

SYNIVERSE HOLDINGS INC
Form 10-Q
November 07, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

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 333-176382

SYNIVERSE HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

30-0041666
(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)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of 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 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

Accelerated filer

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

Smaller reporting company

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

The number of shares of common stock outstanding as of November 7, 2012 was 1,000.

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	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash	\$ 168,342	\$ 226,753
Accounts receivable, net of allowances of \$9,543 and \$7,374, respectively	166,389	159,422
Deferred tax assets	9,036	9,103
Income taxes receivable	16,289	5,374
Prepaid and other current assets	30,217	26,917
Total current assets	390,273	427,569
Property and equipment, net	84,563	82,630
Capitalized software, net	208,980	208,683
Deferred costs, net	43,535	46,234
Goodwill	1,682,171	1,684,856
Identifiable intangibles, net	500,911	572,404
Other assets	44,828	8,366
Total assets	\$ 2,955,261	\$ 3,030,742
LIABILITIES AND STOCKHOLDER EQUITY		
Current liabilities:		
Accounts payable	\$ 18,730	\$ 14,107
Income taxes payable	2,197	
Accrued liabilities	64,314	92,507
Deferred revenues	10,472	5,973
Current portion of capital lease obligation	3,790	117
Current portion of long-term debt, net of original issue discount	7,083	9,800
Total current liabilities	106,586	122,504
Long-term liabilities:		
Deferred tax and other tax liabilities	234,559	236,737
Long-term capital lease obligation, less current maturities	4,106	381
Long-term debt, net of current portion and original issue discount	1,399,901	1,469,075
Other long-term liabilities	8,672	7,932
Total liabilities	1,753,824	1,836,629
Commitments and contingencies		
Stockholder equity:		

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Common stock, \$0.01 par value; one thousand shares authorized, issued and outstanding as of September 30, 2012 and December 31, 2011		
Additional paid-in capital	1,213,272	1,208,365
Accumulated deficit	(18,522)	(21,472)
Accumulated other comprehensive income	(431)	2,400
Total Syniverse Holdings, Inc. stockholder equity	1,194,319	1,189,293
Noncontrolling interest	7,118	4,820
Total equity	1,201,437	1,194,113
Total liabilities and stockholder equity	\$ 2,955,261	\$ 3,030,742

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**SYNIVERSE HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(AMOUNTS IN THOUSANDS)**

	Successor		Successor		Predecessor
	Three Months Ended		Nine	Period from	Period from
	September 30,	2011	Months	January 13 to	January 12,
	2012		Ended	September 30,	January 12,
			September 30,	September 30,	2011
	2012	2011	2012	2011	
Revenues	\$ 189,356	\$ 203,680	\$ 557,629	\$ 551,441	\$ 22,014
(Unaudited)					
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)	69,592	67,295	203,916	192,045	9,274
Sales and marketing	16,057	17,350	50,814	46,573	2,376
General and administrative	25,744	26,894	84,255	70,080	3,664
Depreciation and amortization	44,411	49,162	131,685	142,435	2,720
Restructuring and management termination benefits	(60)	699	571	2,476	
Merger expenses				40,549	47,203
	155,744	161,400	471,241	494,158	65,237
Operating income (loss)	33,612	42,280	86,388	57,283	(43,223)
Other income (expense), net:					
Interest income	166	23	670	67	
Interest expense	(25,304)	(26,728)	(83,405)	(85,966)	(859)
Debt extinguishment costs			(6,458)		
Other, net	3,086	(1,259)	3,567	(744)	(349)
	(22,052)	(27,964)	(85,626)	(86,643)	(1,208)
Income (loss) before provision for (benefit from) income taxes	11,560	14,316	762	(29,360)	(44,431)
(Benefit from) provision for income taxes	(5,506)	2,633	(5,471)	(11,968)	(13,664)
Net income (loss)	17,066	11,683	6,233	(17,392)	(30,767)
Net income (loss) attributable to noncontrolling interest	1,627	477	3,283	1,698	(3)
Net income (loss) attributable to Syniverse Holdings, Inc.	\$ 15,439	\$ 11,206	\$ 2,950	\$ (19,090)	\$ (30,764)

See Notes to Unaudited Condensed Consolidated Financial Statements

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SYNIVERSE HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(AMOUNTS IN THOUSANDS)

	Successor		Successor		Predecessor
	Three Months Ended	Nine Months Ended	September 13 to	September 30,	Period from
	September 30,	September 30,	September 30,	September 30,	January 1 to
	2012	2011	2012	2011	January 12,
	(Unaudited)				
Net income (loss)	\$ 17,066	\$ 11,683	\$ 6,233	\$ (17,392)	\$ (30,767)
Other comprehensive (loss) income (net of tax):					
Foreign currency translation adjustment (1)	(1,648)	(211)	(2,746)	2,361	(2,366)
Other comprehensive income (loss)	(1,648)	(211)	(2,746)	2,361	(2,366)
Comprehensive income (loss)	15,418	11,472	3,487	(15,031)	(33,133)
Less: comprehensive income (loss) attributable to noncontrolling interest	2,062	(373)	3,368	934	4
Comprehensive income (loss) attributable to Syniverse Holdings, Inc.	\$ 13,356	\$ 11,845	\$ 119	\$ (15,965)	\$ (33,137)

- (1) Foreign currency translation adjustments are shown net of tax expense (benefit) of \$419 and \$(1,203) for the three months ended September 30, 2012 and 2011, respectively, and net of tax (benefit) expense of \$(140), \$827 and \$0 for the nine months ended September 30, 2012, period January 13 through September 30, 2011 and January 1 through January 12, 2011, respectively.

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**SYNIVERSE HOLDINGS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(AMOUNTS IN THOUSANDS)**

	Successor Nine Months Ended September 30, 2012	Period from January 13 to September 30, 2011	Predecessor Period from January 1 to January 12, 2011
	(Unaudited)		
Operating activities			
Net (loss)	\$ 6,233	\$ (17,392)	\$ (30,767)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	131,685	142,435	2,720
Amortization of deferred debt issuance costs and original issue discount	5,946	5,449	56
Allowance for uncollectible accounts	832	488	46
Allowance for credit losses	5,300	12,398	164
Deferred income tax (benefit) expense	(1,970)	(10,910)	2,095
Write-off of deferred financing costs	6,115		
Debt extinguishment costs	6,458		
Excess tax benefit from stock-based compensation			8,599
Stock-based compensation	4,984	5,368	29,162
Other, net	(410)	2,760	31
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(12,463)	(54,562)	11,650
Income tax receivable or payable	(8,690)	19,956	(34,313)
Prepaid and other current assets	(3,931)	(6,207)	(1,920)
Accounts payable	5,117	(10,139)	11,111
Accrued liabilities and deferred revenues	(23,791)	3,904	14,167
Other assets and long-term liabilities	18	(8,161)	(962)
Net cash provided by operating activities	121,433	85,387	11,839
Investing activities			
Capital expenditures	(50,906)	(38,515)	
Acquisitions, net of cash acquired	(37,980)	(2,733,121)	
Net cash used in investing activities	(88,886)	(2,771,636)	
Financing activities			
Debt issuance costs paid	(10,181)	(56,393)	
Principal payments on Old Senior Credit Facility	(1,014,750)	(7,688)	
Principal payments on New Senior Credit Facility	(2,375)		
Borrowings under Old Senior Credit Facility, net of discount		1,012,500	
Borrowings under New Senior Credit Facility, net of discount	940,500		
Proceeds from issuance of 9.125% senior unsecured notes		475,000	
Carlyle contribution from Holdings		1,200,000	
Distribution to Buccaneer Holdings, Inc.	(77)		
Payments on capital lease obligation	(4,056)	(87)	
Minimum tax withholding on stock-based compensation			(619)
Excess tax benefit from stock-based compensation			8,599

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Distribution to noncontrolling interest	(1,070)		
Net cash (used in) provided by financing activities	(92,009)	2,623,332	7,980
Effect of exchange rate changes on cash	1,051	(467)	15
Net (decrease) increase in cash	(58,411)	(63,384)	19,834
Cash at beginning of period	226,753	239,290	219,456
Cash at end of period	\$ 168,342	\$ 175,906	\$ 239,290
Supplemental noncash investing and financing activities			
Capital lease additions	\$ 11,905	\$	\$
Supplemental cash flow information			
Interest paid	\$ 84,630	\$ 52,022	\$
Income taxes paid (refunded)	5,193	(15,019)	71
	See Notes to Unaudited Condensed Consolidated Financial Statements		

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SYNIVERSE HOLDINGS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

1. Description of Business

We are a leading enabler of wireless voice and data services for telecommunications companies worldwide. Since 1987, including our time as part of our former parent company, we have served as one of the mobile telecommunication industry's operator-neutral intermediaries, solving the challenges that arise as new technologies, standards and protocols emerge. Our data clearing house, 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 integrated suite of transaction-based services allows operators to deliver seamless voice, data and next generation services to mobile subscribers, including wireless voice and data roaming, Short Message Service (SMS), Multimedia Messaging Services (MMS), number portability and wireless value-added services. We currently provide our services to over 740 telecommunications operators and to more than 150 enterprise customers in nearly 160 countries.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

On January 13, 2011, pursuant to the Merger Agreement, dated as of October 28, 2010, among Syniverse Holdings, Inc., Buccaneer Holdings, Inc., a Delaware corporation (Holdings) formed by an affiliate of The Carlyle Group (Carlyle) and Buccaneer Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Holdings (Merger Sub) formed solely for the purpose of entering into the merger, Merger Sub merged with and into Syniverse Holdings, Inc. with Syniverse Holdings, Inc. as the surviving corporation (also referred to herein as the Merger). We also refer to the Merger together with all related transactions to effect the Merger discussed in our Annual Report on Form 10-K as the Transactions . As a result of the Merger, Syniverse Holdings, Inc. became a wholly-owned subsidiary of Holdings.

Merger Sub was determined to be the acquirer for accounting purposes and therefore, the Merger was accounted for using the acquisition method of accounting. Accordingly, the purchase price of the Merger has been allocated to the Company's assets and liabilities based upon their estimated fair values at the acquisition date. Periods prior to January 13, 2011 reflect the financial position, results of operations, and changes in financial position of the Company prior to the Merger (the Predecessor) and periods on and after January 13, 2011 reflect the financial position, results of operations, and changes in financial position of the Company after the Merger (the Successor). Certain Merger expenses and financing costs incurred prior to January 13, 2011 by Merger Sub are included in the Successor period. The only activity undertaken by Merger Sub prior to January 13, 2011 related to the financing and completion of the Merger. For accounting purposes, the purchase price allocation was applied on January 13, 2011.

The accompanying unaudited condensed consolidated financial statements of Syniverse Holdings, Inc. have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information and on a basis that is consistent with the accounting principles applied in our audited financial statements for the fiscal year ended December 31, 2011 (2011 financial statements). In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal, recurring nature. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes included in our 2011 financial statements. Operating results for the interim periods noted herein are not necessarily indicative of the results that may be achieved for a full year.

The unaudited condensed consolidated financial statements include the accounts of Syniverse Holdings, Inc. and all of its wholly owned subsidiaries and a variable interest entity for which Syniverse Holdings, Inc. is deemed to be the primary beneficiary. References to the Company, us, or we include all of the consolidated companies. Noncontrolling interest is recognized for the portion of a consolidated joint venture not owned by us. All significant intercompany balances and transactions have been eliminated.

Table of Contents**Use of Estimates**

We have prepared our financial statements in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the period. Actual results could differ from those estimates.

Customer Accounts

We provide financial settlement services to wireless operators to support the payment of roaming related charges to their roaming network partners. In accordance with our customer contracts, funds are held by us as an agent on behalf of our customers to settle their roaming related charges to other operators. These funds and the corresponding liability are not reflected in our condensed consolidated balance sheets. The off-balance sheet amounts totaled approximately \$128,349 and \$129,796 as of September 30, 2012 and December 31, 2011, respectively.

Foreign Currencies

We have operations in subsidiaries in Europe, primarily the United Kingdom and Germany, and the Asia-Pacific region whose functional currency is their local currency. Gains and losses on transactions denominated in currencies other than the functional currencies are included in other, net in the condensed consolidated statements of operations. For the three and nine months ended September 30, 2012, we recorded foreign currency transaction gains of \$3,086 and \$3,567, respectively, which included a \$4,345 out-of-period gain during the third quarter 2012. For the three months ended September 30, 2011, the period January 13, 2011 through September 30, 2011, and January 1 through January 12, 2011, we recorded foreign currency transaction losses of \$1,236, \$744 and \$349, respectively.

Seasonality

Generally, there is a seasonal increase in wireless roaming usage and corresponding revenues in the high-travel months of our second and third fiscal quarters. Products primarily affected by this seasonality include signaling solutions, interstandard roaming, MDR and roaming clearing house.

Segment Information

In accordance with the applicable accounting guidance, we have evaluated our portfolio of service offerings, reportable segments and the financial information reviewed by our chief operating decision maker for purposes of making resource allocation decisions. Based on our evaluation, we determined that we have one operating segment and one reportable segment.

Revenues by service offering were as follows:

	Successor	
	Three months ended September 30,	
	2012	2011
	(Unaudited)	
Network services	\$ 90,654	\$ 84,583
Messaging services	44,329	48,420
Roaming services	50,219	66,347
Other	4,154	4,330
Revenues	\$ 189,356	\$ 203,680

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	Successor Nine months ended September 30, 2012	Predecessor Period from January 13 to September 30, 2011	Predecessor Period from January 1 to January 12, 2011
	(Unaudited)		
Network services	\$ 260,150	\$ 233,003	\$ 9,181
Messaging services	135,780	139,833	6,198
Roaming services	147,449	164,298	6,368
Other	14,250	14,307	267
Revenues	\$ 557,629	\$ 551,441	\$ 22,014

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

	Three months ended September 30, 2012 (Unaudited) 2011	
North America	\$ 140,773	\$ 156,760
Asia Pacific	18,234	14,659
Caribbean and Latin America	14,116	11,416
Europe, Middle East and Africa	16,233	20,845
Revenues	\$ 189,356	\$ 203,680

	Successor Nine months ended September 30, 2012	Predecessor Period from January 13 to September 30, 2011	Predecessor Period from January 1 to January 12, 2011
	(Unaudited)		
North America	\$ 420,417	\$ 430,821	\$ 17,294
Asia Pacific	52,681	42,369	1,295
Caribbean and Latin America	40,439	31,378	1,428
Europe, Middle East and Africa	44,092	46,873	1,997
Revenues	\$ 557,629	\$ 551,441	\$ 22,014

For the three months ended September 30, 2012 and 2011, we derived 69.1% and 71.3%, respectively, of our revenues from customers in the United States. For the nine months ended September 30, 2012, the period January 13, 2011 through September 30, 2011 and January 1 through January 12, 2011, we derived 70.1%, 72.0% and 80.5%, respectively, of our revenues from customers in the United States. During the three months ended September 30, 2012 and 2011, the nine months ended September 30, 2012 and during the periods January 13 through September 30 and January 1 through January 12, 2011, we did not generate revenue in excess of 10% of total revenues in any other individual country.

Long-lived assets by geographic location were as follows:

September 30, 2012

December 31, 2011

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	(Unaudited)	
North America	\$ 281,872	\$ 279,931
Asia Pacific	5,169	5,164
Caribbean and Latin America	251	293
Europe, Middle East and Africa	6,251	5,925
Total long-lived assets	\$ 293,543	\$ 291,313

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3. Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which is included in the Accounting Standards Codification (ASC) in Topic 820 Fair Value Measurement . ASU 2011-04 amends the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This accounting standard does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards within U.S. GAAP or International Financial Reporting Standards (IFRS). This accounting standard was effective for our financial statements beginning January 1, 2012. The adoption of this standard did not have a material impact on our consolidated financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, *Presentation of Comprehensive Income*, which is included in the ASC in Topic 220 Comprehensive Income . The ASU requires companies to present items of net income, items of other comprehensive income and total comprehensive income in one continuous statement or two separate consecutive statements for interim and annual reports. This statement was effective for presentation of comprehensive income for fiscal years beginning after December 15, 2011 and interim periods within those years and is applied retrospectively. As this guidance only amends the presentation of the components of other comprehensive income, the adoption of this standard will not have an impact on our consolidated financial position, results of operations or cash flows.

