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

FORM 8-K/A
(Amendment No. ___)

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 19, 2010

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

DELAWARE	**000-52049**	**06-1594540**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

750 Route 202 South, Suite 600, Bridgewater, New Jersey	**08807**
(Address of principal executive offices)	(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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On July 20, 2010, Synchronoss Technologies, Inc. ("Synchronoss" or the "Company") filed a Current Report on Form 8-K (the "Initial Form 8-K") reporting its acquisition of FusionOne, Inc. ("FusionOne"). This amendment to the Initial Form 8-K amends and supplements the Initial Form 8-K to provide the historical financial information required pursuant to Item 9.01(a) of Form 8-K, and the pro forma financial information required pursuant to Item 9.01(b) of Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The Consolidated Financial Statements of FusionOne as of December 31, 2009 and 2008 and for the years ended December 31, 2009 and 2008 and accompanying consolidated notes are included as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated herein by reference.

The Unaudited Condensed Consolidated Financial Statements of FusionOne as of June 30, 2010 and for the six-month periods ended June 30, 2010 and 2009 and accompanying consolidated notes are included as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated herein by reference.

(b) Pro Forma Financial Information

The following Unaudited Pro Forma Combined Condensed Financial Statements are included as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated herein by reference:

(i) Unaudited Pro Forma Combined Condensed Balance Sheet as of June 30, 2010

(ii) Unaudited Pro Forma Combined Condensed Statements of Operations for the year ended December 31, 2009 and the six-month period ended June 30, 2010

(iii) Notes to the Unaudited Pro Forma Combined Condensed Financial Statements

(d) Exhibits

Exhibit No.	Description
2.1*	Agreement and Plan of Merger by and among Synchronoss Technologies, Inc, Echo Merger Sub, Inc., FusionOne, Inc. and John Malloy, as stockholder' representative, dated as of July 6, 2010.
23	Consent of Independent Auditors
23.1	Mohler, Nixon and Williams
23.2	Jelena Ivanova
99.1	Consolidated Financial Statements of FusionOne as of December 31, 2009 and 2008 and for the years ended December 31, 2009 and 2008 and consolidated notes thereto
99.2	Unaudited Condensed Consolidated Financial Statements of FusionOne as of June 30, 2010 and for the six months ended June 30, 2010 and 2009 and consolidated notes thereto
99.3	Unaudited Pro Forma Combined Condensed Balance Sheet as of June 30, 2010 and Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2009 and for the six months ended June 30, 2010 and notes thereto

* Filed with the Securities and Exchange Commission on August 6, 2010 as Exhibit 10.18 in the Company's Quarterly report on Form 10-Q and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

SYNCHRONOSS TECHNOLOGIES, INC.

Date: September 30, 2010

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

EXHIBIT INDEX

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23.2	Jelena Ivanova,
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99.2	Unaudited Condensed Consolidated Financial Statements of FusionOne as of June 30, 2010 and for the six months ended June 30, 2010 and 2009 and consolidated notes thereto
99.3	Unaudited Pro Forma Combined Condensed Balance Sheet as of June 30, 2010 and Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2009 and for the six months ended June 30, 2010 and notes thereto

Exhibit 23.1

Consent of Independent Auditors

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No.333-168745, No. 333-167000 and No. 333-136088) of Synchronoss Technologies, Inc. of our report dated September 30, 2010, relating to the consolidated financial statements of FusionOne, Inc., which appears in this Form 8-K/A of Synchronoss Technologies, Inc.

/s/ MOHLER, NIXON & WILLIAMS
Accountancy Corporation

Campbell, California
September 30, 2010

Exhibit 23.2

Consent of Independent Auditors

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No.333-168745, No. 333-167000 and No. 333-136088) of Synchronoss Technologies, Inc. of our report dated April 7, 2010, relating to the consolidated financial statements of Osaühing FusionOne Eesti, which appears in this Form 8-K/A of Synchronoss Technologies, Inc.

/s/ Jelena Ivanova
Authorised Public Accountant

Tallinn
September 30, 2010

Exhibit 99.1

FUSIONONE, INC.

Consolidated Financial Statements

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

FUSIONONE, INC.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
and Stockholders of
fusionOne, Inc.

