

imagine...



... what seeing the complete subscriber
could do for you ...

Bridgewater Systems provides a real-time, unified view of subscribers, which enables service providers to manage and profit from mobile data services, content and commerce.

Personalize mobile services

Our solutions capture subscriber data dispersed throughout the network or in different applications, and broker it to third-party applications. This allows service providers to personalize services based on the subscriber's preferences, usage, and context.



Manage access to networks and services

We help service providers manage hundreds of new applications, millions of new customers, and billions of monthly transactions. Our solutions cater to any subscriber, any device, any application, and any network.

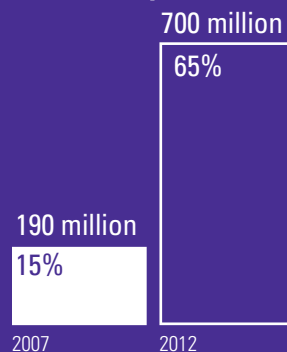
Deliver services rapidly

We enable service providers to deliver new services and applications such as social networking and mobile videos. We also support innovative service models like applications on-demand and revenue sharing with mobile advertisers.



The growth in mobile data is being driven by the popularity of smartphones, laptop data cards, unlimited flat-rate service plans, and new mobile applications.

More smartphones



Smartphones account for 15% of the global mobile handset market. By 2012, this is expected to increase to 65%. Since these devices are designed for multimedia applications, smartphones drive 30 to 50 times more data usage than other devices. They also present mobile service providers with new revenue opportunities.

... capitalizing on mobile data growth ...


More bandwidth

Evolving mobile broadband technologies such as 3G and 4G significantly increase network bandwidth and allow service providers to deliver more sophisticated multimedia services to their subscribers. 3G and 4G technologies provide more than 10 times the capacity of existing 2G networks.

2G > **3G** > **4G**
0.1-1 mbps 1-10 mbps 10-100 mbps

More applications

Most smartphones today offer an open application development platform. As a result, applications can be developed by the device manufacturer, the service provider, or a third-party software developer. This new openness has led to a proliferation of innovative mobile applications for consumers and enterprises. It has also brought new challenges in managing subscribers, devices, and applications, as well as opportunities for new service and revenue models.

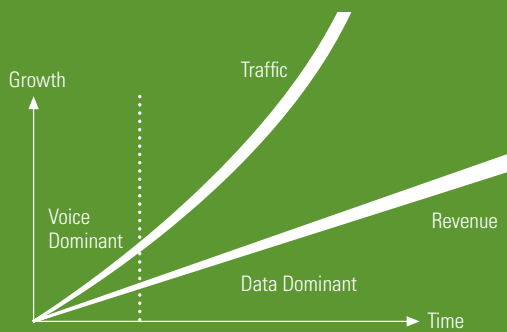


Bridgewater's solutions allow service providers to adopt innovative service models to narrow the gap between mobile data traffic and revenue growth.

Revenue gap

There is a significant gap between the growth in mobile data traffic and the corresponding growth in mobile data revenue. This gap is expected to widen. According to one of the largest device manufacturers, mobile data traffic volumes will grow 100 times faster than mobile data revenues between 2009 and 2015.

... narrowing the revenue gap by
adopting innovative service models ...



Service model innovation

Service providers can narrow the gap with innovative service models such as casual usage, tiered services, and on-demand access to applications. Real-time subscriber information makes it easy to provision new services and implement policies that improve cost efficiency by controlling application usage and protecting the network. Service providers can also profit from services paid for by mobile advertising, and revenue sharing with third-party application providers.



Bridgewater Systems has over 120 service provider customers in more than 30 countries worldwide in both developed and emerging markets.

Developed markets

The challenge in developed markets is for service providers to upgrade capacity and better manage network resources to support traffic growth, while generating revenues from new mobile applications and service models. They want to deliver the best customer experience, which makes service personalization and subscriber data management critical.

... addressing the needs
of a global market.

Emerging markets

In emerging markets, service providers are introducing mobile broadband as the primary way to deliver communications and Internet services. It is important to have flexible charging and usage models in place to address different subscriber needs. Although penetration in emerging markets is lower, the opportunity is large and growing at a fast pace.



Our solutions enable service providers to benefit from mobile data growth and personalize the subscriber experience.