In September 2011, the FASB issued ASU 2011-08, *Testing Goodwill for Impairment*, which is included in the ASC in Topic 350 Intangibles Goodwill and Other . ASU 2011-08 permits companies to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than the carrying amount. If a greater than 50 percent likelihood exists that the fair value is less than the carrying amount then a two-step goodwill impairment test as described in Topic 350 must be performed. Under the amendments in this ASU, a company has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. A company may resume performing the qualitative assessment in any subsequent period. This statement is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this standard did not have a material impact on our consolidated financial position, results of operations or cash flows.

In July 2012, the FASB issued ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, which is included in the ASC in Topic 350 Intangibles Goodwill and Other . ASU 2012-02 permits companies to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. If a greater than 50 percent likelihood exists that the indefinite-lived intangible asset is impaired then the quantitative impairment test, as described in Topic 350, must be performed. Under the amendments in this ASU, a company has the option to bypass the qualitative assessment for any indefinite-lived intangible assets and proceed directly to performing the quantitative impairment test by comparing the fair value with the carrying amount as described in Topic 350. A company may resume performing the qualitative assessment in any subsequent period. This statement is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. We do not expect the adoption of this standard to have a material impact on our consolidated financial position, results of operations or cash flows.

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Accrued liabilities consisted of the following:

	September 30, 2012 (Unaudited)	December 31, 2011
Accrued payroll and related benefits	\$ 23,386	\$ 37,190
Accrued interest	18,470	31,831
Accrued network payables	6,298	7,052
Accrued revenue share expenses	1,420	1,799
Other accrued liabilities	14,740	14,635
 Total accrued liabilities	 \$ 64,314	 \$ 92,507

5. Income Taxes

We provide for federal, state and foreign income taxes currently payable, as well as for those deferred due to timing differences between reporting income and expenses for financial statement purposes versus tax purposes. Deferred tax assets and liabilities were recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities were measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences were expected to be recovered or settled. The effect of a change in income tax rates is recognized as income or expense in the period that includes the enactment date. The effective tax rate for the three months and nine months ended September 30, 2012 was a benefit of 47.6% and a benefit of 718.2%, respectively. The effective tax rate for the three months ended September 30, 2011, the period January 13, 2011 through September 30, 2011, and the period from January 1 through January 12, 2011, was a provision of 18.4%, a benefit of 40.8% and a benefit of 30.8%, respectively.

The change in our effective tax rate was chiefly attributable to (i) costs related to the Merger in 2011, some of which were non-deductible for income tax purposes, (ii) state and local effective income tax rate changes, including certain discrete adjustments recorded in 2011 related to state and local income tax positions and changes in deferred tax liabilities, (iii) the release of reserves on uncertain tax positions where statutes of limitations had expired, and (vii) certain return to provision true-ups related to returns filed.

We file a consolidated U.S. federal income tax return under Buccaneer Holdings, Inc. All subsidiaries incorporated outside of the U.S. are consolidated for financial reporting purposes; however, they are not eligible to be included in our consolidated U.S. federal income tax return. Separate provisions for income taxes have been recorded for these entities. We intend to reinvest substantially all of the unremitted earnings of our non-U.S. subsidiaries and postpone their remittance indefinitely. Accordingly, no provision for U.S. income taxes for these non-U.S. subsidiaries was recorded in the accompanying condensed consolidated statements of operations.

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Our total debt outstanding as of September 30, 2012 and December 31, 2011 was as follows:

	September 30, 2012 (Unaudited)	December 31, 2011
Senior Credit Facility:		
Term Loan Facility, due 2019	\$ 947,625	\$
Term loan B, due 2017		1,014,750
\$150,000 revolving credit facility		
Original issue discount	(15,641)	(10,875)
Senior Notes:		
9.125% senior unsecured notes, due 2019	475,000	475,000
Total debt	1,406,984	1,478,875
Less: Current portion		
Long-term debt, current portion	(9,500)	(10,250)
Original issue discount, current portion	2,417	450
Long-term debt	\$ 1,399,901	\$ 1,469,075

Maturities of long-term debt excluding the original issue discount as of September 30, 2012 for each of the five succeeding fiscal years were as follows:

Period ended December 31, 2012	2,375
Year ended December 31, 2013	9,500
Year ended December 31, 2014	9,500
Year ended December 31, 2015	9,500
Year ended December 31, 2016	9,500
Thereafter	1,382,250
	\$ 1,422,625

We incurred debt issuance costs of \$19,681 associated with our New Senior Credit Facility (as defined below) consisting of \$11,345 of original issue discount and \$8,336 of deferred financing fees. Amortization of original issue discount and deferred financing fees for the three and nine months ended September 30, 2012 was \$1,974 and \$5,946, respectively. This amount includes amortization related to our Senior Credit Facility and our Senior Notes. Amortization during the nine months ended September 30, 2012 included \$6,458 for a write-off of original issue discount and deferred financing fees related to the refinancing of our Old Senior Credit Facility as defined below. Amortization expense for the three months ended September 30, 2011, the period January 13, 2011 through September 30, 2011, and the period January 1 through January 12, 2011, for debt issuance costs and original issue discount was \$1,952, \$5,449 and \$56, respectively. Amortization is included in interest expense in the condensed consolidated statement of operations. The net book value of deferred financing fees included in the accompanying condensed consolidated balance sheets was as follows:

	September 30, 2012 (Unaudited)	December 31, 2011
Debt issuance costs:		
Prepaid and other current assets	\$ 3,640	\$ 4,543

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Deferred costs, net	43,535	46,234
Total	\$ 47,175	\$ 50,777

Table of Contents***Old Senior Credit Facility***

On December 21, 2010, we entered into a senior credit facility consisting of a \$150,000 revolving credit facility and a \$1,025,000 Term Loan B (Old Senior Credit Facility), and on January 13, 2011, our Old Senior Credit Facility became effective. The term loan facility was used to fund, in part, the Transactions. The Company received net proceeds of \$1,012,500 after payment of upfront fees of \$12,500 to Barclays Capital, Credit Suisse Securities (USA) LLC, Goldman Sachs Bank USA and Sumitomo Mitsui Banking Corporation. We recorded the upfront fees as an original issue discount to be amortized over the life of the debt using the effective interest method. In addition, we incurred debt issuance costs of \$36,164.

New Senior Credit Facility

On April 23, 2012, Syniverse Holdings, Inc. entered into a credit agreement (the Credit Agreement) with Holdings, Barclays Bank PLC, as administrative agent, swing line lender and letters of credit issuer, and the other financial institutions and lenders from time to time party thereto, providing for a new senior credit facility (the New Senior Credit Facility) consisting of (i) a \$950,000 term loan facility (the Term Loan Facility); and (ii) a \$150,000 revolving credit facility (the Revolving Credit Facility) for the making of revolving loans, swing line loans and issuance of letters of credit. The Company received proceeds of \$950,000 under the Term Loan Facility and paid upfront fees of \$11,345. The proceeds from the New Senior Credit Facility plus cash on hand were used to repay the Old Senior Credit Facility. We recorded \$9,500 of the upfront fees as an original issue discount to be amortized over the life of the Term Loan Facility using the effective interest method. Since we had no amounts drawn under the Revolving Credit Facility at June 30, 2012, we recorded \$1,845 of the upfront fees as deferred financing costs to be amortized over the life of the Revolving Credit Facility using the effective interest method.

We incurred additional debt issuance costs of \$8,336 in connection with the refinancing, which was determined to be a partial debt modification and partial debt extinguishment under the applicable accounting guidance. We recorded \$6,115 to interest expense related to the modification and recorded the remaining \$2,221 as deferred financing fees to be amortized over the life of the debt consistent with debt extinguishment accounting treatment. We recorded additional debt extinguishment costs of \$6,458 related to the write-off of a portion of the original issue discount and deferred financing fees associated with the Old Senior Credit Facility in the debt extinguishment costs line item on the consolidated statement of operations.

Subject to specified conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the Term Loan Facility or Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the New Senior Credit Facility) by up to (i) \$425,000 plus (ii) an additional amount as will not cause the net senior secured leverage ratio after giving effect to the incurrence of such additional amount to exceed 4.0:1.0 (calculated by treating any unsecured debt incurred in reliance on this clause (ii) as if it were secured).

Our Term Loan Facility will mature at the earliest of (i) April 23, 2019, (ii) the date of termination in whole of the commitments under the Term Loan Facility and (iii) the date the loans under the Term Loan Facility are declared due and payable in connection with an event of default; provided that (a) in the event that more than \$50,000 of the Senior Notes remain outstanding on the date that is 91 days prior to the stated maturity of the Senior Notes (the First Springing Maturity Date), the maturity date for the Term Loan Facility will be the First Springing Maturity Date and (b) in the event that more than \$50,000 in aggregate principal amount of any refinancing indebtedness in respect of the Senior Notes remains outstanding on the date that is 91 days prior to the stated maturity of such refinancing indebtedness (the Second Springing Maturity Date), the maturity date for the Term Loan Facility will be the earlier of the Second Springing Maturity Date and April 23, 2019.

Our Revolving Credit Facility will mature the earlier of (i) April 23, 2017 and (ii) the date of termination in whole of the commitments under the Revolving Credit Facility, the letter of credit sublimit, and the swing line facility under the Credit Agreement.

Effective September 30, 2012, our Term Loan Facility amortizes in equal quarterly installments in an amount equal to 0.25% per quarter of the original principal amount thereof, with the remaining balance due at final maturity.

We may voluntarily prepay loans or reduce commitments under our New Senior Credit Facility, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty, except that prepayments and

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certain refinancings of our Term Loan Facility within one year after the closing date of our New Senior Credit Facility will be subject to a prepayment premium of 1.0% of the principal amount prepaid. We must prepay our Term Loan Facility with the net cash proceeds of asset sales, casualty and condemnation events, the incurrence or issuance of indebtedness (other than indebtedness permitted to be incurred under our New Senior Credit Facility unless specifically incurred to refinance a portion of our New Senior Credit Facility) and, for the year ended December 31, 2013 and thereafter, 50% of excess cash flow (such percentage to be subject to a reduction to zero based on the achievement of a net senior secured leverage ratio of 2.75:1.0), in each case, subject to certain reinvestment rights and other exceptions, as well as the right of the lenders to decline certain prepayments.

Borrowings bear interest at a floating rate which can be, at our option, either (i) a Eurodollar borrowing rate for a specified interest period plus an applicable margin or, (ii) an alternative base rate plus an applicable margin, in the case of term loans under the New Senior Credit Facility, subject to a Eurodollar rate floor of 1.25% or a base rate floor of 2.25%, as applicable. The applicable margin for the term loans and revolving loans under our New Senior Credit Facility is 3.75% per annum for Eurodollar loans and 2.75% per annum for base rate loans, and in the case of the revolving loans, subject to an adjustment to 3.50% and 2.50%, respectively, based on a net senior secured leverage ratio of 1.75:1.0.

The following fees are applicable under our Revolving Credit Facility: (i) an unused line fee of 0.50% per annum, subject to an adjustment to 0.25% based on a net senior secured leverage ratio of 1.75:1.0; (ii) a letter of credit participation fee on the aggregate stated amount of each letter of credit available to be drawn equal to the applicable margin for Eurodollar rate loans; (iii) a letter of credit fronting fee equal to 0.125% per annum on the daily amount of each letter of credit available to be drawn; and (iv) certain other customary fees and expenses payable to our letter of credit issuers.

Our obligations under our New Senior Credit Facility are guaranteed by Holdings and each of our current and future direct and indirect wholly owned domestic subsidiaries (the Subsidiary Guarantors) (other than (i) subsidiaries designated as unrestricted, (ii) immaterial subsidiaries, (iii) any subsidiary that is prohibited by applicable law or certain contractual obligations from guaranteeing our New Senior Credit Facility or which would require governmental approval to provide a guarantee, (iv) certain holding companies of foreign subsidiaries, (v) not-for-profit subsidiaries, if any, (vi) certain receivables financing subsidiaries, (vii) any subsidiary with respect to which the Company and the administrative agent reasonably agree that the burden, cost or other consequences of providing a guarantee will be excessive in view of the benefits obtained by the lenders therefrom and (viii) any subsidiary whose guaranteeing of the New Senior Credit Facility would result in a material adverse tax consequence) will be secured by a first lien on substantially all of their assets, including capital stock of subsidiaries (subject to certain exceptions). The Subsidiary Guarantors under our New Senior Credit Facility also guarantee the Senior Notes and are the same guarantors of the Old Senior Credit Facility, as follows: Syniverse Technologies, LLC (formerly known as Syniverse Technologies, Inc.), Syniverse ICX Corporation and The Rapid Roaming Company.

Our New Senior Credit Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants include limitations or restrictions on (i) our ability to incur debt, grant liens, enter into fundamental corporate transactions, pay subsidiary distributions, enter into transactions with affiliates, make further negative pledges, sell or otherwise transfer assets, make certain payments, investments or acquisitions, repay certain indebtedness in the event of a change of control, and amend certain debt documents and (ii) the activities engaged in by Holdings. The negative covenants are subject to the customary exceptions.

There are no financial covenants included in our New Senior Credit Facility other than a springing maximum net senior secured leverage ratio of 4.25 to 1.0, which will be tested only for the benefit of the revolving lenders and only (i) when, at the end of a fiscal quarter, (a) the aggregate amount of any revolving loans, any swing line loans or any letter of credit obligations outstanding exceeds 10% of all commitments under the Revolving Credit Facility in effect as of April 23, 2012 or (b) the aggregate amount of any letter of credit obligations outstanding exceeds 15% of all commitments under the Revolving Credit Facility in effect as of April 23, 2012 and (ii) upon an extension of credit under the Revolving Credit Facility in the form of the making of a revolving loan or a swing line loan, or the issuance of a letter of credit. The events set forth in clauses (i) and (ii) in the preceding sentence have not occurred during or as of the end of the fiscal quarter ended September 30, 2012.

Table of Contents**9.125% senior unsecured notes**

On December 22, 2010, we issued \$475,000 of senior unsecured notes bearing interest at 9.125% that will mature on January 15, 2019 (Senior Notes). Interest on the Senior Notes is paid on January 15 and July 15 of each year.

The Senior Notes are guaranteed on a senior basis by the following domestic subsidiary guarantors: Syniverse Technologies, LLC (formerly known as Syniverse Technologies, Inc.), Syniverse ICX Corporation and The Rapid Roaming Company. In addition, we have the ability to designate certain of our subsidiaries as unrestricted subsidiaries pursuant to the terms of the indenture governing our Senior Notes, and any subsidiary so designated will not be a guarantor of the notes.

The Senior Notes contain customary negative covenants including, but not limited to, restrictions on our and our restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, optionally prepay certain subordinated indebtedness or enter into transactions with affiliates.

We incurred financing fees of \$20,436 in connection with the issuance of the Senior Notes which are amortized over the term of the notes using the effective interest method.

7. Fair Value Measurements

ASC Topic 820 requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs. The three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 Quoted prices in active markets for identical assets and liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are significant to the fair value of the assets or liabilities.

Transfers between levels are determined at the end of the reporting period. No transfers between levels have been recognized for the three or nine months ended September 30, 2012.

Cash, accounts receivable, accounts payable, income taxes receivable and payable and accrued liabilities are reflected in the financial statements at their carrying value, which approximate their fair value due to their short maturity.

The carrying amounts, excluding original issue discount, and fair values of our long-term debt as of September 30, 2012 and December 31, 2011 were as follows:

	September 30, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Old Senior Credit Facility	\$	\$	\$ 1,014,750	\$ 1,016,018
New Senior Credit Facility	947,625	953,548		
Senior Notes	475,000	509,438	475,000	503,500

The fair values of the Old Senior Credit Facility, the New Senior Credit Facility and the Senior Notes were based upon quoted market prices in inactive markets for similar instruments (Level 2).

