SYNIVERSE HOLDINGS INC
Form 10-Q
August 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2013
OR
o 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)

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

8125 Highwoods Palm Way
Tampa, Florida 33647
(Address of principal executive office)
(Zip code)
(813) 637-5000
(Registrant’s telephone number, including area code)

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

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 x No o

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 o Accelerated filer o Non-accelerated filer x

Smaller reporting company o

(Do not check if a smaller
reporting company)

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

The number of shares of common stock of the registrant outstanding at August 14, 2013 was 1,000.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SYNIVERSE HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash	$273,795	$232,195
Accounts receivable, net of allowances of $8,579 and $9,912, respectively	187,760	148,697
Deferred tax assets	31,755	11,942
Income taxes receivable	6,287	6,075
Prepaid and other current assets	48,968	25,195
Assets held for sale	15,661	—
Total current assets	564,226	424,104
Property and equipment, net	103,071	85,152
Capitalized software, net	263,601	202,114
Deferred costs, net	60,050	42,071
Goodwill	2,079,561	1,682,171
Identifiable intangibles, net	639,965	477,083
Deferred tax assets	963	1,290
Other assets	11,051	45,054
Total assets	$3,722,488	$2,959,039
LIABILITIES AND STOCKHOLDER EQUITY		
Current liabilities:		
Accounts payable	$35,387	$17,761
Income taxes payable	8,469	6,197
Accrued liabilities	119,313	79,590
Deferred revenues	8,256	5,711
Deferred tax liabilities	243	243
Current portion of capital lease obligation	6,476	3,943
Current portion of long-term debt, net of original issue discount	13,539	7,082
Liabilities related to assets held for sale	2,693	—
Total current liabilities	194,376	120,527
Long-term liabilities:		
Deferred tax liabilities	234,698	212,676
Long-term capital lease obligation, net of current maturities	1,816	4,320
Long-term debt, net of current portion and original issue discount	2,084,677	1,398,136
Other long-term liabilities	45,222	26,953
Total liabilities	2,560,789	1,762,612
Commitments and contingencies		
Redeemable noncontrolling interest	203	—
Stockholder equity:		
	—	—

Common stock $0.01 par value; one thousand shares authorized, issued and outstanding as of June 30, 2013 and December 31, 2012		
Additional paid-in capital	1,220,513	1,215,350
Accumulated deficit	(62,508)	(24,713)
Accumulated other comprehensive loss	(2,716)	(970)
Total Syniverse Holdings, Inc. stockholder equity	1,155,289	1,189,667
Nonredeemable noncontrolling interest	6,207	6,760
Total equity	1,161,496	1,196,427
Total liabilities and stockholder equity	$3,722,488	$2,959,039

See accompanying notes to unaudited condensed consolidated financial statements

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SYNIVERSE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(Unaudited)			
Revenues	$193,271	$183,208	$377,153	$368,273
Costs and expenses:				
Cost of operations (excluding depreciation and amortization shown separately below)	71,934	67,308	143,865	134,324
Sales and marketing	16,528	16,935	36,677	34,758
General and administrative	28,690	28,011	59,831	53,021
Depreciation and amortization	49,500	44,089	94,587	87,273
Restructuring and management termination benefits	2,452	257	3,510	631
Acquisition expenses	16,553	5,490	20,945	5,490
	185,657	162,090	359,415	315,497
Operating income	7,614	21,118	17,738	52,776
Other income (expense), net:				
Interest income	162	272	211	504
Interest expense	(31,117)	(31,567)	(57,961)	(58,101)
Debt extinguishment costs	—	(6,458)	—	(6,458)
Other, net	(553)	(833)	(1,237)	481
	(31,508)	(38,586)	(58,987)	(63,574)
Loss before provision for (benefit from) income taxes	(23,894)	(17,468)	(41,249)	(10,798)
Provision for (benefit from) income taxes	250	(2,122)	(4,058)	35
Net loss	(24,144)	(15,346)	(37,191)	(10,833)
Net income attributable to nonredeemable noncontrolling interest	192	425	604	1,656
Net loss attributable to Syniverse Holdings, Inc.	$(24,336)	$(15,771)	$(37,795)	$(12,489)

See accompanying notes to unaudited condensed consolidated financial statements

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SYNIVERSE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(IN THOUSANDS)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	(Unaudited)			
Net loss	$(24,144)	$(15,346)	$(37,191)	$(10,833)
Other comprehensive loss (net of tax):				
Foreign currency translation adjustment (1)	(912)	(646)	(1,999)	(1,098)
Amortization of unrecognized loss included in net periodic pension cost (2)	36	—	36	—
Other comprehensive loss	(876)	(646)	(1,963)	(1,098)
Comprehensive loss	(25,020)	(15,992)	(39,154)	(11,931)
Less: comprehensive (loss) income attributable to nonredeemable noncontrolling interest	(140)	169	387	1,306
Comprehensive loss attributable to Syniverse Holdings, Inc.	$(24,880)	$(16,161)	$(39,541)	$(13,237)

(1) Foreign currency translation adjustments are shown net of income tax expense (benefit) of $317 and $(273) for the three and six months ended June 30, 2013, respectively, and net of income tax benefit of ($1,129) and ($558) for the three and six months ended June 30, 2012, respectively.

(2) Amortization of unrecognized loss included in net periodic cost is shown net of income tax expense of $15 for the three and six months ended June 30, 2013, respectively.

See accompanying notes to unaudited condensed consolidated financial statements

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SYNIVERSE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER EQUITY
(IN THOUSANDS)

	Stockholder of Syniverse Holdings, Inc. Common Stock							
	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Syniverse Holdings, Inc.	Nonredeemable noncontrolling Interest	Total
Balance, December 31, 2011	1	$—	$1,208,365	$ (21,472)	$ 2,400	$1,189,293	$ 4,820	$1,194,113
Net (loss) income	—	—	—	(12,489)	—	(12,489)	1,656	(10,833)
Other comprehensive loss (net of tax) - Foreign currency translation adjustment	—	—	—	—	(748)	(748)	(350)	(1,098)
Stock-based compensation	—	—	4,426	—	—	4,426	—	4,426
Distribution to Buccaneer Holdings, Inc.	—	—	(26)	—	—	(26)	0	(26)
Balance, June 30, 2012 (Unaudited)	1	$—	$1,212,765	$ (33,961)	$ 1,652	$1,180,456	$ 6,126	$1,186,582
Balance, December 31, 2012	1	$—	$1,215,350	$ (24,713)	$ (970)	$1,189,667	$ 6,760	$1,196,427
Net (loss) income	—	—	—	(37,795)	—	(37,795)	604	(37,191)
Other comprehensive loss (net of tax) - Foreign currency translation adjustment	—	—	—	—	(1,782)	(1,782)	(217)	(1,999)
Amortization of unrecognized loss included in net periodic pension cost	—	—	—	—	36	36	—	36
Stock-based compensation	—	—	5,180	—	—	5,180	—	5,180
Distribution to nonredeemable noncontrolling interest	—	—	—	—	—	—	(940)	(940)
Distribution to Buccaneer Holdings, Inc.	—	—	(17)	—	—	(17)	—	(17)
Balance, June 30, 2013 (Unaudited)	1	$—	$1,220,513	$ (62,508)	$ (2,716)	$1,155,289	$ 6,207	$1,161,496