Service Personalization

Consumers and businesses want a personalized mobile experience. They want to choose the services they receive, determine when, how and where they receive them, and pay their way. To deliver this level of service personalization, service providers need to capture subscriber information that is both static and dynamic. They also need to capture information that is dispersed throughout the network or residing in different applications.

Bridgewater's mobile personalization portfolio enables service providers to increase revenues, and deliver personalized and differentiated services to over 150 million subscribers.



Service Model Innovation

It's not all about the latest network technology and mobile devices. Consumers and businesses want the Internet experience on their mobile devices and they want service models that reflect their personal preferences. Service providers can attract and retain subscribers by offering innovative service models such as casual and flexible usage, on-demand access to applications, tiered services, and service extensions, as well as traditional prepaid, postpaid and flat-rate plans. They can also deliver new subscriber services that are paid for by mobile advertising and revenue sharing with third-party application providers.



Open Access and Applications

In 2009, mobile device users are expected to download over 10 billion applications. The majority of these applications are expected to be from third parties. Service providers have an opportunity to personalize third-party applications such as social networking and mobile videos with subscriber context, preferences and location, generating new revenue opportunities. They can also adopt new business models such as advertising-funded services. These approaches can improve customer loyalty and attract new subscribers.



Data Services Growth Management

The success of mobile broadband services has sparked exponential growth in mobile data traffic. This traffic boom is being driven by a dramatic increase in the use of advanced applications such as mobile Internet browsing and video, the adoption of laptop mobile data cards, unlimited data plans, and the popularity of smartphones.

Bridgewater Systems understands the complexity and performance challenges of managing data services growth. Our solutions help mobile service providers predict and manage data growth cost effectively, while ensuring a high level of service through the implementation of policies that respect subscribers and adapt to their behaviors.



Service Infrastructure Transformation

The migration to 3G and 4G networks enables service providers to deliver more sophisticated multimedia services to their subscribers, generating new sources of revenue and new service and business models. It also enables them to significantly increase bandwidth capacity on their networks, while reducing capital and operating costs per gigabyte of traffic.

Bridgewater's mobile personalization portfolio is a key component of our customers' next generation growth strategies, enabling them to offer a seamless subscriber experience across 3G and 4G networks.

Deliver new mobile data services over multiple 3G networks.

The Challenge:

- Deliver mobile data services across multiple mobile networks based on different technologies
- Unify subscriber data management across networks and services and eliminate infrastructure silos
- Support application and subscriber growth

How Bridgewater Systems helps Pelephone deliver mobile services over CDMA, GSM and 3G networks.

Customer Profile	<ul style="list-style-type: none">• One of the largest Israeli mobile operators – 2.7 million subscribers including over 1 million 3G subscribers• CDMA/EV-DO network, GSM/UMTS/HSPA overlay network• Bridgewater customer since 2006
Business Objectives	<ul style="list-style-type: none">• Improve data roaming capabilities globally• Deliver new IP services across disparate mobile broadband networks
Solution	<ul style="list-style-type: none">• The Bridgewater® Service Controller anchored by the Subscriber Data Broker™ – to authorize and authenticate subscribers, perform critical accounting functions, and bring together dynamic subscriber data with the sophisticated tools to broker that data to systems and applications.<ul style="list-style-type: none">- Converged service infrastructure reduces costs and enables delivery of new mobile applications- Rapid and efficient service activation includes location-based services, streaming media such as mobile TV, and push to talk services- Unified, real-time view of subscribers to personalize services and create new revenue-generating opportunities



“Scalable, high performance service control and subscriber data management are key to personalizing the mobile experience and supporting exciting new services for our subscribers such as streaming mobile videos.”

Motti Alegresi, Wireless Data Network Manager,
Pelephone Israel

Ensure fair bandwidth usage and deliver personalized services.

The Challenge:

- Manage mobile data traffic growth and subscriber bandwidth usage
- Recognize subscribers roaming between GSM (2G) and HSPA (3G) networks to ensure the seamless delivery of mobile applications

How Bridgewater Systems helps SmarTone-Vodafone personalize services and manage mobile data growth.