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8. Commitments and Contingencies

Business Acquisition Agreement

On June 30, 2012, Syniverse Holdings, Inc. entered into an agreement (the *Purchase Agreement*) with WP Roaming S.à r.l., a Luxembourg limited liability company (the *Seller*), pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the *Purchase Agreement*, it will acquire from the *Seller* all the shares and preferred equity certificates (whether convertible or not) in WP Roaming III S.à r.l. (WP Roaming) (the *Transaction*). WP Roaming is a holding company which conducts the business of MACH S.à r.l, also known as The MACH Group. The purpose of the *Transaction* is to give the Company added global scale and increased reach with more direct connections to support roaming, messaging and network solutions that enable its customers to deliver superior experiences to their end users.

At the closing of the *Transaction*, Syniverse Holdings, Inc. will pay to the *Seller* an amount equal to approximately 172,700 (the *Base Amount*), subject to adjustment, plus 250 per month from December 31, 2011 through the closing date of the *Transaction*. The *Purchase Agreement* reflects a *locked box* approach, such that Syniverse Holdings, Inc. will acquire WP Roaming with economic effect from December 31, 2011. On July 2, 2012, Syniverse Holdings, Inc. paid the *Seller* a deposit of 30,000 (the *Deposit*).

In addition, at the closing of the *Transaction*, Syniverse Holdings, Inc. shall, on behalf of WP Roaming, pay all amounts outstanding to WP Roaming's third-party lenders in order to ensure the release of all related guarantees and security interests (the *Refinancing*). The *Seller* has covenanted in the *Purchase Agreement* that the principal amounts repayable (excluding interest and any other fees, costs and expenses relating thereto) will not exceed approximately 348,000 and \$89,000. As of the lockbox date of December 31, 2011, cash consideration would have been approximately 550 million.

Consummation of the transaction is subject to receipt of approval of competition authorities in the European Union (or applicable Member States), Brazil, Columbia, Jersey, Taiwan and the Ukraine; and to there being no restraints imposed by competition authorities in Australia, New Zealand, Singapore or the United States (together, these are referred to as the *Relevant Competition Authorities*). Syniverse Holdings, Inc. is responsible for obtaining the required competition approvals by a date that would permit closing of the *Transaction* to occur no later than June 24, 2013 (the *Longstop Date*).

The *Purchase Agreement* will terminate automatically if (i) a *Relevant Competition Authority* enjoins the transaction or the closing conditions described above have not been satisfied as of the *Longstop Date*; (ii) one of several specified subsidiaries of WP Roaming experiences an insolvency situation as of the closing date; or (iii) the marketing period for Syniverse Holdings, Inc.'s financing has not completed by the *Longstop Date*. Upon automatic termination of the *Purchase Agreement*, Syniverse Holdings, Inc. will pay a termination fee of 60,000 (against which the *Deposit* will be credited). In addition, Syniverse Holdings, Inc. may terminate the *Purchase Agreement* if WP Roaming's existing lenders cannot confirm the release of all security interests under WP Roaming's existing financing agreements effective as of the closing of the *Transaction*. If the *Purchase Agreement* is so terminated, the *Seller* will retain the *Deposit* but Syniverse Holdings, Inc. will not be obligated to pay an additional fee.

The *Purchase Agreement* provides that Syniverse Holdings, Inc. will be indemnified for breaches of the *Seller*'s pre-closing covenants and representations, subject to certain limitations.

Commitment Letter

On June 29, 2012, the Company entered into a debt financing commitment letter (the *Commitment Letter*) with Barclays Bank PLC, Deutsche Bank Trust Company Americas, Deutsche Bank AG Cayman Islands Branch, Deutsche Bank Securities Inc., Credit Suisse AG, Credit Suisse Securities (USA) LLC and Goldman Sachs Bank (the *Commitment Parties*).

Pursuant to the *Commitment Letter*, certain of the *Commitment Parties* will act as the initial lenders, joint lead arrangers and joint bookrunners with respect to a \$700,000 senior secured credit facility (the *Term Loan Facility*) and a backstop facility which will be available if and to the extent that the Company is unable to incur all or a portion of the *Term Loan Facility* in compliance with its existing financing agreements on the closing date of the

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Transaction (the Backstop Facility , and together with the Term Loan Facility, the Facilities), each subject to the terms and conditions set forth in the Commitment Letter. Proceeds from the Facilities, together with the proceeds of any debt issued in lieu of the Backstop Facility, and cash on hand at the Company will be used to finance the Transaction and pay the fees and expenses related to the foregoing.

Each of the Facilities will include certain representations and warranties, affirmative and negative covenants, events of default, guarantee arrangements and, in the case of the Term Loan Facility, collateral arrangements, as described in the Commitment Letter. The Commitment Parties obligations to provide the financing are subject to the satisfaction of specified conditions, including:

the consummation of the Transaction substantially concurrently with the initial funding under the Facilities in accordance with the terms of the Purchase Agreement without giving effect to any modification, amendment, consent or waiver material and adverse to the lenders without the consent of the Commitment Parties;

the accuracy of certain major representations, as described in the Commitment Letter;

the absence of certain major events of default, as described in the Commitment Letter;

the consummation of the Refinancing substantially concurrently with the initial funding under the Facilities;

the delivery of financial statements and certain marketing materials, as described in the Commitment Letter;

the execution and delivery of definitive loan documentation for the Facilities, including receipt of documentation and other information required by regulatory authorities under applicable know your customer and anti-money laundering rules; and

the payment of fees and expenses in connection with the Facilities.

The documentation governing the Term Loan Facility and Backstop Facility has not been finalized, and accordingly the actual terms may differ from the description of such terms in the foregoing summary of the Commitment Letter. The foregoing summary of the Commitment Letter does not purport to be complete and is subject to, and qualified in its entirety by, the terms and conditions of the Commitment Letter.

Other

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 or results of operations. As of September 30, 2012, we have considered all of the claims and disputes of which we are aware and have provided for probable losses, which are not significant.

Table of Contents**9. Stockholder Equity**

The following table provides a reconciliation of the beginning and ending carrying amounts of total equity, equity attributable to the stockholder of Syniverse Holdings, Inc. and equity attributable to the noncontrolling interest:

	Total	Syniverse Holdings, Inc. Stockholder Equity	Noncontrolling Interest
Predecessor balance, December 31, 2010	\$ 722,481	\$ 722,406	\$ 75
Net (loss)	(30,767)	(30,764)	(3)
Other Comprehensive (loss) income from foreign currency translation adjustments	(2,366)	(2,373)	7
Stock-based compensation	29,162	29,162	
Tax benefit from acceleration of stock-based compensation	8,599	8,599	
Minimum tax withholding on restricted stock awards	(619)	(619)	
Predecessor balance, January 12, 2011	\$ 726,490	\$ 726,411	\$ 79
Purchase accounting adjustments	(723,058)	(726,411)	3,353
Successor			
Capital contribution from Holdings	1,200,000	1,200,000	
Net (loss) income	(29,075)	(30,296)	1,221
Other Comprehensive income from foreign currency translation adjustments	2,573	2,487	86
Stock-based compensation	2,433	2,433	
Successor balance, September 30, 2011 (Unaudited)	\$ 1,179,363	\$ 1,174,624	\$ 4,739
Successor balance, December 31, 2011	\$ 1,194,113	\$ 1,189,293	\$ 4,820
Net Income	6,233	2,950	3,283
Other Comprehensive (loss) income from foreign currency translation adjustments	(2,746)	(2,831)	85
Stock-based compensation	4,984	4,984	
Distribution to non-controlling interest	(1,070)		(1,070)
Distribution to Buccaneer Holdings, Inc.	(77)	(77)	
Successor Balance, September 30, 2012 (Unaudited)	\$ 1,201,437	\$ 1,194,319	\$ 7,118

Table of Contents**10. Stock-Based Compensation**

Stock-based compensation expense for the three months ended September 30, 2012 and 2011, the nine months ended September 30, 2012, the period January 13, 2011 through September 30, 2011, and January 1 through January 12, 2011 was as follows:

	Three months ended September 30, 2012	Three months ended September 30, 2011
Cost of operations	\$ 18	\$ 241
Sales and marketing	184	1,487
General and administrative	357	1,207
Total stock-based compensation	\$ 559	\$ 2,935

	Successor Nine months ended September 30, 2012	Period from January 13 to September 30, 2011	Predecessor Period from January 1 to January 12, 2011
Cost of operations	\$ 353	\$ 453	\$
Sales and marketing	1,884	2,498	
General and administrative	2,747	2,417	
Merger Expenses			29,162
Total stock-based compensation	\$ 4,984	\$ 5,368	\$ 29,162

The following table summarizes our stock option activity for the nine months ended September 30, 2012:

Stock Options	Shares	Weighted- Average Exercise Price
Outstanding at December 31, 2011	7,406,672	\$ 10.00
Granted	1,199,998	11.30
Exercised	(86,667)	10.00
Cancelled or expired	(463,332)	10.16
Outstanding at September 30, 2012	8,056,671	\$ 10.18

The fair value for options granted in the three months ended September 30, 2012 was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

Risk-free interest rate	1.1%
Volatility factor	55.0%
Dividend yield	0.0%
Weighted average expected life of options (in years)	6.5

Table of Contents**11. Restructuring and Management Termination Benefits**

In December 2010, we implemented a restructuring plan primarily to realign certain senior management functions. As a result of this plan, we incurred severance related costs of \$2,296. As of September 30, 2012, we have paid \$2,107 related to this plan.

In June 2011, we implemented a restructuring plan primarily to realign certain sales management positions. As a result of this plan, we incurred severance related costs of \$1,276, of which \$1,189 has been paid as of September 30, 2012. In addition, effective July 1, 2011, our former Chief Executive Officer and President retired from the Company. In conjunction with his retirement, we incurred management termination benefits expense of \$1,067, which was entirely paid as of September 30, 2012. These costs were recorded in restructuring and management termination benefits expense.

In December 2011, we implemented a restructuring plan primarily to regionalize our customer support workforce to provide better alignment with our customers' needs. As a result of this plan, we incurred severance related costs of \$3,713 and contract termination costs of \$388 related to the exit of a leased facility. We have paid \$3,319 related to this plan as of September 30, 2012.

We expect to pay the remainder of the benefits outstanding under each of these plans by June 30, 2013.

The following table summarizes the activity in our restructuring and management termination benefits liability for the nine months ended September 30, 2012:

	December 31, 2011 Balance	Additions	Payments	Adjustments	September 30, 2012 Balance
December 2010 Plan	\$ 336	\$	\$ (147)	\$	\$ 189
June 2011 Plan	1,354		(1,240)	(27)	87
December 2011 Plan	2,961	702	(2,777)	(104)	782
Total	\$ 4,651	\$ 702	\$ (4,164)	\$ (131)	\$ 1,058

12. Merger Expenses

Predecessor period merger expenses incurred in the period January 1, 2011 through January 12, 2011 consisted of stock-based compensation of \$29,162 related to the acceleration of the equity awards existing prior to the Merger, advisory costs of \$15,690 and professional services costs including legal, tax and audit services of \$2,351. Successor period merger expenses for the period January 13, 2011 through September 30, 2011 consisted of advisory costs of \$35,023, of which a portion related to the transaction fee and expenses paid to Carlyle, and legal, accounting and insurance costs of \$5,526.

13. Related Party Transactions*Consulting Agreement with Carlyle*

On the effective date of the Merger, the Company entered into a consulting services agreement with Carlyle, a related party, for advisory, consulting and other services which are provided to us and our subsidiaries. We recorded \$2,392 associated with the annual consulting fee in general and administrative expenses for the nine months ended September 30, 2012 and \$1,383 for the period January 13, 2011 through September 30, 2011. We also paid Carlyle \$31,549 on the effective date of the Merger for a one-time transaction fee and expenses associated with the Transactions. Of that amount, \$20,507 was recorded in merger expenses for the Successor period and \$11,042 was included in capitalized debt issuance costs.

Table of Contents**14. Pro Forma Financial Information**

The following unaudited pro forma financial information summarizes our consolidated revenue and net loss for the nine months ended September 30, 2011 assuming that the Merger had taken place on January 1, 2010:

	Nine months Ended September 30, 2011 Pro Forma
Revenues	\$ 573,455
Net Income	10,217

The above unaudited pro forma financial information has been prepared for comparative purposes only and includes certain adjustments to actual financial results, such as imputed interest costs, and estimated additional depreciation and amortization expense as a result of property and equipment and intangible assets acquired. The pro forma financial information does not purport to be indicative of the results of operations that would have been achieved had the acquisition taken place on the date indicated or the results of operations that may result in the future.

15. Supplemental Consolidating Financial Information

We have presented supplemental consolidating balance sheets, statements of operations, statements of comprehensive income (loss) and statements of cash flows for Syniverse Holdings, Inc., which we refer to in this footnote only as Syniverse, Inc., the Subsidiary Guarantors and the non-guarantor subsidiaries for all periods presented to reflect the guarantor structure under the Senior Notes as discussed in Note 6. The supplemental financial information reflects the investment of Syniverse, Inc. using the equity method of accounting.

Syniverse, Inc.'s payment obligations under the Senior Notes are guaranteed by certain wholly owned domestic subsidiaries of Syniverse Inc., including Syniverse Technologies LLC (formerly known as Syniverse Technologies, Inc.), Syniverse ICX Corporation and The Rapid Roaming Company (collectively, the Subsidiary Guarantors). Highwoods Corporation, Syniverse Technologies BV, Syniverse Technologies Holdings LLC, Perfect Profits International Limited, Syniverse Technologies K.K., Syniverse Technologies (India) Private Limited and Syniverse Brience LLC are included as non-guarantors. Such guarantees are irrevocable, unconditional and joint and several.