See accompanying notes to unaudited condensed consolidated financial statements

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SYNIVERSE HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Six months ended June 30,	
	2013	2012
	(Unaudited)	
Cash flows from operating activities		
Net loss	$(37,191)	$(10,833)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	94,587	87,273
Amortization of deferred debt issuance costs and original issue discount	4,454	3,972
Allowance for uncollectible accounts	352	517
Allowance for credit memos	4,174	3,279
Deferred income tax benefit	(6,066)	(1,066)
Debt modification costs	—	6,115
Debt extinguishment costs	—	6,458
Stock-based compensation	5,180	4,426
Other, net	2,290	1,285
Changes in operating assets and liabilities, net of effect of acquisition:		
Accounts receivable	(17,042)	(10,310)
Income tax receivable or payable	(34)	(2,186)
Prepaid and other current assets	(10,758)	(2,424)
Accounts payable	8,558	11,544
Accrued liabilities and deferred revenues	9,240	(8,425)
Other assets and long-term liabilities	(2,926)	291
Net cash provided by operating activities	54,818	89,916
Cash flows from investing activities		
Capital expenditures	(41,743)	(39,690)
Acquisition, net of acquired cash	(628,191)	—
Capital expenditures, Assets held for sale	(4,615)	—
Net cash used in investing activities	(674,549)	(39,690)
Cash flows from financing activities		
Debt issuance costs paid	(25,236)	(10,181)
Payments on capital lease obligation	(4,931)	(58)
Principal payments on Old Senior Credit Facility	—	(1,014,750)
Principal payments on Initial Term Loans	(4,750)	—
Borrowings under Initial Term Loans, net of original issue discount	—	940,500
Borrowings under Tranche B Term Loans, net of original issue discount	696,500	—
Distribution to Buccaneer Holdings, Inc.	(17)	(26)
Distribution to nonredeemable noncontrolling interest	(940)	—
Net cash provided by (used in) financing activities	660,626	(84,515)
Effect of exchange rate changes on cash	705	(1,868)
Net increase (decrease) in cash	41,600	(36,157)
Cash at beginning of period	232,195	226,753
Cash at end of period	$273,795	$190,596
Supplemental noncash investing and financing activities		
Assets acquired under capital lease	$4,985	$11,905
Supplemental cash flow information		

Interest paid	$53,190	$50,725
Income taxes paid	$2,040	$3,310

See accompanying notes to unaudited condensed consolidated financial statements

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SYNIVERSE HOLDINGS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

We are a leading global provider of technology solutions for mobile operators and the broader wireless ecosystem. Our integrated solutions enable wireless services across disparate networks, technologies and geographies. For over 25 years, we have served as an integral third-party intermediary to stakeholders across the telecommunications industry including mobile operators and enterprise customers, among others. Our product offerings include roaming clearinghouse and financial settlement services between operators; applications which facilitate connectivity across the wireless ecosystem; and text and multimedia message delivery services. After closing our acquisition of MACH on June 28, 2013 (see Note 4 to the unaudited condensed consolidated financial statements for more information), we currently provide our services to over 1,000 telecommunications operators and more than 500 enterprise customers in over 200 countries and territories.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

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, 2012 (the “2012 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 2012 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 “Syniverse,” “the Company,” “us,” or “we” include all of the consolidated companies. Redeemable and nonredeemable noncontrolling interest is recognized for the portion of consolidated joint ventures not owned by us. All significant intercompany balances and transactions have been eliminated.

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 unaudited condensed consolidated balance sheets. The off-balance sheet amounts totaled approximately $453.6 million and $132.4 million as of June 30, 2013 and December 31, 2012, respectively. The increase from December 31, 2012 includes $296.7 million resulting from the Acquisition (defined below) (see Note 4 for additional details regarding the Acquisition).

Capitalized Software Costs

We capitalize the cost of externally purchased software, internal-use software and developed technology that has a useful life in excess of one year. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they enable the software to perform a task it previously was unable to perform. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized software and developed technology are amortized using the straight-line method over a period of 3 years and 3 to 7 years, respectively.

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During the three months ended June 30, 2013, we determined that one of our internal use software projects would not be completed and, therefore, recorded a loss on abandonment of approximately $4.3 million. The loss was recorded in depreciation and amortization in the unaudited condensed consolidated statement of operations.

Foreign Currencies

We have operations in subsidiaries in Europe, primarily the United Kingdom, Germany, Luxembourg, India, and the Asia-Pacific region, each of whose functional currency is their local currency. Gains and losses on transactions denominated in currencies other than the relevant functional currencies are included in “other, net” in the unaudited condensed consolidated statements of operations. For the three and six months ended June 30, 2013, we recorded a foreign currency transaction loss of $0.6 million and $1.2 million, respectively. For the three and six months ended June 30, 2012, we recorded a foreign currency transaction loss of $0.8 million and gain of $0.5 million, respectively.

The assets and liabilities of subsidiaries whose functional currency is other than the U.S. dollar are translated at the period-end rate of exchange. The resulting translation adjustment is recorded as a component of accumulated other comprehensive loss and is included in stockholder equity. Transaction gains and losses on intercompany balances which are deemed to be of a long-term investment nature are also recorded as a component of other comprehensive loss. Items within the statement of operations are translated at the average rates prevailing during the period.

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, Mobile Data 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. We currently operate as a single operating segment, as our Chief Executive Officer reviews financial information on the basis of our unaudited condensed consolidated financial results for the purposes of making resource allocation decisions.

Revenues by service offerings were as follows:

	Three months ended June 30,	
	2013	2012
(In thousands)	(Unaudited)	
Network services	$95,490	$84,861
Messaging services	46,753	44,442
Roaming services	47,301	48,087
Other	3,727	5,818
Revenues	$193,271	$183,208

	Six months ended June 30,	
	2013	2012
(In thousands)	(Unaudited)	
Network services	$183,203	$169,497
Messaging services	93,475	91,450
Roaming services	93,181	97,230

Other	7,294	10,096
Revenues	$377,153	$368,273

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

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	Three months ended June 30,	
	2013	2012
(In thousands)	(Unaudited)	
North America	$146,046	$137,706
Asia Pacific	16,600	18,086
Caribbean and Latin America	14,302	13,200
Europe, Middle East and Africa	16,323	14,216
Revenues	$193,271	$183,208

	Six months ended June 30,	
	2013	2012
(In thousands)	(Unaudited)	
North America	$281,913	$279,644
Asia Pacific	32,866	34,447
Caribbean and Latin America	30,608	26,323
Europe, Middle East and Africa	31,766	27,859
Revenues	$377,153	$368,273

For the three months ended June 30, 2013 and 2012, we derived 71.0% and 70.1% of our revenues from customers in the United States, respectively. For the six months ended June 30, 2013 and 2012, we derived 69.9% and 70.6% of our revenues from customers in the United States, respectively. During the three and six months ended June 30, 2013 and 2012, we did not generate revenue in excess of 10% of total revenues in any other individual country.

