is not amortized for GAAP purposes, the amortization of goodwill is, nonetheless, deductible in calculating our taxable income and, hence, reduces actual cash tax liabilities.

Reconciliation of Non-GAAP Measures to GAAP

A reconciliation of adjusted net income, cash net income and adjusted EBITDA to net income, the closest GAAP financial measure, is presented in the financial tables below.

	December 31, 2009	Year Ended December 31, 2008 (dollars in thousands)	December 31, 2007
Reconciliation to adjusted net income and cash net income			
Net income	$ 65,677	$ 78,464	$ 52,419
Add provision for income taxes	40,465	46,797	31,310
Income before provision for income taxes	106,142	125,261	83,729
Restructuring	2,583	(29)	2,211
Non-cash stock compensation	7,939	5,205	3,564
BSG Wireless transition expenses	6,819	13,159	
Messaging acquisition and integration expenses	4,666		
Purchase accounting amortization	29,769	28,650	18,812
Adjusted income before provision for income taxes	157,918	172,246	108,316
Less assumed provision for income taxes at 37.5% for 2009 and 39% for 2008 and 2007	(59,219)	(67,176)	(42,243)
Adjusted net income	98,699	105,070	66,073
Add cash savings of tax deductible goodwill (1)	9,592	9,204	9,204
Cash net income	$ 108,291	$ 114,274	$ 75,277

(1) Represents the cash benefit realized currently as a result of the tax deductibility of goodwill amortization.

	December 31, 2009	Year Ended December 31, 2008 (dollars in thousands)	December 31, 2007
Reconciliation to adjusted EBITDA			
Net income	$ 65,677	$ 78,464	$ 52,419
Interest expense, net	28,567	35,352	23,554
Provision for income taxes	40,465	46,797	31,310
Depreciation and amortization	60,397	55,344	42,867
Restructuring	2,583	(29)	2,211
Non-cash stock compensation	7,939	5,205	3,564
BSG Wireless transition expenses	6,819	13,159	

Messaging acquisition and integration expenses	4,666		
Adjusted EBITDA	$ 217,113	$ 234,292	$ 155,925

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A reconciliation of operating free cash flow to net cash provided by operating activities, the closest GAAP measure, is presented in the financial tables below.

	Year Ended		
	December 31, 2009	December 31, 2008	December 31, 2007
	(dollars in thousands)		
Reconciliation to operating free cash flow			
Net cash provided by operating activities	$ 142,373	$ 163,972	$ 121,262
Capital expenditures	(37,654)	(40,819)	(27,665)
Change in working capital due to payment of BSG pre-acquisition contractual obligation		5,440	
Cash received in legal settlement			(2,500)
Change in working capital due to ITHL contingent payment			