Table of Contents**CONSOLIDATING BALANCE SHEET (UNAUDITED)****AS OF SEPTEMBER 30, 2012****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
ASSETS					
Current assets:					
Cash	\$ 44	\$ 127,068	\$ 41,230	\$	\$ 168,342
Accounts receivable, net of allowances		142,477	23,912		166,389
Accounts receivable affiliates	1,309,068		221,874	(1,530,942)	
Deferred tax assets		9,036			9,036
Income taxes receivable		13,483	9,625	(6,819)	16,289
Prepaid and other current assets	3,678	19,720	6,819		30,217
Total current assets	1,312,790	311,784	303,460	(1,537,761)	390,273
Property and equipment, net		75,799	8,764		84,563
Capitalized software, net		206,073	2,907		208,980
Deferred costs, net	43,535				43,535
Goodwill		1,682,171			1,682,171
Identifiable intangibles, net		497,670	3,241		500,911
Long-term note receivable affiliates			7,183	(7,183)	
Other assets		44,567	261		44,828
Investment in subsidiaries	1,263,348	302,361		(1,565,709)	
Total assets	\$ 2,619,673	\$ 3,120,425	\$ 325,816	\$ (3,110,653)	\$ 2,955,261
LIABILITIES AND STOCKHOLDER EQUITY					
Current liabilities:					
Accounts payable	\$	\$ 16,776	\$ 1,954	\$	\$ 18,730
Accounts payable affiliates		1,538,259		(1,538,259)	
Income taxes payable		8,817		(6,620)	2,197
Accrued liabilities	18,370	36,555	9,389		64,314
Deferred revenues		6,529	3,943		10,472
Current portion of capital lease obligation		3,790			3,790
Current portion of long-term debt, net of original issue discount	7,083				7,083
Total current liabilities	25,453	1,610,726	15,286	(1,544,879)	106,586
Long-term liabilities:					
Long-term note payable affiliates		7,183		(7,183)	
Deferred tax and other tax liabilities		234,559			234,559
Long-term capital lease obligation, less current maturities		4,106			4,106
Long-term debt, net of current portion and original issue discount	1,399,901				1,399,901
Other long-term liabilities		503	8,169		8,672
Total liabilities	1,425,354	1,857,077	23,455	(1,552,062)	1,753,824
Stockholder equity:					
Common stock			125	(125)	

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Additional paid-in capital	1,213,272	529,580	356,113	(885,693)	1,213,272
(Accumulated deficit) retained earnings	(18,522)	727,548	(29,411)	(698,137)	(18,522)
Accumulated other comprehensive (loss) income	(431)	6,220	(24,466)	18,246	(431)
Total Syniverse Holdings Inc. stockholder equity	1,194,319	1,263,348	302,361	(1,565,709)	1,194,319
Noncontrolling interest				7,118	7,118
Total equity	1,194,319	1,263,348	302,361	(1,558,591)	1,201,437
Total liabilities and stockholder equity	\$ 2,619,673	\$ 3,120,425	\$ 325,816	\$ (3,110,653)	\$ 2,955,261

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	\$	\$ 163,556	\$ 25,800	\$	\$ 189,356
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)		59,814	9,778		69,592
Sales and marketing		11,204	4,853		16,057
General and administrative		25,641	103		25,744
Depreciation and amortization		43,057	1,354		44,411
Restructuring and management termination benefits		(60)			(60)
		139,656	16,088		155,744
Operating income		23,900	9,712		33,612
Other income (expense), net:					
Income from equity investment	32,668	13,542		(46,210)	
Interest income		74	92		166
Interest expense	(25,304)				(25,304)
Other, net		788	2,298		3,086
	7,364	14,404	2,390	(46,210)	(22,052)
Income (loss) before provision for (benefit from) income taxes	7,364	38,304	12,102	(46,210)	11,560
(Benefit from) provision for income taxes	(9,702)	5,636	(1,440)		(5,506)
Net income	17,066	32,668	13,542	(46,210)	17,066
Net income attributable to noncontrolling interest				1,627	1,627
Net income attributable to Syniverse Holdings, Inc.	\$ 17,066	\$ 32,668	\$ 13,542	\$ (47,837)	\$ 15,439

Table of Contents**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Net income	\$ 17,066	\$ 32,668	\$ 13,542	\$ (46,210)	\$ 17,066
Other comprehensive (loss) (net of tax):					
Foreign currency translation adjustment, net of tax expense of \$419			(1,648)		(1,648)
Other comprehensive loss			(1,648)		(1,648)
Comprehensive income (loss)	17,066	32,668	11,894	(46,210)	15,418
Less: comprehensive income attributable to noncontrolling interest				2,062	2,062
Comprehensive income (loss) attributable to Syniverse Holdings, Inc.	\$ 17,066	\$ 32,668	\$ 11,894	\$ (48,272)	\$ 13,356

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	\$	\$ 483,233	\$ 74,396	\$	\$ 557,629
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)		175,733	28,183		203,916
Sales and marketing		35,681	15,133		50,814
General and administrative		86,900	(2,645)		84,255
Depreciation and amortization		127,037	4,648		131,685
Restructuring and management termination benefits		533	38		571
		425,884	45,357		471,241
Operating income		57,349	29,039		86,388
Other income (expense), net:					
Income from equity investment	61,490	24,655		(86,145)	
Interest income		317	353		670
Interest expense	(83,405)				(83,405)
Debt extinguishment costs	(6,458)				(6,458)
Other, net		383	3,184		3,567
	(28,373)	25,355	3,537	(86,145)	(85,626)
(Loss) income before (benefit from) provision for income taxes	(28,373)	82,704	32,576	(86,145)	762
(Benefit from) provision for income taxes	(34,606)	21,214	7,921		(5,471)
Net income	6,233	61,490	24,655	(86,145)	6,233
Net income attributable to noncontrolling interest				3,283	3,283
Net income attributable to Syniverse Holdings, Inc.	\$ 6,233	\$ 61,490	\$ 24,655	\$ (89,428)	\$ 2,950

Table of Contents**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Net income	\$ 6,233	\$ 61,490	\$ 24,655	\$ (86,145)	\$ 6,233
Other comprehensive loss (net of tax):					
Foreign currency translation adjustment, net of tax benefit of (\$140)			(2,746)		(2,746)
Other comprehensive loss			(2,746)		(2,746)
Comprehensive income (loss)	6,233	61,490	21,909	(86,145)	3,487
Less: comprehensive income attributable to noncontrolling interest				3,368	3,368
Comprehensive income (loss) attributable to Syniverse Holdings, Inc.	\$ 6,233	\$ 61,490	\$ 21,909	\$ (89,513)	\$ 119

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS (UNAUDITED)****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Operating activities					
Net income	\$ 6,233	\$ 61,490	\$ 24,655	\$ (86,145)	\$ 6,233
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization		127,036	4,649		131,685
Amortization of deferred debt issuance costs and original issue discount	5,946				5,946
Allowance for uncollectible accounts		221	611		832
Allowance for credit losses		3,906	1,394		5,300
Deferred income tax benefit		(1,970)			(1,970)
Write-off of deferred financing costs	6,115				6,115
Debt extinguishment costs	6,458				6,458
Income from equity investments	(61,490)	(24,655)		86,145	
Stock-based compensation	4,984				4,984
Other, net		4,842	(5,252)		(410)
Changes in operating assets and liabilities, net of acquisitions:					
Accounts receivable		(8,684)	(3,779)		(12,463)
Accounts receivable - Affiliates	132,134		1,535	(133,669)	
Income tax receivable or payable		(4,391)	(4,299)		(8,690)
Prepaid and other current assets	(38)	(3,555)	(338)		(3,931)
Accounts payable		4,398	719		5,117
Accounts payable - Affiliates		(133,669)		133,669	
Accrued liabilities and deferred revenues	(13,459)	(9,491)	(841)		(23,791)
Other assets and long-term liabilities		(665)	683		18
Net cash provided by operating activities	86,883	14,813	19,737		121,433
Investing activities					
Capital expenditures		(47,459)	(3,447)		(50,906)
Acquisitions, net of cash acquired		(37,980)			(37,980)
Net cash used in investing activities		(85,439)	(3,447)		(88,886)
Financing activities					
Debt issuance costs paid	(10,181)				(10,181)
Principal payments on Old Senior Credit Facility	(1,014,750)				(1,014,750)
Principal payments on New Senior Credit Facility	(2,375)				(2,375)
Borrowings under New Senior Credit Facility, net of discount	940,500				940,500
Distribution to Buccaneer Holdings, Inc.	(77)				(77)
Payments on capital lease obligation		(4,056)			(4,056)
Distribution to noncontrolling interest			(1,070)		(1,070)
Net cash used in financing activities	(86,883)	(4,056)	(1,070)		(92,009)

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Effect of exchange rate changes on cash			1,051		1,051
Net (decrease) increase in cash		(74,682)	16,271		(58,411)
Cash at beginning of period	44	201,750	24,959		226,753
Cash at end of period	\$ 44	\$ 127,068	\$ 41,230	\$	\$ 168,342

Table of Contents**CONSOLIDATING BALANCE SHEET****AS OF DECEMBER 31, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
ASSETS					
Current assets:					
Cash	\$ 44	\$ 201,750	\$ 24,959	\$	\$ 226,753
Accounts receivable, net of allowances		137,920	21,502		159,422
Accounts receivable affiliates	1,444,777		219,515	(1,664,292)	
Deferred tax assets		9,103			9,103
Income tax receivable		275	5,099		5,374
Prepaid and other current assets	4,543	16,165	6,209		26,917
Total current assets	1,449,364	365,213	277,284	(1,664,292)	427,569
Property and equipment, net		74,460	8,170		82,630
Capitalized software, net		205,462	3,221		208,683
Deferred costs, net	46,234				46,234
Goodwill		1,684,856			1,684,856
Identifiable intangibles, net		568,082	4,322		572,404
Long-term note receivable affiliates			7,299	(7,299)	
Other assets		8,225	141		8,366
Investment in subsidiaries	1,204,399	277,278		(1,481,677)	
Total assets	\$ 2,699,997	\$ 3,183,576	\$ 300,437	\$ (3,153,268)	\$ 3,030,742
LIABILITIES AND STOCKHOLDER EQUITY					
Current liabilities:					
Accounts payable	\$	\$ 12,378	\$ 1,729	\$	\$ 14,107
Accounts payable affiliates		1,669,228		(1,669,228)	
Accrued liabilities	31,829	49,485	11,193		92,507
Deferred revenues		3,090	2,883		5,973
Current portion of capital lease obligation		117			117
Current portion of long-term debt, net of original issue discount	9,800				9,800
Total current liabilities	41,629	1,734,298	15,805	(1,669,228)	122,504
Long-term liabilities:					
Long-term note payable affiliates		7,183		(7,183)	
Deferred tax and other tax liabilities		236,737			236,737
Long-term capital lease obligation, less current maturities		381			381
Long-term debt, net of current portion and original issue discount	1,469,075				1,469,075
Other long-term liabilities		578	7,354		7,932
Total liabilities	1,510,704	1,979,177	23,159	(1,676,411)	1,836,629
Stockholder equity:					
Common stock			125	(125)	
Additional paid-in capital	1,208,365	529,580	356,113	(885,693)	1,208,365

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(Accumulated deficit) retained earnings	(21,472)	666,059	(54,068)	(611,991)	(21,472)
Accumulated other comprehensive income (loss)	2,400	8,760	(24,892)	16,132	2,400
Total Syniverse Holdings Inc. stockholder equity	1,189,293	1,204,399	277,278	(1,481,677)	1,189,293
Noncontrolling interest				4,820	4,820
Total equity	1,189,293	1,204,399	277,278	(1,476,857)	1,194,113
Total liabilities and stockholder equity	\$ 2,699,997	\$ 3,183,576	\$ 300,437	\$ (3,153,268)	\$ 3,030,742

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	\$	\$ 174,666	\$ 29,014	\$	\$ 203,680
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)		58,318	8,977		67,295
Sales and marketing		12,600	4,750		17,350
General and administrative		27,548	(654)		26,894
Depreciation and amortization		47,803	1,359		49,162
Restructuring and management termination benefits			699		699
		146,269	15,131		161,400
Operating income		28,397	13,883		42,280
Other income (expense), net:					
Income from equity investment	28,849	8,412		(37,261)	
Interest income		12	11		23
Interest expense	(26,728)				(26,728)
Other, net		(1,061)	(198)		(1,259)
	2,121	7,363	(187)	(37,261)	(27,964)
Income before (benefit from) provision for income taxes	2,121	35,760	13,696	(37,261)	14,316
(Benefit from) provision for income taxes	(9,562)	6,911	5,284		2,633
Net income	11,683	28,849	8,412	(37,261)	11,683
Net income attributable to noncontrolling interest				477	477
Net income attributable to Syniverse Holdings, Inc.	\$ 11,683	\$ 28,849	\$ 8,412	\$ (37,738)	\$ 11,206

Table of Contents**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Net income	\$ 11,683	\$ 28,849	\$ 8,412	\$ (37,261)	\$ 11,683
Other comprehensive loss (net of tax):					
Foreign currency translation adjustment, net of tax benefit of \$(1,203)			(211)		(211)
Other comprehensive loss			(211)		(211)
Comprehensive income	11,683	28,849	8,201	(37,261)	11,472
Less: comprehensive loss attributable to noncontrolling interest				(373)	(373)
Comprehensive income attributable to Syniverse Holdings, Inc.	\$ 11,683	\$ 28,849	\$ 8,201	\$ (36,888)	\$ 11,845

Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)****FOR THE PERIOD JANUARY 13, 2011 THROUGH SEPTEMBER 30, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	\$	\$ 479,582	\$ 71,859	\$	\$ 551,441
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)		166,055	25,990		192,045
Sales and marketing		32,383	14,190		46,573
General and administrative		70,668	(588)		70,080
Depreciation and amortization		138,194	4,241		142,435
Restructuring and management termination benefits		1,172	1,304		2,476
Merger expenses		40,549			40,549
		449,021	45,137		494,158
Operating income		30,561	26,722		57,283
Other income (expense), net:					
Income from equity investment	35,565	20,663		(56,228)	
Interest income		15	52		67
Interest expense	(85,966)				(85,966)
Other, net		(856)	112		(744)
	(50,401)	19,822	164	(56,228)	(86,643)
(Loss) income before (benefit from) provision for income taxes	(50,401)	50,383	26,886	(56,228)	(29,360)
(Benefit from) provision for income taxes	(33,009)	14,818	6,223		(11,968)
Net (loss) income	(17,392)	35,565	20,663	(56,228)	(17,392)
Net income attributable to noncontrolling interest				1,698	1,698
Net (loss) income attributable to Syniverse Holdings, Inc.	\$ (17,392)	\$ 35,565	\$ 20,663	\$ (57,926)	\$ (19,090)

Table of Contents**CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)****FOR THE PERIOD JANUARY 13, 2011 THROUGH SEPTEMBER 30, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Net (loss) income	\$ (17,392)	\$ 35,565	\$ 20,663	\$ (56,228)	\$ (17,392)
Other comprehensive income (net of tax):					
Foreign currency translation adjustment, net of tax expense of \$827			2,361		2,361
Other comprehensive income			2,361		2,361
Comprehensive (loss) income	(17,392)	35,565	23,024	(56,228)	(15,031)
Less: comprehensive income attributable to noncontrolling interest				934	934
Comprehensive (loss) income attributable to Syniverse Holdings, Inc.	\$ (17,392)	\$ 35,565	\$ 23,024	\$ (57,162)	\$ (15,965)

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS****FOR THE PERIOD JANUARY 13, 2011 THROUGH SEPTEMBER 30, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse	Subsidiary Guarantors	Successor Subsidiary Non-Guarantors	Adjustments	Consolidated
Operating activities					
Net (loss) income	\$ (17,392)	\$ 35,565	\$ 20,663	\$ (56,228)	\$ (17,392)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization		138,194	4,241		142,435
Amortization of deferred debt issuance costs and original issue discount	5,197	252			5,449
Allowance for uncollectible accounts		305	183		488
Allowance for credit losses		11,245	1,153		12,398
Deferred income tax (benefit) expense		(15,158)	4,248		(10,910)
(Income) loss from equity investment	(35,565)	(20,663)		56,228	0
Stock-based compensation	5,368				5,368
Other, net		2,729	31		2,760
Changes in operating assets and liabilities, net of acquisitions:					
Accounts receivable		(48,956)	(5,606)		(54,562)
Accounts receivable affiliates	102,034	184,226	(81,998)	(204,262)	0
Income tax receivable or payable		28,671	(8,715)		19,956
Prepays and other current assets	(38)	(4,627)	(1,542)		(6,207)
Accounts payable		(44,245)	34,106		(10,139)
Accounts payable affiliates	36,770	(242,628)	1,596	204,262	0
Accrued liabilities and deferred revenues	13,164	(38,603)	29,343		3,904
Other assets and long-term liabilities	164	(5,305)	(3,020)		(8,161)
Net cash provided by (used in) operating activities	109,702	(18,998)	(5,317)		85,387
Investing activities					
Capital expenditures		(35,459)	(3,056)		(38,515)
Acquisitions, net of cash acquired	(2,733,121)				(2,733,121)
Net cash (used in) investing activities	(2,733,121)	(35,459)	(3,056)		(2,771,636)
Financing activities					
Debt issuance costs paid	(56,393)				(56,393)
Principal payments on Old Senior Credit Facility	(7,688)				(7,688)
Borrowings under New Senior Credit Facility, net of discount	1,012,500				1,012,500
Proceeds from issuance of 9.125% senior unsecured notes	475,000				475,000
Carlyle contribution from Holdings	1,200,000				1,200,000
Payments on capital lease obligation		(87)			(87)
Net cash provided by (used in) financing activities	2,623,419	(87)			2,623,332
Effect of exchange rate changes on cash			(467)		(467)
Net (decrease) in cash		(54,544)	(8,840)		(63,384)
Cash at beginning of period	44	216,551	22,695		239,290