Long-lived assets, which consist of property and equipment, net and capitalized software, net, by geographic location were as follows:

	June 30, 2013	December 31, 2012
(In thousands)	(Unaudited)	
North America	$269,412	$273,880
Asia Pacific	7,226	6,307
Caribbean and Latin America	1,089	219
Europe, Middle East and Africa	88,945	6,860
Total long-lived assets, net	$366,672	$287,266

Reclassifications of Prior Year Presentation

Certain reclassifications of 2012 financial information have been made to conform to the current year presentation. The reclassifications had no effect on our reported results of operations. Effective June 30, 2013, we reclassified Acquisition expenses out of General and administrative costs and expenses into a single line item on our unaudited condensed consolidated statement of operations. Acquisition expenses consist primarily of professional services costs, such as legal, tax, audit and transaction advisory costs, all of which were incurred in conjunction with the Acquisition (defined below) (see Note 4 for additional details regarding the Acquisition).

3. Recent Accounting Pronouncements

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 accounting standard was effective for our financial statements beginning January 1, 2013. The adoption of this standard did not have a material impact on our unaudited condensed consolidated financial statements.

In February 2013, the FASB issued ASU 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which is included in the ASC in Topic 220 “Comprehensive Income”. ASU 2013-02 requires entities to provide information about significant amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. This accounting standard was effective for our financial statements beginning January 1, 2013. The adoption of this standard did not have a material impact on our unaudited condensed consolidated financial statements and related disclosures.

4. MACH Acquisition

On June 28, 2013 (the “Acquisition Date”), we completed our acquisition of WP Roaming III S.à r.l. (“WP Roaming”), for a total purchase price of approximately $712.0 million. As part of this transaction, we acquired from WP Roaming S.à r.l., a Luxembourg limited liability company (the “Seller”), all the shares and preferred equity certificates (whether convertible or not) in WP Roaming (the “Acquisition”). The purchase price was funded through a portion of the net proceeds from a new $700.0 million senior secured credit facility and the Deposit (as defined below) of €30.0 million that was paid to the Seller on July 2, 2012.

WP Roaming is a holding company which conducts the business of MACH S.à r.l. (“MACH”). The purpose of the Acquisition is to give Syniverse 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 Acquisition, Syniverse paid to the Seller an amount equal to approximately €140.0 million, representing €172.7 million (the “Base Amount”), less preliminary adjustments of €37.2 million, plus €4.5 million, representing €250.0 per month from December 31, 2011 through the Acquisition Date, reflecting a “locked box” approach, such that Syniverse Holdings, Inc. acquired WP Roaming with economic effect from December 31, 2011. In addition, at the Acquisition Date, Syniverse, on behalf of WP Roaming, paid €313.0 million and $81.5 million for amounts outstanding to WP Roaming's two 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 €30.0 million (the “Deposit”) which was applied to the purchase price at the Acquisition Date. For purposes of the purchase price allocation, the Deposit and amounts paid in Euros at the Acquisition Date were converted to U.S. dollars using an exchange rate of 1.3058 or $630.5 million.

The Acquisition was accounted for under the purchase method of accounting. The total purchase price was allocated to the acquired assets and liabilities assumed based on their estimated fair values at the Acquisition Date. The fair value of the net assets acquired was based on a preliminary valuation and our estimates and assumptions are subject to change within the measurement period. As the Acquisition closed two days prior to the balance sheet date, the Company is continuing to evaluate (i) certain purchase price adjustments under the purchase agreement; (ii) valuation of intangible assets, including further assessment of customer relationships for attrition statistics, historical attrition patterns and the impact of the Acquisition on such statistics; (iii) valuation of accounts receivable; (iv) valuation of redeemable noncontrolling interest; (v) valuation of equity investment; (vi) income taxes, including uncertain tax positions; and (vii) pre-Acquisition contingencies, including legal and customer claims and disputes. Syniverse will finalize the purchase price allocation as soon as practicable within the measurement period, but in no event later than one year following the Acquisition Date.

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The following table summarizes the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed in connection with the Acquisition:

(In thousands)	
Total purchase price	$712,009
Less: cash acquired	44,644
Cash consideration	$667,365
Fair value of net assets acquired:	
Cash	44,644
Accounts receivable	26,887
Prepaid and other current assets	10,456
Assets held for sale	11,046
Property and equipment	7,157
Capitalized software	74,229
Customer relationships	207,037
Other identifiable intangible assets	2,103
Deferred tax assets	897
Other assets	5,657
Accounts payable	(8,847)
Income taxes payable	(1,993)
Accrued liabilities	(32,638)
Deferred revenues	(1,484)
Liabilities related to assets held for sale	(2,693)
Deferred tax liabilities	(27,636)
Redeemable noncontrolling interest	(203)
Net assets acquired	314,619
Allocation to goodwill	$397,390

The excess of the purchase price over the fair value of the net assets acquired resulted in goodwill of $397.4 million, which is primarily attributable to assembled workforce, operating synergies and potential expansion into other global markets. We do not expect goodwill to be deductible for tax purposes. We incurred Acquisition related expenses of $16.6 million and $20.9 million for the three and six months ended June 30, 2013, respectively, and $5.5 million for the three and six months ended June 30, 2012. These costs were recorded in Acquisition expenses in our unaudited condensed consolidated statements of operations. As of June 30, 2013 we have incurred total Acquisition related expenses of $35.6 million, $14.7 million of which was recorded during the year ended December 31, 2012.

Customer relationships were valued using discounted future cash flows and capitalized software was valued using a relief from royalty method under the income approach. Other identifiable intangibles include a non-solicitation agreement for key employees. This asset was valued using a discounted future cash flow method assuming a with and without analysis. The valuations considered historical financial results and expected and historical trends. The future cash flows for the customer relationships were discounted using a weighted-average cost of capital, which was based on an analysis of the cost of capital for guideline companies within the technology industry. We determined useful lives of the intangible assets based on the period over which we expect those assets to contribute directly or indirectly to future cash flows. Customer relationships will be amortized over their useful lives using the pattern of consumption method. Capitalized software assets will be amortized over their useful lives using the straight-line method. The weighted average amortization period for customer relationships, capitalized software and other identifiable intangible assets is 14.7 years, 6.5 years and 3.5 years, respectively, and 12.4 years in total.

The fair value of accounts receivable acquired is $26.9 million, with the gross contractual amount being $37.4 million. We expect $10.5 million to be uncollectible.

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Other assets include $1.3 million of restricted cash related to an amount due under a purchase agreement existing at the Acquisition Date. The amount due relates to additional cash payments that will be made to the former owner of an entity acquired by MACH in 2011. The amount is currently held in escrow as required by the purchase agreement and is not subject to change.

The impact of the Acquisition was insignificant to our results of operations for the three and six months ended June 30, 2013, as the transaction was completed within two days of the period end. As such, these results have not been included in our condensed consolidated statement of operations.

