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

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-52049

SYNCHRONOSS TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1594540**
(State of incorporation)	*(IRS Employer Identification No.)*

750 Route 202 South, Suite 600, Bridgewater, New Jersey 08807
(Address of principal executive offices, including ZIP code)

(866) 620-3940
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.0001 par value	The NASDAQ Stock Market, LLC

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

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). Yes ☐ No ☑

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the Registrant as of June 30, 2008, based upon the closing price of the common stock as reported by The NASDAQ Stock Market on such date was approximately $187 million.

As of February 27, 2009, a total of 30,989,993 shares of the Registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III (Items 10, 11, 12, 13 and 14) is incorporated by reference to portions of the registrant's definitive Proxy Statement for its 2009 Annual Meeting of Stockholders (the "Proxy Statement"), which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2008. Except as expressly incorporated by reference, the Proxy Statement shall not be deemed to be a part of this report on Form 10-K.

SYNCHRONOSS TECHNOLOGIES, INC.

FORM 10-K

DECEMBER 31, 2008

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PART I

ITEM 1. *BUSINESS*

The words "Synchronoss", "we", "our", "ours", "us" and the "Company" refer to Synchronoss Technologies, Inc. All statements in this discussion that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Synchronoss' "expectations", "beliefs", "hopes", "intentions", "strategies" or the like. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Synchronoss cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the risk factors discussed in this Annual Report on Form 10-K. Synchronoss expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Synchronoss' expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

General

We are a leading provider of on-demand transaction management platforms that enable communications service providers (CSPs), equipment manufacturers with embedded connectivity (e.g., handsets, mobile internet devices, laptops, cameras, etc.) (EMECs) and other customers to automate subscriber activation, order management and service provisioning from any channel (e.g., e-commerce, telesales, customer stores and other retail outlets, etc.) to any communication service (e.g., wireless, high speed access, local access, IPTV, cable, satellite TV, etc.) across any device type.

Our ConvergenceNow® platforms (including ConvergenceNow® Plus+ and InterconnectNow™) provide end-to-end seamless integration between customer-facing channels/applications, communication services, devices and "back-office" infrastructure-related systems and processes. Our customers rely on our Web-based solutions and technology to automate the process of activating customers while delivering additional communication services, including new service offerings and ongoing customer care. Our ConvergenceNow® platforms are designed to be flexible and scalable to enable multiple converged communication services to be managed across multiple distribution channels, including e-commerce, telesales, customer stores and other retail outlets, etc., allowing us to meet the rapidly changing and converging services offered by our customers. By simplifying the processes associated with managing our customers' subscribers' experience for ordering and activating services through the use of our ConvergenceNow® platforms to automate and integrate their disparate systems, we enable our customers to acquire, retain and service subscribers quickly, reliably and cost-effectively.

Our industry-leading customers include AT&T Inc., British Telecom, Cablevision, Charter Communications, Clearwire, Comcast, Cox Communications, Embarq, Fairpoint, Frontier, Global Crossing, Level 3 Communications, RaySat Broadcasting Corporation, Sprint Nextel, Time Warner Cable, Time Warner Telecom, Verizon Business Solutions, Verizon Wireless, Vodafone, Vonage Holdings, and XO Communications. These customers utilize our platforms, technology and services to service both consumer and business customers, including over 300 of the Fortune 500 companies.

We were incorporated in Delaware in 2000. Our web address is www.synchronoss.com. On this Website, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC): our annual reports on Form 10-K, quarterly reports on Form 10-Q, our current reports on Form 8-K, our proxy statement on Form 14A related to our annual stockholders' meeting and any amendments to those reports or statements filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. All such filings are available on the Investor Relations portion of our Website free of charge. The contents of our Website are not intended to be incorporated by reference into this Form 10-K or in any other report or document we file.

Synchronoss' ConvergenceNow® Platforms

Our ConvergenceNow® platforms, which are derived from our original transaction management platform, ActivationNow® provide comprehensive on-demand, end-to-end order processing, transaction management and service provisioning through multiple channels including e-commerce, telesales, customer retail stores and other retail outlets. Our ConvergenceNow® platforms were designed to be flexible, scalable, open and on-demand, and to offer a unique end-to-end solution for managing transactions for a wide range of existing communication services and digital content services as well as to allow for rapid activation of new services and embedded communication devices. Our ConvergenceNow® platforms expand the capabilities of our ActivationNow® platform to enable an environment with a single point of access (i.e., handheld devices or desktops) to numerous communication services.

Our ConvergenceNow® Plus+ platform offers all of the features of our core ConvergenceNow® platform and extends those features into more transaction areas required to enable subscriber management for emerging devices. In addition, ConvergenceNow® Plus+ is specifically designed to support embedded communication devices, such as smart phones, mobile internet devices, laptops and wirelessly enabled consumer electronics such as cameras and global positioning system devices. Specifically, ConvergenceNow® Plus+ supports, among other transaction areas, credit card billing, inventory management, and trouble ticketing, none of which is supported by our ConvergenceNow® platform. Our InterconnectNowtm platform supports the physical transactions involved in customer activation and service such as managing access service requests, local service requests, local number portability, and directory listings.

In addition to handling large volumes of customer transactions quickly and efficiently, our platforms are designed to recognize, isolate and address transactions when there is insufficient information or other erroneous process elements. This knowledge enables us to adapt our solutions to automate a higher percentage of transactions over time, further improving the value of our solutions to our customers. Our ConvergenceNow® platforms also offer a centralized reporting platform that provides intelligent, real-time analytics around the entire workflow related to any transaction. This reporting allows our customers to appropriately identify buying habits and trends, define their subscriber's segments and pin-point areas where their business has increased. The automation and ease of integration of our platforms were designed to enable our customers to lower the cost of new subscriber acquisitions, enhance the accuracy and reliability of customer transactions thus reducing the inbound service call volumes, and respond rapidly to competitive market conditions. Our platforms offer flexible, scalable solutions backed by service level agreements (SLAs) and exception handling.

Our platforms manage transactions relating to a wide range of existing communications and digital content services across the different segments of our customers. For example, we enable wireless providers to conduct business-to-consumer, or B2C, and business-to-business, or B2B, transactions. The capabilities of our platforms were designed to provide our customers with the opportunity to improve operational performance and efficiencies and rapidly deploy new services. They were also designed to provide customers the opportunity to improve performance and efficiencies for activating and managing subscriber management processes for new devices with communication services.

Our platforms are designed to be:

Highly Automated: We designed our platforms to eliminate manual processes and to automate otherwise labor-intensive tasks, thus improving operating efficiencies, order accuracy and reducing costs. By tracking every order and identifying those that are not provisioned properly, our platforms were designed to substantially reduce the need for manual intervention and reduce unnecessary customer service center calls. The technology of our platforms automatically guides a customer's request for service through the entire series of required steps.

Predictable and Reliable Customer Experience: We are committed to providing high-quality, dependable services to our customers. To ensure reliability, system uptime and other service offerings, our transaction management is guaranteed through SLAs. Our platforms are complete customer management solutions, including exception handling, which we believe is one of the main factors that differentiates us from our competitors. In performing exception handling, our platforms recognize and isolate transaction orders that are not configured to specifications, process them in a timely manner and communicate these orders back to our customers, thereby improving efficiency and reducing backlog. If manual intervention is required, our exception handling is outsourced to centers located in India, Canada and the United States. Additionally, our database design preserves data integrity while ensuring fast, efficient, transaction-oriented data retrieval methods.

Seamless: Our platforms integrate information across our customer's entire operation, including subscriber information, order information, product and service catalogs, network inventory and workflow information. We have built our platforms using an open design with fully-documented software interfaces, commonly referred to as application programming interfaces, or APIs. Our APIs make it easier for our customers, strategic partners and other third-parties to integrate the platforms with other software applications and to build Web-based applications incorporating third-party or customer-designed capabilities. Through our open design and alliance program, we provide our customers with superior solutions that combines our technology with best-of-breed applications with the efficiency and cost-effectiveness of commercial, packaged interfaces.

Scalable: Our platforms are designed to process expanding transaction volumes reliably and cost effectively. While our transaction volume has increased rapidly since our inception, we anticipate substantial future growth in transaction volumes and believe our platforms are capable of scaling their output commensurately, requiring principally routine computer hardware and software updates. In addition, we believe our platforms enable our customers to offer a variety of services more quickly and to package and price their services cost effectively by integrating them with available network capacity and resources.

Value-add Reporting Tools: Our platforms' attributes are tightly integrated into the critical workflows of our customers. The platforms have analytical reporting capabilities that provide real-time information for every step of the relevant transaction processes. In addition to improving end-user customer satisfaction, these capabilities provide our customers with value-added insights into historical and current transaction trends. We also offer mobile reporting capabilities for key users to receive critical data about their transactions on mobile devices.

Efficient: Our platforms' capabilities provide what we believe to be a more cost-effective, efficient and productive approach to enabling new activations across services and channels. Our solutions allow our customers to reduce overhead costs associated with building and operating their own customer transaction management infrastructure. We also provide our customers with the information and tools to more efficiently manage marketing and operational aspects of their business.

Vehicles of Quick Concept to Market Delivery: The automation and ease of integration of our on-demand platform allow our customers to accelerate the deployment of their services and new service offerings by shortening the time between a customer's order and the provisioning of service or activation and enabling of an emerging device.

Demand Drivers for Our Multi-Channel Transaction Management Solutions

Our services are capable of managing a wide variety of transactions across multiple customer delivery channels and services, enabling us to benefit from increased growth, complexity and technological change in the communications industry. As the communications technology industry has evolved, new access networks, end-devices and applications with multiple services and modes have emerged. This proliferation of services and advancement of technologies, combined with their bundling (i.e., double (voice and data), triple (voice, data and video) and quadruple (voice, video, data and wireless) plays) are accelerating subscriber growth and increasing the number of transactions between customers and their subscribers.

Currently, the growth in wireless services, the proliferation of smart phones, embedded devices, voice-over-Internet-protocol (VoIP) adoption and the increasing importance of e-commerce as a sales channel, are driving demand for our transaction management solutions and subscriber management. As a result, we see an opportunity to provide our services to the high-growth market of emerging devices and bundled services (including voice, video, data and wireless) resulting from converging technology sectors. We support and target transactions ranging from initial service activations to ongoing customer lifecycle transactions, such as additions, subtractions and changes to services. The need for customers to deliver these transactions efficiently increases the need for our on-demand software platforms' delivery model. The rapid emergence of all digital, IP-based networks is leading to development of telecommunications services that are less dependent on particular elements of network infrastructure. In this environment, customers are increasingly relying on intelligent platform solutions, such as ours, in order to quickly develop new packages of service offerings. The critical factor driving adoption of our services is shifting from cost reduction for customers, to generating new revenues via on-demand service creation, bundling, the launch of new channels (i.e., e-tailers) and the launch of emerging devices. In this environment, we believe that our on-demand capabilities will be a major value-added difference to our customers and their customers. Our transaction management solutions are available through multiple channels: e-commerce, retail stores, telesales, third-party e-tailers, and other retail outlets. Our customers value our multi-channel transaction management solutions, which we believe will be a key differentiator.

Advancements in Devices with Embedded Connectivity, Network Technology, Applications and Content. The communications industry is moving towards a next generation mobility marketplace, which will allow both business and consumer customers to choose a wide range of connected devices or equipment with embedded connectivity supported on multiple network technologies. Developing such a seamless mobile environment, we believe will fuel a whole set of new transactions designed around providing a best-in-class activation, provisioning and managing payments experience, and delivering many forms of enhanced content and applications to increase the monthly average revenue per user (ARPU) of each individual subscriber. We believe that in the coming years, consumers will begin seeing embedded connectivity technology within a vast array of common electronic devices. We further believe that this machine-to-machine trend where devices directly talk to one another will create a truly digital home environment. According to ABI Research, the North and South American markets for devices with embedded connectivity (e.g., notebooks, digital cameras and gaming systems with internal modems and global positioning navigation systems) are expected to reach 66 million by 2012, up from an expected base of 5 million in 2009, an expected annual average growth rate of approximately 138%. As these devices proliferate, we expect that the need for an instant and seamless activation and provisioning process will increase.

Growth in Service Bundles. With subscribers expecting CSPs to offer all services under one contract, communications companies continue the development of bundled style offerings of their available services. In this environment, more CSPs are utilizing an array of communication delivery technologies to become all-in-one providers of communication services. For example, cable companies are increasingly creating true quad-play's (i.e., voice, video, high speed data, wireless) with the creation, acquisition and/or development of their own wireless networks. As wireless technology proliferates further into the consumer device market, we believe we will see an emergence of service bundling that surpasses the traditional perception of a quad-play, where the wireless component will encompass an added array of wireless enabled devices. Frost & Sullivan research projects revenue from service bundling will continue to grow at a compounded annual growth rate of 11% into 2013, and that by 2013, 81% of households will use some sort of service bundle. As quad-play offerings gain more traction and service bundles begin encompassing emerging devices and technologies, we believe that the level of complexity in delivering these services will increase significantly and that CSPs will need transaction management systems that can effectively handle those delivery challenges.

Continued growth of e-Commerce. E-commerce as a distribution channel for CSPs and EMECs continues to flourish and is projected to grow at a CAGR of 22% into 2012, according to Datamonitor. Web-based commerce provides our customers with the opportunity to cost-effectively gain new subscribers, provide service and interact more effectively. Specifically Cost per Gross Add (CPGA) for a customer obtained via e-commerce can be up to 50% less than those obtained via traditional means. With the dramatic increase in Internet usage and desire to directly connect with end users over the course of the customer lifecycle, customers are increasingly focusing on e-commerce as a channel for acquisition and delivery of ongoing services. As this channel continues to experience growth, we expect that there will be an increasing need to automate the activation and provisioning process of mobile devices, and provide a best in class customer experience over the Internet.

Emergence of e-Tailers Targeting Sales of Equipment with Embedded Connectivity. In parallel to the growth of ecommerce, e-tailers (e.g., Amazon) and traditional consumer electronics retailers (e.g., Best Buy, Costco) are aggressively pursuing the sale of activated devices over the Internet. This channel represents as much as 10% growth for some leading CSPs. Furthermore, this channel has demonstrated considerable innovation as they attempt to launch emerging devices (e.g.: Amazon's Kindle).

Establishment of Pervasive Broadband Mobile Networks. The establishment of multiple pervasive broadband mobile networks (e.g., Universal Mobile Telecommunications System, High-Speed Downlink Packet Access, Evolution-Data Optimized, WiMax) has provided access to CSPs, while decreasing the access charges, thus enabling the proliferation of mobile devices and equipment with embedded connectivity. As the enablement of mobile devices on these networks accelerates, we expect that the need for a best-in-class activation customer experience will rise.

Growth in on-demand delivery model. Our on-demand business model enables delivery of proprietary solutions over the Internet as a service. As such, customers do not have to make large and risky upfront investments in software, additional hardware, extensive implementation services and additional IT staff.

Pressure on Customers to Improve Efficiency while Delivering a Superior Subscriber Experience. Increased competition, recessionary markets, and excess network capacity have placed significant pressure on our customers to reduce costs and increase revenues. At the same time, due to deregulation, the emergence of new network technologies and the proliferation of services, the complexity of back-office operations has increased significantly. Customers with multiple back-end systems are looking for ways to help their systems interoperate for a better customer experience. In addition, customers are moving to automated provisioning systems to enable them to more easily purchase, upgrade or add new features. As a result, customers are looking for ways to offer new communications services more rapidly and efficiently to existing and new customers. Increased competition and demand for superior subscriber experience have placed significant pressure on customers to improve customer-centric processes. Customers are increasingly turning to transaction based, cost effective, scalable and automated third-party solutions that can offer guaranteed levels of service delivery.

Our Growth Strategy

Our growth strategy is to establish our ConvergenceNow® platforms as the leading platforms for CSPs and EMECs, while investing in extensions of our services portfolio. We will continue to focus our technology and efforts around improving functionality, helping customers drive higher ARPU, embracing alternative channels and allowing more capabilities for ordering bundled applications and content offerings across these same complex and advanced networks.

Key elements of this strategy are:

Broaden Customer Base and Expand Offerings to Existing Customers. As our existing customers continue to expand into new distribution channels, such as the rapidly growing e-commerce channel, they will likely need to support new types of transactions that are managed by our platforms. In addition, we believe our customers will require new transaction management solutions as they expand their subscriber customer base, which will provide us with opportunities to drive increasing amounts of volumes over our platforms. Many customers purchase multiple services from us, and we believe we are well positioned to cross-sell additional services to customers who do not currently purchase our full services portfolio. In addition, the increasing importance and expansion of Web-based e-commerce has led to increased focus by our customers on their online distribution, thus providing another opportunity for us to further penetrate into existing customers. The expansion of our AT&T relationship and the expansion of our relationship with Time Warner Cable and other customers highlights further penetration of existing customers as well as the development of a major growth initiative in consumer digital convergence.

Expand into the Equipment Manufacturers with Embedded Connectivity (EMECs). Our technology was designed to allow our customers to bring together disparate systems and manage the ordering, activation and provisioning of communications services while expanding our role in the subscriber management process and providing them with the opportunity to lower the cost of new customer acquisition and product lifecycle management. We believe EMECs will face challenges similar to those facing our existing customers, and plan to extend our technology from the network to the interface and software that sits on the actual device. As new types of equipment or devices are deployed, we will work with our customers to enable our technology to support a “plug and play” approach to end users wishing to purchase new advanced services being offered by these customers, by automating and re-using our current platforms’ embedded roots with many of the leading service providers today across all wireless, wireline, VoIP, and high speed data networks.

Expand Into New Geographic Markets. Although the majority of our revenue has traditionally been generated in North America, we intend to expand globally. We are in the initial stages of this expansion by focusing initially in the European Union. We believe there are opportunities to penetrate new geographic markets within the coming years. Asia/Pacific and Latin America are of particular interest, as these markets experience similar trends to those that have driven growth in North America.

Leverage the Growth of e-Commerce and e-Tailers as High Growth Channels for Service Providers. Given our success in enabling the e-commerce channel for our customers, our ConvergenceNow® platform has adopted a web-friendly architecture that enables a scalable and beneficial customer activation experience. As we continue expanding the breadth and depth of our customers' relationships we will be leveraging our online experience to enable the growth of companies in the e-commerce channel.

Enhance Current Wireless Industry Leadership. Capital and operating expenditure spending in the global wireless industry has grown significantly in recent years. The up-tick in spending is happening due to a myriad of advanced applications that are being offered, including wireless Internet access, multimedia messaging, games and Wi-Fi. These applications translate into new transaction types that we can meld into our workflow management system. We currently process hundreds of thousands of wireless transactions every month, which are driven by increasing numbers of wireless subscribers and by wireless subscriber churn resulting from local number portability or LNP, service provider competition and other factors.

Maintain Technology Leadership. We intend to build upon our technology leadership by continuing to invest in research and development to increase the automation of processes and workflows and develop complementary product modules that leverage our platforms and competitive strengths, thus driving increased interest by making it more economical for customers to use us as a third-party solutions provider. In addition, we believe our close relationships with our tier-one customers will continue to provide us with valuable insights into the challenges that are creating demand for next-generation solutions.

Expand through Strategic Partnerships or Acquisitions. During 2008, we acquired Wisor Telecom Corp., a privately held company. As we explore new opportunities, we continue to look for strategic partnerships or acquisition candidates that will enable us to enter new markets or enhance our offerings.

Continue to Exploit VoIP Industry Opportunities. We believe continued rapid VoIP industry growth will increase the demand for our services. We have seen strong growth in residential VoIP customers and we believe we will see similar growth for commercial customers. We believe that being the trusted strategic partner to VoIP industry leaders, including Vonage Holdings, Comcast, Charter, Time Warner Cable and Cablevision, positions us well to benefit from the evolving needs, requirements and opportunities of the VoIP industry.

Products and Services

We are a leading provider of multi-channel transaction management solutions to the communications services providers and embedded connectivity equipment manufacturers marketplaces. Our offerings are designed to allow our customers to respond to market demand quickly and efficiently, optimize service offerings and to build stronger relationships with their own customers. In addition to our platforms, we offer process and workflow consulting services, development services and portal management services.

Our platforms include:

ConvergenceNow® Platforms

Our ConvergenceNow® platforms address a service provider's needs and requirements with a flexible design which can scale with their expanding business operations. Our ConvergenceNow® platforms are engineered to meet volume requirements with a quick time to market and service level guarantees, which are important differentiators of our transaction management solutions. Each platform is a fully hosted service delivered over the Web or a dedicated communication channel. Each new customer addition comes with a specific per transaction fee and with a guaranteed service level agreement. In addition, our ConvergenceNow® platforms provide complete work flow management, including exception handling.

Our ConvergenceNow® platforms:

- Provide what we believe to be one of the lowest costs per gross add in the communications marketplace
- Handle extraordinary transaction volumes with our scalable platform solutions
- Deliver speed-to-market on new and existing offerings
- Enable multi-channel transaction management solutions to be deployed
- Guarantee performance backed by solid business metrics and SLAs.

Designed to integrate with back-office systems, our ConvergenceNow® platforms allow work to flow electronically across our customer's organization while providing ready access to performance and resource usage information in providing activation and subscriber management.

Our ConvergenceNow® platforms are comprised of four distinct modules, each providing solutions to the most common and critical needs of our customers.

PerformancePartner® Portal

Our PerformancePartner® portal, the first module of our ConvergenceNow® platforms, is a graphical user interface that allows entry of transaction data into the gateway. Through the PerformancePartner® portal, customers can set up accounts, renew contracts and update and submit new transactions for transaction management processing.

Gateway Manager

The Gateway Manager, the second module of our ConvergenceNow® platforms, provides the capability to fulfill multiple types of transactions. These gateways are the engines that support our customers' front-end portals, handling hundreds of thousands of transactions on a monthly basis. Our gateways deliver a flexible architecture, supporting seamless entry and rapid time-to-market. In addition, these gateways contain business rules to interact with the customers' back-office and third-party trading partners.

WorkFlow Manager

Our WorkFlow Manager, the third module of our ConvergenceNow® platforms, provides a seamless interaction with all third-party relationships and enables customers to have a single transaction view, including all relevant data from third-party systems. The WorkFlow Manager is designed to ensure that each customer transaction is fulfilled accurately and offers:

- Flexible configuration to meet individual customer requirements
- Centralized queue management for maximum productivity
- Real-time visibility for transaction revenues management
- Exception handling management
- Order view available during each stage of the transactional process
- Uniform look and integrated experience.

By streamlining all procurement processes from pre-order through service activation and billing, our WorkFlow Manager reduces many costs and time impediments that often delay the process of delivering products and services to end-users.

Visibility Manager

The fourth module of our ConvergenceNow® platforms, our Visibility Manager, provides historical trending and mobile reporting to our customers, supports best business practices and processes and allows customers to assess whether daily metrics are met or exceeded. The Visibility Manager offers:

- A centralized reporting platform that provides intelligent analytics around the entire workflow
- Transaction management information
- Historical trending
- Mobile reporting for key users to receive critical transaction data on mobile devices.

The Gateway Manager, WorkFlow Manager and Visibility Manager modules are typically deployed by many of our customers. The PerformancePartner® portal is deployed only if our customer does not have a front-end portal to interact with end-user customers. All four of our modules are designed to be open and flexible and enable rapid deployments. One critical function provided by our ConvergenceNow® platforms' design is information management. By making information more accessible and useful, our ConvergenceNow® platforms enable a service provider to manage its business more efficiently, to provide more services with the highest possible quality and to deliver superior customer care. Our solutions offer a centralized reporting platform that provides intelligent, real-time analytics around the entire workflow related to a transaction. The Workflow Manager and the Visibility Manager identify, correct and process non-automated transactions and exceptions in real-time, which we believe are key differentiators for our solutions.

Our ConvergenceNow® platforms are designed to recognize, isolate and address transactions when there is insufficient information or other erroneous process elements through a suite of capabilities we refer to as "exception handling." In addition we also provide process and workflow consulting services and development services. From time to time, we offer these services for a fee as part of the process of transitioning new customers onto our platforms and integrating our platform with the customer's back office systems. These services enable our customers to more quickly realize the benefits of our transaction management platform.

Customers

Our typical customers are providers of communications services, from traditional local and long-distance services to Web-based services. We serve wireless service providers, such as AT&T, Verizon Wireless, British Telecom and Sprint Nextel,providers of VoIP services, such as Vonage, Comcast, Time Warner Cable, XO Communications and Cablevision Systems, VoIP enablers, such as Level 3 Communications, and long distance carriers, such as Verizon Business. We also serve emerging customers, such as Clearwire. We maintain strong and collaborative relationships with our customers, which we believe to be one of our core competencies and critical to our success. We are generally the only provider of the services we offer to our customers. Contracts typically extend up to 48 months in length from execution and include minimum transaction or revenue commitments from our customers. All of our significant customers may terminate their contracts for convenience upon written notice and in many cases payment of contractual penalties. Contract penalties received by the Company are immaterial to the Company's Statements of Operations for the years ended December 31, 2008, 2007 and 2006. We have a long-standing relationship with AT&T, dating back to January 2001 when we began providing service to AT&T Wireless, which was subsequently acquired by Cingular Wireless. Through the merger of AT&T with BellSouth, Cingular Wireless has now been integrated into AT&T. We are the primary provider of e-commerce transaction management solutions to AT&T's e-commerce channel. Our agreement with AT&T was renewed effective January 1, 2009 and runs through December of 2011. AT&T may renew this agreement for two additional one year periods. For 2008, we received 67% of our revenues from AT&T, compared to 76% of our revenues in 2007. No other customer accounted for more than 10% of our revenues in 2008.

Sales and Marketing

Sales

We market and sell our services primarily through a direct sales force and through our strategic partners. To date, we have concentrated our sales efforts on a range of CSPs and EMECs, both domestically and internationally. Typically our sales process involves an initial consultative process that allows our customers to better assess the operating and capital expenditure benefits associated with an optimal activation and provisioning architecture. Our sales teams are well trained in our ConvergenceNow® platforms and on the market trends and conditions that our customers are facing. This enables our sales teams to easily identify and qualify opportunities that are appropriate for our platform deployments to benefit these customers. Following each sale, we assign account managers to provide ongoing support and to identify additional sales opportunities. We generate leads from contacts made through trade shows, seminars, conferences, market research, our Website, customers, strategic partners and our ongoing public relations program. Due to ongoing consolidation and the increasing competition among service providers in international markets, in 2007 we expanded our sales and marketing efforts outside of North America and into the European Union.

Marketing

We focus our marketing efforts on supporting new product initiatives, creating awareness of our services and generating new sales opportunities. We base our product management strategy on an analysis of market requirements, competitive offerings and projected cost savings. Our product managers are active in numerous technology and industry forums such as Consumer Electronics Show, Cellular Telecommunications Industry Association, Groupe Spéciale Mobile Association, and National Cable & Telecommunications Association at which we demonstrate our transaction management solutions. In addition, through our product marketing and marketing communications functions, we also have an active public relations program and maintain relationships with recognized trade media and industry analysts such as International Data Corporation, Gartner, Stratecast and Yankee Group. We also manage and maintain our Web site, publish product related content, educational white papers, and conduct seminars and user group meetings. Finally, we also actively sponsor technology-related conferences and demonstrate our solutions at trade shows targeted at providers of communications services.

Operations and Technology

We leverage common, proprietary information technology platforms to deliver carrier grade services to our customers across communication and digital convergence market segments. Constructed using a combination of internally developed and licensed technologies, our platforms integrate our order management, gateway, workflow and reporting into a unified system. The platforms are secure foundations on which to build and offer additional services and maximize performance, scalability and reliability.

Exception Handling Services

We differentiate our services from both the internal and competitive offerings by handling exceptions through both our technology and human touch solutions, a substantial portion of which is provided by third-party vendors. Our business process engineers optimize each workflow; however, there are exceptions and we handle these to ensure the highest quality customer experience at the lowest cost. Our exception handling services deal with the customer communication touch points including provisioning orders, inbound calls, automated interactive voice responses (e.g., order status, address changes), Web forums, inbound and outbound email, proactive outbound calls (e.g., out-of-stock, backorders, exceptions) and self-correct order tools. These services are continuously reviewed for improved workflow and automation. We use third-party vendors in providing exception handling services, each of whom provide services under automatically renewable contracts. We believe our unique exception handling services help reduce the cost of each transaction by driving more automation, over time, into a better and more cost effective way to manage our customers' subscriber experiences.

Data Center Facilities

For over five years, we have operated and maintained a data center in Bethlehem, Pennsylvania, and have consistently focused on the security, technology, maintenance, staffing and reliability of the data center facility. This secure facility houses all customer-facing, production, test and development systems that are the backbone of the services delivered to our customers. The facility and all systems are monitored 7 days a week, 24 hours a day, and are protected via multiple layers of physical and electronic security measures. In addition, a redundant power supply ensures constant, regulated power into the managed data facility and a back-up generator system provides power indefinitely to the facility in the event of a utility power failure. All systems in the managed data facility are monitored for availability and performance using industry standard tools such as HP OpenView®, Big Brother®, Oracle Enterprise Manager®, CiscoWorks® and Empirix OneSight®. We have entered into a lease for a new facility in Bethlehem, Pennsylvania to replace our data center and currently anticipate that this facility will be completed in the second quarter of 2009. The new facility will offer significant improvements in the areas of size, network connectivity and redundant electrical power systems and is currently expected to support our growth objectives.

Network

We use AT&T, a tier-one service provider, to provide amanaged, fully-redundant network solution at our Bethlehem, Pennsylvania facility to deliver enterprise scale services to customers. Specifically, we have two OC-3 fiber optic rings, delivering 115MB/sec of highly redundant bandwidth to the Bethlehem and Bridgewater facilities. Wide Area Network connectivity between our locations is achieved via a DS-3 Multiprotocol Label Switching circuit and Internet access to each location via a dedicated DS-3. A dedicated Metro Ethernet solution is utilized to provide a data center backbone connection between our Bethlehem and Bridgewater facilities that is used for disaster recovery, should the need arise.

Disaster Recovery Facility

We operate a second data center facility at our corporate headquarters in Bridgewater, New Jersey that is used to provide a hot site for disaster recovery purposes. In the event of a major service disruption at our primary facility, production application services will be activated at the secondary facility and services will be restored in a period of time required to meet all current customer-facing service level agreements (SLAs) for availability and service delivery.

Customer Support

Our Customer Service Center (CSC) acts as an initial point of contact for all customer-related issues and requests. The CSC staff is available 7 days a week via phone, email or pager to facilitate the diagnosis and resolution of application and service related issues with which they are presented. Issues that require further investigation are immediately escalated to our product and infrastructure support teams on behalf of the customer to provide the greatest speed of problem resolution and highest levels of customer service.

Competition

Competition in our markets is intense and includes rapidly-changing technologies and customer requirements, as well as evolving industry standards and frequent product introductions. We compete primarily on the basis of the breadth of our domain expertise and our proprietary exception handling, as well as on the basis of price, time-to-market, functionality, quality and breadth of product and service offerings. We believe the most important factors making us a strong competitor include:

- Breadth and depth of our transaction management solutions, including our exception handling technology
- Quality and performance of our products
- High-quality customer service
- Ability to implement and integrate solutions
- Overall value of our platforms
- References of our customers.

We are aware of other software developers and smaller entrepreneurial companies that are focusing significant resources on developing and marketing products and services that will compete with our ConvergenceNow® platforms. We anticipate continued growth in the communications industry and the entrance of new competitors in the order processing and transaction management solutions market and expect that the market for our products and services will remain intensely competitive.

Government Regulation

We are not currently subject to direct federal, state or local government regulation, other than regulations that apply to businesses generally. Many of our customers are subject to regulation by the Federal Communications Commission, or FCC. Changes in FCC regulations that affect our existing or potential customers could lead them to spend less on transaction management solutions, which would reduce our revenues and could have a material adverse effect on our business, financial condition or results of operations.

Intellectual Property

To establish and protect our intellectual property, we rely on a combination of copyright, trade secret and trademark laws, as well as confidentiality procedures and contractual restrictions. Synchronoss®, the Synchronoss logo, PerformancePartner®, ConvergenceNow® and ActivationNow® are registered trademarks of Synchronoss. In addition, we may from time to time, file patent applications to protect our intellectual property rights. In addition to legal protections, we rely on the technical and creative skills of our employees, frequent product enhancements and improved product quality to maintain a technology-leadership position. We cannot be certain that others will not develop technologies that are similar or superior to our technology. We enter into confidentiality and invention assignment agreements with our employees and confidentiality agreements with our alliance partners and customers, and we control access to and distribution of our software, documentation and other proprietary information.

Employees

We believe that our growth and success is attributable in large part to our employees and an experienced management team, many members of which have years of industry experience in building, implementing, marketing and selling transaction management solutions critical to business operations. We intend to continue training our employees as well as developing and promoting our culture and believe such efforts provide us with a sustainable competitive advantage. We offer a work environment that enables employees to make meaningful contributions, as well as incentive programs to continue to motivate and reward our employees.

As of December 31, 2008, we had 443 full-time employees. None of our employees are covered by any collective bargaining agreements.

Executive Officers of the Registrant

The following sets forth certain information regarding our Executive Officers as of March 2, 2009:

Name	Age	
Stephen G. Waldis	41	Chairman of the Board of Directors, President and Chief Executive Officer
Lawrence R. Irving	52	Executive Vice President, Chief Financial Officer and Treasurer
Robert Garcia	40	Executive Vice President and Chief Operating Officer
Omar Téllez	40	Executive Vice President and Chief Marketing Officer
Christopher S. Putnam	40	Executive Vice President of Sales
Ronald J. Prague	45	Vice President, General Counsel and Secretary
S. Andrew Cox	43	Vice President and Chief Information Officer
Mark Mendes	46	Executive Vice President of Operations
Daniel Rizer	45	Executive Vice President of Business Development
Patrick J. Doran	35	Vice President and Chief Technology Officer

Stephen G. Waldis has served as President and Chief Executive Officer of Synchronoss since founding the company in 2000 and has served as Chairman of the Board of Directors since February of 2001. Before founding Synchronoss, from 1994 to 2000, Mr. Waldis served as Chief Operating Officer at Vertek Corporation, a privately held professional services company serving the telecommunications industry. From 1992 to 1994, Mr. Waldis served as Vice President of Sales and Marketing of Logical Design Solutions, a provider of telecom and interactive solutions. From 1989 to 1992, Mr. Waldis worked in various technical and product management roles at AT&T. Mr. Waldis received a degree in corporate communications from Seton Hall University.

Lawrence R. Irving has served as Chief Financial Officer and Treasurer of Synchronoss since July 2001. Before joining Synchronoss, from 1998 to 2001, Mr. Irving served as Chief Financial Officer and Treasurer at CommTech Corporation, a telecommunications software provider that was acquired by ADC Telecommunications. From 1995 to 1998, Mr. Irving served as Chief Financial Officer of Holmes Protection Group, a publicly traded company which was acquired by Tyco International. Mr. Irving is a certified public accountant and a member of the New York State Society of Certified Public Accountants. Mr. Irving received a degree in accounting from Pace University.

Robert Garcia has served as Chief Operating Officer of Synchronoss since April 2007. Prior to that position, Mr. Garcia served in various positions at Synchronoss, including Executive Vice President of Operations and Service Delivery and General Manager of Synchronoss' western office since joining Synchronoss in August 2000. Before joining Synchronoss, Mr. Garcia was a Senior Business Consultant with Vertek Corporation from January 1999 to August 2000. Mr. Garcia has also held senior management positions with Philips Lighting Company and Johnson & Johnson Company. Mr. Garcia received a degree in logistics and economics from St. John's University in New York.