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Cash at end of period	\$	44	\$	162,007	\$	13,855	\$	175,906
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Table of Contents**CONSOLIDATING STATEMENT OF OPERATIONS****FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 12, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Predecessor Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	\$	\$ 19,576	\$ 2,438	\$	\$ 22,014
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)		8,132	1,142		9,274
Sales and marketing		1,762	614		2,376
General and administrative		3,195	469		3,664
Depreciation and amortization		2,225	495		2,720
Merger expenses	20,735	21,371	5,097		47,203
	20,735	36,685	7,817		65,237
Operating loss	(20,735)	(17,109)	(5,379)		(43,223)
Other income (expense), net:					
Loss from equity investment	(18,235)	(5,482)		23,717	
Interest income					
Interest expense		(859)			(859)
Other, net		18	(367)		(349)
	(18,235)	(6,323)	(367)	23,717	(1,208)
Loss before benefit from income taxes	(38,970)	(23,432)	(5,746)	23,717	(44,431)
Benefit from income taxes	(8,203)	(5,197)	(264)		(13,664)
Net loss	(30,767)	(18,235)	(5,482)	23,717	(30,767)
Net loss attributable to noncontrolling interest				(3)	(3)
Net loss attributable to Syniverse Holdings, Inc.	\$ (30,767)	\$ (18,235)	\$ (5,482)	\$ 23,720	\$ (30,764)

Table of Contents**CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS (UNAUDITED)****FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 12, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Predecessor Subsidiary Non-Guarantors	Adjustments	Consolidated
Net loss	\$ (30,767)	\$ (18,235)	\$ (5,482)	\$ 23,717	\$ (30,767)
Other comprehensive loss (net of tax):					
Foreign currency translation adjustment, net of tax benefit of \$0		(425)	(1,941)		(2,366)
Other comprehensive loss		(425)	(1,941)		(2,366)
Comprehensive loss	(30,767)	(18,660)	(7,423)	23,717	(33,133)
Less: comprehensive income attributable to noncontrolling interest				4	4
Comprehensive loss attributable to Syniverse Holdings, Inc.	\$ (30,767)	\$ (18,660)	\$ (7,423)	\$ 23,713	\$ (33,137)

Table of Contents**CONSOLIDATING STATEMENT OF CASH FLOWS****FOR THE PERIOD JANUARY 1, 2011 THROUGH JANUARY 12, 2011****(AMOUNTS IN THOUSANDS)**

	Syniverse, Inc.	Subsidiary Guarantors	Predecessor Subsidiary Non-Guarantors	Adjustments	Consolidated
Operating activities					
Net loss	\$ (30,767)	\$ (18,235)	\$ (5,482)	\$ 23,717	\$ (30,767)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Depreciation and amortization		2,225	495		2,720
Amortization of deferred debt issuance costs and original issue discount		56			56
Allowance for uncollectible accounts		(24)	70		46
Allowance for credit losses		21	143		164
Deferred income tax expense (benefit)		3,802	(1,707)		2,095
Loss from equity investment	18,235	5,482		(23,717)	
Excess tax benefit from stock-based compensation	8,599				8,599
Stock-based compensation	29,162				29,162
Other, net		16	15		31
Changes in operating assets and liabilities, net of acquisitions:					
Accounts receivable		11,124	526		11,650
Accounts receivable affiliates	8,968	(69,024)	(106,723)	166,779	
Income tax receivable or payable		(33,273)	(1,040)		(34,313)
Prepays and other current assets		(2,419)	499		(1,920)
Accounts payable		46,500	(35,389)		11,111
Accounts payable affiliates	(48,131)	38,214	176,696	(166,779)	
Accrued liabilities and deferred revenues	5,954	34,060	(25,847)		14,167
Other assets and long-term liabilities		(840)	(122)		(962)
Net cash (used in) provided by operating activities	(7,980)	17,685	2,134		11,839
Investing activities					
Net cash used in investing activities					
Financing activities					
Minimum tax withholding on stock-based compensation	(619)				(619)
Excess tax benefit from stock-based compensation	8,599				8,599
Net cash provided by financing activities	7,980				7,980
Effect of exchange rate changes on cash			15		15
Net increase in cash		17,685	2,149		19,834
Cash at beginning of period	44	198,866	20,546		219,456
Cash at end of period	\$ 44	\$ 216,551	\$ 22,695	\$	\$ 239,290

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

Forward-Looking Statements

Certain of the statements in this Quarterly Report on Form 10-Q, 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 performance of 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, could, expect, estimate, continue, plan, target, point to, project, predict, could, intend, potential, and other similar words and expressions 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 such as smartphones and other connected devices, wireless subscribers, wireless usage, roaming, mobile data, number portability and text and multimedia 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 changes in our revenues from prior periods to future periods;

our beliefs concerning the effects that the current economic conditions will have on our business;

the costs and difficulties of acquiring and integrating complementary business and technologies could impede our future growth, diminish our competitiveness and harm our operations;

capital expenditures in future periods; and

the sufficiency of our cash on hand, cash available from operations and cash available from the revolving portion of our New Senior Credit Facility (as defined in Note 6 of this Quarterly Report on Form 10-Q) to fund our operations, debt service and capital expenditures.

These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Many factors could affect our actual financial results and could cause actual results to differ materially from those expressed in the forward-looking statements.

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 and the resulting decrease in revenue;

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 and the advantages that many of our competitors have or may develop over us, through acquisitions or technological innovations;

customer migrations from our services to in-house solutions;

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

certain risks with our continued expansion into international markets;

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

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;

our inability to develop or maintain relationships with material vendors;

fluctuations in currency exchange rates;

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

the impairment of our intangible assets or goodwill;

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

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

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 of others and any indemnities to our customers that may result therefrom;

the loss of key personnel and the potential inability to successfully attract and retain personnel;

unfavorable general economic conditions in the U.S. or in other major global markets;

our exposure to, and the expense of defending and resolving, lawsuits that arise in the ordinary course of business;

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other factors disclosed in this Quarterly Report on Form 10-Q; and

other factors beyond our control.

In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this Quarterly Report on Form 10-Q might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as otherwise may be required by law.

The following discussion and analysis of our financial condition and results of operations covers periods before and after the Merger (as defined in Note 2 of this Quarterly Report on Form 10-Q) and the related Transactions (as defined in Note 2 of this Quarterly Report on Form 10-Q). Accordingly, the discussion and analysis of periods prior to January 13, 2011 do not reflect the significant impact that the Transactions have had on us, including increased levels of indebtedness and the impact of purchase accounting. However, the general nature of our operations was not impacted by the Transactions. As such, for comparative purposes, we will discuss changes between the nine months ended September 30, 2012 and September 30, 2011 without reference to the effects of the Predecessor and Successor periods, which is consistent with the manner in which management evaluates our results of operations. The following discussion of our financial condition and results of operations is provided as a supplement to, and should be read in conjunction with, the audited consolidated financial statements, the accompanying notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 7, 2012, as well as the unaudited condensed consolidated financial statements and the related notes presented in Part I, Item 1 of this Quarterly Report on Form 10-Q.

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Business

In today's highly competitive wireless industry, a key priority for the roughly 1,000 mobile operators around the world is to offer uninterrupted network coverage to, and seamless wireless connectivity for, subscribers. When subscribers connect using their own mobile operator's network or with other subscribers of the same mobile operator, this objective is more readily achieved. However, when subscribers roam on other operators' networks or connect with subscribers of a different mobile operator, new layers of complexity are introduced as a result of varying and often incompatible technologies, networks and devices. The latter scenario requires physical connections between operators' networks and numerous agreements that govern these interactions. We believe it is costly and inefficient for mobile operators to connect directly for certain data and transaction types, such as roaming. These transactions require visibility into proprietary subscriber data and usage patterns which is impractical to do with other mobile operators who may also be competitors. Therefore, it is important to have a neutral and trusted expert third-party intermediary, such as the Company, serve as the interface between operators to process these transactions.

We clear, process, route, translate and transport over a billion transactions on average each day. A transaction is generated by, among other things, an individual phone call, a text or a multimedia message that is sent or received, or the initiation of a mobile data session between different operators' networks or while roaming. We also have a secure physical network infrastructure, consisting of 18 data centers and 14 network points-of-presence worldwide, that provides the connections required to complete these transactions. Such connections can be between mobile operators or between mobile operators and enterprises, multiple service operators (MSOs) or others. Our Network services provide connectivity to mobile operators and other telecommunications providers, allow subscribers to keep (or port) their phone numbers when switching mobile operators, and allow subscribers to utilize caller identification (caller ID) services. Our Messaging services allow mobile operators' subscribers to send text and multimedia messages to other mobile operators' subscribers and also facilitate text and multimedia messaging between enterprises and their customers. Through the use of our Roaming services, mobile operators enable their subscribers to make phone calls, send and receive text messages, multimedia messages, and email and browse the web or use applications while roaming on another mobile operator's network.

We generate the majority of our revenues on a per-transaction basis, at times generating multiple transactions from a single subscriber call, text message or data session. Demand for transactions is driven primarily by wireless subscriber growth, the frequency of subscriber roaming activity, the volume of wireless voice calls and data sessions, the number of Short Messaging Service (SMS) and Multimedia Messaging Service (MMS) messages exchanged, subscriber adoption of new wireless data services and the rapid proliferation of smartphones and other connected devices.

Services

We provide an integrated suite of Network, Messaging and Roaming services for our customers, which are primarily utilized when mobile operators need to interact with one another. Most of our customers utilize two or more of our service offerings.

Our primary service offerings are as follows:

Network services. We offer Network services which chiefly consist of our intelligent network products such as Signaling System 7 (SS7) solutions, interstandard roaming solutions, Mobile Data Roaming (MDR), call setup and tear down, internet protocol (IP) platform solutions, Real-Time Intelligence (RTI) tools, database solutions and number portability services.

Signaling solutions provide cost effective connectivity to other networks, thereby avoiding the cost and complexity of managing individual network connections with multiple operators and facilitate the signaling requirements for call delivery and SMS delivery when roaming on Global System for Mobile Communication (GSM) and Code Division Multiple Access (CDMA) Networks around the world. We have recently enhanced this platform to address interoperability issues encountered with 4G devices to enable effective, real-time communication between devices on 4G networks and devices on networks that utilize other technology. For example, this platform now supports communication between 4G and 3G networks. Signaling solutions services are primarily billed through per-transaction fees, based on the number of validation, authorization and other call processing messages generated by wireless subscribers.

Interstandard roaming solutions and MDR services enable CDMA roaming. Interstandard roaming solutions allow certain CDMA handsets to roam on GSM networks. Revenue for

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these services is based on the duration of use, number and size of data/messaging records provided to us by our customers for aggregation, translation and distribution among operators. MDR services allow CDMA data devices to roam on other CDMA operator networks. MDR generates revenue based on the size of data/messaging records processed.

Call setup and tear down involves the process of retrieving, processing and routing information in order for a call to transpire. Revenue for this service is based on a per-transaction fee.

IP platform solutions enable operators a means of secure transport of roaming, messaging, interworking packet exchange (IPX) and signaling traffic to consolidate global network connections via one network for all traffic types. These services optimize streams of data delivered to mobile devices accelerating download speeds and relieving network load by reducing the volume of data being exchanged between our customer s networks. Revenue for these services is primarily based on fixed monthly charges.

RTI tools analyze the real and near real time traffic data being processed through our platforms and networks to provide multiple use cases that enable our customers to more effectively manage their subscriber s quality of experience (QoE) and satisfaction. These services generate revenue mainly through transaction-based fees.

Database solutions enable caller ID on various technology platforms provided to subscriber devices and intelligent network-based queries to support accurate call routing. Revenue for these services is based on per-subscriber or per-transaction fees.

Number portability services allow subscribers to retain their phone numbers when changing mobile service providers. These services primarily generate revenue by charging per-transaction processing fees, monthly fixed fees, and fees for customer implementations.

In addition to the services described above, we provide our customers with the ability to connect to various third-party intelligent network database providers (Off-Network Database Queries). We pass these charges on to our customers on a per-transaction basis, with little or no margin, based on the charges we receive from the third-party intelligent network database providers.

For all of our transaction based services, we recognize revenue at the time the transactions are processed. We recognize fixed fees as revenue on a monthly basis as the related services are performed. We defer revenue and incremental customer-specific costs related to customer implementations and recognize these fees and costs on a straight-line basis over the life of the initial customer agreements.

Messaging services. We provide mobile operators with routing, translation and delivery services for SMS and MMS messages sent from one operator s network to another. While mobile operators have routing and delivery capabilities for subscribers within their own networks, they do not generally have an efficient way to directly route and deliver messages to other operators networks as this would require a direct connection with each of over a thousand mobile operators throughout the world, as well as sophisticated translation capabilities between numerous mobile standards. Once one of our customers has determined that an SMS or an MMS message needs to be delivered outside of its network, the message is sent to us. From there, we determine where the message is going, translate the message so it can be read by the receiving network and deliver it. This is known as Peer-to-Peer (P2P) messaging. As part of our enterprise messaging business, known as Application-to-Peer (A2P) messaging, we provide enterprise customers with routing, translation and delivery services for direct communication with their customers and employees via SMS and MMS alerts. Our Messaging revenue is typically generated on a per-transaction (or per-message) basis and paid to us by the customer on whose network the message originated.

Roaming services. We operate the largest roaming clearing house in the world and process hundreds of billions of roaming transactions each year. A roaming transaction is generated when a subscriber from one mobile operator makes or receives a call, sends or receives an SMS or MMS message, or initiates a data session, in each case, while roaming on another operator s network. Subscribers typically roam in places where their home operator s network coverage is relatively limited or non-existent. In order to provide seamless global coverage, mobile operators enter into roaming agreements with one another to provide access for their subscribers to other operators networks in a given geography. When its subscribers roam, the home operator must pay the visited

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operator for use of the network. Through our clearing house, we clear and settle these roaming transactions. The information we provide determines the amount of roaming charges owed by one mobile operator to another. Fees are paid to us by the visited operator who ultimately bills the home operator for use of its network. In addition to this core service, we provide mobile operators a number of other value-added services, including roaming data analytics, roaming agreement management, fraud prevention and financial settlement services. Our Roaming revenue is typically generated on a per-transaction basis.

We provide technology turnkey solutions, including operator solutions for number portability readiness, prepaid applications, interactive video, value-added roaming services and mobile broadband solutions. Our turnkey solutions business provides software services to customers primarily in the Asia Pacific region.

Executive Overview

Financial Highlights

For the three months ended September 30, 2012, revenues decreased \$14.3 million, or 7.0% to \$189.4 million from \$203.7 million for the three months ended September 30, 2011. The decrease was primarily driven by the Verizon Wireless contract renewal implemented at lower pricing and the impact of lower pricing for other customer contract renewals during the second quarter of 2012. The pricing impact was partially offset by transaction volume increases in our Network service offering, specifically our MDR, interstandard roaming solution and IPX products and in our enterprise messaging product. For the three months ended September 30, 2012, cost of operations increased \$2.3 million due primarily to higher data processing and solutions costs, partially offset by lower revenue share cost resulting from a contractual rate reduction. Sales, marketing, general and administrative expenses declined \$2.4 million, driven by lower stock based compensation and performance based compensation, partially offset by professional services costs associated with business development activities including our pending business acquisition. Depreciation and amortization expenses decreased \$4.8 million to \$44.4 million for the three months ended September 30, 2012 from \$49.2 million for the same period in 2011 primarily due to reduced intangible asset amortization resulting from our pattern of consumption amortization method for customer related intangibles valued in the Merger. Operating income decreased \$8.7 million to \$33.6 million for the three months ended September 30, 2012 from \$42.3 million for the same period in 2011, driven by the factors discussed above.

Business Development

Business Acquisition Agreement

On June 30, 2012, we entered into an agreement (the *Purchase Agreement*) with WP Roaming S.à r.l., a Luxembourg limited liability company (the *Seller*), pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the *Purchase Agreement*, we will acquire from the Seller all the shares and preferred equity certificates (whether convertible or not) in WP Roaming III S.à r.l. (*WP Roaming*) (the *Transaction*). WP Roaming is a holding company which conducts the business of MACH S.à r.l. (*MACH*). MACH connects and monetizes the telecom world with its comprehensive and growing portfolio of cloud-based communication services, providing its 650 operator customers with solutions to monetize mobile data, simplify interoperability between networks, optimize wholesale processes and protect revenues. Headquartered in Luxembourg, MACH has offices in 12 countries.