Supplemental Pro Forma Financial Information

The following unaudited pro forma financial information for the six months ended June 30, 2013 and 2012 represent combined revenue and loss from continuing operations as if the Acquisition had taken place on January 1, 2012. The unaudited pro forma results reflect certain adjustments including additional estimated amortization expense associated with acquired intangible assets and interest expense associated with debt used to fund the Acquisition. 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.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues	$231,955	$218,216	$451,467	$441,696
(Loss) income from continuing operations attributable to Syniverse Holdings, Inc.	$(8,628)	$(8,137)	$(17,476)	$3,766

Assets Held for Sale

The approval of the Acquisition granted by the European Commission (the “Commission”) was conditioned upon the Company's commitment to divest certain assets supporting MACH's data clearing and near real-time roaming data exchange (“NRTRDE”) business in the European Economic Area, which includes European Union countries plus Iceland, Liechtenstein and Norway (the “EEA”), including technology platforms, necessary employees, customer contracts and the MACH brand (the “Divestment Business”).

On June 3, 2013, Interfact S.à r.l., a Luxembourg limited liability company and the MACH group company that is the immediate shareholder of the Divestment Business, signed a definitive agreement (the “Divestment Agreement”) to sell the Divestment Business to Starhome, B.V., a private limited liability company incorporated under the laws of The Netherlands, upon the completion of the Acquisition.

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The assets and liabilities of the Divestment Business at June 30, 2013 are summarized in the table below:

	June 30, 2013 (Unaudited)
Assets	
Cash and cash equivalents	$17
Accounts receivable	4,055
Prepaid expenses	1,165
Other receivables	55
Property and equipment	2,964
Capitalized software	7,405
Total assets held for sale	$15,661
Liabilities	
Accounts payable	$138
Deferred revenues	475
Accrued liabilities	2,080
Total liabilities related to assets held for sale	$2,693

Assets held for sale include $4.6 million of capital expenditures incurred by Syniverse to support the Divestment Business, as a condition of closing the sale transaction.

Assets are considered to be held for sale when management approves and commits to a formal plan to actively market the assets for sale at a sales price reasonable in relation to its fair value, the asset is available for immediate sale in its present condition, the sale of the asset is probable and expected to be completed within one year, and it is unlikely that significant changes will be made to the plan. Newly acquired assets that are held for sale are recorded at their estimated fair value, less cost to sell.

5. Goodwill

The following table summarizes the changes in the carrying amount of goodwill for the six months ended June 30, 2013:

(In thousands)	
Balance at December 31, 2012	$1,682,171
Acquisition goodwill	397,390
Balance at June 30, 2013	$2,079,561

Goodwill is not subject to amortization and the change in goodwill represents the impact of the Acquisition.

6. Detail of Accrued Liabilities

Accrued liabilities consisted of the following:

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(In thousands)	June 30, 2013 (Unaudited)	December 31, 2012
Accrued payroll and related benefits	$40,409	$20,285
Accrued interest	29,252	29,353
Accrued network and data processing expenses	6,164	6,266
Accrued revenue share expenses	3,307	2,288
Other accrued liabilities	40,181	21,398
Total accrued liabilities	$119,313	$79,590

7. 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 are 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 are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are 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 ended June 30, 2013, was a provision of 1.0% and a benefit of 9.8%, respectively. The effective tax rate for the six months ended June 30, 2012, was a benefit of 12.1% and a provision of 0.3%, respectively. The change in our effective tax rate was chiefly attributable to costs related to the acquisition of MACH, some of which are non-deductible for income tax purposes, the inclusion of the forecasted earnings impact of the MACH entities in calculating the annual effective tax rate, certain favorable permanent items and a shift in taxable income to lower foreign tax rate jurisdictions.

We, and our eligible subsidiaries, 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 unaudited condensed consolidated statements of operations.

8. Debt and Credit Facilities

Our total outstanding debt as of June 30, 2013 and December 31, 2012 was as follows:

(In thousands)	June 30, 2013 (Unaudited)	December 31, 2012
Senior Credit Facility:		
Initial Term Loans, due 2019	$940,500	$945,250
Original issue discount	(13,833)	(15,032)
Tranche B Term Loans, due 2019	700,000	—
Original issue discount	(3,451)	—
Senior Notes:		
9.125% senior unsecured notes, due 2019	475,000	475,000
Total debt	2,098,216	1,405,218
Less: Current portion		
Long-term debt, current portion	(16,500)	(9,500)
Original issue discount, current portion	2,961	2,418

Long-term debt	$2,084,677	$1,398,136

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Maturities of long-term debt excluding original issue discount for each of the next five years and thereafter are as follows:

(In thousands)	
Year ended December 31, 2013	$8,250
Year ended December 31, 2014	16,500
Year ended December 31, 2015	16,500
Year ended December 31, 2016	16,500
Year ended December 31, 2017	16,500
Thereafter	2,041,250
	$2,115,500

During the three and six months ended June 30, 2013, we paid $3.5 million in upfront fees associated with the Escrow Term Loans (as defined below) which were refinanced through the proceeds from the Tranche B Term Loans (as defined below). We recorded the upfront fees as original issue discount to be amortized over the life of the Tranche B Term Loans using the effective interest method.

During the three and six months ended June 30, 2012, we incurred costs of $19.7 million associated with our New Senior Credit Facility (as defined below) consisting of $9.5 million of original issue discount, $4.1 million of deferred financing fees and $6.1 million of interest expense.

Amortization of original issue discount and deferred financing fees for the three and six months ended June 30, 2013 was $2.5 million and $4.5 million, respectively, and was related to our New Senior Credit Facility and Senior Notes (as defined below). Amortization of original issue discount and deferred financing fees for the three and six months ended June 30, 2012 was $2.0 million and $4.0 million, respectively, and was related to our Old Senior Credit Facility (as defined below), New Senior Credit Facility and Senior Notes. During the three months ended June 30, 2012 we incurred $6.5 million of debt extinguishment costs for a write-off of original issue discount and deferred financing fees related to the refinancing of our Old Senior Credit Facility, and $6.1 million of debt modification costs.

Amortization is included in interest expense in the unaudited condensed consolidated statement of operations. The net book value of deferred financing fees included in the accompanying unaudited condensed consolidated balance sheets was as follows:

	June 30, 2013	December 31, 2012
(In thousands)	(Unaudited)	
Prepaid and other current assets	$7,760	$3,709
Deferred costs, net (1)	60,050	42,071
Total	$67,810	$45,780

(1) Includes $20.9 million of financing fees related to our Tranche B Term Loan under the New Senior Credit Facility (as defined below).

Old Senior Credit Facility

On December 21, 2010, we entered into a senior credit facility consisting of a $150.0 million revolving credit facility and a $1,025.0 million Term Loan B (the “Old Senior Credit Facility”), and on January 13, 2011, our Old Senior Credit Facility became effective. The Old Senior Credit Facility was used to fund, in part, the Carlyle merger. The Company received net proceeds of $1,012.5 million after payment of upfront fees of $12.5 million 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 $36.2 million.

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Borrowings bore interest at a floating rate which could have been, 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 each case, subject to a Eurodollar rate floor of 1.50% or a base rate floor of 2.50%, as applicable. The applicable margin for the term loan and revolving loans under our Old Senior Credit Facility was 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 based on a total net leverage ratio test.

New Senior Credit Facility

On April 23, 2012, we entered into a credit agreement (the “New Credit Agreement”) with Buccaneer Holdings, Inc. (“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 $950.0 million term loan facility (the “Initial Term Loans”); 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.