Christopher S. Putnam has been with Synchronoss since January 2004 and has served as Executive Vice President of Sales of Synchronoss since April 2005. Prior to joining Synchronoss, from 1999 to 2004, Mr. Putnam served as Director of Sales for Perot Systems' Telecommunications business unit. Mr. Putnam received a degree in communications from Texas Christian University.

Omar Téllez joined in June 2006 as Executive Vice President of Marketing. Before joining Synchronoss, Mr. Téllez was the Vice President of the Product Solutions Group at Openwave Systems from 2001 to 2006 and was with Booz Allen & Hamilton's Communication Media and Technology Practice from 1996 to 2001. Mr. Tellez received a master of business administration degree from the Haas School of Business at the University of California, Berkeley, and a degree in industrial engineering from the Universidad de los Andes in Bogota, Colombia.

Ronald J. Prague joined Synchronoss in July 2006 as Vice President and General Counsel of Synchronoss and has served as Secretary since October 2006. Before joining Synchronoss, Mr. Prague held various positions with

Intel Corporation from February 1998 to June 2006, most recently as Group Counsel for Intel's Communications Infrastructure Group. Prior to joining Intel, Mr. Prague practiced law with the law firm of Haythe & Curley (now Torys LLP) from 1992 to 1998 and with Richards & O'Neil (now Bingham McCutchen) from 1988 to 1992. Mr. Prague is a graduate of Northwestern University School of Law and earned a degree in business administration and marketing from Cornell University.

S. Andrew Cox joined Synchronoss in December 2003 as Chief Information Officer. Prior to joining Synchronoss, from March 1997 to December 2003, Mr. Cox was the Managing Director for Infrastructure Solutions with CoreTech Consulting Group, and was an analyst with Rohm and Haas Company from December 1992 to March 1997. Mr. Cox received a degree in electrical engineering from Bucknell University and a Masters of Business Administration from Loyola College.

Mark Mendes, Executive Vice President of Operations, joined Synchronoss in September 2008 in connection with Synchronoss' acquisition of Wisor Telecom Corp. where Mr. Mendes had been Chief Executive Officer since 2001. Prior to joining Wisor, from 1997 to 2001, Mr. Mendes was Chief Operating Officer and Chief Technology Officer of NET2000 Communications, Inc. Mr. Mendes received an Engineering degree and MBA Finance/MIS from Syracuse University.

Daniel Rizer joined Synchronoss in November 2008 as Executive Vice President of Business Development. Prior to joining Synchronoss, from 2005 to November 2008, Mr. Rizer held various positions with Motrocity Inc., with the last position being Chief Operating Officer. From 2002 to 2005, Mr. Rizer held various positions at IBM Corp. Mr. Rizer received a bachelor of science degree in Operations Management from Auburn University and a Master of Science in Management Information Systems from Boston University.

Patrick J. Doran has served as Vice President, Research and Development and Chief Technology Officer since April 2007. Prior to that position, Mr. Doran served in various positions at Synchronoss, including Chief Architect and Senior Software Engineer, since joining Synchronoss in 2002. Before joining Synchronoss, Mr. Doran was a Senior Development Engineer at Agility Communications from 2000 to 2002 and a Member of Technical staff at AT&T/Lucent from 1996 to 2000. Mr. Doran received a degree in Computer and Systems engineering from Rensselaer Polytechnic Institute and a masters degree in Industrial Engineering from Purdue University.

ITEM 1A. *RISK FACTORS*

The following are certain risk factors that could affect our business, financial results and results of operations. You should carefully consider the following risk factors in connection with evaluating the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause the actual results and conditions to differ materially from those projected in forward-looking statements. The risks that we have highlighted here are not the only ones that we face. If any of the risks actually occur, our business, financial condition or results of operations could be negatively affected. In that case, the trading price of our stock could decline, and our stockholders may lose part or all of their investment.

Risks Related to Our Business and Industry

We have Substantial Customer Concentration, with One Customer Accounting for a Substantial Portion of our 2008 Revenues.

We currently derive a significant portion of our revenues from one customer, AT&T Inc. ("AT&T"). Ourrelationship with AT&T dates back to January 2001 when we began providing service to AT&T Wireless, which was subsequently acquired by Cingular Wireless, and is now a division of AT&T. For the year ended December 31, 2008, AT&T accounted for approximately 67% of our revenues, compared to 76% for the fiscal year ended December 31, 2007. Our five largest customers, AT&T, Level 3 Communications, Vonage, Comcast and Cablevision, accounted for approximately 89% of our revenues for the year ended December 31, 2008, compared to 95% of our revenues for the year ended December 31, 2007.

If We Do Not Adapt to Rapid Technological Change in the Communications Industry, We Could Lose Customers or Market Share.

Our industry is characterized by rapid technological change and frequent new service offerings. Significant technological changes could make our technology and services obsolete, less marketable or less competitive. We must adapt to our rapidly changing market by continually improving the features, functionality, reliability and responsiveness of our transaction management services, and by developing new features, services and applications to meet changing customer needs. We may not be able to adapt to these challenges or respond successfully or in a cost-effective way. Our failure to do so would adversely affect our ability to compete and retain customers and/or market share.

The Success of Our Business Depends on the Continued Growth of Consumer and Business Transactions Related to Communications Services on the Internet.

The future success of our business depends upon the continued growth of consumer and business transactions related to communications services on the Internet. Our business growth would be impeded if the performance or perception of the Internet was harmed by security problems such as "viruses", "worms" and other malicious programs, reliability issues arising from outages and damage to Internet infrastructure, delays in development or adoption of new standards and protocols to handle increased demands of Internet activity, increased costs, decreased accessibility and quality of service, or increased government regulation and taxation of Internet activity. The Internet has experienced, and is expected to continue to experience, significant user and traffic growth, which has, at times, caused user frustration with slow access and download times. If Internet activity grows faster than Internet infrastructure or if the Internet infrastructure is otherwise unable to support the demands placed on it, or if hosting capacity becomes scarce, our business growth may be adversely affected.

Compromises to Our Privacy Safeguards Could Impact Our Reputation.

Names, addresses, telephone numbers, credit card data and other personal identification information, or PII, is collected, processed and stored in our systems. The steps we have taken to protect PII may not be sufficient to prevent the misappropriation or improper disclosure of such PII. If such misappropriation or disclosure were to occur, our business could be harmed through reputational injury, litigation and possible damages claimed by the affected end customers. Our insurance may not cover potential claims of this type or may not be adequate to cover all costs incurred in defense of potential claims or to indemnify us for all liability that may be imposed. Concerns about the security of online transactions and the privacy of personal information could deter consumers from transacting business with us or our customers on the Internet.

Fraudulent Internet Transactions Could Negatively Impact Our Business.

Our business may be exposed to risks associated with Internet credit card fraud and identity theft that could cause us to incur unexpected expenditures and loss of revenues. Under current credit card practices, a merchant is liable for fraudulent credit card transactions when, as is the case with the transactions we process, that merchant does not obtain a cardholder's signature. Although our customers currently bear the risk for a fraudulent credit card transaction, in the future we may be forced to share some of that risk and the associated costs with our customers. To the extent that technology upgrades or other expenditures are required to prevent credit card fraud and identity theft, we may be required to bear the costs associated with such expenditures. In addition, to the extent that credit card fraud and/or identity theft cause a decline in business transactions over the Internet generally, both the business of our customers and our business could be adversely affected.

If the Wireless Services Industry Experiences a Decline in Subscribers, Our Business May Suffer.

The wireless services industry has faced an increasing number of challenges, including a slowdown in new subscriber growth. Revenues from services performed for customers in the wireless services industry accounted for 65% of our revenues in 2008 and 76% in 2007. A continued slowdown in subscriber growth in the wireless services industry could adversely affect our business growth.

The Consolidation in the Communications Industry Can Reduce the Number of Customers and Adversely Affect Our Business.

The communications industry continues to experience consolidation and an increased formation of alliances among communications service providers and between communications service providers and other entities. Should one of our significant customers consolidate or enter into an alliance with an entity and decide to either use a different service provider or to manage its transactions internally, this could have a negative material impact on our business. These consolidations and alliances may cause us to lose customers or require us to reduce prices as a result of enhanced customer leverage, which would have a material adverse effect on our business. We may not be able to offset the effects of any price reductions. We may not be able to expand our customer base to make up any revenue declines if we lose customers or if our transaction volumes decline.

If We Fail to Compete Successfully With Existing or New Competitors, Our Business Could Be Harmed.

If we fail to compete successfully with established or new competitors, it could have a material adverse effect on our results of operations and financial condition. The communications industry is highly competitive and fragmented, and we expect competition to increase. We compete with independent providers of information systems and services and with the in-house departments of communications services companies. Rapid technological changes, such as advancements in software integration across multiple and incompatible systems, and economies of scale may make it more economical for customers to develop their own in-house processes and systems, which may render some of our products and services less valuable or eventually obsolete. Our competitors include firms that provide comprehensive information systems and managed services solutions, systems integrators, clearinghouses and service bureaus. Many of our competitors have long operating histories, large customer bases, substantial financial, technical, sales, marketing and other resources, and strong name recognition.

Current and potential competitors have established, and may establish in the future, cooperative relationships among themselves or with third-parties to increase their ability to address the needs of our prospective customers. In addition, our competitors have acquired, and may continue to acquire in the future, companies that may enhance their market offerings. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. As a result, our competitors may be able to adapt more quickly than us to new or emerging technologies and changes in customer requirements, and may be able to devote greater resources to the promotion and sale of their products. These relationships and alliances may also result in transaction pricing pressure which could result in large reductions in the selling price of our services. Our competitors or our customers' in-house solutions may also provide services at a lower cost, significantly increasing pricing pressure on us. We may not be able to offset the effects of this potential pricing pressure. Our failure to adapt to changing market conditions and to compete successfully with established or new competitors may have a material adverse effect on our results of operations and financial condition. In particular, a failure to offset competitive pressures brought about by competitors or in-house solutions developed by AT&T could result in a substantial reduction in or the outright termination of our contract with AT&T, which would have a significant negative material impact on our business.

Failures or Interruptions of Our Systems and Services Could Materially Harm Our Revenues, Impair Our Ability to Conduct Our Operations and Damage Relationships with Our Customers.

Our success depends on our ability to provide reliable services to our customers and process a high volume of transactions in a timely and effective manner. Although we have a disaster recovery facility in our Bridgewater, New Jersey corporate headquarters, our network operations are currently located in a single facility in Bethlehem, Pennsylvania that is susceptible to damage or interruption from human error, fire, flood, power loss, telecommunications failure, terrorist attacks and similar events. We could also experience failures or interruptions of our systems and services, or other problems in connection with our operations, as a result of, among other things:

- damage to or failure of our computer software or hardware or our connections and outsourced service arrangements with third-parties.
- errors in the processing of data by our system.
- computer viruses or software defects.
- physical or electronic break-ins, sabotage, intentional acts of vandalism and similar events.
- fire, cyber attack, terrorist attack or other catastrophic event.
- increased capacity demands or changes in systems requirements of our customers, or
- errors by our employees or third-party service providers.

In addition, our business interruption insurance may be insufficient to compensate us for losses that may occur. Any interruptions in our systems or services could damage our reputation and substantially harm our business and results of operations.

If We Fail to Meet Our Service Level Obligations Under Our Service Level Agreements, We Would Be Subject to Penalties and Could Lose Customers.

We have service level agreements with many of our customers under which we guarantee specified levels of service availability. These arrangements involve the risk that we may not have adequately estimated the level of service we will in fact be able to provide. If we fail to meet our service level obligations under these agreements, we would be subject to penalties, which could result in higher than expected costs, decreased revenues and decreased operating margins. We could also lose customers.

We are Exposed to Risks Associated with the Ongoing Financial Crisis and Weakening Global economy.

The recent severe tightening of the credit markets, disruptions in the financial markets and challenging economic conditions have adversely affected the United States and world economies, and in particular, have resulted in reduced consumer spending and reduced spending by businesses. Economic uncertainty exacerbates negative trends in consumer spending and may negatively impact the businesses of certain of our customers, which may cause a reduction in their use of our platforms and therefore a reduction in our revenues. These conditions and uncertainties about future economic conditions make it challenging for us to forecast our operating results, make business decisions, and identify the risks that may affect our business, financial condition and results of operations. It also may result in a more competitive environment, resulting in possible pricing pressure. In addition, we maintain an investment portfolio that is subject to general credit, liquidity, market and interest rate risks that may be exacerbated by deteriorating financial market conditions and, as a result, the value and liquidity of the investment portfolio could be negatively impacted and lead to impairment. If we are not able to timely and appropriately adapt to changes resulting from the difficult macroeconomic environment, our business, financial condition or results of operations may be materially and adversely affected.

We are also subject to the credit risk of our customers and customers with liquidity issues may lead to bad debt expense for us. Most of our sales are on an open credit basis, with typical payment terms of 30 days in the United States and, because of local customs or conditions, longer payment terms in some markets outside the United States. We use various methods to screen potential customers and establish appropriate credit limits, but these methods cannot eliminate all potential bad credit risks and may not prevent us from approving applications that are fraudulently completed. Moreover, businesses that are good credit risks at the time of application may become bad credit risks over time and we may fail to detect this change. We maintain reserves we believe are adequate to cover exposure for doubtful accounts. If we fail to adequately assess and monitor our credit risks, we could experience longer payment cycles, increased collection costs and higher bad debt expense. A decrease in accounts receivable resulting from an increase in bad debt expense could adversely affect our liquidity. Our exposure to credit risks may increase if our customers are adversely affected by the difficult macroeconomic environment, or if there is a continuation or worsening of the economic environment. Although we have programs in place that are designed to monitor and mitigate the associated risks, including monitoring of particular risks in certain geographic areas, there can be no assurance that such programs will be effective in reducing our credit risks or the incurrence of additional losses. Future and additional losses, if incurred, could harm our business and have a material adverse effect on our business operating results and financial condition. Additionally, to the degree that the ongoing turmoil in the credit markets makes it more difficult for some customers to obtain financing, those customers' ability to pay could be adversely impacted, which in turn could have a material adverse impact on our business, operating results, and financial condition.

The Financial and Operating Difficulties in the Telecommunications Sector May Negatively Affect Our Customers and Our Company.

The telecommunications sector faces significant challenges resulting from excess capacity, poor operating results and financing difficulties. The sector's financial status has at times been uncertain and access to debt and equity capital has been seriously limited. The impact of these events on us could include slower collection on accounts receivable, higher bad debt expense, uncertainties due to possible customer bankruptcies, lower pricing on new customer contracts, lower revenues due to lower usage by the end customer and possible consolidation among our customers, which will put our customers and operating performance at risk. In addition, because we operate in the telecommunications sector, we may also be negatively impacted by limited access to debt and equity capital.

Our Reliance on Third-Party Providers for Communications Software, Services, Hardware and Infrastructure Exposes Us to a Variety of Risks We Cannot Control.

Our success depends on software, equipment, network connectivity and infrastructure hosting services supplied by our vendors and customers. In addition, we rely on third-party vendors to perform a substantial portion of our exception handling services. We may not be able to continue to purchase the necessary software, equipment and services from vendors on acceptable terms or at all. If we are unable to maintain current purchasing terms or ensure service availability with these vendors and customers, we may lose customers and experience an increase in costs in seeking alternative supplier services.

Our business also depends upon the capacity, reliability and security of the infrastructure owned and managed by third-parties, including our vendors and customers, that is used by our technology interoperability services, network services, number portability services, call processed services and enterprise solutions. We have no control over the operation, quality or maintenance of a significant portion of that infrastructure and whether those third-parties will upgrade or improve their software, equipment and services to meet our and our customers' evolving requirements. We depend on these companies to maintain the operational integrity of our services. If one or more of these companies is unable or unwilling to supply or expand its levels of services to us in the future, our operations could be severely interrupted. In addition, rapid changes in the communications industry have led to industry consolidation. This consolidation may cause the availability, pricing and quality of the services we use to vary and could lengthen the amount of time it takes to deliver the services that we use.

Our Failure to Protect Confidential Information and Our Network Against Security Breaches Could Damage Our Reputation and Substantially Harm Our Business and Results of Operations.

A significant barrier to online commerce is concern about the secure transmission of confidential information over public networks. The encryption and authentication technology licensed from third-parties on which we rely to securely transmit confidential information, including credit card numbers, may not adequately protect customer transaction data. Any compromise of our security could damage our reputation and expose us to risk of loss or litigation and possible liability which could substantially harm our business and results of operation. Although we carry general liability insurance, our insurance may not cover potential claims of this type or may not be adequate to cover all costs incurred in defense of potential claims or to indemnify us for all liability that may be imposed. In addition, anyone who is able to circumvent our security measures could misappropriate proprietary information or cause interruptions in our operations. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches.

If We Are Unable to Protect Our Intellectual Property Rights, Our Competitive Position Could Be Harmed or We Could Be Required to Incur Significant Expenses to Enforce Our Rights.

Our success depends to a significant degree upon the protection of our software and other proprietary technology rights, particularly our ConvergenceNow® platforms. We rely on trade secret, copyright and trademark laws and confidentiality agreements with employees and third-parties, all of which offer only limited protection. The steps we have taken to protect our intellectual property may not prevent misappropriation of our proprietary rights or the reverse engineering of our solutions. Legal standards relating to the validity, enforceability and scope of protection of intellectual property rights in other countries are uncertain and may afford little or no effective protection of our proprietary technology. Consequently, we may be unable to prevent our proprietary technology from being exploited abroad, which could require costly efforts to protect our technology. Policing the unauthorized use of our products, trademarks and other proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management resources, either of which could materially harm our business. Accordingly, despite our efforts, we may not be able to prevent third-parties from infringing upon or misappropriating our intellectual property.

Claims By Others That We Infringe Their Proprietary Technology Could Harm Our Business.

Third-parties could claim that our current or future products or technology infringe their proprietary rights. We expect that software developers will increasingly be subject to infringement claims as the number of products and competitors providing software and services to the communications industry increases and overlaps occur. Any claim of infringement by a third-party, even those without merit, could cause us to incur substantial costs defending against the claim, and could distract our management from our business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from offering our services. Any of these events could seriously harm our business. Third-parties may also assert infringement claims against our customers. These claims may require us to initiate or defend protracted and costly litigation on behalf of our customers, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages on behalf of our customers. We also generally indemnify our customers if our services infringe the proprietary rights of third-parties.

If anyone asserts a claim against us relating to proprietary technology or information, while we might seek to license their intellectual property, we might not be able to obtain a license on commercially reasonable terms or on any terms. In addition, any efforts to develop non-infringing technology could be unsuccessful. Our failure to obtain the necessary licenses or other rights or to develop non-infringing technology could prevent us from offering our services and could therefore seriously harm our business or results of operations.

We May Seek to Acquire Companies or Technologies, Which Could Disrupt Our Ongoing Business, Disrupt Our Management and Employees and Adversely Affect Our Results of Operations.

We have made, and in the future intend to make, acquisitions of, and investments in, companies, technologies or products in existing, related or new markets for us which we believe may enhance our market position or strategic strengths. However, we cannot be sure that any acquisition or investment will ultimately enhance our products or strengthen our competitive position. Acquisitions involve numerous risks, including but not limited to: (1) diversion of management's attention from other operational matters; (2) inability to identify acquisition candidates on terms acceptable to us or at all, or inability to complete acquisitions as anticipated or at all; (3) inability to realize anticipated benefits; (4) failure to commercialize purchased technologies; (5) inability to capitalize on characteristics of new markets that may be significantly different from our existing markets; (6) exposure to operational risks, rules and regulations to the extent such activities are located in countries where we have not historically done business; (7) inability to obtain and protect intellectual property rights in key technologies; (8) ineffectiveness of an acquired company's internal controls; (9) impairment of acquired intangible assets as a result of technological advancements or worse-than-expected performance of the acquired company or its product offerings; (10) unknown, underestimated and/or undisclosed commitments or liabilities; (11) excess or underutilized facilities; and (12) ineffective integration of operations, technologies, products or employees of the acquired companies. In addition, acquisitions may disrupt our ongoing operations and increase our expenses and harm our results of operations or financial condition. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, which may reduce our cash available for operations and other uses, an increase in contingent liabilities or an increase in amortization expense related to identifiable assets acquired, each of which could materially harm our business, financial condition and results of operations.

Our Expansion into International Markets May Be Subject to Uncertainties That Could Increase Our Costs to Comply with Regulatory Requirements in Foreign Jurisdictions, Disrupt Our Operations and Require Increased Focus from Our Management.

Our growth strategy includes the growth of our operations in foreign jurisdictions. International operations and business expansion plans are subject to numerous additional risks, including economic and political risks in foreign jurisdictions in which we operate or seek to operate, the difficulty of enforcing contracts and collecting receivables through some foreign legal systems, unexpected changes in regulatory requirements, fluctuations in currency exchange rates, potential difficulties in enforcing intellectual property rights in foreign countries and the difficulties associated with managing a large organization spread throughout various countries. As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. However, any of these factors could adversely affect our international operations and, consequently, our operating results.

Our Senior Management is Important to Our Customer Relationships, and the Loss of One or More of Our Senior Managers Could Have a Negative Impact on Our Business.

We believe that our success depends in part on the continued contributions of our senior management. We rely on our executive officers and senior management to generate business and execute programs successfully. In addition, the relationships and reputation that members of our management team have established and maintain with our customers and our regulators contribute to our ability to maintain good customer relations. The loss of any members of our senior management could materially impair our ability to identify and secure new contracts and otherwise manage our business.

We Continue to Incur Significant Costs as a Result of Operating as a Public Company, and Our Management Is Required to Devote Substantial Time to New Compliance Initiatives.

We have only operated as a public company since June 2006 and we will continue to incur significant legal, accounting and other expenses as we comply with the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the Securities and Exchange Commission and the Nasdaq Stock Market's National Market. These rules impose various new requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will continue to devote a substantial amount of time to these new compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

Section 404 of the Sarbanes-Oxley Act of 2002 requires that we include in our annual report our assessment of the effectiveness of our internal control over financial reporting and our audited financial statements as of the end of each fiscal year. We successfully completed our assessment of our internal control over financial reporting as of December 31, 2008. Our continued compliance with Section 404 will require that we incur substantial expense and expend significant management time on compliance related issues. We currently do not have an internal audit group and we will evaluate the need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. In future years, if we fail to timely complete this assessment, there may be a loss of public confidence in our internal control, the market price of our stock could decline and we could be subject to regulatory sanctions or investigations by the Nasdaq Stock Market's National Market, the Securities and Exchange Commission or other regulatory authorities, which would require additional financial and management resources. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to timely meet our regulatory reporting obligations.

Changes in, or Interpretations of, Accounting Principles Could Result in Unfavorable Accounting Charges.

We prepare our financial statements in conformity with U.S. generally accepted accounting principles. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. A change in these principles could have a significant effect on our reported results and may even retroactively affect previously reported transactions. Our accounting principles that recently have been or may be affected by changes in accounting principles are: (i) accounting for stock-based compensation; (ii) accounting for income taxes; (iii) accounting for business combinations and goodwill; and (iv) accounting for foreign currency translation.

Changes in, or Interpretations of, Tax Rules and Regulations, Could Adversely Affect our Effective Tax Rates.

Unanticipated changes in our tax rates could affect our future results of operations. Our future effective tax rates could be unfavorably affected by changes in tax laws or the interpretation of tax laws or by changes in the valuation of our deferred tax assets and liabilities. In addition, we are subject to the continued examination of our income tax returns by the IRS and other domestic tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations, if any, to determine the adequacy of our provision for income taxes. We believe such estimates to be reasonable, but there can be no assurance that the final determination of any of these examinations will not have an adverse effect on our operating results and financial position.

If Securities or Industry Analysts Do Not Publish Research or Publish Inaccurate or Unfavorable Research About Our Business, Our Stock Price and Trading Volumes Could Decline.

The trading market for our common stock will continue to depend in part on the research and reports that securities or industry analysts publish about us or our business. If we do not continue to maintain adequate research coverage or if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volumes to decline.

Our Stock Price May Continue to Experience Significant Fluctuations.

Our stock price, like that of other technology companies, continues to fluctuate greatly. Our stock price can be affected by many factors such as quarterly increases or decreases in our earnings, speculation in the investment community about our financial condition or results of operations and changes in revenue or earnings estimates, announcement of new services, technological developments, alliances, or acquisitions by us. Additionally, the price of our common stock may continue to fluctuate greatly in the future due to factors that are non-company specific, such as the decline in the United States and/or international economies, acts of terror against the United States, war or due to a variety of company specific factors, including quarter to quarter variations in our operating results, shortfalls in revenue, gross margin or earnings from levels projected by securities analysts and the other factors discussed in these risk factors.

Delaware Law and Provisions in Our Amended and Restated Certificate of Incorporation and Bylaws Could Make a Merger, Tender Offer or Proxy Contest Difficult, Therefore Depressing the Trading Price of Our Common Stock.

We are a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. Our amended and restated certificate of incorporation and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by our board of directors to thwart a takeover attempt.
- prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of the stock to elect some directors.
- establish a classified board of directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following election.
- require that directors only be removed from office for cause.
- provide that vacancies on the board of directors, including newly-created directorships, may be filled only by a majority vote of directors then in office.
- limit who may call special meetings of stockholders.
- prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders, and
- establish advance notice requirements for nominating candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

We lease approximately 26,150 square feet of office space in Bridgewater, New Jersey. In addition to our principal office space in Bridgewater, New Jersey, we lease facilities and offices in Bethlehem, Pennsylvania, Fairpoint, New York, Bellevue, Washington and Bangalore, India. Our leases for the Bethlehem, Pennsylvania facility will expire in 2009 and we have entered into a ten-year lease for a new 60,000 square foot facility in Bethlehem, Pennsylvania, which is expected to be completed and available for our occupancy in the first half of 2009. For accounting purposes only, we are the "deemed owner" of this facility; see Note 12 of Notes to

Consolidated Financial Statements in Part II, item 8 of this report for further explanation of the accounting treatment. Lease terms for our other locations expire between 2009 and 2012. We believe that the facilities we now lease, including our new Bethlehem facility, are sufficient to meet our needs through at least the next 12 months. However, we may require additional office space after that time, and we are currently evaluating expansion possibilities.

ITEM 3. *LEGAL PROCEEDINGS*

On September 5, 2008, September 18, 2008, and September 23, 2008, three complaints were filed against us and certain of our officers and directors in the United States District Court for the District of New Jersey purportedly on behalf of a class of shareholders who purchased our common stock between February 4, 2008 and June 9, 2008 (the "Securities Law Actions"). The plaintiffs in each complaint assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. They allege that certain of our public disclosures regarding our financial prospects during the proposed class period were false and/or misleading. The principal allegation set forth in each complaint is that we issued misleading statements concerning our business prospects relating to the activation of Apple Inc.'s iPhone product. The plaintiffs seek compensatory damages, costs, fees, and other relief within the Court's discretion. We believe that the claims described above are without merit, and we intend to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the actions at this time, and we can give no assurance that these claims will not have a material adverse effect on our financial position or results of operations.

On October 23, 2008 and November 3, 2008, complaints were filed in the state court of New Jersey and the United States District Court for the District of New Jersey against certain of our officers and directors, purportedly derivatively on behalf of the Company (the "Derivative Suits"). The Complaints in the Derivative Suits assert that the named officers and directors breached their fiduciary duties and other obligations in connection with the disclosures that also are the subject of the Securities Law Actions described above. The Company is also named as a nominal defendant in the Derivative Suits, although the lawsuits are derivative in nature and purportedly asserted on the Company's behalf. The plaintiffs seek compensatory damages, costs, fees, and other relief within the Court's discretion. We are in the process of evaluating the claims in the Derivative Suits. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the Derivative Suits at this time, and we can give no assurance that the claims in these complaints will not have a material adverse effect on our financial position or results of operations.

Except for the above claims, we are not currently subject to any legal proceedings that could have a material adverse effect on our operations; however, we may from time to time become a party to various legal proceedings arising in the ordinary course of our business.

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

No matters were submitted to a vote of security holders during the quarter ended December 31, 2008.

PART II

ITEM 5. *Market Information*

Our common stock is traded over-the-counter and is listed on the NASDAQ National Market under the symbol "SNCR." We began trading on the NASDAQ National Market on June 19, 2006. The following table sets forth, for each period during the past two years, the high and low sale prices as reported by NASDAQ.

2008	High	Low
First Quarter	$ 37.75	$15.15
Second Quarter	$ 23.54	$ 8.93
Third Quarter	$ 13.98	$ 8.18
Fourth Quarter	$10.95	$ 5.52

2007	High	Low
First Quarter	$19.85	$ 13.47
Second Quarter	$ 30.83	$17.10
Third Quarter	$45.55	$26.43
Fourth Quarter	$ 48.03	$28.24

As of February 27, 2009, there were approximately 100 holders of record of our common stock. On February 27, 2009, the last reported sale price of our common stock as reported on the NASDAQ National Market was $9.54 per share.

Dividend Policy

We have never declared or paid cash dividends on our common or preferred equity. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant.

Use of Proceeds From Public Offering of Common Stock

On June 14, 2006, our Registration Statement on Form S-1 (File No. 333-132080) relating to our public offering of our common stock, or IPO was declared effective by the SEC. The managing underwriters of our IPO were Goldman, Sachs & Co., Deutsche Bank Securities Inc. and Thomas Weisel Partners LLC. On June 20, 2006, we closed the sale of 6,532,107 shares of common stock in our IPO for net proceeds to us of $45.7 million. In July 2006, we sold an additional 959,908 shares of common stock upon the exercise of an over-allotment option granted to the underwriters for net proceeds to us of $7.1 million. No offering expenses were paid directly or indirectly to any of our directors or officers or persons owning ten percent or more of any class of our equity securities or to any other affiliates. We have invested our net proceeds of the offering in money market funds pending their use to fund our expansion. Part of our current growth strategy is to further penetrate the North American markets and continue to expand our customer base internationally. We anticipate that a portion of the proceeds of the offering will enable us to finance this expansion. In addition, we could use a portion of the proceeds of our IPO to make strategic investments in, or pursue acquisitions of, other businesses, products or technologies.

Equity Compensation Plan Information

The following table provides information as of December 31, 2008 with respect to the shares of our common stock that may be issuable under our existing equity compensation plans.

The following information is as of December 31, 2008:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	(b) Weighted-Average Exercise Price of Outstanding Options and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	3,682,636	$ 13.60	1,654,000
Equity compensation plans not approved by security holders	—	—	—
Totals	3,682,636	$ 13.60	1,654,000

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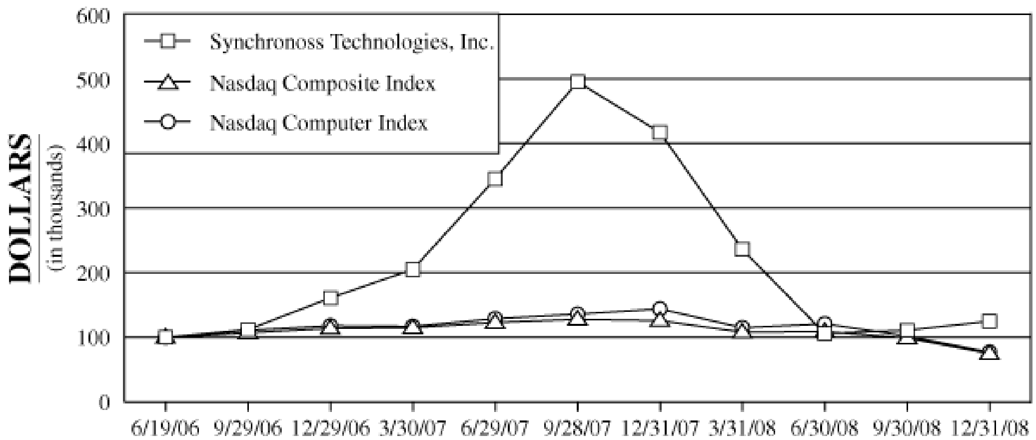
Stock Performance Graph

The graph set forth below compares the cumulative total stockholder return on our common stock between June 19, 2006 (the date our common stock began trading on NASDAQ) and December 31, 2008, with the cumulative total return of (i) the Nasdaq Computer Index and (ii) the Nasdaq Composite Index, over the same period. This graph assumes the investment of $100 on June 19, 2006 in our common stock, the Nasdaq Computer Index and the Nasdaq Composite Index, and assumes the reinvestment of dividends, if any. The graph assumes the initial value of our common stock on June 19, 2006 was the closing sales price of $8.50 per share.

The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from NASDAQ, a source believed to be reliable, but we are not responsible for any errors or omissions in such information.



Company/Index	6/19/06	9/29/06	12/29/06	3/30/07	6/29/07	9/28/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
Synchronoss Technologies	$100	$112	$161	$205	$345	$495	$417	$236	$106	$111	$125
Nasdaq Composite Index	$100	$107	$114	$115	$123	$128	$126	$108	$109	$99	$75
Nasdaq Computer Index	$100	$111	$118	$117	$129	$136	$144	$115	$121	$102	$77

ITEM 6. *SELECTED FINANCIAL DATA*

The following selected financial data should be read in conjunction with our consolidated financial statements and related notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial data included elsewhere in this Form 10-K. The selected statements of operations and the selected balance sheet data are derived from our consolidated audited financial statements.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(In thousands, except per share data)				
Statements of Operations Data:					
Net revenues	$110,982	$123,538	$ 72,406	$ 54,218	$27,191
Costs and expenses:					
Cost of services ($0, $0, $3,714, $8,089 and $2,610 were purchased from related parties during 2008, 2007, 2006, 2005 and 2004 respectively)*	53,528	55,305	35,643	30,205	17,688
Research and development	11,049	10,629	7,726	5,689	3,324
Selling, general and administrative	21,718	18,531	10,474	7,544	4,340
Depreciation and amortization	6,656	5,237	3,267	2,305	2,127
Total costs and expenses	92,951	89,702	57,110	45,743	27,479
Income (loss) from operations	18,031	33,836	15,296	8,475	(288)
Interest and other income	2,369	3,974	2,256	258	320
Interest expense	(96)	(66)	(100)	(133)	(39)
Income (loss) before income tax expense	20,304	37,744	17,452	8,600	(7)
Income tax (expense) benefit	(8,424)	(13,988)	(7,310)	3,829	—
Net income (loss)	11,880	23,756	10,142	12,429	(7)
Preferred stock accretion	—	—	—	(34)	(35)
Net income (loss) attributable to common stockholders	$ 11,880	$ 23,756	$ 10,142	$ 12,395	$ (42)
Net income (loss) attributable to common stockholders per common share:					
Basic	$ 0.38	$ 0.74	$ 0.37	$ 0.57	$ 0.00
Diluted	$ 0.37	$ 0.71	$ 0.35	$ 0.50	$ 0.00
Weighted-average common shares outstanding:					
Basic	31,619	32,215	27,248	21,916	10,244
Diluted	32,187	33,375	29,196	24,921	10,244

* Cost of services excludes depreciation and amortization which is shown separately.

	As of December 31,				
	2008	2007	2006	2005	2004
	(In thousands)				
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	$ 78,763	$ 95,857	$ 78,952	$ 16,002	$ 10,521
Working capital	91,248	113,004	86,915	21,774	8,077
Total assets	145,319	139,018	104,925	40,208	22,784
Total stockholders' equity (deficiency)	$124,338	$126,791	$ 95,273	$ (4,864)	$(17,916)

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

This annual report on Form 10-K, particularly Management's Discussion and Analysis of Financial Condition and Results of Operations set forth below, contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties and are based on the beliefs and assumptions of our management as of the date hereof based on information currently available to our management. Use of words such as "believes," "expects," "anticipates," "intends," "plans," "should," "continues," "likely" or similar expressions, indicate a forward-looking statement. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions. Actual results may differ materially from the forward-looking statements we make. We caution investors not to place substantial reliance on the forward-looking statements included in this report on Form 10-K. These statements speak only as of the date of this report (unless another date is indicated), and we undertake no obligation to update or revise the statements in light of future developments.