At the closing of the *Transaction*, Syniverse Holdings, Inc. will pay to the Seller an amount equal to 172.7 million, subject to adjustment, plus 0.25 million per month from December 31, 2011 through the closing date of the *Transaction*. In addition, at the closing of the *Transaction*, Syniverse Holdings, Inc. shall, on behalf of WP Roaming, pay all amounts outstanding to WP Roaming's third-party lenders in order to ensure the release of all related guarantees and security interests. On July 2, 2012, Syniverse Holdings, Inc. paid the Seller a deposit of 30 million.

Refer to Note 8 to Unaudited Condensed Consolidated Financial Statements for additional information on this pending business acquisition.

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Verizon Wireless Renewal

In September 2011, contracts with Verizon Wireless, our largest customer, expired. Verizon Wireless uses a large suite of our services for its data clearing and roaming operations products such as interstandard roaming solutions, MDR, data clearing house, RTI tools and a number of other services. During the quarter ending June 30, 2012, the renewal was completed at substantially similar terms and reduced pricing effective May 1, 2012 for a four year term.

Senior Credit Facility Refinancing

On April 23, 2012, we refinanced our old Senior Credit Facility (as defined in Note 6 of this Quarterly Report on Form 10-Q) and entered into a credit agreement (the Credit Agreement) with Barclays Bank PLC, as administrative agent, swing line lender and letters of credit issuer, and the other financial institutions and lenders from time to time party thereto, providing for a new senior credit facility (the New Senior Credit Facility) consisting of (i) a \$950.0 million term loan facility (the Term Loan Facility); and (ii) a \$150.0 million revolving credit facility (the Revolving Credit Facility) for the making of revolving loans, swing line loans and issuance of letters of credit. In conjunction with this refinancing, we utilized \$81.3 million of cash to pay down the principal balance of the term loan under the Old Senior Credit Facility of approximately \$62.2 million, original issue discount on the New Senior Credit Facility of \$11.3 million, \$7.2 million in financing costs and \$0.5 million of accrued interest and fees for the Old Senior Credit Facility.

Revenues

Most of our revenues are derived from 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 generate our revenues through the sale of our Network, Messaging, Roaming and Other services to telecommunications operators and enterprise customers throughout the world. Generally, there is a seasonal increase in wireless roaming usage and corresponding revenues in the high-travel months of our second and third fiscal quarters. Products primarily affected by this seasonality include signaling solutions, interstandard roaming, MDR and roaming clearing house.

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 a customer contract renewal 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 we can then estimate their impact on our revenues.

Costs and Expenses

Our costs and expenses consist of cost of operations, sales and marketing, general and administrative, depreciation and amortization, restructuring and management termination benefits and Merger expenses.

Cost of operations includes data processing costs, network costs, revenue share service provider arrangements, message termination fees, 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 and website costs, trade show costs and related 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 those functions. Our research and development expenses, consisting primarily of personnel costs, relate to technology creation, enhancement and maintenance of new and existing services.

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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 as a result of purchase accounting.

Restructuring and management termination benefits represents termination costs including severance, benefits and other employee related costs as well as facilities costs.

Merger expenses includes stock-based compensation related to the acceleration of equity awards in connection with the Merger, advisory costs, professional services costs including legal, tax and audit services, insurance costs and transaction fees and expenses paid to Carlyle incurred in connection with the Transactions.

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The following tables present an overview of our results of operations for the three and nine months ended September 30, 2012 and 2011:

	Three months ended September 30, 2012	% of Revenues	Three months ended September 30, 2011	% of Revenues	Three months ended September 30, 2012 vs. 2011 \$	Three months ended September 30, 2012 vs. 2011 %
Revenues:						
Network services	\$ 90,654	47.9%	\$ 84,583	41.5%	\$ 6,071	7.2%
Messaging services	44,329	23.4%	48,420	23.8%	(4,091)	(8.4)%
Roaming services	50,219	26.5%	66,347	32.6%	(16,128)	(24.3)%
Other	4,154	2.2%	4,330	2.1%	(176)	(4.1)%
	189,356	100.0%	203,680	100.0%	(14,324)	(7.0)%
Costs and expenses:						
Cost of operations	69,592	36.8%	67,295	33.0%	2,297	3.4%
Sales and marketing	16,057	8.5%	17,350	8.5%	(1,293)	(7.5)%
General and administrative	25,744	13.6%	26,894	13.2%	(1,150)	(4.3)%
Depreciation and amortization	44,411	23.5%	49,162	24.1%	(4,751)	(9.7)%
Restructuring and management termination benefits	(60)	0.0%	699	0.3%	(759)	(108.6)%
	155,744	82.2%	161,400	79.2%	(5,656)	(3.5)%
Operating income (loss)	33,612	17.8%	42,280	20.8%	(8,668)	(20.5)%
Other income (expense), net:						
Interest income	166	0.2%	23	0.0%	143	622.8%
Interest expense	(25,304)	(13.4)%	(26,728)	(13.1)%	1,424	(5.3)%
Other, net	3,086	1.6%	(1,259)	(0.6)%	4,345	(345.2)%
	(22,052)	(11.6)%	(27,964)	(13.7)%	5,912	(21.1)%
Income (loss) before provision for (benefit from) income taxes	11,560	6.0%	14,316	7.0%	(2,756)	(19.3)%
Provision for (benefit from) income taxes	(5,506)	(2.9)%	2,633	1.3%	(8,139)	(309.1)%
Net income (loss)	17,066	9.0%	11,683	5.7%	5,383	46.1%
Net income attributable to noncontrolling interests	1,627	0.9%	477	0.2%	1,150	241.1%
Net income (loss) attributable to Syniverse Holdings, Inc.	\$ 15,439	8.2%	\$ 11,206	5.5%	\$ 4,233	37.8%

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	Successor		Combined Predecessor & Successor		Successor Period from January 13 to September 30, 2011		Predecessor Period from January 1 to January 12, 2011		Nine months ended September 30, 2012 vs. 2011 \$	Nine months ended September 30, 2012 vs. 2011 %
	Nine months ended September 30, 2012	% of Revenues	Nine months ended September 30, 2011	% of Revenues (dollars in thousands)	September 30, 2011	% of Revenues	January 12, 2011	% of Revenues		
Revenues:										
Network services	\$ 260,150	46.7%	\$ 242,184	42.2%	\$ 233,003	42.3%	\$ 9,181	41.7%	\$ 17,966	7.4%
Messaging services	135,780	24.3%	146,031	25.5%	139,833	25.4%	6,198	28.2%	(10,251)	(7.0)%
Roaming services	147,449	26.4%	170,666	29.8%	164,298	29.8%	6,368	28.9%	(23,217)	(13.6)%
Other	14,250	2.6%	14,574	2.5%	14,307	2.6%	267	1.2%	(324)	(2.2)%
Revenues	557,629	100.0%	573,455	100.0%	551,441	100.0%	22,014	100.0%	(15,826)	(2.8)%
Costs and expenses:										
Cost of operations	203,916	36.6%	201,319	35.1%	192,045	34.8%	9,274	42.1%	2,597	1.3%
Sales and marketing	50,814	9.1%	48,949	8.5%	46,573	8.4%	2,376	10.8%	1,865	3.8%
General and administrative	84,255	15.1%	73,744	12.9%	70,080	12.7%	3,664	16.6%	10,511	14.3%
Depreciation and amortization	131,685	23.6%	145,155	25.3%	142,435	25.8%	2,720	12.4%	(13,470)	(9.3)%
Restructuring and management termination benefits	571	0.1%	2,476	0.4%	2,476	0.4%		0.0%	(1,905)	(77.0)%
Merger expenses		0.0%	87,752	15.3%	40,549	7.4%	47,203	214.4%	(87,752)	(100.0)%
	471,241	84.5%	559,395	97.5%	494,158	89.6%	65,237	296.3%	(88,154)	(15.8)%
Operating income (loss)	86,388	15.5%	14,060	2.5%	57,283	10.4%	(43,223)	(196.3)%	72,328	(514.4)%
Other income (expense), net:										
Interest income	670	0.1%	67	0.0%	67	0.0%		0.0%	603	900.4%
Interest expense	(83,405)	(15.0)%	(86,825)	(15.1)%	(85,966)	(15.6)%	(859)	(3.9)%	3,420	(3.9)%
Debt extinguishment costs:										
Other, net	(6,458)	(1.2)%		0.0%		0.0%		0.0%	(6,458)	(100.0)%
	3,567	0.6%	(1,093)	(0.2)%	(744)	0.1%	(349)	(1.6)%	4,660	(426.3)%
	(85,626)	(15.4)%	(87,851)	(15.3)%	(86,643)	(15.7)%	(1,208)	(5.5)%	2,225	(2.5)%
Income (loss) before provision for (benefit from)	762	0.1%	(73,791)	(12.9)%	(29,360)	(5.3)%	(44,431)	(201.8)%	74,553	(101.0)%

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income taxes										
Benefit from income taxes	(5,471)	(1.0)%	(25,632)	(4.5)%	(11,968)	(2.2)%	(13,664)	(62.1)%	20,161	(78.7)%
Net income (loss)	6,233	1.1%	(48,159)	(8.4)%	(17,392)	(3.2)%	(30,767)	(139.7)%	54,392	(112.9)%
Net income (loss) attributable to noncontrolling interests	3,283	0.6%	1,695	0.3%	1,698	0.3%	(3)	(0.0)%	1,588	93.6%
Net income (loss) attributable to Syniverse Holdings, Inc.	\$ 2,950	0.5%	\$ (49,854)	(8.7)%	\$ (19,090)	(3.5)%	\$ (30,764)	(139.7)%	\$ 52,804	(105.9)%

Revenues

Revenues decreased \$14.3 million to \$189.4 million for the three months ended September 30, 2012 from \$203.7 million for the same period in 2011. Revenues decreased \$15.9 million to \$557.6 million for the nine months ended September 30, 2012 from \$573.5 million for the same period in 2011. The decline in revenues was primarily due to the impact of the Verizon Wireless contract renewal at lower pricing and the impact of lower pricing for other customer contract renewals during the second quarter of 2012.

Network services revenue increased \$6.1 million, or 7.2%, to \$90.7 million for the three months ended September 30, 2012 from \$84.6 million for the same period in 2011. Network services revenue increased \$18.0 million, or 7.4%, to \$260.2 million for the nine months ended September 30, 2012 from \$242.2 million for the same period in 2011. MDR revenue increased \$4.8 million and \$15.7 million on a quarter- and year-to-date basis, respectively, driven by continued volume increases, offset in part by the pricing impact of customer contract renewals. In addition, volume growth in our IPX solutions contributed to a revenue increase of \$0.7 million and \$3.1 million, respectively, on a quarter- and year-to-date basis. Volume growth in our interstandard roaming solution also contributed \$2.5 million during the third quarter, and \$3.3 million on a year-to-date basis. These increases were partially offset by declines in other Network products driven primarily by customer contract renewals.

Messaging services revenue decreased \$4.1 million, or 8.4%, to \$44.3 million for the three months ended September 30, 2012 from \$48.4 million in the comparable prior year period. Messaging services revenue decreased \$10.2 million, or 7.0%, to \$135.8 million for the nine months ended September 30, 2012 from \$146.0 million for the

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same period in 2011. The decrease is primarily due to the impact of lower pricing for customer contract renewals on SMS/MMS transactions and slower volume growth, in addition to a decline in Picturemail revenue resulting from contractual price reductions that were implemented in 2010. These decreases are partially offset by volume growth in our enterprise messaging product of \$2.1 million and \$10.1 million for the three and nine months ended September 30, 2012, respectively.

Roaming services revenue decreased \$16.1 million, or 24.3%, to \$50.2 million for the three months ended September 30, 2012 from \$66.3 million for the same period in 2011. Roaming services revenue decreased \$23.3 million, or 13.6%, to \$147.4 million for the nine months ended September 30, 2012 from \$170.7 million for the same period in 2011. The decrease was primarily driven by the pricing impact of the Verizon Wireless contract renewal and the Sprint network build-out. Volume growth in our data clearing house continues to be predominantly driven by data sessions, while SMS growth continues at a slower pace compared to the prior year third quarter.

Other services revenue decreased \$0.1 million, or 4.1%, to \$4.2 million for the three months ended September 30, 2012 from \$4.3 million for the same period in 2011. Other services revenue decreased \$0.3 million, or 2.2%, to \$14.3 million for the nine months ended September 30, 2012 from \$14.6 million for the same period in 2011.

Costs and Expenses

Cost of operations increased \$2.3 million to \$69.6 million for the three months ended September 30, 2012 from \$67.3 million for the same period in 2011. Cost of operations increased \$2.6 million to \$203.9 million for the nine months ended September 30, 2012 from \$201.3 million for the nine months ended September 30, 2011. The tables below summarize our cost of operations by category of spending.

	Three months ended			
	September 30, 2012	September 30, 2011	Increase / (Decrease) \$	Increase / (Decrease) %
	(dollars in thousands)			
Cost of Operations:				
Headcount and related costs	22,710	22,903	\$ (193)	(0.8)%
Variable costs	14,427	15,070	(643)	(4.3)%
Data processing and related hosting and support costs	20,142	17,442	2,700	15.5%
Network costs	9,260	9,720	(460)	(4.7)%
Other operating related costs	3,053	2,160	893	41.4%
Cost of Operations	\$ 69,592	\$ 67,295	\$ 2,297	3.4%

	Successor	Combined Predecessor & Successor	Increase/ (Decrease) \$	Increase/ (Decrease) %
	Nine months ended September 30, 2012	Nine months ended September 30, 2011		
	(dollars in thousands)			
Cost of Operations:				
Headcount and related costs	68,396	67,376	\$ 1,020	1.5%
Variable costs	41,422	46,592	(5,170)	(11.1)%
Data processing and related hosting and support costs	57,589	51,332	6,257	12.2%
Network costs	27,905	29,421	(1,516)	(5.2)%
Other operating related costs	8,604	6,598	2,006	30.4%
Cost of Operations	\$ 203,916	\$ 201,319	\$ 2,597	1.3%

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The year-to date increase in headcount and related costs is primarily due to higher headcount year over year. The third quarter ended September 30, 2012 had higher headcount compared to the comparable prior year period. The increase in headcount and related costs during the third quarter ended September 30, 2012 was offset by lower

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performance based compensation. Variable costs decreased due primarily to a decline in revenue share cost resulting from a contractual rate reduction, partially offset by increased volumes in our mobile enterprise services resulting in higher messaging termination fees. The increase in data processing and related hosting and support costs is primarily due to increased facility-related hosting costs from our data center expansion to support additional capacity and capability. As a percentage of revenues, cost of operations increased to 36.8% and 36.6% for the three and nine months ended September 30, 2012, respectively, from 33.0% and 35.1% for the three and nine months ended September 30, 2011, respectively.

Sales and marketing expenses decreased \$1.3 million to \$16.1 million for the three months ended September 30, 2012 from \$17.4 million for the same period in 2011. Sales and marketing expenses increased \$1.9 million to \$50.8 million for the nine months ended September 30, 2012 from \$48.9 million for the same period in 2011. The decrease quarter-to-date is primarily due to lower stock based and performance based compensation of \$2.1 million partially offset by higher headcount related expenses of \$0.7 million associated with expanding our global sales force to support growth in developing markets. Sales and marketing expense increase year-to-date is driven by higher headcount and travel related expenses associated with expanding our global sales force. As a percentage of revenues, sales and marketing expense was flat at 8.5% for the three months ended September 30, 2012 and increased to 9.1% for the nine months ended September 30, 2012 from 8.5% for the nine months ended September 30, 2011.