On June 28, 2013 the Company borrowed $700.0 million of incremental term loans (the “Tranche B Term Loans”), pursuant to an incremental amendment (the “Incremental Amendment”) to its New Credit Agreement. The proceeds of the Tranche B Term Loans were used to refinance, in full, the Escrow Term Loans (as defined below), a portion of which were used to fund the Acquisition.

Subject to specified conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), the Initial Term Loans, the Tranche B Term Loans (together the “Term Loan Facilities”) or the Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the New Senior Credit Facility) by an 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 ratio as if it were secured).

The Term Loan Facilities will mature at the earliest of (i) April 23, 2019, (ii) the date of termination in whole of the commitments under the Term Loan Facilities and (iii) the date the loans under the Term Loan Facilities are declared due and payable in connection with an event of default; provided that (a) in the event that more than $50.0 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 Facilities will be the First Springing Maturity Date and (b) in the event that more than $50.0 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 Facilities will be the earlier of the Second Springing Maturity Date and April 23, 2019.

Our Revolving Credit Facility will mature at 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 New Credit Agreement.

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 (other than described below for the Tranche B Term Loans). If we repay our Tranche B Term Loans on or prior to June 28, 2014 with the proceeds of debt incurred for the primary purpose of refinancing the Tranche B Term Loans at a lower applicable rate, or replace the lenders through an equivalent amendment to the New Credit Agreement, the relevant lenders will be entitled to a 1% prepayment premium. We must prepay our Term Loan Facilities 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.

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.

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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, 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 three months ended June 30, 2013.

Initial Term Loans

On April 23, 2012, we received net proceeds of $940.5 million under the Initial Term Loans and paid upfront fees of $11.3 million. The proceeds from the Initial Term Loans plus cash on hand were used to repay the Old Senior Credit Facility. We recorded $9.5 million of the upfront fees as an original issue discount to be amortized over the life of the Initial Term Loans using the effective interest method. Since we had no amounts drawn under the Revolving Credit Facility at June 30, 2012, we recorded $1.8 million 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 had $148.1 million of unused commitments under this facility, including an outstanding Euro letter of credit of $1.9 million at June 30, 2013 and December 31, 2012, respectively. This is considered a reduction against the facility under the credit agreement.

During the three months ended June 30, 2012, we incurred additional debt issuance costs of $8.3 million in connection with the refinancing of the Old Senior Credit Facility, which was determined to be a partial debt modification and partial debt extinguishment under the applicable accounting guidance. We therefore recorded $6.1 million to interest expense related to the modification and recorded the remaining $2.2 million as deferred financing fees, of which $1.2 million is being amortized over the life of the Initial Term Loans and $1.0 million is being amortized over the life of the Revolving Credit Facility. We recorded additional debt extinguishment costs of $6.5 million 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 unaudited condensed consolidated statement of operations.

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 Initial Term 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.

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Effective September 30, 2012, our Initial Term Loans 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.

Tranche B Term Loans

On June 28, 2013, we received net proceeds of $696.5 million under the Tranche B Term Loans, the proceeds of which were used to refinance the Escrow Term Loans (as defined below) in full. We paid upfront fees of $3.5 million associated with the Escrow Term Loans which were recorded as original issue discount to be amortized over the life of the Tranche B Term Loans using the effective interest method. We incurred $25.2 million of debt issuance costs which were recorded as deferred financing costs to be amortized over the life of the Tranche B Term Loans using the effective interest method.

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 the Tranche B Term Loans under the New Senior Credit Facility, subject to a Eurodollar rate floor of 1.00% or a base rate floor of 2.00%, as applicable. The applicable margin for the Tranche B Term Loans under our New Senior Credit Facility is 3.00% per annum for Eurodollar loans and 2.00% per annum for base rate loans.

Effective June 28, 2013, our Tranche B Term Loans 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.

Delayed Draw Credit Agreement

On February 4, 2013, Syniverse Magellan Finance, LLC (the “Finance Sub”), our direct wholly owned subsidiary, entered into a delayed draw credit agreement (the “Delayed Draw Credit Agreement”) with Barclays Bank PLC, as administrative agent, and the other financial institutions and lenders from time to time party thereto, providing for a new senior credit facility consisting of a $700.0 million delayed draw term loan facility (the “Delayed Draw Facility”). On May 28, 2013, Finance Sub entered into an amendment to the Delayed Draw Credit Agreement (the “Escrow Credit Agreement”). Upon the closing of this amendment, the lenders funded the Delayed Draw Facility into an escrow account (“Escrow Term Loans”) and the Company pre-funded the interest, upfront fees and ticking fees of $7.2 million, $3.5 million and $3.6 million, respectively (the “Escrowed Funds”). The Escrowed funds were released to Finance Sub on June 28, 2013 (the “Release”). In addition to the pre-funded amount, we paid additional ticking fees of $1.0 million during the second quarter. These fees were paid to Barclays Bank PLC as administrative agent to compensate for the time lag between the commitment allocation and actual funding for the Delayed Draw Facility.

Following the Release, Finance Sub merged with and into the Company with the Company as the survivor to such merger (the “Merger”). In connection with the Merger, the Company assumed the obligations of Finance Sub under the Escrow Credit Agreement (the “Debt Assumption”).

Following the Debt Assumption, on June 28, 2013 the Company borrowed $700.0 million of Tranche B Term Loans, pursuant to the Incremental Amendment to its New Credit Agreement. The proceeds of the Tranche B Term Loans were used to refinance the Escrow Term Loans in full.

9.125% senior unsecured notes due 2019

On December 22, 2010, we issued $475.0 million senior unsecured notes bearing interest at 9.125% that will mature on January 15, 2019 (the “Senior Notes”). Interest on the notes must be paid on January 15 and July 15 of each year.

The Senior Notes are guaranteed on a senior basis by the Subsidiary guarantors. 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 right of noteholders to receive payment on the Senior Notes is effectively subordinated to the rights of our existing and future secured creditors.

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.

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We incurred financing fees of $20.4 million in connection with the issuance of the Senior Notes which have been amortized over the term of the notes using the effective interest method.

9. Fair Value Measurements

The accounting standards for fair value require disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy under 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 for identical assets and liabilities in active markets.

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 for the asset or liability.

Transfers between levels are determined at the end of the reporting period. No transfers between levels have been recognized for the three or six months ending June 30, 2013 and 2012.

Cash, accounts receivable, accounts 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 and fair values of our long-term debt as of June 30, 2013 and December 31, 2012 were as follows:

	June 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In thousands)	(Unaudited)			
Initial Term Loans	$940,500	$944,027	$945,250	$958,247
Tranche B Term Loans	700,000	698,250	—	—
Senior Notes	475,000	515,375	475,000	515,375

The fair values of the Initial Term Loans, Tranche B Term Loans and the Senior Notes were based upon quoted market prices in inactive markets for similar instruments (Level 2).

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

In connection with the pending sale of the Divestment Business (see additional discussion in Note 4), the assets summarized in the table below are classified as held for sale in the unaudited condensed consolidated balance sheets and are measured at their fair value less cost to sell. The fair value of the assets held for sale is based on the negotiated price in the executed share purchase agreement with an unrelated third party.