Overview

We are a leading provider of on-demand transaction management platforms that enable communications service providers (CSPs) and equipment manufacturers with embedded connectivity (i.e., handsets, mobile internet devices, laptops, cameras, etc.) (EMECs) and other customers to automate subscriber activation, order management and service provisioning from any channel (e.g., e-commerce, telesales, customer stores and other retail outlets, etc.) to any communication service (e.g., wireless, high speed access, local access, IPTV, cable, satellite TV, etc.) across any device type. Our ConvergenceNow® platforms (including ConvergenceNow® Plus+ and InterconnectNowtm) provide seamless integration between customer-facing channels/applications, communication services, devices and "back-office" infrastructure-related systems and processes. Our customers rely on our Web-based solutions and technology to automate the process of activating customers while delivering additional communications services including new service offerings and ongoing customer care. Our ConvergenceNow® platforms are designed to be flexible to enable multiple converged communication services to be managed across multiple distribution channels including e-commerce, telesales, customer stores and other retail outlets, allowing us to meet the rapidly changing and converging services offered by our customers. By simplifying the processes associated with managing our customers' subscribers' experience for ordering and activating services through the automation and integration of disparate systems, we enable our customers to acquire, retain and service subscribers quickly, reliably and cost-effectively.

Our industry-leading customers include AT&T Inc., British Telecom, Cablevision, Charter Communications, Clearwire, Comcast, Cox Communications, Embarq, Fairpoint, Frontier, Global Crossing, Level 3 Communications, RaySat Broadcasting Corporation, Sprint Nextel, Time Warner Cable, Time Warner Telecom, Verizon Business Solutions, Verizon Wireless, Vodafone,Vonage Holdings, and XO Communications. These customers utilize our platforms, technology and services to service both consumer and business customers, including over 300 of the Fortune 500 companies.

Revenues

We generate a substantial portion of our revenues on a per-transaction basis, most of which is derived from contracts that extend up to 48 months from execution. For the year ended December 31, 2008, we derived approximately 83% of our revenues from transactions processed compared to 85% for year ended December 31, 2007. Similar to previous years, most of the remainder of our revenues in 2008 were generated by professional services.

Costs and Expenses

Our costs and expenses consist of cost of services, research and development, selling, general and administrative and depreciation and amortization.

Cost of services includes all direct materials, direct labor, cost of facilities and those indirect costs related to revenues such as indirect labor, materials and supplies. Our primary cost of services is related to our information technology and systems department, including network costs, data center maintenance, database management and data processing costs, as well as personnel costs associated with service implementation, customer deployment and customer care. Also included in cost of services are costs associated with our exception handling centers and the maintenance of those centers. Currently, we utilize a combination of employees and third-party providers to process transactions through these centers.

Research and development costs have been expensed as incurred. Software development costs incurred prior to the establishment of technological feasibility are expensed as incurred. Research and development expense consists primarily of costs related to personnel, including salaries and other personnel-related expenses, consulting fees and the cost of facilities, computer and support services used in service technology development. We also expense costs relating to developing modifications and minor enhancements of our existing technology and services.

Selling expense consists of personnel costs including salaries, sales commissions, sales operations and other personnel-related expense, travel and related expense, trade shows, costs of communications equipment and support services, facilities costs, consulting fees and costs of marketing programs, such as Internet and print. General and administrative expense consists primarily of salaries and other personnel-related expense for our executive, administrative, legal, finance and human resources functions, facilities, professional services fees, certain audit, tax and bad debt expense.

Depreciation and amortization relates to our property and equipment and includes our network infrastructure and facilities. Amortization relates to the customer lists and technology acquired from Wisor.

Current Trends Affecting Our Results of Operations

Our on-demand business model enables delivery of our proprietary solutions over the Web as a service and has been driven by market trends such as various forms of order provisioning, local number portability, the implementation of new technologies, subscriber growth, competitive churn, network changes and consolidations in the industry. In particular, the emergence of order provisioning of e-commerce transactions for wireless, VoIP, LNP, and other communicationservices surrounding the convergence of bundled services has increased the need for our services and we believe will continue to be a source of growth for us.

In the second quarter of 2008, we were informed by AT&T that they would be changing their process of activating the iPhone product from a process that utilized our ConvergenceNow® platform to an activation process that occurs at retail stores. This change in process requires customers to activate the iPhone at AT&T or Apple stores to discourage the practice of "unlocking" the device for use on other networks. This activation process is a service that is currently not supported by Synchronoss for AT&T. As a result of this development, our revenues for the year ended December 31, 2008 were lower, compared to the year ended December 31, 2007. Nevertheless, we exited 2008 with an iPhone revenue contribution rate in excess of $10 million annually.

To support the growth driven by the industry trends mentioned above, we continue to look for opportunities to improve our operating efficiencies, such as the utilization of offshore technical and non-technical resources for our exception handling center management. We believe that these opportunities will continue to provide future benefits and position us to support revenue growth. In addition, we anticipate further automation of the transactions generated by our more mature customers and additional transaction types. These development efforts are expected to reduce exception handling costs. Loss of revenue related to the activation of iPhones on AT&T's network, which has a higher gross margin due to the high rate of automation, caused revenues and gross margins to decline in the year ended December 31, 2008, compared to the year ended December 31, 2007.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements in accordance with GAAP requires us to utilize accounting policies and make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during a fiscal period. The Securities and Exchange Commission ("SEC") considers an accounting policy to be critical if it is important to a company's financial condition and results of operations, and if it requires significant judgment and estimates on the part of management in its application. We have discussed the selection and development of the critical accounting policies with the audit committee of our board of directors, and the audit committee has reviewed our related disclosures in this report on Form 10-K. Although we believe that our judgments and estimates are appropriate, correct and reasonable under the circumstances, actual results may differ from those estimates.

We believe the following to be our critical accounting policies because they are important to the portrayal of our financial condition and results of operations and they require critical management judgments and estimates about matters that are uncertain. If actual results or events differ materially from those contemplated by us in making these estimates, our reported financial condition and results of operations for future periods could be materially affected. See “Risk Factors” for certain matters bearing risks on our future results of operations.

Revenue Recognition and Deferred Revenue

We provide services principally on a transactional basis or, at times, on a fixed fee basis and recognize the revenues as the services are performed or delivered as discussed below:

Transactional Service Arrangements: Transaction revenues consist of revenues derived from the processing of transactions through our service platforms and represented approximately 83%, 85%, and 85% of our revenues for the years ended December 31, 2008, 2007 and 2006. Transaction service arrangements include services such as equipment orders, new account set-up, number port requests, credit checks and inventory management.

Transaction revenues are principally based on a set price per transaction and are recognized based on the number of transactions processed during each reporting period. Revenues are recorded based on the total number of transactions processed at the applicable price established in the relevant contract. The total amount of revenues recognized is based primarily on the volume of transactions. As automation rates increase, transaction costs for our customer decreases.

Many of our contracts guarantee minimum volume transactions from the customer. In these instances, if the customer’s total transaction volume for the period is less than the contractual amount, we record revenues at the minimum guaranteed amount. At times, transaction revenues may also include billings to customers based on the number of individuals dedicated to processing transactions. Set-up fees for transactional service arrangements are deferred and recognized on a straight-line basis over the life of the contract since these amounts would not have been paid by the customer without the related transactional service arrangement. Revenues are presented net of discounts, which are volume level driven, or credits, which are performance driven, and are determined in the period in which the volume thresholds are met or the services are provided.

Professional Service Arrangements: Professional service revenues represented approximately 16%, 14%, and 13% of our revenues for the years ended December 31, 2008, 2007 and 2006, respectively. Professional services, when sold with transactional service arrangements, are accounted for separately when these services have value to the customer on a standalone basis and there is objective and reliable evidence of the fair value of the professional services. When accounted for separately, professional service revenues are recognized on a monthly basis, as services are performed and all other elements of revenue recognition have been satisfied.

In determining whether professional services can be accounted for separately from transaction service revenues, we consider the following factors for each professional services agreement: availability of the professional services from other vendors, whether objective and reliable evidence for fair value exists of the undelivered elements, the nature of the professional services, the timing of when the professional contract was signed in comparison to the transaction service start date and the contractual independence of the transactional service from the professional services.

If a professional service arrangement does not qualify for separate accounting, we would recognize the professional service revenues ratably over the remaining term of the transaction contract. There were no such arrangements for the years ended December 31, 2008, 2007 and 2006.

Subscription Service Arrangements: Subscription service arrangements represented approximately 1% of our revenues for the years ended December 31, 2008 and 2007 and 2% for the year ended December 31, 2006, and relate principally to our ActivationNow® platform service which the customer accesses through a graphical user interface. We record revenues on a straight-line basis over the life of the contract for our subscription service contracts.

Deferred Revenue: Deferred revenues represent billings to customers for services in advance of the performance of services, with revenues recognized as the services are rendered, and also includes the fair value of deferred revenues recorded as a result of the Wisor acquisition.

Service Level Standards

Pursuant to certain contracts, we are subject to service level standards and to corresponding penalties for failure to meet those standards. All performance-related penalties are reflected as a corresponding reduction of our revenues. These penalties, if applicable, are recorded in the month incurred and were not significant for the years ended December 31, 2008, 2007 and 2006.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated bad debts resulting from the inability of our customers to make required payments. The amount of the allowance account is based on historical experience and our analysis of the accounts receivable balance outstanding. While credit losses have historically been within our expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit losses that we have in the past or that our reserves will be adequate. If the financial condition of one of our customers were to deteriorate, resulting in its inability to make payments, additional allowances may be required which would result in an additional expense in the period that this determination was made.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes. Under SFAS No. 109. Under this method, deferred income tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse or be utilized. The realization of deferred tax assets is contingent upon the generation of future taxable income. A valuation allowance is recorded if it is “more likely than not” that a portion or all of a deferred tax asset will not be realized.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109* (“FIN 48”) to create a single model to address accounting for uncertain tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We adopted FIN 48 as of January 1, 2007, as required and determined that the adoption of FIN 48 did not have a material impact on our financial position and results of operations. As of December 31, 2008, and 2007 we had total unrecognized tax benefits of $893 and $678 which includes $68 and $29 for interest related to uncertain positions, respectively. Components of the reserve are classified as either current or long-term in the consolidated balance sheet based on when we expect each of the items to be settled. Accordingly, we recorded a long-term liability of $825 on our balance sheet at December 31, 2008 that would reduce the effective tax rate if recognized. We recorded interest and penalties accrued in relation to uncertain income tax positions as a component of interest expense. We did not accrue for interest or penalties as of December 31, 2006 or any period prior to 2006. Tax returns for all years 2000 and thereafter are subject to future examination by tax authorities.

In 2008, the net increase in the reserve for unrecognized tax benefits was $176 and the net increase for interest expense was $38. We expect that the amount of unrecognized tax benefits will change during fiscal year 2009; however, we do not expect the change to have a significant impact on our results of operations or financial position.

While we believe we have identified all reasonably identified exposures and that the reserve we have established for identifiable exposures is appropriate under the circumstances, it is possible that additional exposures exist and that exposures may be settled at amounts different than the amounts reserved. It is also possible that changes in facts and circumstances could cause us to either materially increase or reduce the carrying amount of our tax reserve.

Stock-Based Compensation

As of December 31, 2008, we maintain two stock-based compensation plans. Prior to January 1, 2006, we were applying the disclosure only provisions of SFAS 123, Accounting for Stock-Based Compensation ("SFAS 123"). Compensation cost is recognized for all share-based payments granted subsequent to January 1, 2006 and is based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Under SFAS 123(R), an equity instrument is not considered to be issued until the instrument vests. As a result, compensation cost is recognized over the requisite service period with an offsetting credit to additional paid-in capital. Compensation expense also includes the amortization on a straight-line basis over the remaining vesting period of the intrinsic values of the stock options granted prior to 2006 calculated in accordance with Accounting for Stock Issued to Employees ("APB 25"). We classify benefits of tax deductions in excess of the compensation cost recognized (excess tax benefits) as a financing cash inflow with a corresponding operating cash outflow.

We utilize the Black-Scholes option pricing model for determining the estimated fair value for stock-based awards. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on a blended weighted-average of historical information of similar public entities for which historical information was available. We will continue to use this approach using other similar public entity volatility information until our historical volatility is relevant to measure expected volatility for future option grants. The average expected life was determined using the SEC shortcut approach as described in Staff Accounting Bulletin ("SAB") No. 110, which is the mid-point between the vesting date and the end of the contractual term. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. We have never declared or paid cash dividends on our common or preferred equity and do not anticipate paying any cash dividends in the foreseeable future. Forfeitures are estimated based on voluntary termination behavior, as well as a historical analysis of actual option forfeitures.

The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007
Expected stock price volatility	64%	59%
Risk-free interest rate	3.81%	4.63%
Expected life of options (in years)	5.2	5.9
Expected dividend yield	0%	0%

The weighted-average fair value (as of the date of grant) of the options granted was $8.42, and $12.52 per share for the year ended December 31, 2008, and 2007, respectively. The total stock-based compensation cost related to non-vested equity awards not yet recognized as an expense as of December 31, 2008 was approximately $14.0 million.

Results of Operations

Year ended December 31, 2008, compared to the Year ended December 31, 2007

The following table presents an overview of our results of operations for the years ended December 31, 2008 and 2007.

	Year Ended December 31, 2008 $	2008 % of Revenue	2007 $	2007 % of Revenue	2008 vs. 2007 $ Change	2008 vs. 2007 % Change
	(In thousands)					
Net revenue	$110,982	100.0%	$123,538	100.0%	$(12,556)	(10.2)%
Cost of services ($0 and $0 were purchased from a related party in 2008 and 2007, respectively)*	53,528	48.2%	55,305	44.8%	(1,777)	(3.2)%
Research and development	11,049	10.0%	10,629	8.6%	420	4.0%
Selling, general and administrative	21,718	19.6%	18,531	15.0%	3,187	17.2%
Depreciation and amortization	6,656	6.0%	5,237	4.2%	1,419	27.1%
	92,951	83.8%	89,702	72.6%	3,249	(3.6)%
Income from operations	$ 18,031	16.2%	$ 33,836	27.4%	$ (15,805)	(46.7)%

* Cost of services excludes depreciation which is shown separately.

Net Revenue. Net revenues decreased by $12.6 million to $111.0 million in 2008, compared to 2007. This decline was due primarily to decreased revenues associated with the activation of iPhones on AT&T's network. Net revenues related to AT&T decreased by $19.8 million to $74.7 million for 2008, compared to 2007. AT&T represented 67.3% and 76.5% of our revenues for 2008 and 2007, respectively. Net revenues outside of our AT&T relationship increased by $7.2 million in 2008 compared to 2007. Net revenues outside of AT&T represented 32.7% and 23.5% of our revenues in 2008 and 2007, respectively. Transaction revenues recognized for the year ended December 31, 2008 and 2007 represented 83.5% or $92.6 million and 84.6% or $104.6 million of net revenues, respectively. Professional service revenues as a percentage of sales were 15.6% or $17.3 million in 2008, compared to 14.6% or $18.0 million in 2007.

Expense

Cost of Services. Cost of services decreased $1.8 million to $53.5 million in 2008, compared to 2007. Personnel and related costs and third-party consulting service costs for management of exception handling decreased $3.8 million. This decrease in cost of services corresponds to the decrease in revenue for the period due primarily to the declining volume associated with the activation of iPhones on AT&T's network. This decrease was partially offset by an increase in repairs and maintenance of $0.5 million and an increase in stock-based compensation expense of $0.9 million, compared to 2007. Cost of services as a percentage of net revenues increased to 48.2% for 2008, as compared to 44.8% for 2007, due principally to fewer automated transactions as compared to the prior year.

Research and Development. Research and development expenses increased approximately $0.4 million to $11.0 million for 2008, compared to 2007, due primarily to an increase in stock-based compensation of $0.5 million. Research and development expense as a percentage of net revenues increased to 10.0% for 2008, compared to 8.6% in 2007. The percentage increase was due to expenses in 2008 being fairly consistent with 2007 while revenues decreased in 2008.

Selling, General and Administrative. Selling, general and administrative expenses increased $3.2 million in 2008, compared to 2007, due primarily to increased stock-based compensation of $2.5 million and increases in personnel and related costs totaling $0.6 million. As a result of these increases and lower revenues, selling, general and administrative expense as a percentage of net revenues increased to 19.6% for 2008, as compared to 15.0% for 2007.

Depreciation and amortization. Depreciation and amortization expense increased $1.4 million to $6.7 million for 2008, compared to 2007, due to growth in the invested value of our infrastructure in 2007 and the amortization of intangible assets acquired from Wisor Telecom Corporation. As a result of the amount of fixed assets purchased in 2007, depreciation and amortization expense as a percentage of net revenues increased to 6.0% for 2008, as compared to 4.2% for 2007.

Income from Operations. Income from operations decreased $15.8 million to $18.0 million in 2008, compared to 2007. Income from operations decreased as a percentage of revenues to 16.2% in 2008, compared to 27.4% in 2007. This decrease was primarily due to decreased revenues associated with the activation of iPhones on AT&T's network and lower gross profits due primarily to fewer automated transactions as compared to 2007.

Income Tax. Our effective tax rate was approximately 41.5% and approximately 37.1% during 2008 and 2007, respectively. Our effective rate was lower last year due to the recognition of a net cumulative R&D tax credit of approximately $1.2 million during 2007. Exclusive of this item, the effective tax rate for 2007 would be 40.2%. During 2008 and 2007, we recognized approximately $8.4 million and $14.0 million in related tax expense, respectively.

Results of Operations

Year ended December 31, 2007, compared to the Year ended December 31, 2006

The following table presents an overview of our results of operations for the years ended December 31, 2007 and 2006.

	Year Ended December 31,				2007 vs. 2006	
	2007		2006			
	$	% of Revenue	$	% of Revenue	$ Change	% Change
	(In thousands)					
Net revenue	$123,538	100.0%	$ 72,406	100.0%	$ 51,132	70.6%
Cost of services ($0 and $3,714 were purchased from a related party in 2007 and 2006, respectively)*	55,305	44.8%	35,643	49.2%	19,662	55.2%
Research and development	10,629	8.6%	7,726	10.7%	2,903	37.6%
Selling, general and administrative	18,531	15.0%	10,474	14.5%	8,057	76.9%
Depreciation and amortization	5,237	4.2%	3,267	4.5%	1,970	60.3%
	89,702	72.6%	57,110	78.9%	32,592	57.1%
Income from operations	$ 33,836	27.4%	$15,296	21.1%	$ 18,540	121.2%

* Cost of services excludes depreciation which is shown separately.

Net Revenue. Net revenues increased $51.1 million to $123.5 million for 2007, compared to 2006. Due to increased volumes of transactions processed, net revenues related to AT&T increased $47.0 million to $94.5 million for the year ended December 31, 2007, compared to 2006. Net revenues outside of the AT&T relationship generated $29.0 million of our revenues during 2007, as compared to $25.0 million last year. Transaction revenues recognized in 2007 and 2006 represented 85% or $104.6 million and 85% or $61.7 million of net revenues, respectively. Professional service revenues increased as a percentage of sales to 14% or $18.0 million for the year ended December 31, 2007, compared to 13% for previous year.

Expense

Cost of Services. Cost of services increased $19.7 million to $55.3 million for 2007, compared to 2006, due primarily to the growth in personnel costs required to support higher transaction volumes submitted to us by our customers and increases in telecommunication costs. In particular, personnel and related costs and third-party consulting service costs increased $17.4 million due to the management of exception handling. Also, additional telecommunication and maintenance expense in our data facilities, contributed approximately $1.6 million to the increase in cost of services. In addition, stock-based compensation expense increased $286. Cost of services as a percentage of revenues decreased to 44.8% for 2007, as compared to 49.2% for 2006.

Research and Development. Research and development expense increased $2.9 million to $10.6 million for 2007, compared to 2006, due to the continued investment in and further development of our ActivationNow® and ConvergenceNowtm platforms to enhance our service offerings and increases in automation that have continued to allow us to gain operational efficiencies. Research and development expense as a percentage of revenues decreased to 8.6% for 2007, as compared to 10.7% for 2006.

Selling, General and Administrative. Selling, general and administrative expense increased $8.1 million to $18.5 million for 2007, compared to 2006, due in part to increases in personnel and related costs totaling $3.4 million, increased expenses of $1.5 million associated with being a public company for the entire year, increased stock-based compensation expense of $1.7 million, and increased marketing expenses of $689. Selling, general and administrative expense as a percentage of revenues increased to 15.0% for 2007, as compared to 14.5% for 2006.

Depreciation. Depreciation expense increased $2.0 million to $5.2 million for 2007, compared to 2006, due to increased fixed asset additions. Depreciation expense as a percentage of revenues decreased to 4.2% for 2007, as compared to 4.5% for 2006.

Income Tax. Our effective tax rate was approximately 37.1% and approximately 41.9% during 2007 and 2006, respectively. During 2007 and 2006, we recognized approximately $14.0 million and $7.3 million in related tax expense, respectively. The reduction in our effective tax rate in 2007 was due to the recording of a net cumulative R&D tax credit of approximately $1.2 million. Exclusive of this item, the effective tax rate for 2007 would be 40.2%.

Unaudited Quarterly Results of Operations

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(In thousands, except per share data)			
2008				
Net revenues	$29,110	$24,315	$ 26,335	$ 31,222
Gross profit(2)	15,703	12,450	12,788	16,513
Net income	4,306	2,555	2,339	2,680
Basic net income per common share(1)	0.13	0.08	0.08	0.09
Diluted net income per common share(1)	0.13	0.08	0.07	0.09

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(In thousands, except per share data)			
2007				
Net revenues	$21,329	$ 31,321	$ 34,477	$ 36,411
Gross profit(2)	11,687	16,816	18,876	20,854
Net income(3)	3,694	5,436	8,008	6,618
Basic net income per common share(1)(3)	0.12	0.17	0.25	0.20
Diluted net income per common share(1)(3)	0.11	0.16	0.24	0.20

(1) Per common share amounts for the quarters and full year have been calculated separately. Accordingly, quarterly amounts do not add to the annual amount because of differences in the weighted-average common shares outstanding during each period principally due to the effect of the Company's issuing shares of its common stock and options during the year.

(2) Gross profit is defined as net revenues less cost of services and excludes depreciation and amortization expense.

(3) Net income for the quarter ended September 30, 2007 included a discrete tax credit that increased net income by $1.1 million and basic and diluted earnings per share by $0.03.

Liquidity and Capital Resources

Our principal source of liquidity has been cash provided by operations and cash provided from our initial public offering (IPO) which was completed on June 20, 2006. The net proceeds from our IPO and the exercise of the over-allotment option by our IPO underwriters were approximately $52.8 million, which enabled us to strengthen our balance sheet. Our cash, cash equivalents and marketable securities balance was $78.8 million at December 31, 2008, a decrease of $17.1 million as compared to the end of 2007. This decrease was due primarily to the repurchase of $23.7 million of our common stock and the acquisition of Wisor for net cash of approximately $17.6 million partially offset by $26.4 million of cash provided by operating activities for the year ended December 31, 2008. We anticipate that our principal uses of cash in the future will be to fund the expansion of our business through both organic growth as well as possible acquisition activities and to expand our customer base internationally. Uses of cash will also include facility expansion, capital expenditures and working capital.

On May 5, 2008, our board of directors authorized a stock repurchase program to purchase up to $25.0 million of our outstanding common stock. The duration of the repurchase program was up to twelve months. Under the program, we were entitled to purchase shares of our common stock in the open market, through block trades or otherwise at prices deemed appropriate by us. The timing and amount of repurchase transactions under the program were dependant on market conditions and corporate and regulatory considerations. Under the program, we repurchased a total of 2.0 million shares for an aggregate purchase price of approximately $23.7 million. The purchases were funded from available working capital.

In May 2008, we entered into an agreement to lease space for our Pennsylvania offices and data center in a newly constructed facility. The lease has a term of 10 years and 5 months with an option to extend the term of the lease for two consecutive five year periods. In August 2008, we amended the lease whereby we agreed to reimburse the landlord for certain leasehold improvements we had requested. These improvements were under construction at December 31, 2008. Since the tenant improvements, under the lease amendment, are considered structural in nature and we are responsible for the cost of these improvements, for accounting purposes under Emerging Issues Task Force Issue No. 97-10 "The Effect of Lessee Involvement in Asset Construction" ("EITF 97-10"), we are considered to be the owner of the construction project. In accordance with EITF 97-10, we recorded assets on our balance sheet for all of the costs paid by our lessor to construct the Pennsylvania facility through December 31, 2008, along with corresponding financing liabilities for amounts equal to these lessor-paid construction costs through December 31, 2008. This asset and corresponding liability do not affect the total cash payments we are obligated to make under the lease agreements.

Discussion of Cash Flows

Year ended December 31, 2008, compared to the Year ended December 31,2007

Cash flows from operations. Net cash provided by operating activities for the year ended December 31, 2008 was $26.4 million, compared to $23.5 million for the year ended December 31, 2007. The increase of $2.9 million is primarily due to a decrease to accounts receivable of $13.6 million due to lower revenues in 2008 and partially offset by a decrease to accrued expenses, a decrease to accounts payable and a decrease to net income of $11.9 million from 2007.

Cash flows from investing. Net cash used in investing activities in 2008 was $25.4 million, compared to net cash used of $8.5 million in 2007. The increase of $16.9 million was primarily due to the $17.6 million net cash outflow for the acquisition of Wisor and a net change in investments of marketable securities of $5.4 million partially offset by decreased purchases of fixed assets of $6.0 million. Expenditures related to fixed assets in 2007 were higher than 2008 due to increased spending to support customer initiatives that required a higher volume of transactions.

Cash flows from financing. Net cash used in financing activities in 2008 was $21.5 million, compared to cash provided by financing activities of $3.9 million in 2007. In May 2008, we initiated a stock repurchase program and repurchased 2.0 million shares for an aggregate purchase price of approximately $23.7 million. The remaining difference was due to decreased net proceeds from the issuance of common stock of $0.8 million through the exercise of stock options, decreased tax benefits received from the exercise of stock options of $1.6 million and decreased repayments of an equipment loan of approximately $0.7 million.

We believe that our existing cash and cash equivalents, the cash generated from our initial public offering and cash generated from our operations will be sufficient to fund our operations for the next twelve months.

Year ended December 31, 2007, compared to the year ended December 31, 2006

Cash flows from operations. Net cash provided by operating activities for the year ended December 31, 2007 was $23.5 million, compared to $14.0 million for the year ended December 31, 2006. The increase of $9.5 million is primarily due to income derived from increased volume from transactions and increased accounts payable and accrued expenses balances partially offset by an increase to accounts receivable and prepaid expenses and other current assets as well as an increase to tax benefit from stock option exercises. Income and accounts receivable grew primarily due to increased volume from transactions and timing of collections of customer accounts. The accounts payable and accrued expenses accounts grew partially due to increased expenses necessary to support higher revenues as well as capital expenditures necessary to continue to grow our business.

Cash flows from investing. Net cash used in investing activities for the year ended December 31, 2007 was $8.5 million compared to net cash used of $2.0 million for the year ended December 31, 2006. The increase of $6.5 million was due to the increased purchase of fixed assets of $6.1 million and net maturities of marketable securities.

Cash flows from financing. Net cash provided by financing activities for the year ended December 31, 2007 was $3.9 million compared to net cash provided of $53.2 million for the year ended December 31, 2006. The difference of $49.3 million was primarily due to net proceeds received from the issuance of common stock sold in our initial public offering completed in 2006 with no corresponding equity sale in 2007.

Effect of Inflation

Although inflation generally affects us by increasing our cost of labor and equipment, we do not believe that inflation has had any material effect on our results of operations during 2008, 2007 and 2006.

Contractual Obligations

Our commitments consist of obligations under leases for office space, automobiles, computer equipment and furniture and fixtures. The following table summarizes our long-term contractual obligations as of December 31, 2008 (in thousands).

	Payments Due by Period				
	Total	Less Than 1 Year	1 3 Years	4 5 Years	More Than 5 Years
Operating lease obligations	$ 18,392	$ 2,154	$ 4,806	$ 3,073	$ 8,359
Other long-term liabilities(1)	893	—	893	—	—
Total	$19,285	$ 2,154	$ 5,699	$ 3,073	$ 8,359

(1) Amount represents unrecognized tax positions recorded in our balance sheet. Although the timing of the settlement is uncertain, we believe this amount will be settled within 3 years.

Impact of Recently Issued Accounting Standards

In September 2006, the FASB issued Statement 157, Fair Value Measurements ("Statement 157"). Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. Statement 157 also expands financial statement disclosures about fair value measurements. On February 6, 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2 "Effective Date of Statement No. 157" which delays the effective date of Statement 157 for one year for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Statement 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We have elected a partial deferral of Statement 157 under the provisions of FSP FAS 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. We adopted SFAS No. 157 effective January 1, 2008.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51." This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This statement improves comparability by eliminating that diversity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this statement is the same as that of the related Statement 141 (revised 2007). As there are no non-controlling interest holders in any of our subsidiaries, this will not have an impact on the Company's financial position, results of operations or cash flows.

In December 2007, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 110 ("SAB 110"). SAB 110 amends and replaces Question 6 of Section D.2 of Topic 14, Share-Based Payment. SAB 110 expresses the views of the staff regarding the use of the "simplified" method in developing an estimate of expected term of "plain vanilla" share options in accordance with FASB Statement No. 123(R), Share Based Payment. The use of the "simplified" method was scheduled to expire on December 31, 2007. SAB 110 extends the use of the "simplified" method for "plain vanilla" awards in certain situations. We currently use the "simplified" method to estimate the expected term for share option grants as we do not have enough historical experience to provide a reasonable estimate due to the limited period our equity shares have been publicly traded. We will continue to use the "simplified" method until we have enough historical experience to provide a reasonable estimate of expected term in accordance with SAB 110.

In December 2007, the Financial Accounting Standards Board, or FASB, issued SFAS No. 141(R), *Business Combinations*, or SFAS No. 141(R), which replaces SFAS No. 141. SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. Early adoption of this standard is prohibited. As SFAS No. 141(R) is adopted solely on a prospective basis, there will be no impact on our consolidated financial statements related to the Company's acquisition of Wisor.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2008 and December 31, 2007.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Market Risk

The following discussion about market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We deposit our excess cash in high-quality financial instruments, primarily money market funds and, we may be exposed to market risks related to changes in interest rates. We do not actively manage the risk of interest rate fluctuations on our marketable securities; however, such risk is mitigated by the relatively short-term nature of these investments. These investments are denominated in United States dollars.

The primary objective of our investment activities is to preserve our capital for the purpose of funding operations, while at the same time maximizing the income we receive from our investments without significantly increasing risk. To achieve these objectives, our investment policy allows us to maintain a portfolio of cash equivalents and short- and long-term investments in a variety of securities, which could include commercial paper, money market funds and corporate debt securities. Our cash and cash equivalents at December 31, 2008 and December 31, 2007 were invested in liquid money market accounts. All market-risk sensitive instruments were entered into for non-trading purposes. We do not expect the current rate of inflation to have a material impact on our business.

The recent severe tightening of the credit markets, disruptions in the financial markets and challenging economic conditions have adversely affected the United States and world economies. Investors in many industry sectors have experienced substantial decreases in asset valuations and uncertain market liquidity. Furthermore, credit rating authorities have, in many cases, been slow to respond to the rapid changes in the underlying value of certain securities and pervasive market illiquidity, regarding these securities.

As a result, this “credit crisis” may have a potential impact on the determination of the fair value of financial instruments or possibly require impairments in the future should the value of certain investments suffer a decline in value which is determined to be other than temporary. We currently do not believe any change in the market value of our money market funds or other investments to be material or warrant a change in valuation.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

SYNCHRONOSS TECHNOLOGIES, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Synchronoss Technologies, Inc.

We have audited the accompanying consolidated balance sheets of Synchronoss Technologies, Inc. and Subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity (deficiency), and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Synchronoss Technologies, Inc. and Subsidiaries at December 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2007, the Company adopted FIN 48, *"Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109"*.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Synchronoss Technologies, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey
March 12, 2009

SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2008	December 31, 2007
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,203	$ 92,756
Marketable securities	2,277	1,891
Accounts receivable, net of allowance for doubtful accounts of $193 and $448 at December 31, 2008 and 2007, respectively	25,296	26,710
Prepaid expenses and other assets	3,337	2,949
Deferred tax assets	1,065	247
Total current assets	104,178	124,553
Marketable securities	4,283	1,210
Property and equipment, net	17,280	10,467
Goodwill	6,862	—
Intangible assets, net	3,580	—
Deferred tax assets	8,505	2,498
Other assets	631	290
Total assets	$ 145,319	$ 139,018
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,838	$ 1,681
Accrued expenses	8,640	9,495
Deferred revenues	1,452	373
Total current liabilities	12,930	11,549
Long term lease financing obligations	6,685	—
Other liabilities	1,366	678
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000 shares authorized, 0 shares issued and outstanding at December 31, 2008 and 2007	—	—
Common stock, $0.0001 par value; 100,000 shares authorized, 32,878 and 32,726 shares issued; 30,878 and 32,630 outstanding at December 31, 2008 and 2007, respectively	3	3
Treasury stock, at cost (2,000 and 96 shares) at December 31, 2008 and 2007, respectively)	(23,713)	(19)
Additional paid-in capital	107,895	98,596
Accumulated other comprehensive income	66	4
Retained earnings	40,087	28,207
Total stockholders' equity	124,338	126,791
Total liabilities and stockholders' equity	$ 145,319	$ 139,018

See accompanying consolidated notes.

SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2008	2007	2006
	(In thousands, except per share data)		
Net revenues	$110,982	$123,538	$ 72,406
Costs and expenses:			
Cost of services ($0, $0, and $3,714 were purchased from a related party during 2008, 2007 and 2006, respectively)*	53,528	55,305	35,643
Research and development	11,049	10,629	7,726
Selling, general and administrative	21,718	18,531	10,474
Depreciation and amortization	6,656	5,237	3,267
Total costs and expenses	92,951	89,702	57,110
Income from operations	18,031	33,836	15,296
Interest and other income	2,369	3,974	2,256
Interest expense	(96)	(66)	(100)
Income before income tax expense	20,304	37,744	17,452
Income tax expense	(8,424)	(13,988)	(7,310)
Net income attributable to common stockholders	$ 11,880	$ 23,756	$ 10,142
Net income attributable to common stockholders per Common share:			
Basic	$ 0.38	$ 0.74	$ 0.37
Diluted	$ 0.37	$ 0.71	$ 0.35
Weighted-average common shares outstanding:			
Basic	31,619	32,215	27,248
Diluted	32,187	33,375	29,196

* Cost of services excludes depreciation which is shown separately.

See accompanying consolidated notes.

SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIENCY)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Deferred Stock-Based Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficiency)
	Shares	Amount	Shares	Amount					
Balance December 31, 2005	10,518	1	(96)	(19)	1,661	(702)	(114)	$ (5,691)	(4,864)
Stock-based compensation	256	—	—	—	1,075	—	—	—	1,075
Reversal of deferred compensation in accordance with SFAS 123(R)	—	—	—	—	(702)	702	—	—	—
Conversion of Series A redeemable convertible preferred stock	11,549	1	—	—	33,492	—	—	—	33,493
Conversion of Series 1 convertible preferred stock	2,000	—	—	—	1,444	—	—	—	1,444
Issuance of common stock	111	—	—	—	1,000	—	—	—	1,000
Issuance of common stock from IPO and exercise of over-allotment exercise, net of offering costs	7,492	1	—	—	52,764	—	—	—	52,765
Issuance of common stock on exercise of options	324	—	—	—	110	—	—	—	110
Comprehensive income:									
Net income	—	—	—	—	—	—	—	10,142	10,142
Unrealized gain on investments in marketable securities	—	—	—	—	—	—	108	—	108
Net total comprehensive income	—	—	—	—	—	—	—	—	10,250
Balance December 31, 2006	32,250	$ 3	(96)	$ (19)	$ 90,844	$ —	$ (6)	$ 4,451	$ 95,273
Stock-based compensation	—	—	—	—	2,608	—	—	—	2,608
Issuance of restricted stock	60	—	—	—	619	—	—	—	619
Issuance of common stock on exercise of options and warrants	416	—	—	—	1,565	—	—	—	1,565
Comprehensive income:									
Net income	—	—	—	—	—	—	—	23,756	23,756
Unrealized gain on investments in marketable securities net of tax	—	—	—	—	—	—	10	—	10
Net total comprehensive income	—	—	—	—	—	—	—	—	23,766
Tax benefit from stock option exercise	—	—	—	—	2,960	—	—	—	2,960
Balance December 31, 2007	32,726	$ 3	(96)	$ (19)	$ 98,596	$ —	$ 4	$ 28,207	$ 126,791
Stock based compensation	—	—	—	—	6,151	—		—	6,151
Issuance of restricted stock	87	—	—	—	980	—	—	—	980
Repurchase of treasury stock	—	—	(2,000)	(23,694)	—	—	—	—	(23,694)
Retirement of treasury stock	(96)	—	96			—	—	—	—
Issuance of common stock on exercise of options	161	—	—	—	784	—	—	—	784
Comprehensive income:									
Net income	—	—	—	—	—	—	—	11,880	11,880
Foreign currency translation	—	—	—	—	—	—	30	—	30
Unrealized gain on investments in marketable securities, net of tax $22	—	—	—	—	—	—	32	—	32
Net total comprehensive income	—	—	—	—	—	—	—	—	11,942
Excess tax benefits	—	—	—	—	1,384	—	—	—	1,384
Balance December 31, 2008	32,878	$ 3	(2,000)	$ (23,713)	$ 107,895	$ —	$ 66	$ 40,087	$ 124,338

See accompanying consolidated notes.

SYNCHRONOSS TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2008	2007	2006
		(In thousands)	
Operating activities:			
Net income (loss)	$ 11,880	$ 23,756	$ 10,142
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	6,187	5,237	3,267
Amortization expense	469	—	—
Deferred income taxes	(715)	(790)	2,689
Stock-based compensation	7,131	3,227	1,075
Changes in operating assets and liabilities:			
Accounts receivable, net of allowance for doubtful accounts	3,784	(9,793)	(3,825)
Prepaid expenses and other current assets	116	(1,296)	(464)
Other assets	(29)	(104)	888
Accounts payable and accrued expenses	18	5,601	1,103
Tax benefit from stock option exercise	(1,384)	(2,960)	—
Other liabilities	(511)	678	—
Due to a related party	—	—	(577)
Deferred revenues	(571)	(78)	(342)
Net cash provided by operating activities	26,375	23,478	13,956
Investing activities:			
Purchases of fixed assets	(4,449)	(10,442)	(4,322)
Purchases of marketable securities available-for-sale	(6,368)	(3,645)	(1,537)
Maturities and sales of marketable securities available-for-sale	2,971	5,601	3,814
Business acquired, net of cash acquired	(17,556)	—	—
Net cash used in investing activities	(25,402)	(8,486)	(2,045)
Financing activities:			
Proceeds from issuance of common stock — related party	—	—	1,000
Proceeds from the exercise of stock options	784	1,565	110
Proceeds from initial public offering, net of offering costs	—	—	45,663
Proceeds from the exercise of over-allotment option, net of offering costs	—	—	7,102
Excess tax benefits from stock option exercises	1,384	2,960	—
Repurchase of common stock	(23,694)	—	—
Repayments of equipment loan	—	(666)	(667)
Net cash provided by (used in) financing activities	(21,526)	3,859	53,208
Net decrease in cash and cash equivalents	(20,553)	18,851	65,119
Cash and cash equivalents at beginning of year	92,756	73,905	8,786
Cash and cash equivalents at end of period	$ 72,203	$92,756	$ 73,905
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 58	$ 37	$ 100
Cash paid for income taxes	7,823	13,439	3,902
Supplemental disclosure of non-cash investing and financing activities:			
Conversion of redeemable convertible preferred stock	$ —	$ —	$ 34,937
Non-cash increase in construction-in-progress and related lease liability	$ 6,685	$ —	$ —

See accompanying consolidated notes.

SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except per share data)

1. Description of Business

Synchronoss Technologies, Inc. (the "Company" or "Synchronoss") is a leading provider of on-demand transaction management platforms that enable communications service providers (CSPs) and equipment manufacturers with embedded connectivity (i.e., handsets, mobile internet devices, laptops, cameras, etc.) (EMECs) and other customers to automate subscriber activation, order management and service provisioning from any channel (e.g., e-commerce, telesales, customer stores and other retail outlets, etc.) to any communication service (e.g., wireless, high speed access, local access, IPTV, cable satellite TV, etc.) across any device type. The Company conducts its business operations primarily in the United States of America, with some aspects of its operations being outsourced to entities located in India and Canada. The Company's ConvergenceNow® platforms (including ConvergenceNow® Plus+ and InterconnectNowtm) provide end-to-end seamless integrations between customer-facing channels/applications, communication services, devices and "back-office" infrastructure-related systems and processes. The Company's customers rely on its Web-based solutions and technology to automate the process of activating customers while delivering additional communications services including new service offerings and ongoing customer care. Synchronoss has designed its platforms to be flexible and scalable to enable multiple converged communication services to be managed across multiple distribution channels including e-commerce telesales, customer stores and other retail outlets, allowing the Company to meet the rapidly changing and converging services offered to its customers. By simplifying the processes associated with managing the Company's customers' subscribers' experience for ordering and activating services through the automation and integration of disparate systems, Synchronoss enables its customers to acquire, retain, and service subscribers quickly, reliably and cost-effectively.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition and Deferred Revenue

The Company provides services principally on a transaction fee basis or, at times, on a fixed fee basis and recognizes the revenues as the services are performed or delivered as described below:

Transaction Service Arrangements: Transaction revenues consist of revenues derived from the processing of transactions through the Company's service platforms and represent approximately 83%, 85% and 85% of net revenues during the years ended December 31, 2008, 2007 and 2006, respectively. Transaction service arrangements include services such as processing equipment orders, new account set-up, number port requests, credit checks and inventory management.

Transaction revenues are principally based on a contractual price per transaction and are recognized based on the number of transactions processed during each reporting period. Revenues are recorded based on the total number of transactions processed at the applicable price established in the relevant contract. The total amount of revenues recognized is based primarily on the volume of transactions.

Many of our contracts guarantee minimum volume transactions from the customer. In these instances, if the customer's total transaction volume for the period is less than the contractual amount, we record revenues at the minimum guaranteed amount. At times, transaction revenues may also include billings to customers that reimburse the Company based on the number of individuals dedicated to processing transactions. Set-up fees for transactional service arrangements are deferred and recognized on a straight-line basis over the life of the contract since these amounts would not have been paid by the customer without the related transactional service arrangement. Revenues are presented net of discounts, which are volume level driven, or credits, which are performance driven, and are determined in the period in which the volume thresholds are met or the services are provided.

Professional Service Arrangements: Professional services represented approximately 16%, 14% and 13% of net revenues for the years ended December 31, 2008, 2007 and 2006, respectively. Professional services include process and workflow consulting services and development services. Professional services, when sold with transactional service arrangements, are accounted for separately when the professional services have value to the customer on a standalone basis and there is objective and reliable evidence of fair value of the professional services. When accounted for separately, professional service revenues are recognized on a monthly basis, as services are performed and all other elements of revenue recognition have been satisfied.

In addition, in determining whether professional service revenues can be accounted for separately from transaction service revenues, the Company considers the following factors for each professional services agreement: availability of the professional services from other vendors, whether objective and reliable evidence of fair value exists for these services and the undelivered transaction revenues, the nature of the professional services, the timing of when the professional contract was signed in comparison to the transaction service start date and the contractual independence of the transactional service from the professional services.

If a professional service arrangement does not qualify for separate accounting, the Company would recognize the professional service revenues ratably over the remaining term of the transaction contract. For the years ended December 31, 2008, 2007 and 2006, all professional services have been accounted for separately.

Subscription Service Arrangements: Subscription service arrangements which are generally based upon fixed fees represent approximately 1%, 1% and 2% of net revenues for the years ended December 31, 2008, 2007 and 2006, respectively, and relate principally to the Company's enterprise portal management services. The Company records revenues on a straight-line basis over the life of the contract for its subscription service contracts.

Deferred Revenue: Deferred revenues represent billings to customers for services in advance of the performance of services, with revenues recognized as the services are rendered, and also includes the fair value of deferred revenues recorded as a result of the Wisor acquisition.

Service Level Standards

Pursuant to certain contracts, the Company is subject to service level standards and to corresponding penalties for failure to meet those standards. All performance-related penalties are reflected as a corresponding reduction of the Company's revenues. These penalties, if applicable, are recorded in the month incurred and were insignificant for the years ended December 31, 2008, 2007 and 2006, respectively.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable. The Company maintains its cash and cash equivalents in bank accounts, which, at times, exceed federally insured limits. The Company deposits its excess cash in high-quality financial instruments, primarily money market funds and certificates of deposit in denominations below $100 with various financial institutions. The Company has not recognized any losses in such accounts. The Company believes it is not exposed to significant credit risk on cash, cash equivalents and marketable securities. Concentration of credit risk with respect to accounts receivable is limited because of the creditworthiness of the Company's major customers.

The Company's top five customers accounted for 89%, 95% and 95% of net revenues for 2008, 2007 and 2006, respectively. The Company's top five customers accounted for 83% and 95% of accounts receivable at December 31, 2008 and 2007, respectively. The Company is the primary provider of e-commerce transaction management solutions to the eCommerce channel of AT&T Inc. ("AT&T"), the Company's largest customer, under an agreement which was recently renewed and runs through December of 2011. For the year ended December 31, 2008, AT&T accounted for approximately 67% of the Company's revenues, compared to 76% for the fiscal year ended December 31, 2007. The loss of AT&T would have a material negative impact on the Company. The Company believes that if AT&T terminated its relationship with Synchronoss Technologies, AT&T would encounter substantial costs in replacing Synchronoss' transaction management solution.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards ("SFAS") No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value. Due to their short-term nature, the carrying amounts reported in the financial statements approximate the fair value for cash and cash equivalents, accounts receivable and accounts payable.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less at the date of acquisition to be cash equivalents.

Marketable Securities

Marketable securities consist of fixed income investments with a maturity of greater than three months. In accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, these investments are classified as available-for-sale and are reported at fair value on the Company's balance sheet. The Company classifies its securities with maturity dates of 12 months or more as long term. Unrealized holding gains and losses are reported within accumulated other comprehensive loss as a separate component of stockholders' equity. If a decline in the fair value of a marketable security below the Company's cost basis is determined to be other than temporary, such marketable security is written down to its estimated fair value as a new cost basis and the amount of the write-down is included in earnings as an impairment charge. No other than temporary impairment charges have been recorded in any of the periods presented herein.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts due to the Company from normal business activities. The Company maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. The Company estimates uncollectible amounts based upon historical bad debts, current customer receivable balances, the age of customer receivable balances, the customer's financial condition and current economic trends.

Property and Equipment

Property and equipment and leasehold improvements are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years, or the lesser of the related initial term of the lease or useful life for leasehold improvements. Expenditures for routine maintenance and repairs are charged against operations. Major replacements, improvements and additions are capitalized.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired, as well as other definite-lived intangible assets. In accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill is not amortized, but reviewed annually for impairment or upon the occurrence of events or changes in circumstances that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

Impairment of Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, a review of long-lived assets for impairment is performed when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. If an indication of impairment is present, the Company compares the estimated undiscounted future cash flows to be generated by the asset to the asset's carrying amount. If the undiscounted future cash flows are less than the carrying amount of the asset, the Company records an impairment loss equal to the amount by which the asset's carrying amount exceeds its fair value. The fair value is determined based on valuation techniques such as a comparison to fair values of similar assets or using a discounted cash flow analysis. There were no impairment charges recognized during the years ended December 31, 2008, 2007 and 2006.

Cost of Services

Cost of services includes all direct materials, direct labor and those indirect costs related to revenues such as indirect labor, materials and supplies and facilities cost, exclusive of depreciation expense.

Research and Development

Research and development costs are expensed as incurred, unless they meet GAAP criteria for deferral and amortization. Software development costs incurred prior to the establishment of technological feasibility do not meet these criteria, and are expensed as incurred. No costs were deferred during the years ended December 31, 2008 and 2007. Research and development expense consists primarily of costs related to personnel, including salaries and other personnel-related expenses, consulting fees and the cost of facilities, computer and support services used in service technology development. The Company also expenses costs relating to developing modifications and minor enhancements of its existing technology and services.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under this method, deferred income tax liabilities and assets are determined based on the difference between the financial statement carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse or be utilized. The realization of deferred tax assets is contingent upon the generation of future taxable income. A valuation allowance is recorded if it is "more likely than not" that a portion or all of a deferred tax asset will not be realized.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109* ("FIN 48") to create a single model to address accounting for uncertain tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted FIN 48 as of January 1, 2007, as required and determined that the adoption of FIN 48 did not have a material impact on our financial position and results of operations. As of December 31, 2008, and 2007 Synchronoss had total unrecognized tax benefits of $893 and $678 which includes $68 and $29 for interest related to uncertain positions, respectively. Components of the reserve are classified as either current or long-term in the consolidated balance sheet based on when the Company expects each of the items to be settled. Accordingly, the Company recorded a long-term liability of $825 on the balance sheet at December 31, 2008 that would reduce the effective tax rate if recognized. Synchronoss records interest and penalties accrued in relation to uncertain income tax positions as a component of interest expense. The Company did not accrue for interest or penalties as of December 31, 2006 or any period prior to 2006. Tax returns for all years 2000 and thereafter are subject to future examination by tax authorities.

In 2008, the net increase in the reserve for unrecognized tax benefits was $176 and the net increase for interest expense was $38. The Company expects that the amount of unrecognized tax benefits will change during fiscal year 2009; however, Synchronoss does not expect the change to have a significant impact on the Company's results of operations or financial position.

While Synchronoss believes it has identified all reasonably identified exposures and that the reserve the Company has established for identifiable exposures is appropriate under the circumstances, it is possible that additional exposures exist and that exposures may be settled at amounts different than the amounts reserved. It is also possible that changes in facts and circumstances could cause Synchronoss to either materially increase or reduce the carrying amount of its tax reserve.

Foreign Currency

Assets and liabilities of consolidated foreign subsidiaries, whose functional currency is the local currency are translated to U.S. dollars at year end exchange rates. Revenue and expense items are translated to U.S. dollars at the average rates of exchange prevailing during the fiscal year. The adjustment resulting from translating the financial statements of such foreign subsidiaries to U.S. dollars is reflected as a cumulative translation adjustment and reported as a component of other comprehensive income.

Transactions denominated in currencies other than the functional currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains or losses, which are reflected within other income (expense) in the consolidated statements of operations and were not significant for 2008.

Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income*, requires components of other comprehensive income, including unrealized gains on losses on available-for-sale securities, to be included as part of total comprehensive income. Comprehensive income is comprised of net income, translation adjustments and unrealized gains on available-for-sale securities. The components of comprehensive income are included in the statements of stockholders' equity (deficiency).

Basic and Diluted Net Income Attributable to Common Stockholders per Common Share

The Company calculates net income per share in accordance with SFAS No. 128, *Earnings Per Share.* The Company determined that its Series A redeemable convertible preferred stock represented a participating security prior to the IPO. Because the Series A redeemable preferred convertible stock participated equally with common stock in dividends and unallocated income, the Company calculated basic earnings per share when the Company reports net income using the if-converted method, which in the Company's circumstances, is equivalent to the two class approach required by EITF 03-6, *Participating Securities and the Two — Class Method under FASB Statement No. 128.*

In connection with the Company's IPO, all of the Company's Series A and Series 1 redeemable convertible preferred stock was automatically converted into common stock. Since the Series A redeemable convertible preferred stock participated in dividend rights on a one-for-one basis with common stockholders, the security was included in the denominator of basic earnings per share for the period such preferred stock was outstanding. The

Company's Series 1 redeemable convertible preferred stock was included in the denominator of diluted earnings per share for the period it was outstanding.

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net income attributable to common stockholders per common share. Stock options that are anti-dilutive and excluded from the following table totaled 508, 509, and 280 for the years ended December 31, 2008, 2007 and 2006 respectively.

	Year Ended December 31,		
	2008	2007	2006
Numerator:			
Net income attributable to common stockholders	$ 11,880	$23,756	$ 10,142
Denominator:			
Weighted average common shares outstanding	31,619	32,215	21,869
Conversion of Series A redeemable convertible preferred stock	—	—	5,379
Weighted average common shares outstanding — basic	31,619	32,215	27,248
Dilutive effect of:			
Options, restricted shares and warrants	568	1,160	1,016
Conversion of Series 1 convertible preferred stock into common stock	—	—	932
Weighted average common shares outstanding — diluted	32,187	33,375	29,196

Stock-Based Compensation

As of December 31, 2008, the Company maintains two stock-based compensation plans. Prior to January 1, 2006, the Company was applying the disclosure only provisions of SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). Compensation cost is recognized for all share-based payments granted subsequent to January 1, 2006 and is based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Under SFAS 123(R), an equity instrument is not considered to be issued until the instrument vests. As a result, compensation cost is recognized over the requisite service period with an offsetting credit to additional paid-in capital. Compensation expense also includes the amortization on a straight-line basis over the remaining vesting period of the intrinsic values of the stock options granted prior to 2006 calculated in accordance with *Accounting for Stock Issued to Employees* ("APB 25").

Prior to the adoption of SFAS 123(R), the Company presented its unamortized portion of deferred compensation cost for non-vested stock options in the statement of changes in shareholders deficiency with a corresponding credit to additional paid-in capital. The Company classifies benefits of tax deductions in excess of the compensation cost recognized (excess tax benefits) as a financing cash inflow with a corresponding operating cash outflow. For the year ended December 31, 2008, the Company included $1.4 million of excess tax benefits as a financing cash inflow.

Impact of Recently Issued Accounting Standards

In September 2006, the FASB issued Statement 157, *Fair Value Measurements* ("Statement 157"). Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. Statement 157 also expands financial statement disclosures about fair value measurements. On February 6, 2008, the FASB issued FASB Staff Position (FSP) FAS 157-2 "Effective Date of Statement No. 157" which delays the effective date of Statement 157 for one year for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Statement 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We have elected a partial deferral of Statement 157 under the provisions of FSP FAS 157-2 related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. We adopted SFAS No. 157 on January 1, 2008.

Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the inputs to be used to estimate fair value. The three levels of inputs used are as follows:

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

Level 2 — Inputs other than Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data by correlation or other means.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company does not currently have any Level 3 financial assets.

In accordance with SFAS 157, the following table represents the fair value hierarchy for the Company's financial assets:

	Level 1	Level 2	Total
Money Market Funds(1)	$72,203	$ —	$ 72,203
Certificates of Deposit(2)	—	6,560	6,560
Total	$72,203	$6,560	$78,763

(1) Money market funds are classified as cash equivalents.

(2) Certificates of deposit are classified as marketable securities.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51." This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This statement improves comparability by eliminating that diversity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this statement is the same as that of the related Statement 141 (revised 2007). As there are no non-controlling interest holders in any of our subsidiaries, this will not have an impact on the Company's financial position, results of operations or cash flows.

In December 2007, the Securities and Exchange Commission ("*SEC*") issued Staff Accounting Bulletin No. 110 ("*SAB 110*"). SAB 110 amends and replaces Question 6 of Section D.2 of Topic 14, *Share-Based Payment*. SAB 110 expresses the views of the staff regarding the use of the "simplified" method in developing an estimate of expected term of "plain vanilla" share options in accordance with FASB Statement No. 123(R), *Share Based Payment.* The use of the "simplified" method was scheduled to expire on December 31, 2007. SAB 110 extends the use of the "simplified" method for "plain vanilla" awards in certain situations. The Company currently uses the "simplified" method to estimate the expected term for share option grants as it does not have enough historical experience to provide a reasonable estimate due to the limited period the Company's equity shares have been publicly traded. The Company will continue to use the "simplified" method until it has enough historical experience to provide a reasonable estimate of expected term in accordance with SAB 110.

In December 2007, the Financial Accounting Standards Board, or FASB, issued SFAS No. 141(R), *Business Combinations*, or SFAS No. 141(R), which replaces SFAS No. 141. SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. Early adoption of this standard is prohibited. As SFAS No. 141(R) is adopted solely on a prospective basis, there will be no impact on our consolidated financial statements related to the Company's acquisition of Wisor Telecom Corporation (Wisor) discussed further below.

Segment Information

The Company currently operates in one business segment providing critical technology services to the communications industry. The Company is not organized by market and is managed and operated as one business. A single management team reports to the chief operating decision maker who comprehensively manages the entire business. The Company does not operate any material separate lines of business or separate business entities with respect to its services. Accordingly, the Company does not accumulate discrete financial information with respect to separate service lines and does not have separately reportable segments as defined by SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information.*

3. Acquisition

Wisor Telecom Corporation

In September 2008, the Company acquired Wisor for approximately $17.6 million including acquisition costs of approximately $527. At December 31, 2008 the Company has approximately $704 reserved for restructuring liabilities pursuant to EITF 95-3 with respect to consolidating facilities and payment of severance. The acquisition of Wisor, a provider of software products, software based host services and professional services to telecommunication service providers, expands the Company's products and services. The acquisition was accounted for as a purchase business combination in accordance with SFAS No. 141 and the results of operations of Wisor have been included in the accompanying consolidated statement of operations since the date of acquisition. The purchase price has been allocated as follows:

	At September 10, 2008
Net assets acquired	$ 1,543
Deferred tax assets	6,110
Intangible assets	4,049
Goodwill	6,862
Total assets acquired	18,564
Restructuring liabilities	763
Long-term liabilities	14
Total liabilities assumed	777
Total net assets acquired	$ 17,787

Definite-lived intangible assets consist of customer relationships and acquired technology. The Company is amortizing the value of the customer relationships on a straight-line basis over an estimated useful life of 4 years.

SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company has currently not identified any material pre-acquisition contingencies where a liability is probable and the amount of the liability can be reasonably estimated. If information becomes available prior to the end of the purchase price allocation period which would indicate that such a liability is probable and the amount can be reasonably estimated, such items will be included in the purchase price allocation.

The change in the carrying amount of goodwill for the year ended December 31, 2008 is as follows:

Balance at December 31, 2007	$ —
Acquisition	6,862
Balance at December 31, 2008	$6,862

Goodwill associated with the acquisition of Wisor is not tax deductible.

Intangible assets consist of the following (in thousands):

	December 31, 2008
Intangible assets:	
Customer lists and relationships	$ 3,249
Accumulated amortization	(376)
Customer lists and relationships, net	2,873
Acquired technology	800
Accumulated amortization	(93)
Acquired technology, net	707
Intangible assets, net	$ 3,580

Amortization expense related to intangible assets, which is included in depreciation and amortization expense, was approximately $469 for the year ended December 31, 2008.

The Company estimates the aggregate amortization expense to be approximately $976 for 2009 through 2011, $652 for 2012 and $0 for 2013.

The change in restructuring liabilities for the year ended December 31, 2008 is as follows:

Balance at December 31, 2007	$ —
Restructuring liabilities	763
Less: payments	(59)
Balance at December 31, 2008	$ 704

SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

4. Marketable Securities

The following is a summary of available-for-sale securities held by the Company at December 31, 2008 and 2007.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2008				
Certificates of deposit	$6,506	$ 54	$ —	$6,560
Government bonds	—	—	—	—
	$6,506	$ 54	$	$6,560
December 31, 2007				
Certificates of deposit	$ 1,871	$ 2	$ (2)	$ 1,871
Government bonds	1,224	6	—	1,230
	$ 3,095	$ 8	$ (2)	$ 3,101

The net unrealized gain net of tax was $32 and $4 as of December 31, 2008 and 2007, respectively.

The Company's available-for-sale securities have the following maturities:

	December 31, 2008	December 31, 2007
Due in one year or less	$ 2,277	$1,891
Due after one year, less than five years	4,283	1,210
	$6,560	$ 3,101

Unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss) in stockholders' equity. For the years ended December 31, 2008 and 2007, realized gains and losses were insignificant. The cost of securities sold is based on specific identification method.

5. Property and Equipment

Property and equipment consist of the following:

	December 31, 2008	December 31, 2007
Computer hardware	$ 16,918	$ 15,821
Computer software	11,994	8,542
Construction in-progress	8,232	—
Furniture and fixtures	513	608
Leasehold improvements	2,218	2,106
	39,875	27,077
Less: Accumulated depreciation	(22,595)	(16,610)
	$ 17,280	$ 10,467

Depreciation expense was approximately $6.2 million and $5.2 million for 2008 and 2007, respectively. For accounting purposes only, the Company is the "deemed owner" of a leased facility currently recorded in construction in progress; see Note 12 of the Company's Notes to Consolidated Financial Statements for further explanation of the accounting treatment.

6. Accrued Expenses

Accrued expenses consist of the following:

	December 31,	
	2008	2007
Accrued compensation and benefits	$2,610	$ 4,632
Accrued third-party processing fees	3,835	3,255
Restructuring liabilities	704	—
Accrued other	1,373	1,608
Accrued income tax payable	118	—
	$ 8,640	$9,495

7. Capital Structure

As of December 31, 2008, the Company's authorized capital stock was 110,000 shares of stock with a par value of $0.0001, of which 100,000 shares were designated common stock and 10,000 shares were designated preferred stock.

Common Stock

Each holder of common stock is entitled to vote on all matters and is entitled to one vote for each share held. Dividends on common stock will be paid when, as and if declared by the Company's board of directors. No dividends have ever been declared or paid by the Company. On June 20, 2006, all 13,549 outstanding shares of the Company's Series 1 and Series A convertible preferred stock were converted into shares of common stock on a one-for-one basis. As of December 31, 2008, there were 32,878 shares of common stock issued, 5,097 shares of common stock reserved for issuance under the Company's 2000 Stock Plan (the "2000 Plan") and 4,000 shares of common stock reserved for issuance under the Company's 2006 Equity Incentive Plan (the "2006 Plan").

Preferred Stock

All of the Company's Series 1 and Series A convertible preferred stock converted into common stock on a one-for-one basis as a result of the IPO. There are no shares of preferred stock outstanding as of December 31, 2008 or 2007. The board of directors is authorized to issue preferred shares and has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of preferred stock.

Registration Rights

Holders of shares of common stock which were issued upon conversion of the Company's Series A preferred stock are entitled to have their shares registered under the Securities Act of 1933, as amended (the "Securities Act"). Under the terms of an agreement between the Company and the holders of these registrable securities, if the Company proposes to register any of its securities under the Securities Act, either for its own account or for the account of others, these stockholders are entitled to notice of such registration and are entitled to include their shares in such registration.

SYNCHRONOSS TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) are as follows:

	Year Ended December 31,		
	2008	2007	2006
		(In thousands,)	
Accumulated Other Comprehensive Income (Loss)			
Translation adjustments	$ 30	$ —	$ —
Unrealized gain (loss) on securities, (net of tax)	36	4	(6)
	$66	$ 4	$ (6)

9. Stock Plans

As of December 31, 2008, the Company maintains two stock incentive plans, the 2000 Plan and the 2006 Plan. Under the 2000 Plan, the Company has the ability to provide employees, outside directors and consultants an opportunity to acquire a proprietary interest in the success of the Company or to increase such interest by receiving options or purchasing shares of the Company's stock at a price not less than the fair market value at the date of grant for incentive stock options and a price not less than 30% of the fair market value at the date of grant for non-qualified options. In April 2006, the Company's board of directors adopted the 2006 Plan. The 2006 Plan became effective upon the IPO.

Under the 2006 Plan, the Company may grant to its employees, outside directors and consultants awards in the form of incentive stock options, non-qualified stock options, shares of restricted stock and stock units or stock appreciation rights. During 2008, the Company's shareholders approved an increase in the number of shares issuable under the 2006 Plan from 2,000 to 4,000 plus any shares that remain available for issuance under the 2000 Plan. During the year ended December 31, 2008, options to purchase 1,420 shares of common stock were granted under the 2006 Plan. Under the 2000 Plan, options may be exercised in whole or in part for 100% of the shares subject to vesting at any time after the date of grant. Options under the 2000 Plan generally vest 25% on the first year anniversary of the date of grant plus an additional 1/48 for each month thereafter. As of December 31, 2008, there were 1,654 shares available for grant or award under the Company's Plans.

The Company's board of directors administers the 2000 Plan and the 2006 Plan and is responsible for determining the individuals to be granted options or shares, the number of options or shares each individual will receive, the price per share and the exercise period of each option. In establishing its estimates of fair value of the Company's common stock prior to the completion of the IPO, the Company considered the guidance set forth in the American Institute of Certified Public Accountants Practice Aid, *Valuation prior to being a public company of Privately-Held-Company Equity Securities Issued as Compensation*, and performed a retrospective determination of the fair value of its common stock for the year ended December 31, 2006, utilizing a combination of valuation methods described elsewhere in our prospectus dated June 15, 2006.

The Company utilizes the Black-Scholes option pricing model for determining the estimated fair value for stock option awards. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on a blended weighted-average of historical information of similar public entities for which historical information was available. The Company will continue to use this approach using other similar public entity volatility information until our historical volatility is relevant to measure expected volatility for future option grants. The average expected life was determined using the SEC shortcut approach as described in Staff Accounting Bulletin ("SAB") 110, which is the mid-point between the vesting date and the end of the contractual term. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The Company has never declared or paid cash dividends on our common or preferred equity and does not anticipate paying any cash dividends in the foreseeable future. Forfeitures are estimated based on voluntary termination behavior, as well as a historical analysis of actual option forfeitures. The weighted-average assumptions used in the Black-Scholes option pricing model are as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Expected stock price volatility	64%	59%	45%
Risk-free interest rate	3.81%	4.63%	4.72%
Expected life of options (in years)	5.2	5.9	6.2
Expected dividend yield	0%	0%	0%

The weighted-average fair value (as of the date of grant) of the options granted during the year ended December 31, 2008, 2007 and 2006 was $8.42, $12.52 and $4.71, respectively. During the year ended December 31, 2008, the Company recorded total pre-tax stock-based compensation expense of $7.1 million ($4.9 million after tax or $0.15 per diluted share), which includes both intrinsic value for equity awards issued prior to 2006 and fair value for equity awards issued after January 1, 2006. The total stock-based compensation cost related to non-vested equity awards not yet recognized as an expense as of December 31, 2008 was approximately $14.0 million. That cost is expected to be recognized over a weighted-average period of approximately 2.9 years.

Stock Options

The following table summarizes information about stock options outstanding.

		Options Outstanding		
	Shares Available for Grant	Number of Shares	Option Exercise Price per Share Range	Weighted-Average Exercise Price
Balance at December 31, 2005	981	1,079	$ 0.29 - 10.00	$ 1.40
Increase in options available for grant	2,614	—	—	—
Options granted	(1,791)	1,791	$ 6.95 - 12.68	$ 9.27
Options exercised	—	(324)	$ 0.29 - 6.19	$ 0.34
Options and restricted stock forfeited	359	(359)	$ 0.29 - 10.00	$ 5.89
Net restricted stock purchased, granted and forfeited	(367)	—	—	—
Balance at December 31, 2006	1,796	2,187	$ 0.29 - 12.68	$ 7.62
Options granted	(1,059)	1,059	$ 14.00 - 42.77	$ 28.06
Options exercised	—	(342)	$ 0.29 - 14.00	$ 4.60
Options forfeited	73	(73)	$ 0.29 - 38.62	$ 12.40
Net restricted stock purchased, granted and forfeited	(56)	—	—	—
Balance at December 31, 2007	754	2,831	$ 0.29 - 42.77	$ 15.51
Increase in options available for grant	2,000	—	—	—
Options granted	(1,420)	1,420	$ 6.04 - 35.62	$ 11.40
Options exercised	—	(161)	$ 0.29 - 15.44	$ 4.96
Options forfeited	407	(407)	$ 0.29 - 42.77	$ 22.93
Net Restricted stock granted and forfeited	(87)	—	—	—
Balance at December 31, 2008	1,654	3,683	$ 0.29 - 38.62	$ 13.60
Expected to vest at December 31, 2008		1,307	$ 1.84 - 38.62	$ 14.29
Vested and exercisable at December 31, 2008		1,385		

A summary of the Company's non-vested restricted stock at December 31, 2008, and changes during the year ended December 31, 2008, is presented below:

Non-Vested Restricted Stock	Number of Awards
Non-vested at January 1, 2008	180
Granted	106
Vested	(74)
Forfeited	(19)
Non-vested at December 31, 2008	193

As of December 31, 2008 and 2007, the weighted average remaining contractual life of outstanding options was approximately 7.1 and 8.3 years, respectively. Options vested as of December 31, 2008 have an aggregate intrinsic value of approximately $2.9 million. Options outstanding as of December 31, 2008 have an aggregate intrinsic value of approximately $5.2 million. The total intrinsic value (the excess of the market price over the exercise price) for stock options exercised in 2008 was approximately $2.4 million, and $8.9 million for 2007 and insignificant for 2006. The amount of cash received from the exercise of stock options was approximately $0.8 million in 2008. For the years ended December 31, 2008 and 2007, the total fair value of vested options was approximately $9.4 million and $2.5 million, respectively.

The following table summarizes stock options outstanding and exercisable at December 31, 2008:

	Outstanding			Exercisable	
Range of Exercise Price	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Number of Options	Weighted Average Exercise Price
$ 0.29 - $ 5.50	164	$ 1.06	5.7	157	1.02
5.51 - 11.00	2,028	8.91	7.1	721	8.71
11.01 - 16.50	747	12.88	7.2	231	13.41
16.51 - 22.00	28	19.51	7.2	7	17.90
22.01 - 27.50	282	23.99	8.3	114	23.96
27.51 - 34.00	109	28.00	7.3	69	27.96
34.01 - 38.62	325	36.45	6.5	86	36.49
	3,683			1,385	

10. 401(k) Plan

The Company has a 401(k) plan (the "Plan") covering all eligible employees. The Plan allows for a discretionary employer match. In 2007, the Company elected to increase its match as a percentage of employee contributions. The Company incurred and expensed $531, $503 and $90 for the years ended December 31, 2008, 2007 and 2006, respectively, in Plan match contributions.

As part of the Wisor acquisition, the Company acquired the existing Wisor 401(k) plan. However, no Plan match contributions were made in 2008. Plan match contributions are expected to be made in 2009 once Wisor's 401(k) plan assets have been rolled over to the Company's 401(k) plan.