Customer Profile	<ul style="list-style-type: none">• Hong Kong-based 3G and GSM mobile operator with over 1 million subscribers• Focus on delivering best-in-class and innovative mobile services to targeted customer segments• Bridgewater customer since 2006
Business Objectives	<ul style="list-style-type: none">• Ensure fair bandwidth usage• Enable seamless mobile services between different networks• Create competitive advantage with personalized, tiered services
Solution	<ul style="list-style-type: none">• The Bridgewater® Policy Controller – a policy control function that provides real-time network and application policies that allow service providers to offer personalized services, lower operational costs, and generate incremental revenue.<ul style="list-style-type: none">- Optimizes network resources to manage mobile data growth- Innovative tiered services based on bandwidth usage, time of day, and day of week- Personalizes applications based on profile, location, device, and network- Identifies heavy bandwidth users for promotion or additional services



“Our successful deployment of the Bridgewater Policy Controller has allowed us to deliver an unbeatable customer experience by offering personalized service tiers and on-demand application access, while optimizing network performance using flexible fair usage policies.”

Stephen Chau, Chief Technology Officer
SmarTone-Vodafone

Our growth initiatives capitalize on market trends and investments in innovative products.



Penetrate 3G & 4G Markets

We are extending the delivery of our products and services to service providers with 3G and 4G networks. This includes: supporting 3G technologies such as EV-DO, HSPA and UMTS; migrating customers from 3G to 4G technologies, such as WiMAX and LTE; and supporting fixed mobile convergence strategies like Femtocells. Bridgewater's products support all major wireless access technologies and provide seamless migration and interoperability across 2G, 3G and 4G networks.



Broaden the Product Portfolio

A key element of our growth strategy is broadening our product portfolio. In 2009, we expect our policy control and subscriber data management products to take on increasing importance as services providers focus on increasing Average Revenue Per User (ARPU) through personalized services, and managing mobile data growth. We are also adding innovative features and ensuring 4G standards compliance as we evolve our mobile personalization portfolio.



Enable New Delivery Models

Service providers are looking for new and flexible delivery models to better predict and manage mobile data growth, reduce costs, and rapidly launch new services. Service providers can purchase and deploy our products as standalone software solutions or as integrated systems. Our new WideSpan system is an integrated portfolio offering that easily scales in a high mobile transaction environment and reduces operating and capital costs.



Expand Globally

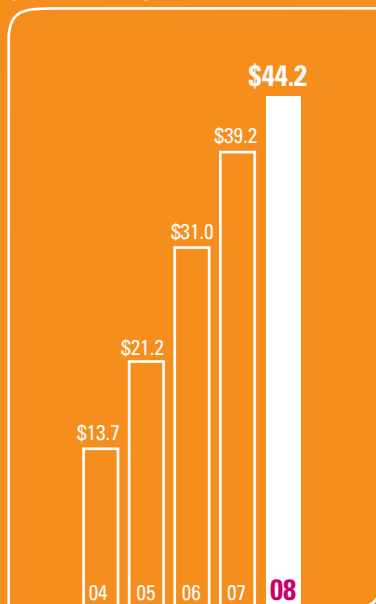
We are continuing to expand our business outside North America by leveraging channel partners and system integrators, with a focus on key markets in Europe, Asia Pacific, the Middle East, Africa, and Central and South America. Our go-to-market approach includes direct engagements with Tier 1 and Tier 2 service providers, solution partners, global resellers, and selected regional resellers.

Our business model is focused on expanding our products and services for our customers, growing our customer base, and developing our channel model.

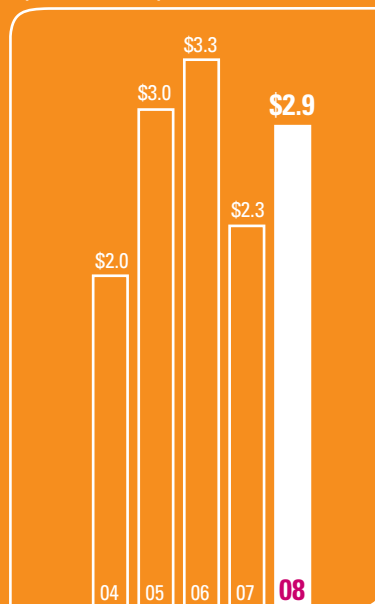
2008 Financial Highlights

- Revenue rose by 13% to \$44.2 million, from \$39.2 million in 2007. Since 2004, revenue has increased by 34%, compounded annually.
- Revenue from the migration of 3G to 4G networks contributed 20% of revenue versus 3% in 2007.
- Net earnings were \$2.8 million (\$0.11 per share), compared with \$2.7 million (\$0.13 per share) in 2007.
- Generated strong cash flow of \$11.8 million, compared to \$7.4 million in 2007.
- Ended the year well capitalized with a net cash position of \$50.4 million and no debt.