	Fair Value Measurements at June 30, 2013 Using		
(In thousands)	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs

	Total	(Level 1)	(Level 2)	(Level 3)
Assets held for sale	$15,661	$—	$15,661	$—
Liabilities related to assets held for sale	2,693	—	2,693	—
Total	$12,968	$—	$12,968	$—

10. Commitments and Contingencies

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Purchase Agreement with Starhome

On May 29, 2013, the Commission granted approval of the Acquisition, conditioned upon the Company's commitment to divest the Divestment Business.

On June 3, 2013, Interfact S.à r.l., a Luxembourg limited liability company and the MACH group company that is the immediate shareholder of the Divestment Business, signed the Divestment Agreement to sell the Divestment Business to Starhome, B.V., a private limited liability company incorporated under the laws of The Netherlands, for a sale price of €10.0 million, subject to certain sale price adjustments, upon the completion of the Acquisition.

On June 28, 2013, the Commission approved Starhome as the Purchaser of the Divestment Business and the Divestment Agreement. All other necessary approvals by the relevant authorities of other applicable jurisdictions were also obtained by that date.

We expect to complete the sale of the Divestment Business by the fourth quarter 2013.

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, results of operations or cash flows. As of June 30, 2013, we have considered all of the claims and disputes of which we are aware and have provided for probable losses, which are not significant.

11. Stock-Based Compensation

Effective April 6, 2011, Holdings established the 2011 Equity Incentive Plan (the "BHI Plan") for the employees, consultants, and directors of Holdings and its subsidiaries. The BHI Plan provides incentive compensation through grants of incentive or non-qualified stock options, stock purchase rights, restricted stock awards, restricted stock units, or any combination of the foregoing. Holdings will issue shares of common stock of Holdings to satisfy equity based compensation instruments.

Stock-based compensation expense for the three and six months ended June 30, 2013 and 2012 was as follows:

	Three months ended June 30,	
	2013	2012
(In thousands)	(Unaudited)	
Cost of operations	$130	$125
Sales and marketing	553	939
General and administrative	799	674
Total stock-based compensation	$1,482	$1,738

	Six months ended June 30,	
	2013	2012
(In thousands)	(Unaudited)	
Cost of operations	$369	$335
Sales and marketing	2,152	2,390
General and administrative	2,659	1,701
Total stock-based compensation	$5,180	$4,426

In February 2013, the Compensation Committee of the Board of Directors, utilizing the discretion afforded under the BHI Plan, approved the vesting of the 2012 performance-based stock options resulting in a modification of the vesting terms, for which we recorded additional stock compensation expense of $2.1 million.

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The following table summarizes our stock option activity for the six months ended June 30, 2013:

Stock Options	Shares	Weighted-Average Exercise Price
Outstanding at December 31, 2012	8,150,003	$10.21
Granted	150,001	12.00
Exercised	(170,000)	10.00
Canceled or expired	(410,000)	10.18
Outstanding at June 30, 2013	7,720,004	$10.25

The fair value of options granted during the quarter ended June 30, 2013 was estimated at the date of grant using a Black-Scholes option-pricing model with the following weighted-average assumptions:

Risk-free interest rate	1.2%
Volatility factor	57.0%
Dividend yield	—%
Weighted average expected life of options (in years)	6.50

12. 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 $2.3 million. During March 2013, we increased the reserve by $0.3 million. As of June 30, 2013, we have paid $2.1 million related to this plan.

In December 2011, we implemented a restructuring plan primarily to regionalize our customer support workforce for better alignment with our customers' needs. As a result of this plan, we incurred severance related costs of $3.7 million and contract termination costs of $0.4 million related to the exit of a leased facility. We have paid $3.8 million related to this plan as of June 30, 2013.

In December 2012, we implemented a restructuring plan primarily to align certain functions and address our cost structure in the messaging business. As a result of this plan, we incurred severance related costs of $1.8 million in 2012 and an additional $0.1 million during the first quarter of 2013. We have paid $1.4 million related to this plan as of June 30, 2013.

In March 2013, we implemented a restructuring plan primarily to realign certain senior management functions. As a result of this plan, we incurred severance related costs of $0.8 million. We have paid $0.1 million related to this plan as of June 30, 2013.

In June 2013, we implemented a restructuring plan primarily to allocate proper resources to key positions within the company. As a result of this plan, we incurred severance related costs of $2.2 million. We have paid $0.3 million related to this plan as of June 30, 2013.

The following table shows the activity in our restructuring accruals for the six months ended June 30, 2013:

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(In thousands)	December 31, 2012 Balance	Additions	Payments	Reductions	June 30, 2013 Balance
December 2010 Plan	$189	$336	$—	$—	$525
December 2011 Plan	479	—	(184)	—	295
December 2012 Plan	1,663	112	(1,297)	—	478
March 2013 Plan	—	845	(92)	—	753
June 2013 Plan	—	2,217	(311)	—	1,906
Total	$2,331	$3,510	$(1,884)	$—	$3,957

We do not expect to incur material additions to any of our current restructuring plans. We expect to pay the remaining outstanding balances under each of these plans by the end of the second quarter of 2016.

13. Related Party Transactions

Consulting Agreement with Carlyle

On January 13, 2011 we entered into a ten-year consulting agreement with Carlyle pursuant to which we pay Carlyle a fee for consulting services Carlyle provides to us and our subsidiaries. During the three and six months ended June 30, 2013, we recorded $0.8 million and $1.8 million, respectively, associated with the consulting fee and the reimbursement of out-of-pocket expenses. During the three and six months ended June 30, 2012, we recorded $0.8 million and $1.5 million, respectively.

During the three months ended June 30, 2013, under the Consulting Agreement with Carlyle, we paid a $10.0 million transaction fee associated with the Acquisition and related debt issuance. We recorded $5.0 million of the transaction fee in Acquisition expenses and $5.0 million was included in capitalized financing costs.

Carlyle, from time to time, participates in the trading of the debt securities under our Initial Term Loans and Tranche B Term loans.

14. Supplemental Consolidating Financial Information

We have presented supplemental consolidating balance sheets, statements of operations, statements of comprehensive (loss) income 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 subsidiary non-guarantors for all periods presented to reflect the guarantor structure under the Senior Notes as discussed in Note 8. 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 the 100% owned Subsidiary Guarantors. Highwoods Corporation, Syniverse Technologies B.V., Syniverse Technologies Holdings LLC, Syniverse Technologies K.K., Syniverse Technologies (India) Private Limited and Syniverse Brience LLC, MACH Americas Inc., CB Holdings Inc., CB Holdings Ventures, Inc., and Cibernet Corporation Inc., are included as non-guarantors (collectively, the “Subsidiary Non-Guarantors”). Such guarantees are irrevocable, unconditional and joint and several.

On July 29, 2013, MACH Americas Inc., CB Holdings Inc., CB Holdings Ventures, Inc., and Cibernet Corporation Inc. became guarantors of the Senior Notes. For the period ended June 30, 2013 they are included in the non-guarantor presentation and in subsequent periods and for so long as they remain guarantors of the Senior Notes they will be included in the Subsidiary Guarantor presentation.