11. Income Taxes

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2008	2007
Deferred tax assets:		
Accrued liabilities	263	69
Deferred revenue	118	—
Bad debts reserve	81	178
State net operating loss carry forwards	1,240	618
Depreciation and amortization	902	801
Deferred compensation	2,251	1,079
Federal net operating loss carry forwards	8,171	—
Deferred rent	258	—
Other	19	—
Total deferred tax assets	$ 13,303	$2,745
Deferred tax liabilities:		
Intangible assets	(1,662)	—
Other	(185)	—
Total deferred tax liabilities	(1,847)	—
Valuation allowance	(1,886)	—
Net Deferred Income Tax Assets	$ 9,570	$2,745

The following table indicates where net deferred income taxes have been classified in the Balance Sheet:

	December 31,	
	2008	2007
Current deferred tax assets	$ 1,242	$ 247
Less: Valuation allowance	(177)	—
Net current deferred tax assets	1,065	247
Non-current deferred tax assets	10,214	2,498
Less: Valuation allowance	(1,709)	—
Net non-current deferred tax assets	8,505	2,498
Net Deferred Tax Assets	$ 9,570	$2,745

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding accrued interest) is as follows:

	December 31,	
	2008	2007
Unrecognized tax benefit (beginning balance)	$649	$ —
Additions in unrecognized tax benefits as a result of tax positions taken during prior year (excludes accrued interest)	3	—
Additions for tax positions of current period (excludes accrued interest)	173	649
Unrecognized tax benefits (ending balance)	$825	$649

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The liability for accrued interest on its unrecognized tax benefits is $68 and $29 at December 31, 2008 and 2007, respectively.

At December 31, 2008, the Company had approximately $23.9 million of federal net operating losses and $14.8 million of state net operating losses, which were the result of the Wisor Telecom acquisition. These net operating loss carry forwards will begin to expire in 2012 and are subject to certain limitations under Internal Revenue Code Section 382 due to the change in ownership. The Company performed a Section 382 study and determined that certain net operating losses will expire prior to utilization of the carry forwards due to the annual Section 382 limitation. The Company has established a partial valuation allowance of $1.9 (tax effected) million against a portion of the federal net operating loss carry forwards and a full valuation of the state net operating carry forwards, as the Company believes that it is not more likely than not that the benefits will not be realized prior to expiration. The Company also has approximately $6.5 million of other state net operating losses that will begin to expire in 2021.

The Company's wholly owned subsidiary, Wisor Telecom India, Pvt. Ltd., received a tax holiday in Bangalore, India, which ends in 2009. The tax holiday applies to income generated related to its development of computer software. The aggregate amounts from the holiday and the effects to EPS are deemed immaterial.

The Company is currently subject to ongoing tax audits by the State of New Jersey for tax years ending December 31, 2004 through December 31, 2007. The Company believes that the results of the current or any prospective audits will not have a material effect on its financial position or results of operations.

The Company has elected under APB 23 to permanently reinvest earnings and profits related to its foreign subsidiaries, accordingly, no provision has been recorded for U.S. income taxes that might result from the repatriation of these earnings. The undistributed earnings of its foreign subsidiaries are approximately $2.0 million.

A reconciliation of the statutory tax rates and the effective tax rates for the years ended December 31, 2008, 2007 and 2006 are as follows:

	Year Ended December 31,		
	2008	2007	2006
Statutory rate	35%	35%	35%
State taxes, net of federal benefit	5%	4%	6%
Permanent adjustments	3%	1%	1%
Research and development credit	(1)%	(3)%	0%
Other	(1)%	0%	0%
Net	41%	37%	42%

Income tax (expense) benefit consisted of the following components:

	Year Ended December 31,		
	2008	2007	2006
Current:			
Federal	$(7,758)	$ (12,431)	$(2,957)
State	(1,376)	(2,347)	(1,664)
Foreign	(3)	—	—
Deferred:			
Federal	771	901	(2,624)
State	(58)	(111)	(65)
Income tax (expense)	$ (8,424)	$(13,988)	$ (7,310)

12. Commitments and Contingencies

Leases

The Company leases office space, automobiles and office equipment under non-cancellable lease agreements, which expire through October 2019. Aggregate annual future minimum lease payments under these non-cancellable leases are as follows at December 31, 2008:

Period ended December 31:	
2009	2,154
2010	2,469
2011	2,337
2012	1,724
2013 and thereafter	9,708
	$18,392

Rent expense for the years ended December 31, 2008, 2007 and 2006 was $2,128, $1,945 and $1,522, respectively.

In May 2008, the Company entered into an agreement to lease space for its Pennsylvania offices and data center in a newly constructed facility. The lease has a term of 10 years and 5 months with an option to extend the term of the lease for two consecutive five year periods. In August 2008, the Company amended its lease whereby the Company agreed to reimburse the landlord for certain leasehold improvements the Company had requested. These improvements were under construction at December 31, 2008. Since the tenant improvements, under the lease amendment, are considered structural in nature and the Company is primarily responsible for reimbursement to the landlord for the cost of these improvements, for accounting purposes, under Emerging Issues Task Force Issue No. 97-10 "The Effect of Lessee Involvement in Asset Construction" ("EITF 97-10"), the Company is considered to be the owner of the construction project. In accordance with EITF 97-10, the Company recorded assets on its balance sheet for all of the costs paid by the lessor to construct the Pennsylvania facility through December 31, 2008, along with corresponding financing liabilities for amounts equal to these lessor-paid construction costs through December 31, 2008. These amounts did not impact the Company's cash flows.

13. Related Parties

Omniglobe International, L.L.C.

Omniglobe International, L.L.C., ("Omniglobe") a Delaware limited liability company with operations in India, provides data entry services relating to the Company's exception handling management. The Company pays

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Omniglobe an hourly rate for each hour worked by each of its data entry agents. As of December 31, 2008 and 2007, the Company has a service agreement with Omniglobe. Services provided include data entry and related services as well as development and testing services. The current agreement may be terminated by either party without cause with 30 or 60 days written notice prior to the end of the term. Unless terminated, the agreement will automatically renew in nine month increments. As of December 31, 2008, the Company fulfilled the overall minimum contractual commitment. The Company does not intend to terminate its arrangement with Omniglobe.

On March 12, 2004, certain of the Company's executive officers and their family members acquired indirect equity interests in Omniglobe by purchasing an ownership interest in Rumson Hitters, L.L.C., a Delaware limited liability company, as follows:

Name		Equity Interest in Omniglobe	Purchase Price of Interest in Rumson Hitters, L.L.C.	Proceeds Received from Interest in Rumson Hitters, L.L.C.
Stephen G. Waldis	Chairman of the Board of Directors, President and Chief Executive Officer	12.23%	$ 95,000	$ 95,000
Lawrence R. Irving	Executive Vice President, Chief Financial Officer and Treasurer	2.58%	$ 20,000	$ 20,000
David E. Berry	Former Vice President and Chief Technology Officer	2.58%	$ 20,000	$ 20,000
Robert Garcia	Executive Vice President and Chief Operating Officer	1.29%	$ 10,000	$ 10,000

On June 20, 2006, members of Rumson Hitters repurchased, at the original purchase price, the equity interests in Rumson Hitters held by each of the Company's employees and their family members, such that no employee of the Company or family member of such employee had any interest in Rumson Hitters or Omniglobe after June 20, 2006. Neither the Company nor any of its employees provided any of the funds to be used by members of Rumson Hitters in repurchasing such equity interests. Since June 20, 2006, Omniglobe is no longer a related party.

From March 12, 2004 through June 12, 2006, Omniglobe has paid an aggregate of $1,300 in distributions to all of its interest holders, including Rumson Hitters. In turn, during this period, Rumson Hitters has paid an aggregate of $700 in distributions to its interest holders, including approximately $154 in distributions to Stephen G. Waldis and his family members, approximately $32 in distributions to Lawrence R. Irving, approximately $32 in distributions to David E. Berry and his family members and approximately $16 in distributions to Robert Garcia.

During the period in which the Company's employees and their family members owned equity interests in Rumson Hitters, fees paid for services rendered related to these agreements for 2006 were $3.7 million through June 20, 2006 when Omniglobe was no longer a related party, and $8.0 million for the year ended December 31, 2005. Since June 20, 2006, Omniglobe is no longer a related party.

14. Legal Matters

On September 5, 2008, September 18, 2008, and September 23, 2008, three complaints were filed against the Company and certain of its officers and directors in the United States District Court for the District of New Jersey purportedly on behalf of a class of shareholders who purchased the Company's common stock between February 4, 2008 and June 9, 2008 (the "Securities Law Actions"). The plaintiffs in each complaint assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. They allege that certain of the Company's public disclosures regarding its financial prospects during the proposed class period were false and/or misleading. The principal allegation set forth in each complaint is that the Company issued misleading statements concerning its business prospects relating to the activation of Apple Inc.'s iPhone product. The plaintiffs seek compensatory damages, costs, fees, and other relief within the Court's discretion. The Company believes that the claims described above are without merit, and it intends to defend against all of the claims vigorously. Due to the inherent uncertainties of litigation, the Company cannot predict the outcome of the actions at this time, and it can give no assurance that these claims will not have a material adverse effect on the Company's financial position or results of operations.

On October 23, 2008 and November 3, 2008, complaints were filed in the state court of New Jersey and the United States District Court for the District of New Jersey against certain of the Company's officers and directors, purportedly derivatively on behalf of the Company (the "Derivative Suits"). The Complaints in the Derivative Suits assert that the named officers and directors breached their fiduciary duties and other obligations in connection with the disclosures that also are the subject of the Securities Law Actions described above. The Company is also named as a nominal defendant in the Derivative Suits, although the lawsuits are derivative in nature and purportedly asserted on the Company's behalf. The plaintiffs seek compensatory damages, costs, fees, and other relief within the Court's discretion. The Company is in the process of evaluating the claims in the Derivative Suits. Due to the inherent uncertainties of litigation, we cannot predict the outcome of the Derivative Suits at this time, and we can give no assurance that the claims in these complaints will not have a material adverse effect on the Company's financial position or results of operations.

Except for the above claims, the Company is not currently subject to any legal proceedings that could have a material adverse effect on its operations; however, the Company may from time to time become a party to various legal proceedings arising in the ordinary course of its business.

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

Not applicable.

ITEM 9A. *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of December 31, 2008. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective as of December 31, 2008, to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer, as appropriate to allow timely decision making regarding required disclosures.

Management's Annual Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

To assist management, the Company has established procedures to verify and monitor its internal controls. Because of its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of its internal control over financial reporting as of December 31, 2008. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework.*

Based on the Company's assessment, management concluded that, as of December 31, 2008, its internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2008 has been audited by Ernst & Young LLP, its independent registered public accounting firm, as stated in their report which is included in Item 9 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rule 13a-15 that was conducted during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company's management, including its Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls or its internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company's operations have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Synchronoss Technologies, Inc.

We have audited Synchronoss Technologies Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Synchronoss Technologies Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying *Management's Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Synchronoss Technologies, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Synchronoss Technologies, Inc. as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity (deficiency), and cash flows for each of the three years in the period ended December 31, 2008 of Synchronoss Technologies, Inc. and our report dated March 12, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey
March 12, 2009

ITEM 9B. ***OTHER INFORMATION***

None.

PART III

ITEM 10. ***DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT***

(a) Identification of Directors. Information concerning the directors of Synchronoss is set forth under the heading "Election of Directors" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

(b) Audit Committee Financial Expert. Information concerning Synchronoss' audit committee financial expert is set forth under the heading "Audit Committee" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

(c) Identification of the Audit Committee. Information concerning the audit committee of Synchronoss is set forth under the heading "Audit Committee" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

(d) Section 16(a) Beneficial Ownership Reporting Compliance. Information concerning compliance with beneficial ownership reporting requirements is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

(e) Code of Ethics. Information concerning the Synchronoss Code of Business Conduct is set forth under the caption "Code of Business Conduct" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference. The Code of Business Conduct can also be found on our Website, www.synchronoss.com.

ITEM 11. ***EXECUTIVE COMPENSATION***

Information concerning executive compensation is set forth under the headings "Compensation of Executive Officers" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Information concerning shares of Synchronoss equity securities beneficially owned by certain beneficial owners and by management is set forth under the heading "Equity Security Ownership of Certain Beneficial Owners and Management" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS***

Information concerning certain relationships and related transactions is set forth under the heading "Certain Related Party Transactions" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

Information concerning fees and services of the Company's principal accountants is set forth under the heading "Report of the Audit Committee" and "Independent Registered Public Accounting Firm's Fees" in the Synchronoss Proxy Statement for the 2009 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

ITEM 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

(a)(1) Financial Statements:

(a)(2) Schedule for the years ended December 31, 2008, 2007, 2006:

II — Valuation and Qualifying Accounts

All other Schedules have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(a)(3) Exhibits:

Exhibit No.	
3.1*	Amended and Restated Certificate of Incorporation of the Registrant.
3.2*	Amended and Restated Bylaws of the Registrant
4.1	Reference is made to Exhibits 3.1 and 3.2
4.2*	Amended and Restated Investors Rights Agreement, dated December 22, 2000, by and among the Registrant, certain stockholders and the investors listed on the signature pages thereto.
4.3*	Amendment No. 1 to Synchronoss Technologies, Inc. Amended and Restated Investors Rights Agreement, dated April 27, 2001, by and among the Registrant, certain stockholders and the investors listed on the signature pages thereto.
4.4*	Registration Rights Agreement, dated November 13, 2000, by and among the Registrant and the investors listed on the signature pages thereto.
4.5*	Amendment No. 1 to Synchronoss Technologies, Inc. Registration Rights Agreement, dated May 21, 2001, by and among the Registrant, certain stockholders listed on the signature pages thereto and Silicon Valley Bank.
10.1*	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2*	Synchronoss Technologies, Inc. 2000 Stock Plan and forms of agreements thereunder.
10.3*	Amendment No. 1 to Synchronoss Technologies, Inc. 2000 Stock Plan.
10.4*	2006 Equity Incentive Plan and forms of agreements thereunder.
10.5*	Lease Agreement between the Registrant and BTCT Associates, L.L.C. for the premises located at 750 Route 202 South, Bridgewater, New Jersey, dated as of May 11, 2004.
10.6*	First Amendment dated December 23, 2003 to the Lease Agreement between the Registrant and BTCT Associates, L.L.C. for the premises located at 750 Route 202 South, Bridgewater, New Jersey, dated as of May 11, 2004.
10.7**	Second Amendment dated August 21, 2006 to the Lease Agreement between the Registrant and BTCT Associates, L.L.C. for the premises located at 750 Route 202 South, Bridgewater, New Jersey, dated as of May 11, 2004.
10.8	Lease Agreement between the Registrant and Triple Net Investments XXV, L.P. for the premises located at Lehigh Valley Industrial Park VII, Bethlehem, Pennsylvania, dated as of May 16, 2008, as amended.
10.10*	Loan & Security Agreement between the Registrant and Silicon Valley Bank, dated as of May 21, 2001.

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Exhibit No.	
10.11*	Cingular Master Services Agreement, effective September 1, 2005 by and between the Registrant and Cingular Wireless LLC.
10.12†	Employment Agreement dated as of December 30, 2008 between the Registrant and Stephen G. Waldis.
10.13†	Employment Agreement dated as of December 30, 2008 between the Registrant and Lawrence R. Irving.
10.14†	Employment Agreement dated as of December 30, 2008 between the Registrant and Robert Garcia.
10.15†	Employment Agreement dated as of December 30, 2008 between the Registrant and Chris Putnam.
10.16†	Employment Agreement dated as of December 30, 2008 between the Registrant and Omar Tellez.
23.1	Consent of Ernst & Young, LLP, Independent Registered Public Accounting Firm.
24	Power of Attorney (see page 71)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and section 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and section 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

† Compensation Arrangement.

* Incorporated by reference to Registrant's Registration Statement on Form S-1 (Commission File No. 333-132080).

** Incorporated by reference to Registrant's Annual Report on Form 10-K for the year ended December 31, 2007.

‡ Confidential treatment has been requested for portions of this document. The omitted portions of this document have been filed with the Securities and Exchange Commission.

(10)

(b) Exhibits.

See (a)(3) above.

(c) Financial Statement Schedule.

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
December 31, 2008, December 31, 2007, and December 31, 2006

	Beginning Balance	Additions	Reductions	Ending Balance
		(In thousands)		
Allowance for doubtful receivables				
2008	$ 448	$ 186	$ (441)	$ 193
2007	$ 171	$ 277	$ —	$ 448
2006	$ 221	$ 40	$ (90)	$ 171

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNCHRONOSS TECHNOLOGIES, INC.
(Registrant)

By /s/ Stephen G. Waldis
Stephen G. Waldis
Chairman of the Board, Chief Executive Officer and President

March 13, 2009

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ronald J. Prague or Lawrence R. Irving, or either of them, each with the power of substitution, their attorney-in-fact, to sign any amendments to this Form 10-K (including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or their substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature		Date
/s/ Stephen G. Waldis Stephen G. Waldis	Chief Executive Officer and Director (Principal Executive Officer)	March 13, 2009
/s/ Lawrence R. Irving Lawrence R. Irving	Chief Financial Officer (Principal Financial and Accounting Officer)	March 13, 2009
/s/ William J. Cadogan William J. Cadogan	Director	March 13, 2009
/s/ Charles E. Hoffman Charles E. Hoffman	Director	March 13, 2009
/s/ Thomas J. Hopkins Thomas J. Hopkins	Director	March 13, 2009
/s/ James M. McCormick James M. McCormick	Director	March 13, 2009
/s/ Donnie M. Moore Donnie M. Moore	Director	March 13, 2009

Exhibit 10.8

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered into on this 16th day of May, 2008, by and between TRIPLE NET INVESTMENTS XXV, L.P., a Pennsylvania limited partnership ("Landlord"), whose mailing address is c/o J.G. Petrucci Co., Inc., 171 Route 173, Suite 201, Asbury, New Jersey 08802 and SYNCHRONOSS TECHNOLOGIES, INC., a Delaware corporation ("Tenant"), whose mailing address is 750 Route 202 South, Suite 600, Bridgewater, New Jersey 08807.

1. **LEASE OF BUILDING; TERM**. Landlord hereby leases to Tenant all that certain general office, data center and call center space comprised of approximately 60,000 square feet, in the building to be built by Landlord and known as the Synchronoss building (referred to herein as the "Building") to be located on Lots 6 and 7 of the Lehigh Valley Industrial Park VII, Bethlehem, Northampton County, Commonwealth of Pennsylvania, and further described on the attached Exhibit A, which is incorporated herein by reference (the "Property") (the Building and the Property are sometimes herein collectively called the "Premises") to be used and occupied for the purpose of a call center, data center, general office, and other related uses for Tenant's business for the term of ten (10) years and five (5) months (the "Term"), commencing on the date that the Landlord delivers the substantially completed Building to Tenant ready for occupancy as evidenced by a temporary certificate of occupancy issued by the appropriate governmental authority in accordance with Paragraph 6 of this Lease, which date is expected to be no later than April 1, 2009 (the "Commencement Date"). The parties agree to execute a memorandum expressing the commencement and termination dates and the renewal term dates upon the determination thereof. Landlord is responsible for delivering a first class office and call center building in accordance with Exhibit B, Project Specifications and Exhibit C, the preliminary site plan by Hanover Engineering.

2. **RENTAL.** The base rental to be paid by Tenant during the initial Term of this Lease (the "Base Rent") shall be payable monthly as follows:

Months	Rent PSF	Monthly	Annual
1-5 (Free Base Rent Period subject to the terms of the Lease)	$ 0.00	$ 0.00	$ 0.00
6-17	$ 16.25	$ 81,250.00	$ 975,000.00
18-29	$ 16.62	$ 83,078.13	$ 996,937.50
30-41	$ 16.99	$ 84,947.38	$ 1,019,368.59
42-53	$ 17.37	$ 86,858.70	$ 1,042,304.39
54-65	$ 17.76	$ 88,813.02	$ 1,065,756.24
66-77	$ 18.16	$ 90,811.31	$ 1,089,735.75
78-89	$ 18.57	$ 92,854.57	$ 1,114,254.81
90-101	$ 18.99	$ 94,943.79	$ 1,139,325.54
102-113	$ 19.42	$ 97,080.03	$ 1,164,960.36
114-125	$ 19.85	$ 99,264.33	$ 1,191,171.97

Notwithstanding anything contained herein to the contrary, there shall be no required Base Rent for the first five (5) months of the Term.

The total annual Base Rent is predicated on a Building consisting of 60,000 total square feet multiplied by the applicable dollar amount per square foot as set forth above. The measurement and square footage of the Building is based on the final dimensions using an interior wall to interior wall building measurement. In the event that the square footage of the Building is less than said amount by more than 50 square feet, then, in such event, the Base Rent shall be adjusted by multiplying the final square footage of the Building by the applicable dollar amount per square foot set forth above. In no event shall the Building exceed 61,000 total square feet. In the event of an adjustment to the Base Rent due to the final square footage or an Allowance Deviation, the Base Rent set forth above shall be adjusted accordingly and the final Base Rent shall be evidenced by a written amendment to this Lease. Tenant shall make the first monthly installment of Base Rent (for the sixth month of the Term) on the date that this Lease is fully executed, which amount shall be credited against the Base Rent for the sixth month of the Term. Base Rent and Additional Rent (as defined herein) are collectively referred to as “Rent”.

The Base Rent shall be payable monthly in advance on the first day of each month to Landlord in readily available funds, at the address set forth above, or to such other party or at such other place as Landlord may from time to time in writing designate. With the exception of the Base Rent for the sixth month, no rental shall accrue or become due until the Commencement Date; provided, however, no Base Rent shall become due until the sixth month of the Term. After the Temporary Certificate of Occupancy has been issued, Landlord shall diligently complete any punchlist items and employ its best efforts to secure a Permanent Certificate of Occupancy as soon as possible. The parties understand and acknowledge that certain punch list items *(e.g.*, landscaping) may not be completed at the time of delivery of the Premises, but that Tenant shall accept possession so long as a Temporary Certificate of Occupancy (provided the Temporary Certificate of Occupancy allows Tenant to move into and occupy the Premises) is obtained and subject to Landlord proceeding with due diligence to promptly complete the punch list items.

Upon receipt of Landlord’s written consent, which shall not be unreasonably withheld or delayed, Tenant shall have the right to install, at its own risk, its personal property, inventory, goods, fixtures and equipment during the period of the construction work. Landlord shall not be liable or responsible for any such items so supplied by Tenant during the construction period, nor for any bodily injury resulting from Tenant’s activities on the construction site. Landlord and Tenant shall use their best efforts to cooperate with one another during the construction period. Should Tenant decide to install items in the Building before it is completed and delivered to Tenant, Tenant shall give Landlord prior written notice and Tenant shall use reasonable judgment so as to not interfere with or impede Landlord’s work. The Commencement Date of this Lease shall begin in accordance with the above terms and conditions; however, Tenant shall pay Landlord a *pro rata* amount of Base Rent for the first month if the Commencement Date occurs on a date other than the first day of a month.

3. **SECURITY DEPOSIT**. The Tenant shall pay a security deposit of $162,500.00 to the Landlord when the Tenant signs this Lease. If there have not been any uncured defaults by Tenant under this Lease during the first five (5) years of the Term, Tenant shall be entitled to a return of the security deposit at the end of the fifth (5th) year of the Term upon a written request by Tenant submitted to Landlord. The security deposit return shall be provided by Landlord in the form of a Rent credit against future Rent.

4. **TAX BENEFITS AND INCENTIVES; LICENSES AND PERMITS** .

Tenant will receive all proceeds, tax credits and other benefits from any incentive or tax packages (including but not limited to all tax credits or other benefits relating to the LERTA program); provided, however, any tax credits or benefits specifically related to construction of the Building or operation and ownership of the Building shall be for the benefit of the Landlord.

Landlord shall be responsible to obtain, at its sole cost and expense, all licenses and permits required to construct the Building and make all improvements, including site plan approval, inspection fees and local and state building permits. Tenant shall be responsible to obtain the licenses or permits that may be required by any governmental agency or authority in order for Tenant to lawfully conduct its business, which Tenant shall obtain at its sole cost and expense. Upon the issuance of a permanent certificate of occupancy and completion of the punchlist items, if any, Tenant shall, at Tenant’s sole cost and expense, take such action as may be necessary or appropriate to cause the Premises during the Term and any extensions and renewals to comply with all applicable federal, state, county and local laws and ordinances and all rules, regulations and orders of all duly constituted authorities, present or future. Tenant shall comply with all applicable laws, ordinances, rules, regulations and orders of all duly constituted authorities, present or future, which affect the carrying on of the business being conducted in the Premises.

5. **INABILITY TO GIVE POSSESSION**. Landlord may be unable to give Tenant

possession of the Building as herein provided for reasons that are out of Landlord's control, including, but not limited to, delays or failures to perform due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions not in effect when this Lease was entered into, severe weather conditions, or other causes which are beyond the reasonable control of the Landlord ("Force Majeure"). During the period that Landlord is unable to give possession for such reasons, all rights and remedies of both parties hereunder shall be suspended.

6. **CONSTRUCTION OF THE BUILDING AND IMPROVEMENTS.** Landlord agrees, at Landlord's sole cost and expense, to construct the building and site improvements appurtenant thereto on a "turn-key" installation ("Improvements") in accordance with the General Plans and Specifications which shall be attached hereto as Exhibit B and made a part hereof, and the provisions of this section, as hereinafter set forth. Landlord shall include concrete bases for Tenant's generators with the turn-key installation. Any and all architectural, mechanical and engineering fees specifically related to the scope of work set forth on Exhibit B are to be paid by Landlord as a part of such turn-key construction. Landlord shall deliver a Temporary Certificate of Occupancy by April 1, 2009 ("Target Date"), subject to extension due to Force Majeure or Tenant Delay (as defined herein); provided, however, in no event shall a Force Majeure event cause the Target Date to be extended later than May 15, 2009. A Tenant Delay, however, may subject the Target Date to extension as set forth herein. If Landlord is unable to substantially complete the Improvements on or before the Target Date, such date to be subject to adjustment if there occurs a Tenant Delay or Force Majeure event, Tenant shall be entitled to a credit for Rent in the amount of two days of the initial Base Rent for each day Landlord fails to substantially complete the Improvements after the Target Date. If Landlord does not deliver a Temporary Certificate of Occupancy with respect to the Premises on or before September 1, 2009 ("Outside Delivery Date") such date subject to extension due to a Tenant Delay up to sixty (60) days for Force Majeure events, Tenant shall be entitled to a credit toward Rent in an amount equal to $923.08 per day, for each day after the Outside Delivery Date that Landlord does not deliver a Temporary Certificate of Occupancy with respect to the Premises. If Landlord does not deliver a Temporary Certificate of Occupancy with respect to the Premises on or before December 1, 2009, subject to extension due to Tenant Delay and up to forty five (45) days for Force Majeure events, then Tenant shall be entitled to terminate the Lease by providing written notice to Landlord and Landlord shall immediately return to Tenant any pre-paid Base Rent and Security Deposit and any other amount previously paid by Tenant to Landlord with respect to this Lease.

Landlord shall allow Tenant to install two (2) generators as a backup power source for the Premises. Landlord shall, at its sole cost and as part of its application and permit process for construction of the Building, obtain permits and approvals for construction of generator pads upon which Tenant may install its generators. Landlord agrees to coordinate with Tenant's generator contractor and assist Tenant with the permitting necessary for installation of the generators, all such permitting and installation to be at Tenant's sole cost and expense. The exact size and location of the generators shall be determined by reasonable agreement of the parties. Generator installation as well as maintenance and repair shall be at Tenant's sole cost and expense; provided, however, that Landlord shall at its expense construct concrete bases as appropriate for each generator. Tenant will use commercially reasonable efforts to identify the generators as soon as possible so Landlord will know the exact size and requirements for the concrete pads.

Landlord shall allow Tenant at no additional charge and at Tenant's choice, to install and operate antennas, satellite dish(es) or similar communications type equipment together with associated equipment, shelters, cables, wires, utility connections and other communications related equipment (collectively the "Communication Equipment"), and will permit Tenant to install wiring between the roof and Premises in appropriate locations and through conduits in the Building, and to allow roof access at reasonable times to service and maintain such equipment. Tenant shall be required to remove any such items at the expiration or termination of the Lease unless Landlord waives such requirement prior to installation and approval of the exact nature of the Communication Equipment. The Tenant's Communication Equipment installation shall be subject to the following requirements: (i) Landlord must approve in advance all proposed installations and materials, such approval not to be unreasonably withheld; (ii) any and all work related to the roof, passing through the roof, or affixing to the roof must be completed by Landlord's roof contractor in order to maintain the applicable roof warranty; (iii) Tenant must obtain all permits, approvals, and licenses necessary for the installation and operation of the Communication Equipment; and (iv) Tenant shall indemnify, defend, and hold Landlord harmless from any causes of action, claims, damages, insurance losses, or issues arising out of Tenant's installation, use and maintenance of the Communication Equipment.

Landlord shall furnish the Building with adequate HVAC to support an employee density of 10 persons per 1,000 rentable square feet.

Landlord shall submit to Tenant for its review and approval, which approval shall not be unreasonably withheld or delayed, preliminary floor plans (the preliminary floor plan to be similar to the previously circulated floor plan in scope, but subject to modification as reasonably agreed to by Landlord and Tenant) and elevations or perspective drawings showing the architectural treatment proposed by Landlord. Landlord shall also submit to Tenant for Tenant's review and approval, which approval shall not be unreasonably withheld or delayed, a drawing showing the proposed floor and concourse elevations and contour lines. This grade and contour plan shall also show the grades and contours of any streets, curbs, sidewalks and alleys adjacent to the Premises. The drawings referred to herein, along with Exhibit B aforementioned, including the Plans and Specifications referred to thereon, shall hereinafter be called “Preliminary Plans and Specifications”. Tenant may make such changes or variations from said Preliminary Plans and Specifications as Tenant may desire in order to make the Improvements most suitable for Tenant’s use (“Change Order”), in which event Landlord shall supply the additional cost or price, if applicable, for Tenant’s approval and if necessary advise Tenant of extension of the Target Date caused by Tenant’s Change Order request. All additional costs for Change Orders shall be paid by Tenant within thirty (30) days of invoicing by Landlord, which invoices shall be after Landlord has completed the work related to the Change Order. Failure to pay for a Change Order shall be deemed a default of the Lease and a Tenant Delay.

As soon as possible after this Lease has been fully executed by both parties, Landlord shall prepare complete working drawings and specifications (“Final Plans and Specifications”) for the proposed Improvements and submit the same to Tenant for its review and approval, which approval shall not be unreasonably withheld or delayed. Such Final Plans and Specifications shall be prepared from the attached Plans and Specifications, as a guide to construction details, heights, Tenant’s requirements, etc. Such Final Plans and Specifications shall include at least 10 parking spaces per 1,000 rentable square foot of space.

Landlord shall submit to Tenant a complete set of plans for the Building including, but not limited to, size, structural, architectural, mechanical, electrical, sprinkler, plumbing and elevations as they become available. Tenant acknowledges that construction and design will be ongoing simultaneously and that timely approvals are critical. Landlord and Tenant shall submit materials and plans and provide approvals in accordance with the Critical Date Schedule attached hereto and made a part hereof as Exhibit D. Failure of Tenant to review or submit items in accordance with the Critical Date Schedule shall be considered a “Tenant Delay”.

Landlord shall then, as quickly as possible and at Landlord’s expense, obtain all permits and zoning variances, if required, (“Permits”) as may be necessary for or desired by Tenant to permit the construction of all Improvements as stipulated on the Final Plans and Specifications, including, but not limited to, the building and appurtenances, signs, driveways, parking areas and curb openings, and those necessary to permit the operation by Tenant of a business for the uses stated in this Lease.

When the Permits have been obtained, Landlord shall immediately contract for the building construction in accordance with the Final Plans and Specifications, and promptly construct the Improvements as set forth thereon. Landlord shall further notify Tenant when construction on the site has commenced, provide Tenant with a construction schedule, and give Tenant weekly progress reports as to the status of construction. Landlord shall diligently follow the construction work in order to carry it through to completion as quickly as reasonably possible, due regard being given to Force Majeure, Tenant Delay, and other circumstances beyond the control of Landlord and/or the contractor. Tenant may inspect the work from time to time during construction and on its completion.

7. **AFFIRMATIVE COVENANTS OF TENANT.** Tenant covenants and agrees that it will without demand:

a. Pay the Rent and all other charges herein reserved as rent on the days and times that the same are made payable without fail, and without setoff, deduction or counter-claim, except as hereinafter set forth. Tenant shall pay a late charge at the rate of five percent (5%) of each dollar of Rent or any other sum due Landlord under this Lease, not paid within ten (10) days after receipt of written notice that such amount is past due; provided, however, no written notice shall be required in the event Landlord has provided such written notice with respect to this Section 7(a) during the prior twelve (12) months. If Landlord shall at any time or times accept said rent or rent charges after the same shall have become due and payable, such acceptance shall not excuse any future delays, or constitute, or be construed as a waiver of any of Landlord's rights. Tenant agrees that any charge or payment herein reserved, included or agreed to be treated or collected as Rent may be proceeded for and recovered by Landlord in the same manner as rent due and in arrears.

b. Comply in all material respects with applicable requirements of the constituted public authorities and with the terms of any state or federal statute or local ordinance or regulation applicable to Tenant on its use of the Building, including, but not limited to, the parking and loading dock requirements.

c. Comply with the reasonable rules and regulations from time to time made by Landlord for the safety, care, upkeep and cleanliness of the Building and appurtenances of which it is a part. Tenant agrees that such rules and regulations shall, when written notice thereof is given to Tenant, form a part of this Lease, effective upon receipt of same. Notwithstanding the foregoing, Landlord shall not enact any rules and regulations that unreasonably interfere with Tenant's business operations at the Premises.

d. Keep the Premises in good order and condition, ordinary wear and tear, damage by fire or casualty and damages which are Landlord's obligation to repair excepted, and upon termination of this Lease to deliver up to Landlord the Premises in the same condition as Tenant has herein agreed to keep them.

e. Keep nothing which is explosive or which might unduly increase the risk of fire or other casualty at the Premises.

f. Comply in all material respects with the reasonable requirements of Landlord’s property casualty insurance carrier to the extent written notice is provided to Tenant with respect to such requirements.

g. Keep trash within covered dumpsters or containers.

h. Keep the exterior portions of the Property including, but not limited to, the parking lots, loading areas and driveways free of garbage and debris.

i. Give to Landlord prompt written notice of any accident, fire or damage occurring on or to the Premises within one Business Day of occurrence thereof.

j. Peaceably deliver up and surrender the Premises to Landlord at the expiration or sooner termination of this Lease and promptly deliver to Landlord at its office all keys for the Building.