General and administrative expense decreased \$1.2 million to \$25.7 million for the three months ended September 30, 2012 from \$26.9 million for the same period in 2011. General and administrative expense increased \$10.6 million to \$84.3 million for the nine months ended September 30, 2012 from \$73.7 million for the same period in 2011. The decrease quarter-to-date is primarily due to lower stock based and performance based compensation of \$2.2 million and an increase in capitalizable product development of \$1.1 million partially offset by higher professional service costs of \$2.1 million, or 1.1% of revenue, related to business development activities. The year-to-date increase was primarily due to higher professional service costs of \$14.4 million, or 2.6% of revenue, related to business development activities including our pending acquisition, partially offset by lower headcount related expenses of \$3.3 million. As a percentage of revenues, general and administrative expense increased to 13.6% and 15.1% for the three and nine months ended September 30, 2012, respectively, from 13.2% and 12.9% for the three and nine months ended September 30, 2011, respectively.

Depreciation and amortization expenses decreased \$4.8 million to \$44.4 million for the three months ended September 30, 2012 from \$49.2 million in the comparable prior year period. Depreciation and amortization expenses decreased \$13.5 million to \$131.7 million for the nine months ended September 30, 2012 from \$145.2 million for the same period in 2011. The decrease was driven by intangible asset amortization resulting from our pattern of consumption amortization method for customer related intangibles valued in the Merger.

Restructuring and management termination benefits expenses were \$0.6 million for the nine months ended September 30, 2012, resulting from our December 2011 restructuring plans, driven by severance costs and the exit of the leased facility.

Other Income (Expense)

Interest expense decreased \$1.4 million to \$25.3 million for the three months ended September 30, 2012 from \$26.7 million for the same period in 2011. Interest expense decreased \$3.4 million to \$83.4 million for the nine months ended September 30, 2012 from \$86.8 million for the same period in 2011. The year-to-date decrease is primarily due to the impact of a lower interest rate and lower outstanding debt balance resulting from the refinancing of our Old Senior Credit Facility. In addition, the prior year period included \$7.1 million of financing costs associated with an unused bridge loan related to pre-Merger interest expense in the Successor period of 2011. Considering the impact of the refinance of our old Senior Credit Facility, we expect to incur approximately \$25.0 million of interest and \$2.0 million of amortization of financing fees on a quarterly basis.

Debt extinguishment costs were \$6.5 million for the nine months ended September 30, 2012 and were associated with the write-off of a portion of the original issue discount and deferred financing fees associated with the Old Senior Credit Facility.

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Other, net increased \$4.4 million to a gain of \$3.1 million for the three months ended September 30, 2012 from a loss of \$1.3 in the same period in 2011. *Other, net* increased \$4.7 million to a \$3.6 million gain for the nine months ended September 30, 2012 from a \$1.1 million loss for the same period in 2011. The increase in 2012 was primarily due to a \$4.3 million out-of-period gain for foreign currency transaction gains.

Provision for (Benefit from) Income Taxes

We recorded an income tax benefit of \$5.5 million for the three months ended September 30, 2012, compared to a \$2.6 million provision in the comparable prior year period. During the three months ended September 30, 2012 and 2011, the effective tax rate was a benefit of 47.6% and a provision of 18.4%, respectively. We recorded an income tax benefit of \$5.5 million for the nine months ended September 30, 2012 compared to a provision of \$25.6 million for the same period in 2011. During the nine months ended September 30, 2012 and 2011, the effective tax rate was a benefit of 718.2% and a benefit of 34.7%, respectively. The change in our effective tax rate is chiefly attributable to (i) costs related to the Merger in 2011, some of which were non-deductible for income tax purposes, (ii) state and local effective income tax rate changes, including certain discrete adjustments recorded in 2011 related to state and local income tax positions and changes in deferred tax liabilities, (iii) the release of reserves on uncertain tax positions where statutes of limitations have expired, and (vii) return to provision true-ups related to returns filed.

Liquidity and Capital Resources

Our primary sources of liquidity are expected to be cash flow from operations and projected cash flow from operating activities, as well as funds available under the revolving portion of our New Senior Credit Facility. We believe that we have sufficient liquidity to meet currently anticipated growth plans, including short and long-term capital expenditures and working capital requirements. In addition, we believe that our liquidity is sufficient to fund our debt repayment obligations. Our ability to make payments on and to refinance our indebtedness will depend on our ability to generate cash in the future. Our indebtedness requires us to dedicate a substantial portion of our cash flow from operations to debt service, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes. We may need supplemental funding for those activities, which we believe could be available from the debt markets. Historically, we have been successful in obtaining financing, although the marketplace for such investment capital can become restricted depending on a variety of economic factors. We believe that our cash on hand, together with cash flow from operations and, if required, borrowings under the revolving portion of our New Senior Credit Facility, will be sufficient to meet our cash requirements for the next twelve months.

Cash Flow

Cash and cash equivalents were \$168.3 million at September 30, 2012 as compared to \$226.8 million at December 31, 2011. The following table sets forth, for the periods indicated, the selected consolidated cash flow activity.

	Successor Nine months ended 2012	Combined Predecessor & Successor September 30, 2011
	(in thousands)	
Net cash provided by operating activities	\$ 121,433	\$ 97,226
Net cash used in investing activities	(88,886)	(2,771,636)
Net cash (used in) provided by financing activities	(92,009)	2,631,312
Effect of exchange rate changes on cash	1,051	(452)
Net decrease in cash	\$ (58,411)	\$ (43,550)

Net cash provided by operating activities increased \$24.2 million to \$121.4 million for the nine months ended September 30, 2012 from \$97.2 million for the same period in 2011. Net income adjusted for non-cash items

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increased \$12.5 million, primarily as a result of the cash Merger expenses in the nine months ended September 30, 2011, partially offset by the increase in costs of professional services associated with business development activities in the nine months ended September 30, 2012. Cash used for working capital decreased \$11.7 million due primarily to higher collections of accounts receivable driven by the impact of higher fourth quarter 2011 revenues compared to fourth quarter 2010 revenues and timing of income tax receipts and payments, partially offset by lower cash interest expense related to our debt structure resulting from the Transactions.

Net cash used in investing activities was \$88.9 million for the nine months ended September 30, 2012 which includes \$50.9 million of capital expenditures and a non-refundable deposit of approximately \$38.0 million related to the pending MACH transaction. Net cash used in investing activities for the nine months ended September 30, 2011 was \$2,771.6 million, which includes \$38.5 million for capital expenditures and \$2,733.1 million of cash consideration for the Merger. Capital expenditures in both periods were driven by investments in internal infrastructure, including capacity increases as well as capitalized software for new products and services.

Net cash used in financing activities was \$92.0 million for the nine months ended September 30, 2012, which includes \$950.0 million of borrowings under the New Senior Credit Facility offset by \$1,014.8 million of payments on the Old Senior Credit Facility and \$19.7 million of debt issuance costs paid. Net cash provided by financing activities was \$2,631.3 million for the nine months ended September 30, 2011, which includes \$1,487.5 million of borrowings on our Old Senior Credit Facility and Senior Notes as well as \$1,200.0 million of cash equity contributions from Buccaneer Holdings, Inc. offset by \$56.4 million of financing costs paid that were capitalized and \$7.7 million of principal payments on our Old Senior Credit Facility. We intend to fund the pending acquisition of MACH with available cash and new debt financing.

Debt and Credit Facilities
Old Senior Credit Facility

On December 21, 2010, we entered into our Old Senior Credit Facility consisting of a \$150.0 million revolving credit facility and a \$1,025.0 million term loan facility and on January 13, 2011, our Old Senior Credit Facility became effective. On April, 23, 2012, we refinanced our Old Senior Credit Facility by entering into the New Senior Credit Facility (described below) and terminating the Old Senior Credit Facility. The obligations under the Old Senior Credit Facility were unconditionally guaranteed by Buccaneer Holdings, Inc. and each of the current and future direct and indirect wholly owned domestic subsidiaries of Syniverse Holdings, Inc. and were secured by a security interest in substantially all of the tangible and intangible assets of Syniverse Holdings, Inc. and the guarantors, in each case, subject to certain exceptions.

New Senior Credit Facility

On April, 23, 2012, we entered into the Credit Agreement with Barclays Bank PLC, as administrative agent, swing line lender and letters of credit issuer, and the other financial institutions and lenders from time to time party thereto, providing for the New Senior Credit Facility consisting of (i) the \$950.0 million Term Loan Facility; and (ii) the \$150.0 million Revolving Credit Facility for the making of revolving loans, swing line loans and issuance of letters of credit.

Subject to specified conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the Term Loan Facility or Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the New Senior Credit Facility) by up to (i) \$425 million plus (ii) an additional amount as will not cause the net senior secured leverage ratio after giving effect to the incurrence of such additional amount to exceed 4.0:1.0 (calculated by treating any unsecured debt incurred in reliance on this clause (ii) as if it were secured).

Our Term Loan Facility will mature at the earliest of (i) April 23, 2019, (ii) the date of termination in whole of the commitments under the Term Loan Facility and (iii) the date the loans under the Term Loan Facility are declared due and payable in connection with an event of default; provided that (a) in the event that more than \$50 million of the Senior Notes remain outstanding on the date that is 91 days prior to the stated maturity of the Senior Notes (the First Springing Maturity Date), the maturity date for the Term Loan Facility will be the First Springing Maturity Date and (b) in the event that more than \$50 million in aggregate principal amount of any refinancing indebtedness in respect of the Senior Notes remains outstanding on the date that is 91 days prior to the stated maturity of such refinancing indebtedness (the Second Springing Maturity Date), the maturity date for the Term Loan Facility will be the earlier of the Second Springing Maturity Date and April 23, 2019.

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Our Revolving Credit Facility will mature the earlier of (i) April 23, 2017 and (ii) the date of termination in whole of the commitments under the Revolving Credit Facility, the letter of credit sublimit, and the swing line facility under the Credit Agreement.

Effective September 30, 2012, our Term Loan Facility amortizes in equal quarterly installments in an amount equal to 0.25% per quarter of the original principal amount thereof, with the remaining balance due at final maturity.

We may voluntarily prepay loans or reduce commitments under our New Senior Credit Facility, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty, except that prepayments and certain refinancings of our Term Loan Facility within one year after the closing date of our New Senior Credit Facility will be subject to a prepayment premium of 1.0% of the principal amount prepaid. We must prepay our Term Loan Facility with the net cash proceeds of asset sales, casualty and condemnation events, the incurrence or issuance of indebtedness (other than indebtedness permitted to be incurred under our New Senior Credit Facility unless specifically incurred to refinance a portion of our New Senior Credit Facility) and, for the year ended December 31, 2013 and thereafter, 50% of excess cash flow (such percentage to be subject to a reduction to zero based on the achievement of a net senior secured leverage ratio of 2.75:1.0), in each case, subject to certain reinvestment rights and other exceptions, as well as the right of the lenders to decline certain prepayments.

Borrowings bear interest at a floating rate which can be, at our option, either (i) a Eurodollar borrowing rate for a specified interest period plus an applicable margin or, (ii) an alternative base rate plus an applicable margin, in the case of term loans under the New Senior Credit Facility, subject to a Eurodollar rate floor of 1.25% or a base rate floor of 2.25%, as applicable. The applicable margin for the term loans and revolving loans under our New Senior Credit Facility is 3.75% per annum for Eurodollar loans and 2.75% per annum for base rate loans, and in the case of the revolving loans, subject to an adjustment to 3.50% and 2.50%, respectively, based on a net senior secured leverage ratio of 1.75:1.0.

The following fees are applicable under our Revolving Credit Facility: (i) an unused line fee of 0.50% per annum, subject to an adjustment to 0.25% based on a net senior secured leverage ratio of 1.75:1.0; (ii) a letter of credit participation fee on the aggregate stated amount of each letter of credit available to be drawn equal to the applicable margin for Eurodollar rate loans; (iii) a letter of credit fronting fee equal to 0.125% per annum on the daily amount of each letter of credit available to be drawn; and (iv) certain other customary fees and expenses payable to our letter of credit issuers.

Our obligations under our New Senior Credit Facility are guaranteed by Buccaneer Holdings, Inc. and each of our current and future direct and indirect wholly owned domestic subsidiaries (the Subsidiary Guarantors) (other than (i) subsidiaries designated as unrestricted, (ii) immaterial subsidiaries, (iii) any subsidiary that is prohibited by applicable law or certain contractual obligations from guaranteeing our New Senior Credit Facility or which would require governmental approval to provide a guarantee, (iv) certain holding companies of foreign subsidiaries, (v) not-for-profit subsidiaries, if any, (vi) certain receivables financing subsidiaries, (vii) any subsidiary with respect to which we and the administrative agent reasonably agree that the burden, cost or other consequences of providing a guarantee will be excessive in view of the benefits obtained by the lenders therefrom and (viii) any subsidiary whose guaranteeing of the New Senior Credit Facility would result in a material adverse tax consequence) will be secured by a first lien on substantially all of their assets, including capital stock of subsidiaries (subject to certain exceptions). The Subsidiary Guarantors under our New Senior Credit Facility also guarantee the Senior Notes and are the same guarantors of the Old Senior Credit Facility: Syniverse Technologies, LLC (formerly known as Syniverse Technologies, Inc.), Syniverse ICX Corporation and The Rapid Roaming Company.

Our New Senior Credit Facility contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants include limitations or restrictions on (i) our ability to incur debt, grant liens, enter into fundamental corporate transactions, pay subsidiary distributions, enter into transactions with affiliates, make further negative pledges, sell or otherwise transfer assets, make certain payments, investments and acquisitions, repay certain indebtedness in the event of a change of control, amend certain debt documents and (ii) the activities engaged in by Buccaneer Holdings, Inc. The negative covenants are subject to the customary exceptions.

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There are no financial covenants included in our New Senior Credit Facility other than a springing maximum net senior secured leverage ratio of 4.25 to 1.0, which will be tested only for the benefit of the revolving lenders and only (i) when, at the end of a fiscal quarter, (a) the aggregate amount of any revolving loans, any swing line loans or any letter of credit obligations outstanding exceeds 10% of all commitments under the Revolving Credit Facility in effect as of April 23, 2012 or (b) the aggregate amount of any letter of credit obligations outstanding exceeds 15% of all commitments under the Revolving Credit Facility in effect as of April 23, 2012 and (ii) upon an extension of credit under the Revolving Credit Facility in the form of the making of a revolving loan or a swing line loan, or the issuance of a letter of credit. The events set forth in clauses (i) and (ii) in the preceding sentence have not occurred during or as of the end of the fiscal quarter ended September 30, 2012.

As of September 30, 2012, we had a carrying amount of \$950.0 million, excluding original issue discount, of outstanding indebtedness under the New Senior Credit Facility. As of September 30, 2012, the applicable interest rate was 5.00% on the term loan facility based on the Eurodollar option.

Our Revolving Credit Facility had an outstanding Euro letter of credit of \$1.9 million at September 30, 2012, which was considered a reduction against our Revolving Credit Facility under the Credit Agreement. The unused commitment under the Revolving Credit Facility was \$148.1 million at September 30, 2012.

9.125% Senior Unsecured Notes Due 2019

On December 22, 2010, we issued \$475.0 million senior unsecured notes bearing interest at 9.125%, referred to herein as the Senior Notes, that mature on January 15, 2019. Interest on the Senior Notes is paid on January 15 and July 15 of each year.

The indenture governing our outstanding Senior Notes 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 September 30, 2012, we are in compliance with all of the covenants contained in the indenture governing our outstanding Senior Notes.

Commitment Letter

On June 29, 2012, the Company entered into a debt financing commitment letter (the *Commitment Letter*) with Barclays Bank PLC, Deutsche Bank Trust Company Americas, Deutsche Bank AG Cayman Islands Branch, Deutsche Bank Securities Inc., Credit Suisse AG, Credit Suisse Securities (USA) LLC and Goldman Sachs Bank (the *Commitment Parties*).

Pursuant to the Commitment Letter, certain of the Commitment Parties will act as the initial lenders, joint lead arrangers and joint bookrunners with respect to a \$700,000 senior secured credit facility (the *Term Loan Facility*) and a backstop facility which will be available if and to the extent that the Company is unable to incur all or a portion of the Term Loan Facility in compliance with its existing financing agreements on the closing date of the Transaction (the *Backstop Facility*), and together with the Term Loan Facility, the *Facilities*), each subject to the terms and conditions set forth in the Commitment Letter. Proceeds from the Facilities, together with the proceeds of any debt issued in lieu of the Backstop Facility, and cash on hand at the Company will be used to finance the Transaction and pay the fees and expenses related to the foregoing.