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CONSOLIDATING BALANCE SHEET (UNAUDITED)
AS OF JUNE 30, 2013
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
ASSETS					
Current assets:					
Cash	$—	$206,115	$ 67,680	$—	$273,795
Accounts receivable, net of allowances	—	137,098	50,662	—	187,760
Accounts receivable - affiliates	1,908,137	1,580,350	167,659	(3,656,146)	—
Interest receivable - affiliates	—	—	14,894	(14,894)	—
Deferred tax assets	25,375	4,321	2,059	—	31,755
Income taxes receivable	—	4,591	1,696	—	6,287
Prepaid and other current assets	7,930	24,867	16,171	—	48,968
Assets held for sale	—	—	15,661	—	15,661
Total current assets	1,941,442	1,957,342	336,482	(3,671,040)	564,226
Property and equipment, net	—	82,700	20,371	—	103,071
Capitalized software, net	—	186,711	76,890	—	263,601
Deferred costs, net	60,050	—	—	—	60,050
Goodwill	—	1,682,171	397,390	—	2,079,561
Identifiable intangibles, net	—	428,623	211,342	—	639,965
Long-term note receivable - affiliates	—	619,262	13,364	(632,626)	—
Deferred tax assets	—	—	963	—	963
Other assets	—	4,632	6,419	—	11,051
Investment in subsidiaries	2,288,876	176,334	—	(2,465,210)	—
Total assets	$4,290,368	$5,137,775	$ 1,063,221	$(6,768,876)	$3,722,488
LIABILITIES AND STOCKHOLDER EQUITY					
Current liabilities:					
Accounts payable	$—	$21,894	$ 13,493	$—	$35,387
Accounts payable - affiliates	996,874	2,525,210	134,062	(3,656,146)	—
Income taxes payable	—	—	8,469	—	8,469
Accrued liabilities	29,239	47,464	42,610	—	119,313
Accrued interest - affiliates	—	14,894	—	(14,894)	—
Deferred revenues	—	3,885	4,371	—	8,256
Deferred tax liabilities	—	—	243	—	243
Current portion of capital lease obligation	—	6,329	147	—	6,476
Current portion of long-term debt, net of original issue discount	13,539	—	—	—	13,539
Liabilities related to assets held for sale	—	—	2,693	—	2,693
Total current liabilities	1,039,652	2,619,676	206,088	(3,671,040)	194,376
Long-term liabilities:					
Long-term note payable - affiliates	6,181	7,183	619,262	(632,626)	—
Deferred tax liabilities	4,569	186,942	43,187	—	234,698
Long-term capital lease obligation, net of current maturities	—	1,666	150	—	1,816
	2,084,677	—	—	—	2,084,677

Long-term debt, net of current portion and original issue discount					
Other long-term liabilities	—	33,432	11,790	—	45,222
Total liabilities	3,135,079	2,848,899	880,477	(4,303,666)	2,560,789
Commitments and contingencies:					
Redeemable noncontrolling interest	—	—	203	—	203
Stockholder equity:					
Common stock	—	—	1,030	(1,030)	—
Additional paid-in capital	1,220,513	2,169,631	112,365	(2,281,996)	1,220,513
(Accumulated deficit) retained earnings	(62,508)	118,293	72,793	(191,086)	(62,508)
Accumulated other comprehensive (loss) income	(2,716)	952	(3,647)	2,695	(2,716)
Total Syniverse Holdings Inc. stockholder equity	1,155,289	2,288,876	182,541	(2,471,417)	1,155,289
Nonredeemable noncontrolling interest	—	—	—	6,207	6,207
Total equity	1,155,289	2,288,876	182,541	(2,465,210)	1,161,496
Total liabilities and stockholder equity	$4,290,368	$5,137,775	$ 1,063,221	$(6,768,876)	$3,722,488

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CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2013
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	$—	$168,363	$ 24,908	$—	$193,271
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)	—	61,624	10,310	—	71,934
Sales and marketing	—	11,257	5,271	—	16,528
General and administrative	—	31,294	(2,604)	—	28,690
Depreciation and amortization	—	47,865	1,635	—	49,500
Restructuring and management termination benefits	—	1,847	605	—	2,452
Acquisition expenses	—	16,553	—	—	16,553
	—	170,440	15,217	—	185,657
Operating income	—	(2,077)	9,691	—	7,614
Other income (expense), net:					
Income from equity investment	(4,076)	(720)	—	4,796	—
Interest income	9	78	75	—	162
Interest expense	(30,950)	(151)	(16)	—	(31,117)
Other, net	2,350	(1,947)	(1,348)	392	(553)
	(32,667)	(2,740)	(1,289)	5,188	(31,508)
(Loss) income before (benefit from) provision for income taxes	(32,667)	(4,817)	8,402	5,188	(23,894)
(Benefit from) provision for income taxes	(7,939)	(741)	8,930	—	250
Net (loss) income	(24,728)	(4,076)	(528)	5,188	(24,144)
Net income attributable to nonredeemable noncontrolling interest	—	—	—	192	192
Net (loss) income attributable to Syniverse Holdings, Inc.	$(24,728)	$(4,076)	$ (528)	$4,996	$(24,336)

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CONSOLIDATING STATEMENT OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)
FOR THE THREE MONTHS ENDED JUNE 30, 2013
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
Net (loss) income	$(24,728)	$(4,076)	$ (528)	$5,188	$(24,144)
Other comprehensive loss:					
Foreign currency translation adjustment, net of tax expense of $317	—	—	(912)	—	(912)
Amortization of unrecognized loss included in net periodic cost, net of tax expense of $15	—	—	36	—	36
Other comprehensive loss	—	—	(876)	—	(876)
Comprehensive (loss) income	(24,728)	(4,076)	(1,404)	5,188	(25,020)
Less: comprehensive income attributable to nonredeemable noncontrolling interest	—	—	—	(140)	(140)
Comprehensive (loss) income attributable to Syniverse Holdings, Inc.	$(24,728)	$(4,076)	$ (1,404)	$5,328	$(24,880)

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CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
Revenues	$—	$327,440	$ 49,713	$—	$377,153
Costs and expenses:					
Cost of operations (excluding depreciation and amortization shown separately below)	—	123,431	20,434	—	143,865
Sales and marketing	—	25,936	10,741	—	36,677
General and administrative	—	62,481	(2,650)	—	59,831
Depreciation and amortization	—	91,251	3,336	—	94,587
Restructuring and management termination benefits	—	2,556	954	—	3,510
Acquisition expenses	—	20,945	—	—	20,945
	—	326,600	32,815	—	359,415
Operating income	—	840	16,898	—	17,738
Other income (expense), net:					
Income from equity investment	4,170	12,649	—	(16,819)	—
Interest income	9	79	123	—	211
Interest expense	(57,602)	(331)	(28)	—	(57,961)
Other, net	2,350	(2,733)	(900)	46	(1,237)
	(51,073)	9,664	(805)	(16,773)	(58,987)
(Loss) income before (benefit from) provision for income taxes	(51,073)	10,504	16,093	(16,773)	(41,249)
(Benefit from) provision for income taxes	(13,232)	6,334	2,840	—	(4,058)
Net (loss) income	(37,841)	4,170	13,253	(16,773)	(37,191)
Net income attributable to nonredeemable noncontrolling interest	—	—	—	604	604
Net (loss) income attributable to Syniverse Holdings, Inc.	$(37,841)	$4,170	$ 13,253	$(17,377)	$(37,795)