8. **SUBLET AND ASSIGNMENT.** Tenant may sublet or assign this Lease with Landlord’s prior written consent, which consent shall not be unreasonably withheld or delayed. If Tenant is a corporation, partnership, limited liability company, or other entity, its dissolution or the transfer or assignment of any stock or interest in such corporation, partnership, limited liability company, or other entity aggregating more than fifty percent (50%) of the ownership or control of such corporation, partnership, limited liability company, or other entity, at the time such entity becomes Tenant hereunder, shall be deemed an assignment of this Lease and, therefore, subject to the restrictions of this Paragraph. Notwithstanding the foregoing, Tenant may assign or sublet all or any portion of the Premises to (i) any of its affiliates, (ii) any corporation resulting from the merger or consolidation with Tenant or the direct or indirect acquisition of a controlling equity interest in Tenant, (iii) any entity that acquires all or substantially all of Tenant’s assets as a going concern of the business that is being conducted on the Premises, or (iv) any Strategic Affiliate (as defined herein), as long as the assignee or sublessee is a bona fide entity and assumes the obligations of Tenant (collectively an “Affiliate Assignment”). A Strategic Affiliate shall be defined herein as any entity with which Tenant has a written agreement relating to, without limitation, at least one of the following: the (i) sale, (ii) use, (iii) marketing, (iv) distributing, (v) delivering, (vi) licensing, (vii) leasing, (viii) cross-licensing, (ix) sharing, (x) protecting or (xi) securing of insurance products or services. An Affiliate Assignment may be made without the prior written consent of Landlord so long as: (i)

Tenant gives Landlord at least thirty (30) days advance written notice (the "Affiliate Assignment Notice"), (ii) the assignee if an assignment assumes all of the liabilities of the Tenant under the Lease and uses the Premises for the uses permitted by this Lease, (iii) if a sublease such sublease is subordinate to the Lease, (iv) the assignee in an assignment or subtenant in a sublease has a total net worth at least equal to Three Hundred Million Dollars ($300,000,000.00) or has Five Million Dollars ($5,000,000.00) in cash and marketable securities, a debt to equity ratio of less than or equal to 1.0, and positive cash flow from operations over the last two (2) fiscal quarters; and (v) Tenant provides Landlord, along with the Affiliate Assignment Notice, with a check equal to one (1) month of the Base Rent required to be paid on the commencement date of the assignment or sublet to be held by Landlord as an additional security deposit in accordance with the terms of this Lease. Any Affiliate Assignment consented to by Landlord shall not release Tenant from the obligations of Tenant under this Lease and Tenant and any affiliate or Strategic Affiliate subtenant or assignee shall remain jointly and severally liable with Tenant under the Lease. If Tenant receives any excess consideration from an assignment or sublease that exceeds the Rent, Additional Rent and other sums Tenant must pay to Landlord pursuant to the terms of this Lease, Tenant must pay Landlord fifty percent (50%) of such excess consideration. The sums payable under the preceding sentence shall be paid to Landlord as, when and if paid by the assignee or subtenant to Tenant. Tenant may not mortgage or encumber any part of the Premises or its interest therein without Landlord's prior written consent, which may be withheld in Landlord's sole and absolute discretion except for an encumbrance on Tenant's interest, which Landlord will not unreasonably withhold its consent to provided such encumbrances in no way reduces the value of the Premises, violates the terms of Landlord's financing, or inhibits Landlord's ability to sell the Premises.

9. **NEGATIVE COVENANTS OF TENANT.** Tenant covenants and agrees that it will do none of the following without the written consent of Landlord, which consent shall not be unreasonably withheld or delayed:

a. Except as set forth in Section 41 below, place or allow to be placed a sign upon the Property or on the outside of the Building. In case of the breach of this covenant (in addition to all other remedies given to Landlord hereunder), Landlord shall have the right to remove such sign.

b. Make any structural alterations, improvements or additions to the Building or Property without the written consent, not to be unreasonably withheld or delayed, of the Landlord; provided, however, Tenant may make non-structural alterations to the Premises without obtaining Landlord's prior written consent, provided that (i) such alterations do not exceed $60,000 in cost; and (ii) Tenant provides Landlord with prior written notice of its intention to make such alterations together with the plans and specifications for same. Landlord shall designate ninety (90) days prior to the expiration of the then current lease term, whether said alterations, improvements, additions or fixtures and equipment shall remain on the Premises or be removed by Tenant at the expiration or earlier termination of this Lease; provided, however, that Tenant shall not be required to remove any alterations, improvements, additions or fixtures to the extent such are made in connection with the initial build out of the Premises.

c. Use, operate or maintain any machinery, equipment or fixture that, in Landlord's reasonable opinion, is harmful to the Building and appurtenances of which the Building is a part, or is disturbing to the other occupants of the Building.

10. **LANDLORD'S RIGHT TO ENTER.** Tenant shall permit Landlord, Landlord's agents, cleaners or employees or any other person or persons authorized by Landlord, to inspect the Premises during business hours upon reasonable notice, and if Landlord shall so elect, for making reasonable alterations, improvements or repairs to the Building or for any reasonable purpose in connection with the operation and maintenance of the Building. Notwithstanding the foregoing, in the event of an emergency, Landlord shall not be obligated to notify Tenant of its intention to enter the Premises.

11. **RELEASE AND INDEMNIFICATION.**

a. Tenant releases Landlord and agrees to defend, indemnify and hold harmless Landlord from any claim by any person for any injury, death, damage, loss, liability or expense which arises upon, about, or in connection with the Premises due to an occurrence during the Term or any period of occupancy by the Tenant, and arises due to:

(i) the negligence of Tenant, its employees, agents or invitees; or

(ii) the intentional misconduct or criminal acts of Tenant, its employees, agents or invitees; or

(iii) a breach by Tenant, its employees, agents or invitees of any environmental law that applies at any time during the Lease Term.

b. Tenant releases Landlord from any claim by Tenant, its employees or agents for any injury, death, damage, loss, liability or expense which arises from: (i) the stoppage, malfunction or breakdown of any of the systems serving the Premises or the Building, including without limitation, the water system, the plumbing system, the sewer system, the drainage system, the sprinkler system, the electric system, the lighting, the gas system, or the heating, ventilating and air system, unless said stoppage, malfunction or breakdown is due to improper initial installation or construction by Landlord, its contractors or is covered by contractors' warranties; or (ii) the stoppage or reduction of utility service, unless due to improper or faulty original installation by Landlord or its contractors.

c. Notwithstanding anything to the contrary contained in this clause, Tenant's agreement to release, defend, indemnify and hold Landlord harmless shall not apply to the ordinary negligence of the Landlord, its employees, or its agents, as such ordinary negligence relates to any obligation of the Landlord, per this Lease, to construct, alter, repair, maintain or service those portions of the Premises and the Building, including the roof replacement, foundation and structural elements which Landlord is required to maintain, repair and replace pursuant to the terms of this Lease. Landlord agrees to release, defend, indemnify and hold Tenant harmless from any claim by any person for any injury, death, damage, loss, liability or expense which arises from the negligence of Landlord, its employees or agents in fulfilling its obligations under this Lease to construct, alter, maintain or service those portions of the Premises and the Building that Landlord is required to maintain, repair and replace pursuant to the terms of this Lease.

d. Both parties' obligations under the terms of this clause shall survive the termination or expiration of this Lease for a period of one (1) year.

12. **FIRE OR OTHER CASUALTY.**

If during the term of this Lease or any renewal or extension thereof, the Building is totally destroyed or is so damaged by fire or other casualty that the same cannot in the reasonable opinion of Landlord's architect or engineer be repaired or restored within 365 days from the date of said damage (a "Major Casualty"), then this Lease shall absolutely cease and terminate and the Rent shall abate for the balance of the Term. In such case, Landlord shall notify Tenant in writing within sixty (60) days after the Building is damaged that the damage has resulted in a Major Casualty and Tenant shall pay the Rent apportioned to the date of such damage and Landlord may enter upon and repossess the Premises upon thirty (30) days written notice to Tenant.

If the damage caused as above can be repaired or restored within the 365 days from the date said damage (a "Minor Casualty"), Landlord shall promptly restore the Premises to the condition it was in prior to such Minor Casualty and all Rent shall be abated or apportioned during the time Landlord is in possession. If the damage caused as above is only slight, Landlord shall repair whatever portion, if any, of the Premises that may have been damaged by fire or other casualty. During such repair, Tenant shall pay Rent only for that portion of the Premises that is undamaged by such fire or other casualty.

In the event the Landlord does not notify Tenant in writing that the damage has resulted in a Major Casualty, but Landlord fails or is unable to, within 365 days from the date of said damage, restore the Premises to the condition it was in prior to the casualty, Tenant shall have the option of terminating this Lease by giving written notice of termination to Landlord at any time after the expiration of said 365 day period but prior to the date Landlord completes the restoration of the Premises.

13. **INSURANCE.** Tenant shall keep and maintain throughout the Term of the Lease the following insurance:

(a) Property insurance for all personal property and trade fixtures of Tenant in the Premises insured with "Special Form" insurance in an amount to cover one hundred (100%) percent of the replacement cost of the property and fixtures.

(b) Contractual (including, without limitation, coverage for a Tenant's indemnification obligations) and comprehensive general liability insurance, including public liability and property damage, with a minimum combined single limit of liability of at least three million dollars ($3,000,000.00) for personal injuries or deaths of persons occurring in or about the Premises.

(c) Workmen's compensation insurance in accordance with the applicable laws and regulations.

Landlord shall keep and maintain throughout the Term of the Lease the following insurance for the benefit of Landlord and Tenant, which shall be an Operating Expense pursuant to Section 16:

(a) An "all risk" property insurance in an amount equal to the full replacement cost of the Building, insuring against risks normally insured against by reasonably prudent owners of comparable properties.

(b) Loss of rent coverage in commercially reasonable amounts with Landlord named as loss payee (such insurance may be provided by Tenant (and not included as an Operating Expense), subject to Landlord and its lender's reasonable review and approval and the insurance requirements set forth herein).

Tenant and Landlord, if applicable, hereby waives claims arising in any manner in its (Injured Party's) favor and against the other party for loss or damage to Injured Party's property located within or constituting a part or all of the Premises, and for loss due to business interruption. This waiver applies to the extent the loss or damage is covered by the Injured Party's insurance, or the insurance the Injured Party is required to carry under Section 13, whichever is greater. The waiver also applies to each party's directors, officers, employees, shareholders, members, owners and agents. The waiver does not apply to claims caused by a party's willful misconduct. Landlord and Tenant shall obtain such a release and waiver of subrogation from their respective insurance carriers and shall obtain any special endorsements, if required by their insurer, to evidence compliance with the aforementioned waiver.

The amounts of coverage required by this Lease to be maintained by Tenant are subject to Landlord's lender's reasonable review and requirements and review at the end of each two-year period following the Commencement Date. At each review the amounts of Tenant's coverage shall be increased to the amounts of coverage carried by prudent tenants of comparable buildings in the Lehigh Valley.

Insurance policies required to be maintained by Tenant in this Lease shall:

(a) Be issued by insurance companies licensed to do business in the Commonwealth of Pennsylvania with policy audit ratings of Standard and Poor's who are A rated or better or an AM Best rating of A VII (subject to Landlord's lender's reasonable approval of the rating) in the most current Best's Insurance Reports available. If the Standard and Poor and Best's ratings are changed or discontinued, Landlord shall reasonably select an equivalent method of rating insurance companies.

(b) Name Landlord and its agents and Landlord's mortgage lender, if required, as additional insureds as their interest may appear.

(c) Provide that the insurance not be canceled or materially changed in the scope or amount of coverage unless thirty (30) days advance notice is given to Landlord

(d) Be permitted to be carried through a "blanket" policy or "umbrella" coverage.

(e) Be maintained during the entire Term and any extension term.

(f) Include commercially reasonable deductibles subject to Landlord's lender's reasonable requirements.

By the Commencement Date and upon each renewal of its insurance policies, Tenant shall give certificates of insurance to Landlord. The certificate shall specify amounts, types of coverage, the waiver of subrogation, and the insurance criteria listed in this Section 13. The policies shall be renewed or replaced and maintained by Tenant. If Tenant fails to give the required certificate within ten (10) days after notice of demand for it by Landlord, Landlord may obtain and pay for that insurance and receive reimbursement from Tenant as Additional Rent. Tenant acknowledges and agrees that Landlord shall not be obligated to maintain insurance for Tenant's benefit or to name Tenant as a loss payee or additional insured on any policy of insurance maintained by Landlord.

14. UTILITIES.

14.01 Tenant shall pay for all utilities and other services furnished to the Premises, including but not limited to electric, gas, oil, phone, cable, and shall contract directly with the service-providers for such services to be put in Tenant's name prior to the Commencement Date.

14.02 Landlord shall have no responsibility or liability to Tenant, nor shall there be any abatement in the said Rent for any failure to supply any of said utility services unless such failure is due to any act or omission of Landlord. Alterations or improvements shall be made at such a time and in such a manner as to reduce interference with Tenant's business at the Premises and after reasonable prior written notice to Tenant except in case of an emergency.

15. REPAIRS AND MAINTENANCE.

15.01 (a) Except for repairs and replacements that Tenant must make as set forth in this Section, Landlord shall throughout the Term of this Lease be responsible for completing the following maintenance and repairs, such items to charged to the Tenant as Operating Expenses (as defined herein): (i) snow removal from the parking lot, (ii) lawn mowing, landscaping, and general grounds upkeep, (iii) janitorial services, and (iv) all mechanical system general maintenance and repair, not due to the negligence or neglect of Tenant.

(b) In addition, Landlord shall be responsible at its sole cost and expense for the maintenance, repairs and replacements of the following (which shall not be including in Operating Expenses), provided such repairs are not due to the negligence or neglect of Tenant: (i) exterior walls, (ii) foundation and footings, (iii) structural elements, (iv) parking lot, but expressly limited to one (1) year; (v) roof (including membrane, insulation and flashing), but expressly limited to the warranty period of ten (10) years for all labor and twenty (20) years for all materials; and (v) major mechanical system and major plumbing repairs and replacements, but expressly limited to the five (5) years for all HVAC repairs and replacements. Any mechanical repairs arising out of Tenant installations or Tenant modifications to the mechanical systems installed by Landlord shall be the responsibility of Tenant.

15.02 Tenant, at its sole cost and expense and throughout the term of this Lease, shall keep and maintain the Premises in good order and condition, free of accumulation of dirt and rubbish, and shall promptly notify Landlord of the need for any repairs and replacements necessary to keep and maintain the Premises in good order and condition. Tenant's obligations for repair and maintenance of the Premises shall include any repair and maintenance work not specifically required to be completed by Landlord as set forth in this Lease.

15.03 Tenant shall be responsible for the following repairs and replacements, including capital replacements and improvements, upon expiration of the applicable warranty: (i) roof — 10 years labor, 20 years materials; (ii) HVAC — 5 years, except compressors that are 3 years; and (iii) parking lot and all paved areas — 1 year. Upon expiration of the foregoing warranty periods, Landlord shall have no obligation to repair the roof, HVAC, and parking lot. All repairs made by Tenant shall to the extent commercially practicable utilize materials and equipment that are equal in quality and usefulness to those originally used in constructing the Premises. Tenant shall perform routine maintenance on all HVAC systems appurtenant to the Premises using a service firm(s), reasonably acceptable to Landlord, which shall provide service and maintenance in accordance with the manufacturer's recommendations and shall provide a copy of the contract to Landlord. In the event Tenant fails to enter into an HVAC service contract as provided above within ninety (90) days of occupying the Premises, Landlord shall obtain a contract on behalf of Tenant that is consistent with Landlord's other maintenance contracts for other of its tenants and shall bill Tenant directly for such contract.

15.04 Landlord shall have the right to inspect the Premises from time to time as it deems, in its sole opinion, necessary, and request that Tenant comply with the terms of this Section. Within thirty (30) days of written notice from Landlord, Tenant shall make, or diligently pursue to completion, all repairs and replacements it is instructed to make pursuant to Landlord's notice;

provided that such repairs and/or replacements are required to be made by Tenant under the terms of this Lease.

15.05 In the event Tenant fails to perform, or diligently pursue to completion, its obligations under this section, Landlord may, after giving written notice and a cure period not to exceed thirty (30) days, perform on Tenant's behalf and recover the reasonable out of pocket costs and expenses of said performance from Tenant upon demand and presentation of invoices representing the same. Any such amounts shall be considered Additional Rent hereunder.

16. **OPERATING EXPENSES AND ADDITIONAL RENT .**

16.01 Tenant shall pay to Landlord an Operating Expense Allowance of Three Hundred Seven Thousand Two Hundred 00/100 Dollars ($307,200.00) per year in equal monthly installments of Twenty Five Thousand Six Hundred and 00/100 Dollars ($25,600.00) payable on the first day of each month with the payment of Base Rent, such amount based on $5.12 per square feet and to be adjusted if the square footage of the Building is adjusted in accordance with Section 2 of the Lease.

16.02 If the actual Tenant's Pro-Rata Share of Operating Expenses for any Operating Year shall be greater than the total Operating Expense Allowance for such year, Tenant shall pay to Landlord as additional rent an amount equal to the difference between the actual amount of Tenant's Pro-Rata Share of Operating Expenses for the Operating Year and the total Operating Expense Allowance for such year (hereinafter referred to as the "Operating Expense Adjustment). If Tenant occupies the Premises or a portion thereof for less than a full Operating Year, the Operating Expense Adjustment will be calculated in proportion to the amount of time in such Operating Year that Tenant occupied the Premises. Such Operating Expense Adjustment, if any, shall be paid in the following manner: within one hundred twenty (120) days following the end of the first and each succeeding Operating Year, Landlord shall furnish to Tenant an Operating Expense Statement setting forth (a) the Operating Expense for the preceding Operating Year; (b) the Operating Expense Allowance; and (c) Tenant's Operating Expense Adjustment for such Operating Year. Within thirty (30) days following receipt of such Operating Expense Statement, Tenant shall pay to Landlord as additional rent the Operating Expense Adjustment for such Operating Year. Commencing with the first month of the second Operating Year and for each Operating Year thereafter, Landlord may modify the Operating Expense Allowance Tenant is required to pay based on the prior year Operating Expense Adjustment.

Tenant shall be required to pay the Operating Expense Adjustment, if any, for the final year of the Term of the Lease by the earlier to occur of thirty (30) days following receipt of the final Operating Expense Statement or expiration or termination of the Lease and as a condition for Landlord's return of the Security Deposit. Failure to pay the final Operating Expense Adjustment shall be a default of this Lease and entitle Landlord to all rights and remedies set forth herein.

Provided Tenant is not in Default of any of the terms of this Lease, Tenant, and its agents, and employees shall have ninety (90) days after receiving the Operating Expense Statement to, at Tenant's own expense, audit Landlord's books and records concerning the Operating Expense Statement (but not any prior Operating Expense Statement) at a mutually convenient time at Landlord's offices, for the purpose of verifying the information contained in any Statement. Such audit must be conducted by an independent regionally recognized accounting firm that is not being compensated by Tenant on a contingency fee bases. If Tenant disputes the accuracy of Landlord's Operating Expense Statement, Tenant shall still pay the amount shown owing until the dispute is resolved. No subtenant shall have the right to conduct an audit. Any Operating Expense Statement not audited within said ninety (90) day period shall be deemed to be correct.

16.03 As used in this Section 16, the following words and terms shall be defined as hereinafter set forth:

A. "Operating Year" shall mean each calendar year, or other period of twelve (12) months as hereinafter may be adopted by Landlord as its fiscal year, occurring during the Term of the Lease.

B. "Operating Expense Allowance" shall mean and equal the monthly amount set forth in Section 16.01 above, subject to adjustment based on any Operating Expense Adjustment as set forth above.

C. "Operating Expense Statement" shall mean a statement in writing signed by Landlord, setting forth in reasonable detail (i) the Operating Expense for the preceding Operating Year; (ii) the Operating Expense Allowance; and (iii) the Tenant's Operating Expense Adjustment for such Operating Year or portion thereof. The Operating Expense Statement for each Operating Year shall be available for inspection by Tenant at Landlord's office during normal business hours.

D. “Operating Expenses” shall mean the following expenses incurred by the Landlord in connection with the operation, repair and maintenance of the Premises, Building, and Property: (i) real estate taxes and other taxes or charges levied in lieu of such taxes, general and special public assessments, charges imposed by any governmental authority pursuant to anti-pollution or environmental legislation, taxes on the rentals of the Building or the use, occupancy or renting of space therein, and any costs associated with disputing such taxes; (ii) premiums and fees for fire and extended coverage insurance, insurance against loss or rentals for space in the Building and any other insurance Landlord is required to carry pursuant to this Lease and by its lender, all in amounts and coverages (with additional policies against additional risks) as may be required by Landlord or its lender; (iii) water and sewer service charges; (iv) all maintenance and repair costs that are Landlord’s responsibility as set forth herein (except for those costs that are Landlord’s responsibility pursuant to Section 15.01(b) which shall not be included as Operating Expenses), including, but not limited to, the costs of all labor, materials, and supplies incidental thereto; (v) wages, salaries, fees and other compensation and payments and payroll taxes and contributions to any social security, unemployment insurance, welfare, pension or similar fund and payments for other fringe benefits required by law, union agreement or otherwise made to or on behalf of all employees of Landlord performing services rendered in connection with the operation and maintenance of the Building and Property, including, without limitation, payments made directly to or through independent contractors for performance of such services or for servicing or maintenance contracts; (vi) management fees payable to the managing agent for the Building in the amount of five percent (5%) of gross Rent; and (vii) any and all other costs and expenses of Landlord incurred in connection with the operation, repair, and maintenance of the Building and Property all in accordance with generally accepted accounting principles (“GAAP”) consistently applied in the operation, maintenance, and repair of a first class facility that are not excluded below.

Notwithstanding anything to the contrary set forth in the preceding paragraph, the term “Operating Expenses” shall not include: (i) depreciation on the Building or equipment therein; (ii) Landlord’s loan payments and any depreciation and amortization; (iii) interest, net income, franchise or capital stock taxes payable by Landlord; (iv) executive salaries and salaries for employees above the level of building manager; (v) real estate broker’s commissions; (vi) costs of repairs and replacements incurred by reason of fire, windstorm, or other casualty or caused by the exercise of the right of eminent domain to the extent Landlord is reimbursed by insurance proceeds or condemnation awards; (vii) costs of repairs or replacements covered by warranty or guaranty; (viii) all fines and penalties incurred because Landlord violated any governmental rule or regulation; (ix) contributions to reserves; (x) costs of cleanup/remediation of hazardous substances;(xi) the cost of any alterations, capital improvement, equipment replacement and other items which under GAAP are properly classified as capital expenditures not required by any changes in applicable laws, rules, or regulations, including a new or changed interpretation of an applicable law, of any governmental authorities, enacted after the Lease was signed and amortized over the useful life of the improvement, as reasonably determined by Landlord; (xii) cost of repairs necessitated by Landlord's negligence or willful misconduct; (xiii) cost of correcting any latent defects or original design defects in the Building construction, materials or equipment; (xiv) salaries of employees retained by Landlord for any purpose not directly related to the Premises, and such salaries to be allowed only in proportion to such employees direct work on the Premises; (xv) the portion of employee expenses which reflects that portion of such employee's time which is not spent directly and solely in the operation of the Property; (xvi) Landlord's general corporate overhead and administrative expenses; (xvii) expenses incurred by Landlord in order to comply with its direct obligations under this Lease; (xviii) reserves of any kind; (xix) fees paid to affiliates of Landlord to the extent that such fees exceed the customary amount charged for the services provided; (xx) expenses incurred by Landlord in connection with any financing, sale or syndication of the Property; (xxi) any penalty or fine incurred by Landlord due to Landlord's violation of any federal, state, or local law or regulation; (xxii) any interest or penalty paid by Landlord with respect to any Operating Expense (unless such interest or penalty is due to Tenant's late payment of such Operating Expense); (xxiii) expenses for any item or service which Tenant pays directly to a third party or separately reimburses Landlord; (xxiv) any deductible portion of an insured loss concerning the Building; and (xxv) other items not customarily included as operating expenses for similar buildings.

Notwithstanding the foregoing provisions of this subparagraph, Tenant shall have the right at any time to dispute the amount of real estate taxes charged by the municipality; provided, however, Tenant must continue to pay Operating Expenses and Tenant shall pursue such tax appeal at its own cost and expense. Any tax savings obtained by Tenant shall be adjusted as an Operating Expense Adjustment.

F. "Tenant's Pro-Rata Share" means one hundred percent (100%).

16.04 Any and all sums due hereunder in addition to Base Rent shall be deemed and referred to herein as "Additional Rent". Additional Rent shall also include any sums which may become due Landlord by reason of the failure of Tenant to comply with any and all covenants of this Lease.

17. **EVENTS OF DEFAULT BY TENANT.** The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant (each, an "Event of Default"):

a. If Tenant fails to pay the Base Rent or any Additional Rent or make any other payment required to be made by Tenant under this Lease and the Exhibits hereto as and when due and such failure continues for ten (10) days after written notice thereof is received by Tenant; or

b. If Tenant violates or fails to perform or otherwise breaks any covenant or agreement herein contained and does not cure said violation or failure within thirty (30) days after receipt of written notice or if said condition cannot reasonably be cured within such time period and Tenant commences the cure within thirty (30) days after receipt of written notice and diligently works to complete the cure; or

c. If Tenant fails to provide estoppel certificates or other certificates as herein provided within thirty (30) days of receipt of written notice of such failure; or

d. If Tenant fails to vacate and surrender the Premises as required by this Lease upon the expiration of the Term or sooner termination of this Lease; or

e. If Tenant submits to Landlord any materially false information on any document required to be given by Tenant to Landlord; or

f. If Tenant makes an assignment for the benefit of creditors; or whenever Tenant seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of Tenant or of all or any substantial part of its properties; or whenever a permanent or temporary receiver of Tenant for substantially all of the assets of Tenant shall be appointed; or an order, judgment or decree shall be entered by any court of competent jurisdiction on the application of a creditor.

18. **LANDLORD’S REMEDIES.** If there shall occur an Event of Default, then in addition to any other remedies available to Landlord at Law or equity, Landlord may at its option:

a. Collect or bring action for all Base Rent and Additional Rent which is in arrears, or proceed by an action in ejectment as herein elsewhere provided for in case of rent in arrears, or may file a Proof of Claim in any bankruptcy or insolvency proceedings for such Base Rent and Additional Rent, or institute any other proceedings, whether similar or dissimilar to the foregoing, to enforce payment thereof; and/or

b. Landlord, or anyone acting on Landlord’s behalf may, pursuant to legal process, and after giving reasonable prior notice to Tenant, enter the Building; and,

(1) may remove from the Building all goods and chattels found therein to any other place or location as Landlord may desire and any reasonable cost incurred for said removal and any charges made for storage of said goods and

chattels at the location to which they are removed Tenant agrees to pay; or

(2) take immediate possession and may lease the Building or any part thereof to such person, company, firm or corporation as may in Landlord's reasonable business discretion seem best and Tenant shall be liable for the difference between any such rents collected and the rent for the then-current term under this Lease; and/or

c. Terminate this Lease and recover from Tenant upon demand therefor, as liquidated and agreed upon final damages for Tenant's default and in lieu of all current damages beyond the date of such demand (it being agreed that it would be impracticable or extremely difficult to fix the actual damages), an amount equal to the excess, if any, of (a) Base Rent, Additional Rent and other sums which would be payable under this Lease for the remainder of the Term from the date of such demand for what would have been the then unexpired Term of this Lease in the absence of such termination, discounted at the rate of 7% per annum, over (b) the then fair market rental value of the Premises discounted at a like rate. If any statute or rule of law shall validly limit the amount of such liquidated final damages to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such statute or rule of law.

18A. **EVENTS OF DEFAULT BY LANDLORD**. The occurrence of any of any of the following shall constitute a material default and breach of this Lease by Landlord (each, an "Event of Default"):

1. A breach of its covenants of quiet enjoyment set forth in Section 30 hereof.
2. Failure by Landlord to substantially observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed under this Lease.

18B. **TENANT'S REMEDIES.** Whenever any Event of Default by Landlord occurs and is continuing, Tenant, as described below, may take any one or more of the following actions after the giving of thirty (30) days' written notice by Tenant to Landlord, but only if the Event of Default has not been cured within said thirty (30) days or if the Event of Default cannot be cured within thirty (30) days and the Landlord does not provide assurances reasonably satisfactory to Tenant that the Event of Default will be cured as soon as reasonably possible and Landlord commences the cure during such thirty (30) day period:

1. Tenant may (but without any obligation to do so) cure such default and such expense shall be paid by Landlord to Tenant within ten (10) days after a

statement therefore is rendered.

2. Tenant may utilize any and all other remedies or actions at law or in equity available to it.

19. **REMEDIES CUMULATIVE.** All of the remedies hereinbefore given and all rights and remedies under law and equity shall be cumulative and concurrent. No termination of this Lease or the taking or recovering of the Premises shall deprive Landlord of any of its remedies or actions against Tenant for any and all sums due at the time, or which under the terms hereof, would in the future become due, nor shall the bringing of any action for Rent or breach of covenant, or the resort to any other remedy herein provided for the recovery of Rent be construed as a waiver of the right to obtain possession of the Premises. The rights and remedies given to parties in this Lease are distinct, separate and cumulative remedies, and not one of them, whether or not exercised by a party, shall be deemed to be in exclusion of any of the others.

20. **RIGHT OF ASSIGNEE OF LANDLORD.** The right to enforce all of the provisions of this Lease may be exercised by an assignee of all of Landlord's right, title and interest in this Lease in its, his, her or their own name, provided such assignee also agrees to perform and be responsible for all of the obligations imposed upon Landlord in this Lease.

21. **ATTORNMENT.** In the event of the sale or assignment of Landlord's interest in the Building or in the event of exercise of the power of sale under any mortgage made by Landlord covering the Building, Tenant shall attorn to the purchaser and recognize such purchaser as Landlord under this Lease, provided said Purchaser agrees to perform and be responsible for all of the obligations imposed upon Landlord in this Lease and agrees to enter into an Attornment, Subordination and Non-Disturbance Agreement reasonably acceptable to Tenant (an "SNDA").

22. **SUBORDINATION.** At the option of Landlord or Landlord's permanent lender, or both of them, this Lease and Tenant's interest hereunder shall be subject and subordinate at all times to any mortgage or mortgages, deed or deeds of trust, or such other security instrument or instruments, including all renewals, extensions, consolidations, assignments and refinances of the same, as well as all advances made upon the security thereof, which now or hereafter become liens upon the Landlord's fee and/or leasehold interest in the demised Premises, and/or any and all of the buildings now and hereafter erected to be erected and/or any and all of the land comprising the Property, provided, however, that in each such case, the holder of such other security, the trustee of such deed of trust or holder of such other security instrument shall agree that this Lease shall not be divested or in any way affected by

foreclosure or other default proceedings under said mortgage, deed or trust, or other instrument or other obligations secured thereby, so long as Tenant shall not be in default under the terms of this Lease; and Tenant agrees that this Lease shall remain in full force and effect notwithstanding any such default proceedings. Upon Landlord entering into any financing for the Premises, Landlord, Tenant and such lender shall execute an SNDA memorializing the terms of this Section 22, such SNDA to be on Lender's form, but reasonably acceptable to Landlord and Tenant.

23. **EXECUTION OF DOCUMENTS.** The above subordination shall be self-executing, but Tenant agrees upon demand to execute such other reasonable document or documents as may be required by a mortgagee, trustee under any deed of trust, or holder of similar security interest or any party to the types of documents enumerated herein for the purpose of subordinating this Lease in accordance with the foregoing. Tenant shall respond to all requests hereunder for Attornment and Subordination Agreements within ten (10) days of its receipt of written request from Landlord.

24. **ESTOPPEL AGREEMENTS.** Tenant shall execute an estoppel agreement in favor of any mortgagee or purchaser of Landlord's interest herein, if requested to do so by any mortgagee. Such estoppel agreement shall be in a form reasonably satisfactory to Tenant. Landlord agrees to execute an estoppel agreement, in favor of any assignee or subtenant of Tenant's as permitted hereunder, if requested to do so by Tenant. Such estoppel shall be in the form reasonably requested by such assignee or subtenant and reasonably satisfactory to Landlord.

25. **NO IMPLIED EVICTION.** Notwithstanding any inference to the contrary herein contained, it is understood that the exercise by Landlord of any of its rights hereunder shall never be deemed an eviction (constructive or otherwise) of Tenant, or a disturbance of its use of the Premises, and shall in no event render Landlord liable to Tenant or any other person, so long as such exercise of rights is in accordance with the foregoing terms and conditions.

26. **CONDEMNATION.** If the whole of the Premises shall be acquired or condemned by eminent domain, or if part of the Premises are taken so that it is impossible for Tenant, in its sole but reasonable opinion, to use the Premises efficiently and economically for the conduct of its business, then the term of this Lease shall cease and terminate as of the date on which possession of the Premises is required to be surrendered to the condemning authority. All rent shall be paid up to the date of termination.

    If part of the Premises is taken so that the conduct of Tenant's business in Tenant's sole but reasonable opinion is not materially impaired, Landlord shall promptly restore the Building to a complete architectural unit and this Lease shall cease as to the part taken and shall continue as to the part not taken. In that event, the Rent shall be adjusted on a square footage basis to reflect the new size of the Premises.

Any award for the taking of all or any part of the Premises shall be the property of Landlord whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any separate award paid by the condemning authority for loss of or damage to Tenant's trade fixtures, removal of personal property, relocation expenses, loss of goodwill, and the value of any unamortized Improvements made by Tenant on or to the Premises, amortized on a straight line basis at the rate of ten percent (10%) over the ten (10) year period commencing on the date such fixtures or personal property were acquired or Improvements made.

27. **NOTICES.** All notices required to be given by either party to the other shall be in writing and addressed as indicated below. All such notices shall be deemed to have been properly given if either (i) served or delivered personally, (ii) if sent United States certified mail, return receipt requested, postage prepaid, or (iii) sent by Federal Express or other reputable and customarily used overnight delivery service, costs prepaid and deposited with such service prior to the deadline time for next day delivery. Any notice or demand shall be effective and deemed received on the actual day of receipt or refusal thereof. Notices must be addressed as follows:

Landlord:	Triple Net Investments XXV, L.P. 171 Route 173, Suite 201 Asbury, NJ 08802 Attention: Gregory T. Rogerson	 Phone: 908-730-6909 Fax: 908-730-6166
Tenant:	Synchronoss Technologies, Inc. 750 Route 202 South, Suite 600 Bridgewater, NJ 08807 Attention: President	 Phone: Fax: 908-231-0762
	With a copy to:	
	Synchronoss Technologies, Inc. 750 Route 202 South, Suite 600 Bridgewater, NJ 08807 Attention: General Counsel	 Phone: Fax: 908-231-0762

Or to such other address which either party may hereafter request in writing by notice given in a like manner.

28. **RETURN OF PREMISES.** By the end of the Term, or upon rightful termination of this Lease, the Tenant, at its own expense, shall return the Premises to the Landlord in the same condition as at the beginning of the Term, excluding normal wear and tear and damages which result from a casualty or are the responsibility of Landlord and Tenant improvements approved by Landlord and not required by Landlord to be removed pursuant to this Lease. The Tenant shall perform all acts necessary to comply with the terms of this clause, including, without limitation: (a) removing all of the Tenant's property, including all of the Tenant's signs, (b) removing or leaving, in accordance with the Landlord's written instructions given at the time such changes were made, changes or additions made by the Tenant that are required to be removed, (c) repairing all interior partition walls, (d) removing all trash, and (e) leaving the Premises in broom clean condition. The Tenant shall notify the Landlord two (2) weeks in advance of the termination of any utility service. Subject to the last sentence of this Section 28, if the Term ends, or if this Lease is rightfully terminated, and if the Tenant has not substantially complied with the terms of this clause, then the Tenant shall be deemed a hold over and continue to pay Rent at the rate of one hundred twenty five percent (125%) of the rental rate in effect when the rental term expired until the Tenant effects compliance, without any right to possession of the Premises, or Landlord releases the Premises. Tenant acknowledges and agrees that failure to deliver the Premises in accordance with this paragraph will cause Landlord substantial damage that is difficult to measure and such penalty shall not be considered a punitive amount. Notwithstanding the foregoing, provided Tenant gives Landlord six (6) months advance written notice and there is no Event of Default when Tenant provides such notice, Tenant may extend the Term beyond the then applicable expiration date (as same may be extended as set forth herein) for a period of three (3) months at the then current rental rate.

    If the Tenant leaves any of the Tenant's property (excluding property Landlord permits Tenant to leave) at the Premises after the end of the Term or after the rightful termination of this Lease, then such property shall be deemed to be abandoned. The Landlord may keep and use the Tenant's abandoned property or may sell, store, or dispose of that property, in which case the costs related hereto shall be payable as Additional Rent.

29. **BINDING EFFECT.** All rights and liabilities herein given to, or imposed upon the respective parties hereto, shall extend to and bind the several and respective heirs, executors, administrators, successors and assigns of said parties.