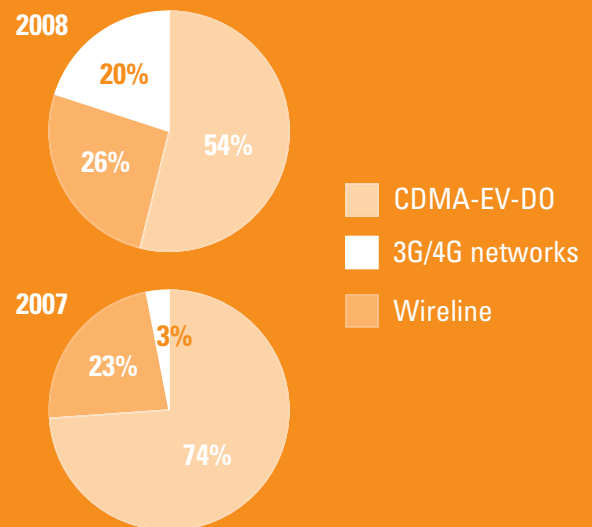
Revenue
(in millions)



Earnings Before Income Taxes
(in millions)



Revenue by Network Type



2008 Operational Highlights

- Increased our GSM/HSPA/UMTS customer base and achieved objective of six GSM customers.
- Developed and successfully launched the WideSpan system, a new delivery model for our products.
- Received an initial three-year, \$30 million order from Verizon Wireless for WideSpan.
- Secured a second WideSpan order from Cricket Communications, an existing North American customer.
- Subsequent to year-end, we won a multi-million dollar policy control order with a Tier 1 mobile service provider.
- Continued our momentum in 4G WiMAX deployments, with 24 service provider wins.

WideSpan System

About WideSpan

Bridgewater's WideSpan® system is an integrated portfolio offering that combines Bridgewater software and services with third-party hardware to enable personalization in a high mobile transaction environment.

Our customers are looking for ways to better predict and manage mobile data growth and WideSpan addresses this challenge. The WideSpan system will be an important contributor to the long term growth of our business as it deepens customer relationships, diversifies our portfolio across products and services, drives top-line growth, and enhances profitability.



Bridgewater Systems, the mobile personalization company, enables service providers to efficiently manage and profit from mobile data services, content and commerce. The company's market leading mobile personalization portfolio provides a real-time, unified view of subscribers including entitlements, devices, networks, billing profiles, preferences and context. Anchored by Bridgewater's Subscriber Data Broker™, the portfolio of carrier-grade and standards-based products includes the Bridgewater® Service Controller (AAA), the Bridgewater® Policy Controller (PCRF) and the Bridgewater® Home Subscriber Server (HSS). More than 120 leading service providers including America Movil, Bell Canada, Clearwire, Hutchison Telecom, Iusacell, Scartel, SmartTone-Vodafone, Sprint, Tata Teleservices, Tatung, Telmex, Telstra, and Verizon Wireless use Bridgewater's solutions to rapidly deliver innovative mobile services to over 150 million subscribers. For more information, visit us at www.bridgewater.com.



THE MOBILE PERSONALIZATION COMPANY

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www.bridgewater.com

Company Headquarters

303 Terry Fox Drive
Suite 500
Ottawa, Ontario
Canada K2K 3J1

P: +1 613 591 6655
F: +1 613 591 6656

European Office

Albany House
324/326 Regent Street,
Suite 404, London,
United Kingdom W1B 3HH

P: 44 (0) 118 925 3298
F: 44 (0) 118 925 3299

Asia Pacific Office

Suite 211 / 250 Pitt Street
Sydney, NSW,
Australia 2000

P: + 61 2 9283 2313
F: + 61 2 9283 3738

U.S. Office

280 Madison Avenue,
Suite 912
New York, NY
United States 10016

P: +1 866 652 0471
F: +1 613 591 6656