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CONSOLIDATING STATEMENT OF COMPREHENSIVE (LOSS) INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
Net (loss) income	$(37,841)	$4,170	$ 13,253	$(16,773)	$(37,191)
Other comprehensive loss:					
Foreign currency translation adjustment, net of tax benefit of ($273)	—	—	(1,999)	—	(1,999)
Amortization of unrecognized loss included in net periodic cost, net of tax expense of $15	—	—	36	—	36
Other comprehensive loss	—	—	(1,963)	—	(1,963)
Comprehensive (loss) income	(37,841)	4,170	11,290	(16,773)	(39,154)
Less: comprehensive income attributable to nonredeemable noncontrolling interest	—	—	—	387	387
Comprehensive (loss) income attributable to Syniverse Holdings, Inc.	$(37,841)	$4,170	$ 11,290	$(17,160)	$(39,541)

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CONSOLIDATING STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
Cash flows from operating activities					
Net (loss) income	$(37,841)	$4,170	$ 13,253	$(16,773)	$(37,191)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:					
Depreciation and amortization	—	91,251	3,336	—	94,587
Amortization of deferred debt issuance costs and original issue discount	4,454	—	—	—	4,454
Allowance for uncollectible accounts	—	394	(42)	—	352
Allowance for credit memos	—	3,993	181	—	4,174
Deferred income tax (benefit) expense	(18,915)	13,029	(180)	—	(6,066)
Income from equity investment	(4,170)	(12,649)	—	16,819	—
Stock-based compensation	5,180	—	—	—	5,180
Other, net	—	—	2,336	(46)	2,290
Changes in operating assets and liabilities, net of acquisitions:					
Accounts receivable	—	(16,479)	(563)	—	(17,042)
Accounts receivable - affiliates	(733,177)	(956,806)	1,689,983	—	—
Income tax receivable or payable	—	(987)	953	—	(34)
Prepaid and other current assets	(30)	(9,237)	(1,491)	—	(10,758)
Accounts payable	—	7,718	840	—	8,558
Accounts payable - affiliates	802,897	892,438	(1,695,335)	—	—
Accrued liabilities and deferred revenues	60	8,567	613	—	9,240
Other assets and long-term liabilities	(684,955)	8,256	673,773	—	(2,926)
Net cash provided by (used in) operating activities	(666,497)	33,658	687,657	—	54,818
Cash flows from investing activities					
Capital expenditures	—	(37,085)	(4,658)	—	(41,743)
Acquisitions, net of acquired cash	—	34,381	(662,572)	—	(628,191)
Assets held for sale	—	—	(4,615)	—	(4,615)
Net cash used in investing activities	—	(2,704)	(671,845)	—	(674,549)
Cash flows from financing activities					
Debt issuance costs paid	(25,236)	—	—	—	(25,236)
Payments on capital lease obligation	—	(4,836)	(95)	—	(4,931)
Principal Payments on Initial Term Loans	(4,750)	—	—	—	(4,750)
Borrowings under Tranche B Term Loans, net of original issue discount	696,500	—	—	—	696,500
Borrowings under New Senior Credit Facility, net of original issue discount	—	—	—	—	—
Distributions to Buccaneer Holdings, Inc.	(17)	—	—	—	(17)
Distribution of noncontrolling interest	—	—	(940)	—	(940)

Net cash used in financing activities	666,497	(4,836)	(1,035)	—	660,626
Effect of exchange rate changes on cash	—	(2,872)	3,577	—	705
Net decrease in cash	—	23,246	18,354	—	41,600
Cash at beginning of period	—	182,869	49,326	—	232,195
Cash at end of period	$—	$206,115	$ 67,680	$—	$273,795

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CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2012
(IN THOUSANDS)

	Syniverse, Inc.	Subsidiary Guarantors	Subsidiary Non-Guarantors	Adjustments	Consolidated
ASSETS					
Current assets:					
Cash	$—	$182,869	$ 49,326	$—	$232,195
Accounts receivable, net of allowances	—	124,937	23,760	—	148,697
Accounts receivable - affiliates	1,166,304	628,810	93,267	(1,888,381)	—
Interest receivable - affiliates	—	—	14,894	(14,894)	—
Deferred tax assets	6,460	4,321	1,161	—	11,942
Income taxes receivable	—	3,604	2,471	—	6,075
Prepaid and other current assets	3,851	15,647	5,697	—	25,195
Total current assets	1,176,615	960,188	190,576	(1,903,275)	424,104
Property and equipment, net	—	74,945	10,207	—	85,152
Capitalized software, net	—	198,936	3,178	—	202,114
Deferred costs, net	42,071	—	—	—	42,071
Goodwill	—	1,682,171	—	—	1,682,171
Identifiable intangibles, net	—	474,200	2,883	—	477,083
Long-term note receivable - affiliates	—	—	7,183	(7,183)	—
Deferred tax assets	—	—	1,290		1,290
Other assets	—	44,793	261	—	45,054
Investment in subsidiaries	1,603,922	96,861	—	(1,700,783)	—
Total assets	$2,822,608	$3,532,094	$ 215,578	$(3,611,241)	$2,959,039
LIABILITIES AND STOCKHOLDER EQUITY					
Current liabilities:					
Accounts payable	$—	$14,213	$ 3,548	$—	$17,761
Accounts payable - affiliates	193,976	1,635,043	59,362	(1,888,381)	—
Income taxes payable	—	—	6,197	—	6,197
Accrued liabilities	29,178	39,216	11,196	—	79,590
Accrued interest - affiliates	—	14,894	—	(14,894)	—
Deferred revenues	—	2,346	3,365	—	5,711
Deferred tax liabilities	—	—	243	—	243
Current portion of capital lease obligation	—	3,791	152	—	3,943
Current portion of long term debt, net of original issue discount	7,082	—	—	—	7,082
Total current liabilities	230,236	1,709,503	84,063	(1,903,275)	120,527
Long-term liabilities:					
Long-term note payable - affiliates	—	7,183	—	(7,183)	—
Deferred tax liabilities	4,569	192,361	15,746	—	212,676
Long-term capital lease obligation, net of current maturities	—	4,075	245	—	4,320
Long-term debt, net of current portion and original issue discount	1,398,136	—	—	—	1,398,136
Other long-term liabilities	—	15,050	11,903	—	26,953

Total liabilities	1,632,941	1,928,172	111,957	(1,910,458)	1,762,612
Stockholder equity:					
Common stock	—	—	207	(207)	—
Additional paid-in capital	1,215,350	1,489,267	45,377	(1,534,644)	1,215,350
(Accumulated deficit) retained earnings	(24,713)	114,122	59,540	(173,662)	(24,713)
Accumulated other comprehensive (loss) income	(970)	533	(1,503)	970	(970)
Total Syniverse Holdings Inc. stockholder equity	1,189,667	1,603,922	103,621	(1,707,543)	1,189,667
Noncontrolling interest	—	—	—	6,760	6,760
Total equity	1,189,667	1,603,922	103,621	(1,700,783)	1,196,427
Total liabilities and stockholder equity	$2,822,608	$3,532,094	$ 215,578		