30. **QUIET ENJOYMENT.** Landlord represents and warrants that it is legally empowered to enter into and to execute this Lease and that Tenant, upon paying the rent, and other charges herein provided for, and observing the keeping all covenants,

agreements and conditions of this Lease on its part to be kept, shall quietly have and enjoy the Premises during the term of this Lease and any extension or renewal thereof with all rights, privileges and for the uses provided herein, subject, however, to the exceptions, reservations and conditions of this Lease. In Addition, Landlord makes the following representations, warranties and covenants:

1. Landlord owns the Premises in fee simple. Within 30 days after full execution of this Lease, Landlord shall provide Tenant with a copy of an ALTA Title Policy evidencing that marketable title to the Premises is held by Landlord.

2. Landlord covenants that Tenant shall at all times have ingress and egress to the Premises from a public street or thruway.

3. Landlord represents and warrants that the use of the Premises intended by Tenant, as stated in this Lease, is in conformity with applicable zoning ordinances.

4. Landlord represents and warrants that the LERTA program is available at the Premises and Building.

5. Landlord represents and warrants that on the Commencement Date, the Building, the Premises, and the walls, floors, doors, plumbing, electrical systems, foundation, all structural elements, fire sprinkler and/or standpipe and hose or other automatic fire extinguishing systems including fire alarm and/or smoke detection systems and equipment, fire hydrants, roof, lighting, mechanical systems, parking lot, walkways, parkways, driveways, landscaping, fences, signs, utility systems, air conditioning, heating and ventilating systems and loading doors, if any in the Premises, other than those constructed by Tenant, shall be (i) in full compliance with all applicable federal, state and local laws, rules, regulations, orders or ordinances required to be complied with for Tenant’s intended use and operation of the Premises; and (ii) in good operating condition and repair.

31. **MECHANICS LIEN.** Tenant shall promptly pay any contractors and materialmen who supply labor, work or materials to Tenant at the Premises or the Property so as to minimize the possibility of a lien attaching to the Premises or the Property. Tenant shall take all steps permitted by law in order to avoid the imposition of any mechanic’s, laborer’s or materialmen’s lien upon the Premises, the Property or the lot. Should any such lien or notice of lien be filed for work performed for Tenant, other than by Landlord, Tenant shall bond against or discharge the same within thirty (30) days after the lien or claim is filed or formal notice of said lien or claim has been issued regardless of the validity of such lien or claim. Nothing in this Lease is intended to authorize Tenant to do or cause any work or labor to be done or any materials to be supplied for the account of Landlord, all of the same to be solely

for Tenant’s account and at Tenant’s risk and expense.

32. **SEVERABLE TERMS.** If any provision in this Lease is contrary to any law, declared unenforceable or unconstitutional, then the remainder of this Lease shall remain in effect.

33. **ENTIRE AGREEMENT.** This Lease and any riders and exhibits and addendum that may be attached hereto, set forth all the promises, agreements, conditions and understandings between Landlord or its agents and Tenant relative to the Building and the Premises, and there are no promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by them.

34. **MEMORANDUM OF LEASE.** The parties agree to execute a Memorandum of Lease Agreement which shall set forth the legal description of the Premises, the Term Commencement Date, the Extended Lease Term commencement date and no other terms or conditions of this Lease. Tenant shall, at its option, record said Memorandum of Lease Agreement in the applicable jurisdiction at its own cost and expense.

35. **REAL ESTATE BROKER’S COMMISSION.** Landlord and Tenant represent to one another that the only broker(s) involved in this transaction is/are UGL Equis and that Landlord shall pay the entire commission due to said broker(s) pursuant to a separate agreement. Each party shall indemnify and will hold harmless the other party against any brokerage claims by any other broker who claims its services were utilized or consulted by such party and who claims a commission for any reason.

36. **TRASH REMOVAL AND UTILITIES.** Landlord will contract with a certified hauler and all costs associated with trash removal and recycling for waste generated by Tenant at the Premises shall be a part of Operating Expenses. Tenant shall pay for all utilities and other services furnished to the Premises, including but not limited to electric, gas, oil, phone, and cable and shall contract directly with the service-providers for such services.

37. **COMPLIANCE WITH ENVIRONMENTAL LAWS.** Landlord represents and warrants that, to the best of its knowledge, the Premises are subject to an ongoing ground water clean up plan to be completed by Lehigh Valley Industrial Park, Inc., but as of the date of this Lease are otherwise in compliance with all federal, state and local environmental laws and regulations and suitable for Tenant’s intended use. Landlord shall be responsible for, and will hold Tenant harmless from any liability,

including clean up costs, resulting from environmental conditions that existed on the Premises prior to the Commencement Date of the Lease (including the existing clean up plan) and any other environmental condition after the Commencement Date caused by Landlord or its employees, contractors, invitees, agents or representatives, including, without limitation, legal costs associated with defending itself against any action taken against it as a result of such condition. In addition, Landlord shall be responsible for clean up costs resulting from any hazardous materials on, about, or under the Premises caused by anyone other than Tenant, its employees, agents, contractors or invitees, such costs of remediation shall not be included in Operating Expenses or otherwise passed through to Tenant. Notwithstanding anything contained herein to the contrary, Landlord shall not be responsible for claims or causes of action by Tenant's employees or invitees arising out of hazardous materials on, about, or under the Premises not caused by Landlord, its employees, agents, contractors or invitees.

Tenant shall not be responsible for (i) remediation of any environmental contamination except to the extent such contamination arises as a result of hazardous material brought onto the Premises during the Term by Tenant, its employees, agents, contractors, or invitees use or occupancy of the Premises (ii) any loss, damage or diminution in the value of the Premises, the Building or land resulting from the use, generation, storage, discharge or disposal of any hazardous or toxic substances except to the extent such contamination arises as a result of hazardous material brought onto the Premises during the Term by Tenant, its employees, agents, contractors, or invitees use or occupancy of the Premises. In the event the Premises are contaminated as a result of hazardous material brought onto the Premises by Tenant during the Term, Tenant shall be responsible for any environmental clean-up remediation, but only if and to the extent such clean-up or remediation of the Premises, the Building or land is required or mandated by any governmental agency or court of competent jurisdiction.

Landlord will provide Tenant with a copy of a new environmental assessment report upon its receipt from Landlord's environmental consultant, which is expected to be no later than May 15, 2008.

Tenant agrees that it shall not use, release, discharge, deposit or introduce any hazardous materials or substances including petroleum products or derivatives to the Premises except to the extent that such products are in compliance with all applicable laws, ordinances and regulations, and Tenant shall indemnify, defend and hold Landlord harmless from any loss, damage or liability resulting from Tenant's breach of the foregoing including legal costs associated with defending itself against any action taken against it pursuant to the acts or omissions of Tenant.

Tenant shall immediately supply Landlord with any correspondence from any governing authority regarding environmental matters at the Premises.

38. **OPTIONS TO EXTEND**. Tenant shall have the option to extend the term of the Lease for two (2) consecutive periods of five (5) years (each an "Extension Term" and collectively the Extension Terms) beginning immediately after the Term or subsequent Extension Term, upon the same terms and conditions of the Lease, except that during each Extension Term, minimum Base Rent payable in accordance with this Lease shall be increased to an amount equal to the lesser of: (i) 2.0% more than the Base Rent for the last month of the Term for the first Extension Term or previous Extension Term for the subsequent Extension Term with annual increases in base rent of 2.0% during each Extension Term or (ii) ninety five percent (95%) of the fair market rental value of the Premises as reasonably determined by Landlord and as of the commencement of each five (5) year Extension Term (the "Relevant Determination Date"). In no event shall the Base Rent for each Extension Term be less than the minimum Base Rent for the last year of the Term or prior Extension Term. If the Tenant disputes Landlord's reasonable determination of fair market rent and the parties are unable to agree upon fair market rent for the Premises by eight (8) months prior to the commencement of each Extension Term, each party may procure a determination of fair market rental value as of the Relevant Determination Date from a licensed real estate broker who is unaffiliated with the party and has at least five (5) years experience in leasing similar properties in the Lehigh Valley. A party failing to deliver to the other party its determination by six (6) months prior to the commencement of the Extension Term shall be deemed to have waived its right to do so and the fair market rental value shall be deemed to be that set forth in the other party's broker's determination. If two brokers shall have been appointed and shall have made their determination within the respective requisite period set forth above and if the difference between the amounts so determined shall not exceed ten percent (10%) of the lesser of such amounts, then the fair market rental value shall be an amount equal to fifty percent (50%) of the sum of the amounts so determined. If the difference between the amounts so determined shall exceed ten percent (10%) of the lesser of such amounts, then such two brokers shall have twenty (20) days to appoint a third broker ("Third Broker"). The Third Broker shall be instructed to determine the fair market rental value within thirty (30) days after appointment and the determination of the other broker shall be final and binding upon Landlord and Tenant as to the fair market value. Landlord and Tenant shall each pay the fees and expenses of the broker appointed by it and each shall pay one-half of the fees and expenses of the Third Broker.

To exercise each option to extend for the Extension Terms Tenant must:

1. not be in default at the time it exercises the option to extend and as of the commencement of each Extension Term; and
2. give written notice to Landlord that Tenant is exercising each Extension Term at least nine (9) months before expiration of the Term or then applicable Extension Term.

39. **LEASE TERMINATION OPTION.** Tenant shall have a one time option to terminate the Lease at the end of the ninety seventh (97 th) month of the initial Term (the "Termination Date") subject to the following conditions:

    1. Tenant shall pay a termination fee to Landlord in readily available funds equal to the Base Rent for the eighteen (18) months following the Termination Date and an amount of Additional Rent for such time period based on the then current monthly Operating Expense Allowance as of the Termination Notice Deadline;
    2. Tenant shall not be in default at the time it exercises the option to terminate and as of the Termination Date; and
    3. Tenant shall give written notice to Landlord that Tenant is exercising the option to terminate at least twelve (12) months before the Termination Date (the "Termination Notice Deadline").
    4. If Tenant fails to provide Landlord with: (i) a written notice of termination prior to the Termination Notice Deadline or (ii) payment of the termination fee as follows: (a) eighty percent (80%) of the termination fee on or before the Termination Notice Deadline; and (b) the remaining twenty percent (20%) of the termination fee upon the earlier to occur of Tenant vacating the Premises and the date that is six (6) months prior to the Termination Date, the termination right set forth in this Section 39 shall be considered deleted and of no further force and effect without the requirement of any further notice from Landlord.

40. **FINANCIAL STATEMENTS.** For so long as Tenant remains a publicly traded company, it shall not be required to provided Landlord with copies of audited financial statements. However, if Tenant ever is no longer a public company, Tenant shall provide Landlord with copies of its financial statements, prepared and signed by a licensed CPA in accordance with GAAP, within ninety (90) days of the completion of the first three (3) fiscal quarters and within one hundred twenty (120) days of the end of the fiscal year. In the event Tenant assigns this Lease or sublets more than twenty five percent (25%) of the Premises, then such assignee or sublessee shall provide Landlord with copies of its financial statements, prepared and signed by a licensed CPA in accordance with GAAP, within ninety (90) days of the completion of the first three (3) fiscal quarters and within one hundred twenty (120) days of the end of the fiscal year.

41. **WAIVER OF TRIAL BY JURY**. **In the event any issue related to this Lease between Landlord and Tenant results in litigation, both Landlord and Tenant waive the right to a trial by jury.**

42. **SIGNAGE**. Tenant shall be allowed to place one monument sign on the entrance to the Property and one sign on the exterior of the Building subject to the following requirements: (i) Tenant must obtain Landlord's prior written approval of the proposed signs; (ii) Tenant shall be responsible for all permitting, installation, and maintenance costs associated with the signs; and (iii) all signs must be removed by Tenant from the Property and Building upon expiration of the term of this Lease or Tenant vacating the Premises.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound to the term of this Lease, have caused this Lease to be executed the day and year first above written.

TENANT:

SYNCHRONOSS TECHNOLOGIES, INC.

By: /s/ Stephen G. Waldis
Name: Stephen G. Waldis
Title: President

LANDLORD:

TRIPLE NET INVESTMENTS XXV, L.P.

By: /s/ Jim Petrucci
Name: Jim Petrucci
Title:

FIRST AMENDMENT TO LEASE

FIRST AMENDMENT TO LEASE ("First Amendment") made as of the 1st day of August, 2008 by and between TRIPLE NET INVESTMENTS XXV, L.P., a Pennsylvania limited partnership having an address c/o J.G. Petrucci Co., Inc., 171 Route 173, Suite 201, Asbury, New Jersey 08802 ("Landlord"), and SYNCHRONOSS TECHNOLOGIES, INC., a Delaware corporation having an address at 750 Route 202 South, Suite 600, Bridgewater, New Jersey 08807 ("Tenant").

WITNESSETH

WHEREAS, Landlord, as landlord, and Tenant, as tenant, entered into that certain Lease Agreement dated May 16, 2008 ("Original Lease"; the Original Lease as modified by this First Amendment is referred to as the "Lease") for a building of approximately 60,000 square feet to be located on Lots 6 and 7 of the Lehigh Industrial Park VII, Bethlehem, Northampton County, Commonwealth of Pennsylvania and to be built by Landlord in accordance with the terms of the Original Lease. All capitalized terms used in this First Amendment are defined as defined in the Original Lease.

WHEREAS, the Original Lease contemplates the possibility of Change Orders and Landlord and Tenant have previously agreed to Change Orders 1-3 as documented on the Change Order form dated June 9, 2008.

WHEREAS, Tenant has now requested a Change Order ("Change Order 4").

WHEREAS, in connection with the execution and delivery of the Change Order 4, Landlord and Tenant desire to clarify certain provisions of the Original Lease.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party hereto, including without limitation the payment of the cost of the Change Order 4 to Landlord and performance of the Change Order 4 work by Landlord and delivery of same to Tenant, the parties agree as follows:

1. Change Order/Progress Payments. Simultaneously with execution and delivery of this First Amendment Landlord and Tenant are executing and delivering Change Order 4 in the form annexed hereto as Exhibit A and made a part hereof. Notwithstanding the sentence in paragraph 5 of Section 6 of the Original Lease that "All additional costs for Change Orders shall be paid by Tenant within thirty (30) days of invoicing by Landlord, which invoices shall be after Landlord has completed the work related to the Change Order.", Landlord shall invoice Tenant monthly for progress payments based on the work then performed and the materials then purchased during such prior month by Landlord pursuant to Change Order 4. All invoices will be signed and certified to be accurate by the Architect. Landlord's progress payment invoices will constitute a representation by Landlord and Architect that the construction has progressed to the point indicated therein, and the work covered by the invoice is in accordance with Change Order 4. Tenant shall pay each such invoice within thirty (30) days of delivery of same. Annexed hereto as Exhibit B and made a part hereof is a schedule prepared by Landlord which estimates in good faith the construction schedule and funding requirements

for Change Order 4. Landlord has provided Tenant this schedule to help Tenant budget its cash requirements. However, absent bad faith on the part of the Landlord in preparing this schedule Landlord shall have no liability for the actual construction schedule or the timing of the amounts due from Tenant in connection with Change Order 4, or both, varying from Exhibit B.

2. Target Date. The fourth sentence of Section 6 of the Original Lease shall be deleted in its entirety and the following substituted therefor:

"Landlord shall deliver a Temporary Certificate of Occupancy by May 1, 2009 ("Target Date"), subject to extension due to Force Majeure or Tenant Delay (as defined herein); provided, however, in no event shall a Force Majeure event cause the Target Date to be extended later than June 14, 2009.

3. Outside Delivery Date. The sixth and seventh sentences of Section 6 of the Original Lease are hereby deleted in their entirety and the following substituted therefor:

"If Landlord is unable to substantially complete the Improvements on or before the Target Date, such date to be subject to adjustment if there occurs a Tenant Delay or Force Majeure event, Tenant shall be entitled to a credit for Rent in the amount of $5,342.47 for each day after the Target Date that Landlord fails to substantially complete the Improvements (the "Daily Credit"). If Landlord does not deliver a Temporary Certificate of Occupancy with respect to the Premises on or before September 1, 2009 ("Outside Delivery Date") such date subject to extension due to a Tenant Delay and up to sixty (60) days for Force Majeure events, then the amount of the Daily Credit shall increase to $6,265.55 for each day after the Outside Delivery Date that Landlord does not deliver a Temporary Certificate of Occupancy with respect to the Premises."

4. Requirements and Design of Change Order 4. Tenant acknowledges that, as stated in paragraph 1 of Section 6 of the Original Lease, Landlord's obligation in terms of construction is to construct the Improvements in accordance with the General Plans and Specifications as amended from time to time in accordance with the terms of the Lease (the "Plans and Specifications"). Tenant has provided to Landlord its "electrical load" requirements with respect to Change Order 4 (the "Electrical Load Requirements"). Landlord has not made, and is not now making, any warranty or representation as to the sufficiency of the Electrical Load Requirement. However, based on the Electrical Load Requirements, Landlord provided a design concept and created an "Electrical One Line Diagram". Tenant has reviewed and approved the "Electrical One Line Diagram" prepared by Comroe Advanced Power Systems and dated August 17, 2008. Landlord shall be responsible for ensuring that the design, functionality, capacity, performance and the like of the electrical work set forth in Change Order 4 complies with the Electrical Load Requirements.

5. Tenant's Remedies.

a. Tenant's Remedy for Failure to Deliver the Building by the Target Date.

Tenant acknowledges that Tenant's sole remedy for Landlord's failure to deliver the Improvements with a Temporary Certificate of occupancy by the Target Date, the Outside Delivery Date, or December 1, 2009, as said dates may be adjusted pursuant to the terms of the Lease, are as set forth in paragraph 1 of Section 6 of the Original Lease. Should Tenant have a claim pursuant to the Original Lease against Landlord for Landlord's failure to construct the Improvements in accordance with the Plans and Specifications, this paragraph 5(a) does not limit Tenant's rights as set forth in paragraph 5(b).

b. Tenant's Remedy In the Event Construction is not in accordance with the Plans and Specifications.

After Landlord has delivered and Tenant has accepted the Improvements, should Tenant have a claim pursuant to the Original Lease against Landlord for Landlord's failure to construct the Improvements in accordance with the Plans and Specifications, then Tenant shall be entitled to maintain such claim in an action against Landlord brought in a court of law. Should Tenant be successful in such action, Tenant's damages shall be limited to the cost and expense, including the cost of all labor and materials, of correcting the faulty construction for which Landlord was responsible so that the Improvements conform to the Plans and Specifications. Subject to the next sentence, in the event of any such claim Tenant does not and shall not have a right of setoff or deduction and shall continue to pay Rent in full while pursuing same. In the event Landlord is unable or unwilling to remedy the faulty construction of such Improvements, Tenant shall be entitled to alternative appropriate or equitable damages, subject to subsection (c) below.

c. No Consequential or Punitive Damages.

In no event is or will either party be entitled (under these or any other circumstances) to consequential or punitive damages. The parties acknowledge that "consequential damages" include, without limitation, damages based on interruption of business activities, loss of revenues, loss of profits, and damages owed by either party to third parties.

6. Possible "Tenant Delay". "Tenant Delay" (as defined in paragraph 6 of the Original Lease) shall include, without limitation, failure of the equipment to be provided pursuant to Change Order 4 to be delivered on a timely basis by any equipment supplier, and the actions or omissions of Pennsylvania Power & Light ("PPL"), including, without limitation, the refusal of PPL to allow or delay in allowing Landlord to connect the Building's electrical system to the PPL system.

7. No Third Party Beneficiaries. There are no third party beneficiaries of this Lease.

8. No Drafting Presumption. This is a fully negotiated agreement, and shall not be construed against Landlord by virtue of its having been prepared by counsel for Landlord.

9. Ratification. Except as modified herein, the terms and provisions of the Original Lease remain in full force and effect without amendment thereto.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment as of the day and year first above written.

Landlord:
TRIPLE NET INVESTMENTS XXV, L.P.
By: C-ROC, LLC, its General Partner

By: /s/ James G. Petrucci
James G. Petrucci, President

Tenant:
SYNCHRONOSS TECHNOLOGIES, INC

By: /s/ Stephen G. Waldis
Stephen G. Waldis, President and CEO

EMPLOYMENT AGREEMENT

This Agreement is entered into as of December 30, 2008, by and between Stephen G. Waldis (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of June 20, 2006 between the Company and the Executive shall be terminated as of December 31, 2008.

1. **Duties and Scope of Employment.**

(a) **Position**. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ the Executive in the position of President, Chief Executive Officer and Chairman of the Board of Directors. The Executive shall report to the Company's Board of Directors (the "Board").

(b) **Obligations to the Company**. During his Employment, the Executive (i) shall devote his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. The Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Commencement Date**. The Executive previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as of January 1, 2009 (the "Commencement Date") through the Term

2. **(a) Salary.** The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than $475,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.").

(b) Incentive Bonuses. The Executive shall be eligible for an annual incentive bonus with a target amount equal to 65% of his Base Salary (the "Target Bonus"). The Executive's bonus (if any) shall be awarded based on criteria established by the Board or its

Compensation Committee. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding. The Executive shall not be entitled to an incentive bonus if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable.

3. **Vacation and Employee Benefits.** During his Employment, the Executive shall be eligible for paid vacations in accordance with the Company's vacation policy, as it may be amended from time to time, with a minimum of 20 vacation days per year. During his Employment, the Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Business Expenses.** During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Company shall reimburse the Executive for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) three (3) years from such date, and (ii) the date Executive's Employment is terminated in accordance with Subsection 5(b) (the "Term"). After the initial three-year term of this Agreement Executive's Employment shall be "at will" and either Executive or the Company shall be entitled to terminate Executive's Employment at any time and for any reason, with or without cause. However, this Agreement will not govern the terms of Executive's employment after the Term

(b) **Termination of Employment**. The Company may terminate the Executive's Employment at any time and for any reason (or no reason), and with or without Cause (as defined below), by giving the Executive 30 days' advance notice in writing. The Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death. The termination of the Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's voluntary termination of Employment or the Company's termination of Executive's Employment for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1 2, and 3 for the period preceding the effective date of the termination and no other benefits. Upon the Company's termination of Executive's Employment other than for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, and 3 for the period preceding the effective date of the termination and the severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all

responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death or Disability**. If Executive's Employment ends due to death, Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred, prorated based on the number of days he was employed by the Company during that fiscal year. If Executive's Employment ends due to Permanent Disability (as such term is defined below), Executive shall be entitled to receive an amount equal to his Target Bonus for the fiscal year in which his Employment ended, prorated based on the number of days he was employed by the Company during that fiscal year. and the Consolidated Omnibus Budget Reconciliation Act ("COBRA") benefits described in the next sentence. If Executive or his personal representative elects to continue health insurance coverage under COBRA for Executive and his dependents following the termination of his Employment due to Permanent Disability, then the Company will pay the monthly premium under COBRA until the earliest of (a) the close of the 24-month period following the termination of his Employment, (b) the expiration of his continuation coverage under COBRA or (c) the date he becomes eligible for substantially equivalent health insurance coverage in connection with new employment

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless the Executive:

(i) Has executed a general release of all claims (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Has returned all property of the Company in the Executive's possession; and

(iii) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

The Executive must execute and return the Release within the period of time set forth in the Release.

(b) **Severance Pay in the Absence of a Change in Control** . If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability and a Separation occurs (as such terms are defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one and one-half times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, Executive resigns his Employment for Good Reason and a Separation occurs (as such term is defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive Employment is terminated for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control** . If, during the term of this Agreement and within 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason and a Separation occurs, then the Company shall pay the Executive a lump sum severance payment equal to two times his Base Salary in effect at the time of the termination of Employment plus two times the Executive's average bonus received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive is terminated or resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Parachute Taxes**. If amounts paid or payable or distributed or distributable pursuant to the terms of this Agreement (the "Total Payments") would be subject to the excise tax imposed by section 4999 of the Code, and the regulations thereunder or any interest or penalties with respect to such excise tax (such excise tax and any such interest or penalties are collectively referred to as the "Excise Tax"), then the Total Payments shall be reduced to ensure that the Total Payments are not subject to Excise Tax. In determining whether to cap the Total Payments, compensation or other amounts that the Executive is entitled to receive other than pursuant to this Agreement shall be disregarded. All determinations and calculations required to be made under this provision will be made by an independent accounting firm selected by Executive from among the largest eight accounting firms in the United States (the "Accounting Firm"). If the Accounting Firm determines that the Total Payments are to be reduced under the preceding sentences, then the Company will promptly give Executive notice to that effect and a copy of the detailed calculation thereof. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Total Payments equal the reduced amount determined by the Accounting Firm, then the reduction shall occur in the following order: (1) reduction of cash severance payments and (2) reduction of other benefits paid to the Executive under this Agreement. All determinations made by the Accounting Firm under this Subsection 6(d) shall be binding upon the Company and the Executive and shall be made within 10 business days of the date when an amount becomes payable or transferable. As promptly as practicable following such determination, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to him. The fees of the Accounting Firm shall be paid by the Company.

(e) **Definition of "Cause."** For all purposes under this Agreement, "Cause" shall mean:

(i) An unauthorized use or disclosure by the Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Executive of any material agreement between the Executive and the Company;

(iii) A material failure by the Executive to comply with the Company's written policies or rules;

(iv) The Executive's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) The Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by the Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(vii) A failure by the Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive's cooperation

(f) **Definition of "Code."** For all purposes under this Agreement, "Code" means the Internal Revenue Code of 1986, as amended..

(g) **Definition of "Good Reason."** For all purposes under this Agreement, "Good Reason" exists upon:

(i) a change in the Executive's position with the Company that materially reduces his level of authority or responsibility or responsibility (including without limitation failure to nominate him as a director of the Company);

(ii) a reduction in the Executive's base salary by more than 10% unless pursuant to a Company-wide salary reduction affecting all Executives proportionately;

(iii) relocation of the Executive's principal workplace by more than 50 miles;

(iv) a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction; or

(v) a material reduction in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the Executive's overall benefits package is significantly reduced, unless such reduction is made in connection with a reduction in the kind or level of employee benefits of employees of the Company generally.

A condition shall not be considered "Good Reason" unless the Executive gives the Company written notice of such condition within 90 days after such condition comes into existence and the Company fails to remedy such condition within 30 days after receiving the Executive's written notice. In addition, the Executive's resignation must occur within 12 months after the condition comes into existence.

(h) **Definition of "Permanent Disability."** For all purposes under this Agreement, "Permanent Disability" shall mean the Executive's inability to perform the essential functions of the Executive's position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental impairment.

(i) Commencement of Severance Payments. Payment of the severance pay provided for under this Agreement will be made on the first regularly scheduled payroll date that occurs on or after 45 days after the Executive's Separation, but only if the Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). If the Company determines that the Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder at the time of his Separation, then (i) the severance payments under Section 6, to the extent not exempt from Section 409A of the Code, shall be paid during the seventh month after the Executive's Separation and (ii) the amounts that otherwise would have been paid during the first six months following the Executive's Separation shall be paid in a lump sum when such payments commence.

(j) Definition of "Separation". For all purposes under this Employment Agreement, "Separation" means a "separation from service," as defined in the regulations under Section 409A of the Code.

7. **Non-Solicitation and Non-Disclosure.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the second anniversary of the date the Executive's Employment terminated for any reason, the Executive shall not directly or indirectly, personally or through others, solicit or attempt to solicit (on the Executive's own behalf or on behalf of any other person or entity) either (i) the employment of any employee or consultant of the Company or any of the Company's affiliates or (ii) the business of any customer of the Company or any of the Company's affiliates in a manner that could constitute engaging in sale of goods or services in or for a Restricted Business (as defined below) or otherwise interferes with Company's relationship with such customer.

(b) **Non-Competition**. As one of the Company's executive and management personnel and officer, Executive has obtained extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his Employment he will have access to and knowledge of Proprietary Information (as defined below). To protect the Company's Proprietary Information, Executives agrees that during his Employment with the Company, whether full-time or half-time and for a period of 24 months after his last day of Employment with the Company, he will not directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a "Restricted Business" in a "Restricted Territory" as defined below. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation, or (ii) any stock he presently owns shall not constitute a violation of this provision.

(c) **Definitions**. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (c) information regarding the skills and compensation of other employees of the Company. "**Restricted Business**" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company at the time Executive's Employment with the Company ends. " **Restricted Territory**" shall mean any state, county, or locality in the United States in which the Company conducts business.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(e) **Non-Disclosure**. The Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by this reference.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Proprietary Information and Inventions Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(d) **Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. The Company shall not have a duty to design its compensation policies in a manner that minimizes the Executive's tax liabilities, and the Executive shall not make any claim against the Company or the Board related to tax liabilities arising from the Executive's compensation.

(e) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(f) **No Assignment**. This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(g) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

Stephen G. Waldis

Synchronoss Technologies, Inc.

By

Lawrence R. Irving
Executive Vice President & Chief Financial Officer

EMPLOYMENT AGREEMENT

This Agreement is entered into as of December 30, 2008, by and between Lawrence R. Irving (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of June 15, 2006 between the Company and the Executive shall be terminated as of December 31, 2008.

1. **Duties and Scope of Employment.**

(a) **Position**. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ the Executive in the position of Executive Vice President and Chief Financial Officer. The Executive shall report to the Company's President or Chief Executive Officer.

(b) **Obligations to the Company**. During his Employment, the Executive (i) shall devote his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. The Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Commencement Date**. The Executive previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as of January 1, 2009 (the "Commencement Date") through the Term.

2. **Compensation**

(a) Salary. The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than $280,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.").

(b) Incentive Bonuses. The Executive shall be eligible for an annual incentive bonus with a target amount equal to 50% of his Base Salary (the "Target Bonus"). The Executive's bonus (if any) shall be awarded based on criteria established by the Company's

Board of Directors (the "Board") or its Compensation Committee. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding. The Executive shall not be entitled to an incentive bonus if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable.

3. **Vacation and Employee Benefits.** During his Employment, the Executive shall be eligible for paid vacations in accordance with the Company's vacation policy, as it may be amended from time to time, with a minimum of 20 vacation days per year. During his Employment, the Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Business Expenses.** During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Company shall reimburse the Executive for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) three (3) years from such date, and (ii) the date Executive's Employment is terminated in accordance with Subsection 5(b) (the "Term"). After the initial three-year term of this Agreement Executive's Employment shall be "at will" and either Executive or the Company shall be entitled to terminate Executive's Employment at any time and for any reason, with or without cause. However, this Agreement will not govern the terms of Executive's employment after the Term.

(b) **Termination of Employment**. The Company may terminate the Executive's Employment at any time and for any reason (or no reason), and with or without Cause (as defined below), by giving the Executive 30 days' advance notice in writing. The Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death. The termination of the Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's voluntary termination of Employment or the Company's termination of Executive's Employment for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1 2, and 3 for the period preceding the effective date of the termination and no other benefits. Upon the Company's termination of Executive's Employment other than for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, and 3 for the period preceding the effective date of the termination and the severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all

responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death or Disability**. If Executive's Employment ends due to death, Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred, prorated based on the number of days he was employed by the Company during that fiscal year. If Executive's Employment ends due to Permanent Disability (as such term is defined below), Executive shall be entitled to receive an amount equal to his Target Bonus for the fiscal year in which his Employment ended, prorated based on the number of days he was employed by the Company during that fiscal year. and the Consolidated Omnibus Budget Reconciliation Act ("COBRA") benefits described in the next sentence. If Executive or his personal representative elects to continue health insurance coverage under COBRA for Executive and his dependents following the termination of his Employment due to Permanent Disability, then the Company will pay the monthly premium under COBRA until the earliest of (a) the close of the 24-month period following the termination of his Employment, (b) the expiration of his continuation coverage under COBRA or (c) the date he becomes eligible for substantially equivalent health insurance coverage in connection with new employment

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless the Executive:

(i) Has executed a general release of all claims (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Has returned all property of the Company in the Executive's possession; and

(iii) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

The Executive must execute and return the Release within the period of time set forth in the Release.

(b) **Severance Pay in the Absence of a Change in Control** . If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability and a Separation occurs (as such terms are defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one and one-half times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, Executive resigns his Employment for Good Reason and a Separation occurs (as such term is defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive Employment is terminated for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control** . If, during the term of this Agreement and within 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason and a Separation occurs, then the Company shall pay the Executive a lump sum severance payment equal to two times his Base Salary in effect at the time of the termination of Employment plus two times the Executive's average bonus received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive is terminated or resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Parachute Taxes**. If amounts paid or payable or distributed or distributable pursuant to the terms of this Agreement (the "Total Payments") would be subject to the excise tax imposed by section 4999 of the Code, and the regulations thereunder or any interest or penalties with respect to such excise tax (such excise tax and any such interest or penalties are collectively referred to as the "Excise Tax"), then the Total Payments shall be reduced to ensure that the Total Payments are not subject to Excise Tax. In determining whether to cap the Total Payments, compensation or other amounts that the Executive is entitled to receive other than pursuant to this Agreement shall be disregarded. All determinations and calculations required to be made under this provision will be made by an independent accounting firm selected by Executive from among the largest eight accounting firms in the United States (the "Accounting Firm"). If the Accounting Firm determines that the Total Payments are to be reduced under the preceding sentences, then the Company will promptly give Executive notice to that effect and a copy of the detailed calculation thereof. If a reduction in payments or benefits constituting “parachute payments” is necessary so that the Total Payments equal the reduced amount determined by the Accounting Firm, then the reduction shall occur in the following order: (1) reduction of cash severance payments and (2) reduction of other benefits paid to the Executive under this Agreement. All determinations made by the Accounting Firm under this Subsection 6(d) shall be binding upon the Company and the Executive and shall be made within 10 business days of the date when an amount becomes payable or transferable. As promptly as practicable following such determination, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to him. The fees of the Accounting Firm shall be paid by the Company.

(e) **Definition of “Cause.”** For all purposes under this Agreement, “Cause” shall mean:

(i) An unauthorized use or disclosure by the Executive of the Company’s confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Executive of any material agreement between the Executive and the Company;

(iii) A material failure by the Executive to comply with the Company’s written policies or rules;

(iv) The Executive’s conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State thereof;

(v) The Executive’s gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by the Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(vii) A failure by the Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive’s cooperation

(f) **Definition of “Code.”** For all purposes under this Agreement, “Code” means the Internal Revenue Code of 1986, as amended..

(g) **Definition of “Good Reason.”** For all purposes under this Agreement, “Good Reason” exists upon:

(i) a change in the Executive’s position with the Company that materially reduces his level of authority or responsibility;

(ii) a reduction in the Executive’s base salary by more than 10% unless pursuant to a Company-wide salary reduction affecting all Executives proportionately;

(iii) relocation of the Executive’s principal workplace by more than 50 miles;

(iv) a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction; or

(v) a material reduction in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the Executive’s overall benefits package is significantly reduced, unless such reduction is made in connection with a reduction in the kind or level of employee benefits of employees of the Company generally.

A condition shall not be considered “Good Reason” unless the Executive gives the Company written notice of such condition within 90 days after such condition comes into existence and the Company fails to remedy such condition within 30 days after receiving the Executive’s written notice. In addition, the Executive’s resignation must occur within 12 months after the condition comes into existence.

(h) **Definition of “Permanent Disability.”** For all purposes under this Agreement, “Permanent Disability” shall mean the Executive’s inability to perform the essential functions of the Executive’s position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental impairment.

(i) Commencement of Severance Payments. Payment of the severance pay provided for under this Agreement will be made on the first regularly scheduled payroll date that occurs on or after 45 days after the Executive’s Separation, but only if the Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). If the Company determines that the Executive is a “specified employee” under Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder at the time of his Separation, then (i) the severance payments under Section 6, to the extent not exempt from Section 409A of the Code, shall be paid during the seventh month after the Executive’s Separation and (ii) the amounts that otherwise would have been paid during the first six months following the Executive’s Separation shall be paid in a lump sum when such payments commence.

(j) Definition of “Separation”. For all purposes under this Employment Agreement, “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.