Each of the Facilities will include certain representations and warranties, affirmative and negative covenants, events of default, guarantee arrangements and, in the case of the Term Loan Facility, collateral arrangements, as described in the Commitment Letter. The Commitment Parties' obligations to provide the financing are subject to the satisfaction of specified conditions, including:

the consummation of the Transaction substantially concurrently with the initial funding under the Facilities in accordance with the terms of the Purchase Agreement without giving effect to any modification, amendment, consent or waiver material and adverse to the lenders without the consent of the Commitment Parties;

the accuracy of certain major representations, as described in the Commitment Letter;

the absence of certain major events of default, as described in the Commitment Letter;

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the consummation of the refinancing substantially concurrently with the initial funding under the Facilities;

the delivery of financial statements and certain marketing materials, as described in the Commitment Letter;

the execution and delivery of definitive loan documentation for the Facilities, including receipt of documentation and other information required by regulatory authorities under applicable know your customer and anti-money laundering rules; and

the payment of fees and expenses in connection with the Facilities.

The documentation governing the Term Loan Facility and Backstop Facility has not been finalized, and accordingly the actual terms may differ from the description of such terms in the foregoing summary of the Commitment Letter. The foregoing summary of the Commitment Letter does not purport to be complete and is subject to, and qualified in its entirety by, the terms and conditions of the Commitment Letter.

Non-GAAP Financial Measures

We believe that Adjusted EBITDA and Free Cash Flow are measures commonly used by investors to evaluate our performance and that of our competitors. We believe issuers of high-yield debt securities also present Adjusted EBITDA and the related ratio data because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations. We further believe that the disclosure of Adjusted EBITDA and Free Cash Flow is useful to investors as these non-GAAP measures form the basis of how our executive team and Board of Directors evaluate 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. Adjusted EBITDA and Free Cash Flow are not presentations made in accordance with U.S. GAAP and our use of the terms Adjusted EBITDA and Free Cash Flow may vary from that of others in our industry. Adjusted EBITDA and Free Cash Flow should not be considered as alternatives to net income (loss), operating income (loss), revenues or any other performance measures derived in accordance with U.S. GAAP as measures of operating performance or operating cash flows or liquidity.

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 Free Cash Flow should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We attempt to compensate for these limitations by relying primarily upon our U.S. GAAP results and using Adjusted EBITDA and Free Cash Flow as supplemental information only.

Adjusted EBITDA and Free Cash Flow have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. For example, Adjusted EBITDA:

excludes certain tax payments that may represent a reduction in cash available to us;

does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future;

does not reflect changes in, or cash requirements for, our working capital needs; and

does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, including original issue discount amortization on our New Senior Credit Facility.

Adjusted EBITDA is determined by adding the following items to net income (loss): other income (expense), net, provision for (benefit from) income taxes, depreciation and amortization, restructuring and management termination benefits, non-cash stock compensation, acquisition related expenses including acquisition, transition and integration costs generally, the Transactions and Merger expenses and the Carlyle annual management fee including related expenses.

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We believe that Adjusted EBITDA is a useful financial metric to assess our operating performance from period to period by excluding certain items that we believe are not representative of our core business. We rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our management team in

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connection with our executive compensation and bonus plans. We also review Adjusted EBITDA to compare our current operating results with prior periods and with the operating results of other companies in our industry. In addition, we utilize Adjusted EBITDA as an assessment of our overall liquidity and our ability to meet our debt service obligations.

Free Cash Flow is determined by adding net cash provided by or used in operating activities, Merger expenses (less non-cash stock compensation included in Merger expenses), and pre-Merger interest expense less capital expenditures. Pre-Merger interest expense relates to the repayment and discharge of Predecessor debt and an unused bridge loan financing cost.

We believe that Free Cash Flow is a useful financial metric to assess our ability to pursue opportunities to enhance our growth. We also use Free Cash Flow as a measure to review and assess the operating performance of our management team in connection with our executive compensation and bonus plans. Additionally, we believe this is a useful metric for investors to assess our ability to repay debt.

Reconciliation of Non-GAAP Measures to GAAP

A reconciliation of net income (loss), the closest GAAP financial measure to Adjusted EBITDA, is presented in the following tables:

	Three months ended September 30,	
	2012	2011
	(in thousands)	
Reconciliation to Adjusted EBITDA		
Net income (loss)	\$ 17,066	\$ 11,683
Other expense, net	22,052	27,964
Provision for (benefit from) income taxes	(5,506)	2,633
Depreciation and amortization	44,411	49,162
Restructuring and management termination benefits (a)	(60)	699
Non-cash stock compensation (b)	559	2,935
Acquisition, integration and other expenses (c)	2,546	527
Management fee and related expenses (e)	906	778
Adjusted EBITDA	\$ 81,974	\$ 96,381

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	Successor Nine months ended 2012	Combined Predecessor & Successor September 30, 2011 (in thousands)
Reconciliation to Adjusted EBITDA		
Net income (loss)	\$ 6,233	\$ (48,159)
Other expense, net	85,626	87,851
Provision for (benefit from) income taxes	(5,471)	(25,632)
Depreciation and amortization	131,685	145,155
Restructuring and management termination benefits (a)	571	2,476
Non-cash stock compensation (b)	4,984	5,368
Acquisition, integration and other expenses (c)	13,664	2,602
Carlyle transaction and merger expenses (d)		87,752
Management fee and related expenses (e)	2,392	2,777
Adjusted EBITDA	\$ 239,684	\$ 260,190

- (a) For the three and nine month periods ended September 30, 2012, reflects severance and contract termination costs primarily associated with a plan to regionalize our customer support workforce including the exit of a leased facility. For the three and nine month periods ended September 30, 2011, reflects severance associated with a plan to realign certain sales management positions and management termination benefits associated with the July 1, 2011 retirement of our former Chief Executive Officer and President.
- (b) Reflects non-cash expenses related to equity compensation awards. The acceleration of the Predecessor equity compensation awards is included within the Transactions and Merger expenses (see (d) below).
- (c) Reflects items associated with acquisition and integration expenses, such as incremental contractor, travel and marketing costs, and certain advisory services and employee retention costs.
- (d) Reflects items associated with the Transactions, such as legal, advisory and investment banker fees and accelerated stock-based compensation expense.
- (e) Reflects management fees paid to Carlyle and related expenses.

A reconciliation of Free Cash Flow to net cash provided by operating activities, the closest GAAP measure, is presented in the following table:

	Three months ended September 30, 2012	2011 (in thousands)
Reconciliation to Free Cash Flow		
Net cash provided by operating activities	\$ 31,517	\$ 50,872
Capital expenditures	(11,216)	(12,250)
Free Cash Flow	\$ 20,301	\$ 38,622

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	Successor Nine months ended 2012	Combined Predecessor & Successor September 30, 2011 (in thousands)
Reconciliation to Free Cash Flow		
Net cash provided by operating activities	\$ 121,433	\$ 97,226
Merger expenses		87,752
Less: non-cash stock compensation included in Merger expenses		(29,162)
Pre-Merger interest expense		10,219
Capital expenditures	(50,906)	(38,515)
Free Cash Flow	\$ 70,527	\$ 127,520

Off-Balance Sheet Arrangements

We provide financial settlement services to mobile operators to support the payment of roaming related charges to their roaming network partners. In accordance with our customer contracts, funds are held by us as an agent on behalf of our customers to settle their roaming related charges to other operators. These funds and the corresponding liability are not reflected in our condensed consolidated balance sheets. The off-balance sheet amounts totaled approximately \$128.3 million and \$129.8 million as of September 30, 2012 and December 31, 2011, respectively.

We have also used off-balance sheet financing in recent years primarily in the form of operating leases for facility space and equipment and we expect to continue these practices. We do not use any other type of joint venture or special purpose entities that would create off-balance sheet financing. We believe that our decision to lease office space is similar to that used by many other companies of our size and does not have a material impact on our financial statements. We intend to continue to enter into operating leases for facilities and equipment as these leases expire or additional capacity is required.

Related Party Transactions*Consulting Agreement with Carlyle*

On January 13, 2011, we entered into a ten-year consulting agreement with Carlyle, a related party, under which Carlyle will provide consulting services to us and our subsidiaries. Under this agreement, subject to certain conditions, we expect to pay Carlyle an annual consulting fee of \$3.0 million, reimburse its out-of-pocket expenses and potentially pay additional fees associated with other future transactions. We paid Carlyle \$31.5 million on the effective date of the Merger for a one-time transaction fee and expenses associated with the Transactions.

Consulting Agreement with Mr. Tony G. Holcombe

On June 15, 2011, we entered into a consulting agreement with Mr. Holcombe under which we agreed to engage Mr. Holcombe to provide consulting services to the Company during the time period beginning July 1, 2011 and ending June 30, 2012 and agreed to pay Mr. Holcombe \$0.2 million for these services in equal monthly increments. Mr. Holcombe will also receive the same director fees as the independent directors.

Contractual Obligations

Our total long term debt obligation, which consists of the New Senior Credit Facility and the Senior Notes, decreased to \$2,022 million as of September 30, 2012 from \$2,110 million at December 31, 2011 primarily as a result of the refinancing of our old Senior Credit Facility. Our long term debt obligation includes principal and interest. Commencing on September 30, 2012, our New Senior Credit Facility began amortizing in equal quarterly installments in an amount equal to 0.25% per quarter of the original principal amount of \$950.0 million, with the remaining balance due at maturity.

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Our total capital lease obligations increased to \$7.9 million as of September 30, 2012 from \$0.5 million at December 31, 2011 due to a software lease entered into during the second quarter of 2012. The lease has a term of three years with payments due at the beginning of each year. We made the first payment of approximately \$4.0 million in July of 2012.

There have been no other material changes to our Contractual Obligations disclosure in our 2011 Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

The preparation of our condensed consolidated financial statements and related disclosures in conformity with U.S. GAAP requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses. We consider an accounting estimate to be critical if it requires assumptions to be made that were uncertain at the time the estimate was made and changes in the estimate or different estimates that could have been selected could have a material impact on our consolidated results of operations or financial condition. On an on-going basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. We believe that our estimates and assumptions are reasonable under the circumstances; however, actual results may vary from these estimates and assumptions under different future circumstances.

During the nine months ended September 30, 2012, we have not adopted any new critical accounting policies, have not changed any critical accounting policies and have not changed the application of any critical accounting policies from the year ended December 31, 2011.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Market Risk

We have exposure to fluctuations in interest rates on our New Senior Credit Facility. Our New Senior Credit Facility is subject to variable interest rates dependent upon the Eurodollar floor. Under the Credit Agreement governing our New Senior Credit Facility, the Eurodollar rate floor was 1.25% and the base rate floor was 2.25% as of September 30, 2012. Interest rate changes therefore generally do not affect the market value of such debt but do impact the amount of our interest payments and, therefore, our future earnings and cash flows, assuming other factors are held constant. As of September 30, 2012, a one-eighth percent change in assumed interest rates on our New Senior Credit Facility would result in \$1.2 million of additional interest expense during the next year.

Foreign Currency Exchange Rate Risk

Although the majority of our operations are conducted in U.S. dollars, a portion of our foreign operations are conducted in Euros and Great Britain Pounds. On a less significant basis, we conduct operations in the various currencies of the Asia-Pacific region, Canada and Latin America. Consequently, a portion of our revenues and expenses are affected by fluctuations in foreign currency exchange rates. We are also affected by fluctuations in exchange rates on assets and liabilities related to our foreign operations. We do not hedge our translation risk on foreign currency exposure through the use of derivative instruments.

A 10% change in average foreign currency exchange rates against the U.S. dollar during the nine months ended September 30, 2012 and 2011 would have increased or decreased our revenues and net income by approximately \$7.4 million and \$3.3 million, respectively.

ITEM 4: CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of September 30, 2012. Based on our evaluation, as of September 30, 2012, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during our most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II

OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

We are currently 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 1A: RISK FACTORS

Our business, financial condition, operating results and cash flows can be impacted by a number of factors, any one of which could cause our actual results to vary materially from recent results or from our anticipated future results. For a discussion identifying additional risk factors and important factors that could cause actual results to differ materially from those anticipated, see the discussion of risk factors disclosed under the caption Risk Factors in our 2011 Annual Report on Form 10-K, and disclosed elsewhere in this Quarterly Report on Form 10-Q. Other than the risks shown below relating to our proposed acquisition of MACH, there have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011.

We cannot guarantee that the proposed acquisition of MACH will be consummated or that, even if the acquisition is consummated, the business of MACH will be successfully integrated. Any failure to consummate the proposed acquisition or successfully integrate the business could have a material adverse impact on our consolidated results of operations and financial condition.

Consummation of the proposed acquisition of MACH is subject to the receipt of certain regulatory approvals. As a result, we cannot guarantee that the proposed acquisition will be consummated. Our integration planning and preparation will require significant efforts both before and after the consummation of the acquisition. In the event that the proposed acquisition is not consummated or that the business of MACH is not successfully integrated:

Management's attention from our day-to-day business may be diverted without any corresponding benefits from the acquisition;

Our or MACH's relationships with customers and vendors may be disrupted as a result of uncertainties with regard to our business and prospects;

We may be unable to retain our or MACH's employee base during the pre-closing and post-closing integration periods due to uncertainty surrounding long term job stability or satisfaction;

We may be required to pay significant transactions costs related to the proposed acquisition;

We will owe a termination fee to WP Roaming of \$60 million (against which the deposit of \$30 million will be credited). In the event we are able to consummate the proposed acquisition of MACH we will incur substantial additional debt of up to \$700 million. Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the various documents governing our indebtedness. Our ability to make cash payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate significant cash flow in the future. Our business, following the acquisition of MACH, may not generate sufficient cash flow from operations and future borrowings may not be available in an amount sufficient to enable us to pay our indebtedness on or before maturity. If we cannot service our indebtedness we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. Such actions, if necessary, may not be effective on commercially reasonable terms or at all.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

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ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4: MINE SAFETY DISCLOSURES

None.

ITEM 5: OTHER INFORMATION

None.

ITEM 6: EXHIBITS

Exhibit

No.	Description
3.1	Third Amended and Restated Certificate of Incorporation of Syniverse Holdings, Inc.(1)
3.2	Amended and Restated Bylaws of Syniverse Holdings, Inc.(1)
4.1	Indenture dated as of December 22, 2010, as supplemented on January 13, 2011 by the First Supplemental Indenture, among Buccaneer Merger Sub, Inc. (which merged into Syniverse Holdings, Inc.) and Wilmington Trust, National Association, as successor by merger to Wilmington Trust FSB, as trustee, governing the 9.125% Senior Notes due 2019 (1)
4.2	Form of Senior Note due 2019(1)
*31.1	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer.
*31.2	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer.
**32.1	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Executive Officer.
**32.2	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by the Chief Financial Officer.
***101	The following financial information from Syniverse Holdings, Inc. s Quarterly Report on Form 10-Q for the period ended September 30, 2012, filed with the SEC on November 7, 2012, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Unaudited Condensed Consolidated Financial Statements (tagged as blocks of text).

(1) Incorporated by reference to the Registration Statement on Form S-4 (Registration No. 333-176382) filed by the Company and the co-registrants named therein on August 18, 2011.

* Filed herewith

** Furnished herewith

*** Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed to be filed for purposes of Section 18 of the Exchange Act and shall not be deemed part of a registration statement, prospectus or other document filed under Sections 11 or 12 of the Securities Act, except as shall be expressly set forth by specific reference in such filings, and otherwise is not subject to liability under these sections.

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SIGNATURES

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

SYNIVERSE HOLDINGS, INC.

(Registrant)

Date: November 7, 2012

/s/ DAVID W. HITCHCOCK

David W. Hitchcock

Chief Administrative and Financial Officer

(Principal Financial Officer)

/s/ MARTIN A. PICCIANO

Martin A. Picciano

Senior Vice President and Chief Accounting Officer

(Principal Accounting Officer)

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