7. **Non-Solicitation and Non-Disclosure.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the second anniversary of the date the Executive’s Employment terminated for any reason, the Executive shall not directly or indirectly, personally or through others, solicit or attempt to solicit (on the Executive’s own behalf or on behalf of any other person or entity) either (i) the employment of any employee or consultant of the Company or any of the Company’s affiliates or (ii) the business of any customer of the Company or any of the

Company's affiliates in a manner that could constitute engaging in sale of goods or services in or for a Restricted Business (as defined below) or otherwise interferes with Company's relationship with such customer.

(b) **Non-Competition**. As one of the Company's executive and management personnel and officer, Executive has obtained extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his Employment he will have access to and knowledge of Proprietary Information (as defined below). To protect the Company's Proprietary Information, Executives agrees that during his Employment with the Company, whether full-time or half-time and for a period of 24 months after his last day of Employment with the Company, he will not directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a "Restricted Business" in a "Restricted Territory" as defined below. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation, or (ii) any stock he presently owns shall not constitute a violation of this provision.

(c) **Definitions**. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (c) information regarding the skills and compensation of other employees of the Company. "**Restricted Business**" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company at the time Executive's Employment with the Company ends. " **Restricted Territory**" shall mean any state, county, or locality in the United States in which the Company conducts business.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(e) **Non-Disclosure**. The Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by this reference.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Proprietary Information and Inventions Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(d) **Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. The Company shall not have a duty to design its compensation policies in a manner that minimizes the Executive's tax liabilities, and the Executive shall not make any claim against the Company or the Board related to tax liabilities arising from the Executive's compensation.

(e) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(f) **No Assignment**. This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(g) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

____
Lawrence R. Irving

Synchronoss Technologies, Inc.

By ______________________________________
Stephen G. Waldis
President and Chief Executive Officer

Exhibit 10.14

EMPLOYMENT AGREEMENT

This Agreement is entered into as of December 30, 2008, by and between Robert Garcia (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of June 20, 2006 between the Company and the Executive shall be terminated as of December 31, 2008.

1. **Duties and Scope of Employment.**

(a) **Position**. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ the Executive in the position of Executive Vice President and Chief Operating Officer. The Executive shall report to the Company's President or Chief Executive Officer.

(b) **Obligations to the Company**. During his Employment, the Executive (i) shall devote his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. The Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Commencement Date**. The Executive previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as of January 1, 2009 (the "Commencement Date") through the Term.

2. **Compenastion**

(a) Salary. The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than $300,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.").

(b) Incentive Bonuses. The Executive shall be eligible for an annual incentive bonus with a target amount equal to 50% of his Base Salary (the "Target Bonus"). The Executive's bonus (if any) shall be awarded based on criteria established by the Company's Board of Directors (the "Board") or its Compensation Committee. The determinations of the

Board or its Compensation Committee with respect to such bonus shall be final and binding. The Executive shall not be entitled to an incentive bonus if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable.

3. **Vacation and Employee Benefits.** During his Employment, the Executive shall be eligible for paid vacations in accordance with the Company's vacation policy, as it may be amended from time to time, with a minimum of 20 vacation days per year. During his Employment, the Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Business Expenses.** During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Company shall reimburse the Executive for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) three (3) years from such date, and (ii) the date Executive's Employment is terminated in accordance with Subsection 5(b) (the "Term"). After the initial three-year term of this Agreement Executive's Employment shall be "at will" and either Executive or the Company shall be entitled to terminate Executive's Employment at any time and for any reason, with or without cause. However, this Agreement will not govern the terms of Executive's employment after the Term.

(b) **Termination of Employment**. The Company may terminate the Executive's Employment at any time and for any reason (or no reason), and with or without Cause (as defined below), by giving the Executive 30 days' advance notice in writing. The Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death. The termination of the Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's voluntary termination of Employment or the Company's termination of Executive's Employment for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1 2, and 3 for the period preceding the effective date of the termination and no other benefits. Upon the Company's termination of Executive's Employment other than for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, and 3 for the period preceding the effective date of the termination and the severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death or Disability**. If Executive's Employment ends due to death, Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred, prorated based on the number of days he was employed by the Company during that fiscal year. If Executive's Employment ends due to Permanent Disability (as such term is defined below), Executive shall be entitled to receive an amount equal to his Target Bonus for the fiscal year in which his Employment ended, prorated based on the number of days he was employed by the Company during that fiscal year. and the Consolidated Omnibus Budget Reconciliation Act ("COBRA") benefits described in the next sentence. If Executive or his personal representative elects to continue health insurance coverage under COBRA for Executive and his dependents following the termination of his Employment due to Permanent Disability, then the Company will pay the monthly premium under COBRA until the earliest of (a) the close of the 24-month period following the termination of his Employment, (b) the expiration of his continuation coverage under COBRA or (c) the date he becomes eligible for substantially equivalent health insurance coverage in connection with new employment

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless the Executive:

(i) Has executed a general release of all claims (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Has returned all property of the Company in the Executive's possession; and

(iii) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

The Executive must execute and return the Release within the period of time set forth in the Release.

(b) **Severance Pay in the Absence of a Change in Control** . If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability and a Separation occurs (as such terms are defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one and one-half times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, Executive resigns his Employment for Good Reason and a Separation occurs (as such term is defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive

Employment is terminated for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control** . If, during the term of this Agreement and within 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason and a Separation occurs, then the Company shall pay the Executive a lump sum severance payment equal to two times his Base Salary in effect at the time of the termination of Employment plus two times the Executive's average bonus received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive is terminated or resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Parachute Taxes**. If amounts paid or payable or distributed or distributable pursuant to the terms of this Agreement (the "Total Payments") would be subject to the excise tax imposed by section 4999 of the Code, and the regulations thereunder or any interest or penalties with respect to such excise tax (such excise tax and any such interest or penalties are collectively referred to as the "Excise Tax"), then the Total Payments shall be reduced to ensure that the Total Payments are not subject to Excise Tax. In determining whether to cap the Total Payments, compensation or other amounts that the Executive is entitled to receive other than pursuant to this Agreement shall be disregarded. All determinations and calculations required to be made under this provision will be made by an independent accounting firm selected by Executive from among the largest eight accounting firms in the United States (the "Accounting Firm"). If the Accounting Firm determines that the Total Payments are to be reduced under the preceding sentences, then the Company will promptly give Executive notice to that effect and a copy of the detailed calculation thereof. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Total Payments equal the reduced amount determined by the Accounting Firm, then the reduction shall occur in the following order: (1) reduction of cash severance payments and (2) reduction of other benefits paid to the

Executive under this Agreement. All determinations made by the Accounting Firm under this Subsection 6(d) shall be binding upon the Company and the Executive and shall be made within 10 business days of the date when an amount becomes payable or transferable. As promptly as practicable following such determination, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to him. The fees of the Accounting Firm shall be paid by the Company.

(e) **Definition of "Cause."** For all purposes under this Agreement, "Cause" shall mean:

(i) An unauthorized use or disclosure by the Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Executive of any material agreement between the Executive and the Company;

(iii) A material failure by the Executive to comply with the Company's written policies or rules;

(iv) The Executive's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) The Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by the Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(vii) A failure by the Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive's cooperation

(f) **Definition of "Code."** For all purposes under this Agreement, "Code" means the Internal Revenue Code of 1986, as amended..

(g) **Definition of "Good Reason."** For all purposes under this Agreement, "Good Reason" exists upon:

(i) a change in the Executive's position with the Company that materially reduces his level of authority or responsibility;

(ii) a reduction in the Executive's base salary by more than 10% unless pursuant to a Company-wide salary reduction affecting all Executives proportionately;

(iii) relocation of the Executive's principal workplace by more than 50 miles;

(iv) a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction; or

(v) a material reduction in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the Executive's overall benefits package is significantly reduced, unless such reduction is made in connection with a reduction in the kind or level of employee benefits of employees of the Company generally.

A condition shall not be considered "Good Reason" unless the Executive gives the Company written notice of such condition within 90 days after such condition comes into existence and the Company fails to remedy such condition within 30 days after receiving the Executive's written notice. In addition, the Executive's resignation must occur within 12 months after the condition comes into existence.

(h) **Definition of "Permanent Disability."** For all purposes under this Agreement, "Permanent Disability" shall mean the Executive's inability to perform the essential functions of the Executive's position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental impairment.

(i) Commencement of Severance Payments. Payment of the severance pay provided for under this Agreement will be made on the first regularly scheduled payroll date that occurs on or after 45 days after the Executive's Separation, but only if the Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). If the Company determines that the Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder at the time of his Separation, then (i) the severance payments under Section 6, to the extent not exempt from Section 409A of the Code, shall be paid during the seventh month after the Executive's Separation and (ii) the amounts that otherwise would have been paid during the first six months following the Executive's Separation shall be paid in a lump sum when such payments commence.

(j) Definition of "Separation". For all purposes under this Employment Agreement, "Separation" means a "separation from service," as defined in the regulations under Section 409A of the Code.

7. **Non-Solicitation and Non-Disclosure.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the second anniversary of the date the Executive's Employment terminated for any reason, the Executive shall not directly or indirectly, personally or through others, solicit or attempt to solicit (on the Executive's own behalf or on behalf of any other person or entity) either (i) the employment of any employee or consultant of the Company or any of the Company's affiliates or (ii) the business of any customer of the Company or any of the Company's affiliates in a manner that could constitute engaging in sale of goods or services in or for a Restricted Business (as defined below) or otherwise interferes with Company's relationship with such customer.

(b) **Non-Competition**. As one of the Company's executive and management personnel and officer, Executive has obtained extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his Employment he will have access to and knowledge of Proprietary Information (as defined below). To protect the Company's Proprietary Information, Executives agrees that during his Employment with the Company, whether full-time or half-time and for a period of 24 months after his last day of Employment with the Company, he will not directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a "Restricted Business" in a "Restricted Territory" as defined below. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation, or (ii) any stock he presently owns shall not constitute a violation of this provision.

(c) **Definitions**. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (c) information regarding the skills and compensation of other employees of the Company. "**Restricted Business**" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company at the time Executive's Employment with the Company ends. " **Restricted Territory**" shall mean any state, county, or locality in the United States in which the Company conducts business.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(e) **Non-Disclosure**. The Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by this reference.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Proprietary Information and Inventions Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(d) **Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. The Company shall not have a duty to design its compensation policies in a manner that minimizes the Executive's tax liabilities, and the Executive shall not make any claim against the Company or the Board related to tax liabilities arising from the Executive's compensation.

(e) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(f) **No Assignment**. This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(g) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

Robert Garcia

Synchronoss Technologies, Inc.

By

Stephen G. Waldis
President and Chief Executive Officer

Exhibit 10.15

Employment Agreement

This Agreement is entered into as of December 30, 2008, by and between Christopher Putnam (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of June 15, 2006 between the Company and the Executive shall be terminated as of December 31, 2008.

1. **Duties and Scope of Employment.**

(a) **Position**. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ the Executive in the position of Executive Vice President of Sales. The Executive shall report to the Company's President or Chief Executive Officer.

(b) **Obligations to the Company**. During his Employment, the Executive (i) shall devote his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. The Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Commencement Date**. The Executive previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as of January 1, 2009 (the "Commencement Date") through the Term.

2. **(a) Salary.** The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than $180,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.").

3. **Vacation and Employee Benefits.** During his Employment, the Executive shall be eligible for paid vacations in accordance with the Company's vacation policy, as it may be amended from time to time, with a minimum of 20 vacation days per year. During his

Employment, the Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Business Expenses.** During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Company shall reimburse the Executive for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) three (3) years from such date, and (ii) the date Executive's Employment is terminated in accordance with Subsection 5(b) (the "Term"). After the initial three-year term of this Agreement Executive's Employment shall be "at will" and either Executive or the Company shall be entitled to terminate Executive's Employment at any time and for any reason, with or without cause. However, this Agreement will not govern the terms of Executive's employment after the Term

(b) **Termination of Employment**. The Company may terminate the Executive's Employment at any time and for any reason (or no reason), and with or without Cause (as defined below), by giving the Executive 30 days' advance notice in writing. The Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death. The termination of the Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's voluntary termination of Employment or the Company's termination of Executive's Employment for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1 2, and 3 for the period preceding the effective date of the termination and no other benefits. Upon the Company's termination of Executive's Employment other than for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, and 3 for the period preceding the effective date of the termination and the severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death or Disability**. If Executive's Employment ends due to death, Executive's estate shall be entitled to receive an amount equal to his earned but unpaid sales commissions as of the time his death occurred. If Executive's Employment ends due to Permanent Disability (as such term is defined below), Executive shall be entitled to receive an amount equal to his earned bu unpaid commissions as of the time his Employment ended and the

Consolidated Omnibus Budget Reconciliation Act ("COBRA") benefits described in the next sentence. If Executive or his personal representative elects to continue health insurance coverage under COBRA for Executive and his dependents following the termination of his Employment due to Permanent Disability, then the Company will pay the monthly premium under COBRA until the earliest of (a) the close of the 24-month period following the termination of his Employment, (b) the expiration of his continuation coverage under COBRA or (c) the date he becomes eligible for substantially equivalent health insurance coverage in connection with new employment

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless the Executive:

(i) Has executed a general release of all claims (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Has returned all property of the Company in the Executive's possession; and

(iii) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

The Executive must execute and return the Release within the period of time set forth in the Release.

(b) **Severance Pay in the Absence of a Change in Control** . If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability and a Separation occurs (as such terms are defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one and one-half times his Base Salary in effect at the time of the termination of Employment and (ii) all unpaid sales commissions earned by the Executive as of the time of the termination of Employment. If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, Executive resigns his Employment for Good Reason and a Separation occurs (as such term is defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one times his Base Salary in effect at the time of the termination of Employment and (ii) all unpaid sales commissions earned by the Executive as of the time of the termination of Employment. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control** . If, during the term of this Agreement and within 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason and a Separation occurs, then the Company shall pay the Executive a lump sum severance payment equal to (i) two times his Base Salary in effect at the time of the termination of Employment plus (ii) all unpaid sales commissions earned by the Executive as of the termination of Employment. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Parachute Taxes**. If amounts paid or payable or distributed or distributable pursuant to the terms of this Agreement (the "Total Payments") would be subject to the excise tax imposed by section 4999 of the Code, and the regulations thereunder or any interest or penalties with respect to such excise tax (such excise tax and any such interest or penalties are collectively referred to as the "Excise Tax"), then the Total Payments shall be reduced to ensure that the Total Payments are not subject to Excise Tax. In determining whether to cap the Total Payments, compensation or other amounts that the Executive is entitled to receive other than pursuant to this Agreement shall be disregarded. All determinations and calculations required to be made under this provision will be made by an independent accounting firm selected by Executive from among the largest eight accounting firms in the United States (the "Accounting Firm"). If the Accounting Firm determines that the Total Payments are to be reduced under the preceding sentences, then the Company will promptly give Executive notice to that effect and a copy of the detailed calculation thereof. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Total Payments equal the reduced amount determined by the Accounting Firm, then the reduction shall occur in the following order: (1) reduction of cash severance payments and (2) reduction of other benefits paid to the Executive under this Agreement. All determinations made by the Accounting Firm under this Subsection 6(d) shall be binding upon the Company and the Executive and shall be made within 10 business days of the date when an amount becomes payable or transferable. As promptly as practicable following such determination, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to him. The fees of the Accounting Firm shall be paid by the Company.

(e) **Definition of "Cause."** For all purposes under this Agreement, "Cause" shall mean:

(i) An unauthorized use or disclosure by the Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Executive of any material agreement between the Executive and the Company;

(iii) A material failure by the Executive to comply with the Company's written policies or rules;

(iv) The Executive’s conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State thereof;

(v) The Executive’s gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by the Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(vii) A failure by the Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive’s cooperation

(f) **Definition of “Code.”** For all purposes under this Agreement, “Code” means the Internal Revenue Code of 1986, as amended..

(g) **Definition of “Good Reason.”** For all purposes under this Agreement, “Good Reason” exists upon:

(i) a change in the Executive’s position with the Company that materially reduces his level of authority or responsibility;

(ii) a reduction in the Executive’s base salary by more than 10% unless pursuant to a Company-wide salary reduction affecting all Executives proportionately;

(iii) relocation of the Executive’s principal workplace by more than 50 miles;

(iv) a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction; or

(v) a material reduction in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the Executive’s overall benefits package is significantly reduced, unless such reduction is made in connection with a reduction in the kind or level of employee benefits of employees of the Company generally.

A condition shall not be considered “Good Reason” unless the Executive gives the Company written notice of such condition within 90 days after such condition comes into existence and the Company fails to remedy such condition within 30 days after receiving the Executive’s written notice. In addition, the Executive’s resignation must occur within 12 months after the condition comes into existence.

(h) **Definition of “Permanent Disability.”** For all purposes under this Agreement, “Permanent Disability” shall mean the Executive’s inability to perform the essential functions of the Executive's position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental impairment.

(i) Commencement of Severance Payments. Payment of the severance pay provided for under this Agreement will be made on the first regularly scheduled payroll date that occurs on or after 45 days after the Executive's Separation, but only if the Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). If the Company determines that the Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder at the time of his Separation, then (i) the severance payments under Section 6, to the extent not exempt from Section 409A of the Code, shall be paid during the seventh month after the Executive's Separation and (ii) the amounts that otherwise would have been paid during the first six months following the Executive's Separation shall be paid in a lump sum when such payments commence.

(j) Definition of "Separation". For all purposes under this Employment Agreement, "Separation" means a "separation from service," as defined in the regulations under Section 409A of the Code.

7. **Non-Solicitation and Non-Disclosure.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the second anniversary of the date the Executive's Employment terminated for any reason, the Executive shall not directly or indirectly, personally or through others, solicit or attempt to solicit (on the Executive's own behalf or on behalf of any other person or entity) either (i) the employment of any employee or consultant of the Company or any of the Company's affiliates or (ii) the business of any customer of the Company or any of the Company's affiliates in a manner that could constitute engaging in sale of goods or services in or for a Restricted Business (as defined below) or otherwise interferes with Company's relationship with such customer.

(b) **Non-Competition**. As one of the Company's executive and management personnel and officer, Executive has obtained extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his Employment he will have access to and knowledge of Proprietary Information (as defined below). To protect the Company's Proprietary Information, Executives agrees that during his Employment with the Company, whether full-time or half-time and for a period of 24 months after his last day of Employment with the Company, he will not directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a "Restricted Business" in a "Restricted Territory" as defined below. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation, or (ii) any stock he presently owns shall not constitute a violation of this provision.

(c) **Definitions**. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (c) information regarding the skills and compensation of other employees of the Company. "**Restricted Business**" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company at the time Executive's Employment with the Company ends. " **Restricted Territory**" shall mean any state, county, or locality in the United States in which the Company conducts business.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(e) **Non-Disclosure**. The Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by this reference.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Proprietary Information and Inventions Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(d) **Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. The Company shall not have a duty to design its compensation policies in a manner that minimizes the Executive's tax liabilities, and the Executive shall not make any claim against the Company or the Board related to tax liabilities arising from the Executive's compensation.

(e) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(f) **No Assignment**. This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(g) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

Christopher Putnam

Synchronoss Technologies, Inc.

By

Stephen G. Waldis
President and Chief Executive Officer

Exhibit 10.16

Employment Agreement

This Agreement is entered into as of December 30, 2008, by and between Omar Tellez (the "Executive") and Synchronoss Technologies, Inc., a Delaware corporation (the "Company"). Executive and the Company agree that the Employment Agreement dated as of October 5, 2006 between the Company and the Executive shall be terminated as of December 31, 2008.

1. **Duties and Scope of Employment.**

(a) **Position**. For the term of his employment under this Agreement (the "Employment"), the Company agrees to employ the Executive in the position of Executive Vice President and Chief Marketing Officer. The Executive shall report to the Company's President or Chief Executive Officer.

(b) **Obligations to the Company**. During his Employment, the Executive (i) shall devote his full business efforts and time to the Company, (ii) shall not engage in any other employment, consulting or other business activity that would create a conflict of interest with the Company, (iii) shall not assist any person or entity in competing with the Company or in preparing to compete with the Company and (iv) shall comply with the Company's policies and rules, as they may be in effect from time to time.

(c) **No Conflicting Obligations**. The Executive represents and warrants to the Company that he is under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. The Executive represents and warrants that he will not use or disclose, in connection with his Employment, any trade secrets or other proprietary information or intellectual property in which the Executive or any other person has any right, title or interest and that his Employment will not infringe or violate the rights of any other person. The Executive represents and warrants to the Company that he has returned all property and confidential information belonging to any prior employer.

(d) **Commencement Date**. The Executive previously commenced full-time Employment. This Agreement shall govern the terms of Executive's Employment effective as of January 1, 2009 (the "Commencement Date") through the Term.

2. **(a) Salary.** The Company shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than $225,000. Such salary shall be payable in accordance with the Company's standard payroll procedures. (The annual compensation specified in this Subsection (a), together with any increases in such compensation that the Company may grant from time to time, is referred to in this Agreement as "Base Salary.").

(b) Incentive Bonuses. The Executive shall be eligible for an annual incentive bonus with a target amount equal to 50% of his Base Salary (the "Target Bonus"). The Executive's bonus (if any) shall be awarded based on criteria established by the Company's

Board of Directors (the "Board") or its Compensation Committee. The determinations of the Board or its Compensation Committee with respect to such bonus shall be final and binding. The Executive shall not be entitled to an incentive bonus if he is not employed by the Company on the last day of the fiscal year for which such bonus is payable.

3. **Vacation and Employee Benefits.** During his Employment, the Executive shall be eligible for paid vacations in accordance with the Company's vacation policy, as it may be amended from time to time, with a minimum of 20 vacation days per year. During his Employment, the Executive shall be eligible to participate in the employee benefit plans maintained by the Company, subject in each case to the generally applicable terms and conditions of the plan in question and to the determinations of any person or committee administering such plan.

4. **Business Expenses.** During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Company shall reimburse the Executive for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Employment Term**. The Company hereby employs Executive to render services to the Company in the position and with the duties and responsibilities described in Section 1 for the period commencing on the Commencement Date and ending upon the earlier of (i) three (3) years from such date, and (ii) the date Executive's Employment is terminated in accordance with Subsection 5(b) (the "Term"). After the initial three-year term of this Agreement Executive's Employment shall be "at will" and either Executive or the Company shall be entitled to terminate Executive's Employment at any time and for any reason, with or without cause. However, this Agreement will not govern the terms of Executive's employment after the Term

(b) **Termination of Employment**. The Company may terminate the Executive's Employment at any time and for any reason (or no reason), and with or without Cause (as defined below), by giving the Executive 30 days' advance notice in writing. The Executive may terminate his Employment by giving the Company 30 days' advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death. The termination of the Executive's Employment shall not limit or otherwise affect his obligations under Section 7.

(c) **Rights Upon Termination**. Upon Executive's voluntary termination of Employment or the Company's termination of Executive's Employment for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1 2, and 3 for the period preceding the effective date of the termination and no other benefits. Upon the Company's termination of Executive's Employment other than for Cause, Executive shall only be entitled to the compensation, benefits and reimbursements described in Sections 1, 2, and 3 for the period preceding the effective date of the termination and the severance pay benefits described in Section 6. The payments under this Agreement shall fully discharge all

responsibilities of the Company to Executive. This Agreement shall terminate when all obligations of the parties hereunder have been satisfied.

(d) **Rights Upon Death or Disability**. If Executive's Employment ends due to death, Executive's estate shall be entitled to receive an amount equal to his target bonus for the fiscal year in which his death occurred, prorated based on the number of days he was employed by the Company during that fiscal year. If Executive's Employment ends due to Permanent Disability (as such term is defined below), Executive shall be entitled to receive an amount equal to his Target Bonus for the fiscal year in which his Employment ended, prorated based on the number of days he was employed by the Company during that fiscal year. and the Consolidated Omnibus Budget Reconciliation Act ("COBRA") benefits described in the next sentence. If Executive or his personal representative elects to continue health insurance coverage under COBRA for Executive and his dependents following the termination of his Employment due to Permanent Disability, then the Company will pay the monthly premium under COBRA until the earliest of (a) the close of the 24-month period following the termination of his Employment, (b) the expiration of his continuation coverage under COBRA or (c) the date he becomes eligible for substantially equivalent health insurance coverage in connection with new employment

6. **Termination Benefits.**

(a) **Preconditions**. Any other provision of this Agreement notwithstanding, Subsections (b) and (c) below shall not apply unless the Executive:

(i) Has executed a general release of all claims (substantially in the form attached hereto as Exhibit A) (the "Release");

(ii) Has returned all property of the Company in the Executive's possession; and

(iii) If requested by the Board, has resigned as a member of the Board and as a member of the boards of directors of all subsidiaries of the Company, to the extent applicable.

The Executive must execute and return the Release within the period of time set forth in the Release.

(b) **Severance Pay in the Absence of a Change in Control** . If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability and a Separation occurs (as such terms are defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one and one-half times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. If, during the term of this Agreement and prior to the occurrence of a Change in Control or more than 12 months following a Change in Control, Executive resigns his Employment for Good Reason and a Separation occurs (as such term is defined below), then the Company shall pay the Executive a lump sum severance payment equal to (i) one times his Base Salary in effect at the time of the termination of Employment and (ii) his average annual bonus based on the actual amounts received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive Employment is terminated for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (b) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(c) **Severance Pay in Connection with a Change in Control** . If, during the term of this Agreement and within 12 months following a Change in Control, the Company terminates the Executive's Employment with the Company for a reason other than Cause or Permanent Disability or the Executive resigns his Employment for Good Reason and a Separation occurs, then the Company shall pay the Executive a lump sum severance payment equal to two times his Base Salary in effect at the time of the termination of Employment plus two times the Executive's average bonus received in the immediately preceding two years. Notwithstanding anything herein to the contrary, in the event that the Executive is terminated or resigns his Employment for Good Reason under this subsection (b) within the initial two years of this Agreement, then in lieu of using the average bonus received in the immediately preceding two years for the above calculation, such calculation shall use his Target Bonus Amount if such termination under this Subsection (b) occurs in the first year of the Agreement and the actual bonus the Executive received during the initial year of the Agreement if such termination under this Subsection (b) occurs in the second year of the Agreement. However, the amount of the severance payment under this Subsection (c) shall be reduced by the amount of any severance pay or pay in lieu of notice that the Executive receives from the Company under a federal or state statute (including, without limitation, the Worker Adjustment and Retraining Notification Act).

(d) **Parachute Taxes**. If amounts paid or payable or distributed or distributable pursuant to the terms of this Agreement (the "Total Payments") would be subject to the excise tax imposed by section 4999 of the Code, and the regulations thereunder or any interest or penalties with respect to such excise tax (such excise tax and any such interest or penalties are collectively referred to as the "Excise Tax"), then the Total Payments shall be reduced to ensure that the Total Payments are not subject to Excise Tax. In determining whether to cap the Total Payments, compensation or other amounts that the Executive is entitled to receive other than pursuant to this Agreement shall be disregarded. All determinations and calculations required to be made under this provision will be made by an independent accounting firm selected by Executive from among the largest eight accounting firms in the United States (the "Accounting Firm"). If the Accounting Firm determines that the Total Payments are to be reduced under the preceding sentences, then the Company will promptly give Executive notice to that effect and a copy of the detailed calculation thereof. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Total Payments equal the reduced amount determined by the Accounting Firm, then the reduction shall occur in the following order: (1) reduction of cash severance payments and (2) reduction of other benefits paid to the Executive under this Agreement. All determinations made by the Accounting Firm under this Subsection 6(d) shall be binding upon the Company and the Executive and shall be made within 10 business days of the date when an amount becomes payable or transferable. As promptly as practicable following such determination, the Company shall pay or transfer to or for the benefit of the Executive such amounts as are then due to him. The fees of the Accounting Firm shall be paid by the Company.

(e) **Definition of "Cause."** For all purposes under this Agreement, "Cause" shall mean:

(i) An unauthorized use or disclosure by the Executive of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company;

(ii) A material breach by the Executive of any material agreement between the Executive and the Company;

(iii) A material failure by the Executive to comply with the Company's written policies or rules;

(iv) The Executive's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof;

(v) The Executive's gross negligence or willful misconduct which causes material harm to the Company;

(vi) A continued failure by the Executive to perform reasonably assigned duties after receiving written notification of such failure from the Board; or

(vii) A failure by the Executive to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested the Executive's cooperation

(f) **Definition of "Code."** For all purposes under this Agreement, "Code" means the Internal Revenue Code of 1986, as amended..

(g) **Definition of "Good Reason."** For all purposes under this Agreement, "Good Reason" exists upon:

(i) a change in the Executive's position with the Company that materially reduces his level of authority or responsibility;

(ii) a reduction in the Executive's base salary by more than 10% unless pursuant to a Company-wide salary reduction affecting all Executives proportionately;

(iii) relocation of the Executive's principal workplace by more than 50 miles;

(iv) a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction; or

(v) a material reduction in the kind or level of employee benefits to which the Executive is entitled immediately prior to such reduction with the result that the Executive's overall benefits package is significantly reduced, unless such reduction is made in connection with a reduction in the kind or level of employee benefits of employees of the Company generally.

A condition shall not be considered "Good Reason" unless the Executive gives the Company written notice of such condition within 90 days after such condition comes into existence and the Company fails to remedy such condition within 30 days after receiving the Executive's written notice. In addition, the Executive's resignation must occur within 12 months after the condition comes into existence.

(h) **Definition of "Permanent Disability."** For all purposes under this Agreement, "Permanent Disability" shall mean the Executive's inability to perform the essential functions of the Executive's position, with or without reasonable accommodation, for a period of at least 120 consecutive days because of a physical or mental impairment.

(i) Commencement of Severance Payments. Payment of the severance pay provided for under this Agreement will be made on the first regularly scheduled payroll date that occurs on or after 45 days after the Executive's Separation, but only if the Executive has complied with the release and other preconditions set forth in Subsection (a) (to the extent applicable). If the Company determines that the Executive is a "specified employee" under Section 409A(a)(2)(B)(i) of the Code and the regulations thereunder at the time of his Separation, then (i) the severance payments under Section 6, to the extent not exempt from Section 409A of the Code, shall be paid during the seventh month after the Executive's Separation and (ii) the amounts that otherwise would have been paid during the first six months following the Executive's Separation shall be paid in a lump sum when such payments commence.

(j) Definition of "Separation". For all purposes under this Employment Agreement, "Separation" means a "separation from service," as defined in the regulations under Section 409A of the Code.

7. **Non-Solicitation and Non-Disclosure.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the second anniversary of the date the Executive's Employment terminated for any reason, the Executive shall not directly or indirectly, personally or through others, solicit or attempt to solicit (on the Executive's own behalf or on behalf of any other person or entity) either (i) the employment of any employee or consultant of the Company or any of the Company's affiliates or (ii) the business of any customer of the Company or any of the Company's affiliates in a manner that could constitute engaging in sale of goods or services in or for a Restricted Business (as defined below) or otherwise interferes with Company's relationship with such customer.

(b) **Non-Competition**. As one of the Company's executive and management personnel and officer, Executive has obtained extensive and valuable knowledge and confidential information concerning the business of the Company, including certain trade secrets the Company wishes to protect. Executive further acknowledges that during his Employment he will have access to and knowledge of Proprietary Information (as defined below). To protect the Company's Proprietary Information, Executives agrees that during his Employment with the Company, whether full-time or half-time and for a period of 24 months after his last day of Employment with the Company, he will not directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages in a "Restricted Business" in a "Restricted Territory" as defined below. It is agreed that ownership of (i) no more than one percent (1%) of the outstanding voting stock of a publicly traded corporation, or (ii) any stock he presently owns shall not constitute a violation of this provision.

(c) **Definitions**. The term "**Proprietary Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, Proprietary Information includes (a) trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques; and (b) information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and (c) information regarding the skills and compensation of other employees of the Company. "**Restricted Business**" shall mean the design, development, marketing or sales of software, or any other process, system, product, or service marketed, sold or under development by the Company at the time Executive's Employment with the Company ends. " **Restricted Territory**" shall mean any state, county, or locality in the United States in which the Company conducts business.

(d) **Reasonable**. Executive agrees and acknowledges that the time limitation on the restrictions in this Section 7, combined with the geographic scope, is reasonable. Executive also acknowledges and agrees that this provision is reasonably necessary for the protection of Proprietary Information, that through his Employment he shall receive adequate consideration for any loss of opportunity associated with the provisions herein, and that these provisions provide a reasonable way of protecting the Company's business value which will be imparted to him. If any restriction set forth in this Section 7 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(e) **Non-Disclosure**. The Executive has entered into a Proprietary Information and Inventions Agreement with the Company, which is incorporated herein by this reference.

8. **Successors.**

(a) **Company's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets. For all purposes under this Agreement, the term "Company" shall include any successor to the Company's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered, when delivered by FedEx with delivery charges prepaid, or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to him at the home address that he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. No other agreements, representations or understandings (whether oral or written and whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement and the Proprietary Information and Inventions Agreement contain the entire understanding of the parties with respect to the subject matter hereof.

(d) **Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law. The Company shall not have a duty to design its compensation policies in a manner that minimizes the Executive's tax liabilities, and the Executive shall not make any claim against the Company or the Board related to tax liabilities arising from the Executive's compensation.

(e) **Choice of Law and Severability**. This Agreement shall be interpreted in accordance with the laws of the State of New Jersey (except their provisions governing the choice of law). If any provision of this Agreement becomes or is deemed invalid, illegal or unenforceable in any applicable jurisdiction by reason of the scope, extent or duration of its coverage, then such provision shall be deemed amended to the minimum extent necessary to conform to applicable law so as to be valid and enforceable or, if such provision cannot be so amended without materially altering the intention of the parties, then such provision shall be stricken and the remainder of this Agreement shall continue in full force and effect. If any provision of this Agreement is rendered illegal by any present or future statute, law, ordinance or regulation (collectively the "Law"), then such provision shall be curtailed or limited only to the minimum extent necessary to bring such provision into compliance with the Law. All the other terms and provisions of this Agreement shall continue in full force and effect without impairment or limitation.

(f) **No Assignment**. This Agreement and all rights and obligations of the Executive hereunder are personal to the Executive and may not be transferred or assigned by the Executive at any time. The Company may assign its rights under this Agreement to any entity that assumes the Company's obligations hereunder in connection with any sale or transfer of all or a substantial portion of the Company's assets to such entity.

(g) **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

____
Omar Tellez

Synchronoss Technologies, Inc.

By ____________________________________
Stephen G. Waldis
President and Chief Executive Officer

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-136088) pertaining to the 2006 Equity Incentive Plan of Synchronoss Technologies, Inc. of our reports dated March 12, 2009, with respect to the consolidated financial statements and schedule of Synchronoss Technologies, Inc., and the effectiveness of internal control over financial reporting of Synchronoss Technologies, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

MetroPark, New Jersey
March 12, 2009

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen G. Waldis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Synchronoss Technologies, Inc. for the year ended December 31, 2008;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: March 13, 2009

/s/ Stephen G. Waldis
Stephen G. Waldis
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lawrence R. Irving, certify that:

1. I have reviewed this Annual Report on Form 10-K of Synchronoss Technologies, Inc. for the year ended December 31, 2008;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Dated: March 13, 2009

/s/ Lawrence R. Irving
Lawrence R. Irving
Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of Synchronoss Technologies Inc. (the "Company") on Form 10-K for the period ending December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steve Waldis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen G. Waldis
Stephen G. Waldis
Chief Executive Officer
March 13, 2009

Exhibit 32.2

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

In connection with the Annual Report of Synchronoss Technologies, Inc. (the "Company") on Form 10-K for the period ending December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Irving, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Lawrence R. Irving
Lawrence R. Irving
Chief Financial Officer
March 13, 2009