We have audited the accompanying consolidated balance sheets of fusionOne, Inc. (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity (deficit) and comprehensive loss and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of fusionOne Eesti ou, a consolidated subsidiary, as of December 31, 2009 and 2008, and for the years then ended, which statements reflect total assets constituting 12% and 11%, respectively, total revenue of zero and zero, respectively, and total operating expenses of 24% and 24%, respectively, of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion for 2009 and 2008, insofar as it relates to the amounts included for fusionOne Eesti ou, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of fusionOne, Inc. as of December 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ MOHLER, NIXON & WILLIAMS
Accountancy Corporation

Campbell, California
September 30, 2010

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Osaühing FusionOne Eesti
(Commercial Register code 10195467)

We have audited the accompanying financial statements of Osaühing FusionOne Eesti, which comprise the balance sheet at 31 December 2009, income statement, statement of changes in equity and cash flow statement for the year ended, and a summary of significant accounting policies other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with US GAAP. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with US GAAS. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Osaühing FusionOne Eesti as of 31 December 2009, and its financial performance and its cash flows for the year then ended in accordance with US generally accepted accounting principles.

Tallinn, April 07, 2010

/s/ Jelena Ivanova
Authorised Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Osaühing FusionOne Eesti
(Commercial Register code 10195467)

We have audited the accompanying financial statements of Osaühing FusionOne Eesti, which comprise the balance sheet at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the year ended, and a summary of significant accounting policies other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards as adopted by the Estonia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with international Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Osaühing FusionOne Eesti as of 31 December 2008, and its financial performance and its cash flows for the year then ended in accordance with Estonian generally accepted accounting principles.

Tallinn, April 07, 2009

/s/ Jelena Ivanova
Authorised Public Accountant

FUSIONONE, INC.
Consolidated Balance Sheets
December 31, 2009 and 2008

	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 7,131,000**	$ 7,210,000
Accounts receivable, net	**2,036,000**	605,000
Other receivables	**359,000**	—
Prepaid expenses and other current assets	**181,000**	131,000
Total current assets	**9,707,000**	7,946,000
Property and equipment, net	**1,008,000**	1,740,000
Other assets	**50,000**	40,000
Total assets	**$ 10,765,000**	$ 9,726,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	**$ 847,000**	$ 876,000
Accrued expenses	**1,256,000**	1,718,000
Line of credit	**2,000,000**	—
Current portion of borrowings on equipment financing	—	207,000
Current portion of capital lease obligations	**236,000**	227,000
Customer advances	**1,280,000**	1,280,000
Deferred revenue, current	**10,918,000**	2,749,000
Total current liabilities	**16,537,000**	7,057,000
Warrant liability	**6,000,000**	—
Capital lease obligations, less current portion	**64,000**	319,000
Deferred revenue, less current portion	**3,000,000**	1,500,000
Total liabilities	**25,601,000**	8,876,000
Commitments (Note 10)		
Stockholders equity (deficit):		
Convertible preferred stock, par value $0.001; 105,673,945 shares authorized:		
Series A-1 - 66,500,000 shares authorized: 64,084,505 shares issued and outstanding at December 31, 2009 and 2008 (aggregate liquidation preference of approximately $18,200,000)	**64,000**	64,000
Series A - 3,668,085 shares authorized: 3,638,298 shares issued and outstanding at December 31, 2009 and 2008 (aggregate liquidation preference of approximately $117,000)	**4,000**	4,000
Series B - 5,493,617 shares authorized: 5,453,176 shares issued and outstanding at December 31, 2009 and 2008 (aggregate liquidation preference of approximately $507,000)	**5,000**	5,000
Series C - 14,059,814 shares authorized: 14,044,495 shares issued and outstanding at December 31, 2009 and 2008 (aggregate liquidation preference of approximately $3,450,000)	**14,000**	14,000
Series D - 15,952,429 shares authorized: 15,952,429 shares issued and outstanding at December 31, 2009 and 2008 (aggregate liquidation preference of approximately $5,926,000)	**16,000**	16,000
Common stock, par value $0.001; 165,000,000 shares authorized: 19,181,928 and 19,049,308 shares issued and outstanding December 31, 2009 and 2008, respectively	**19,000**	19,000
Additional paid-in capital	**161,329,000**	161,028,000
Accumulated other comprehensive income	**85,000**	125,000
Accumulated deficit	**(176,372,000)**	(160,425,000)
Total stockholders' equity (deficit)	**(14,836,000)**	850,000
Total liabilities and stockholders' equity (deficit)	**$ 10,765,000**	$ 9,726,000

See accompanying notes to consolidated financial statements.

FUSIONONE, INC.
Consolidated Statements of Operations
Years ended December 31, 2009 and 2008

	2009	2008
Revenue	**$ 9,126,000**	$ 16,990,000
Cost of revenue	**2,699,000**	3,006,000
Gross profit	**6,427,000**	13,984,000
Operating expenses:		
Research and development	**11,603,000**	7,797,000
Sales and marketing	**7,735,000**	6,412,000
General and administrative	**2,963,000**	3,359,000
Total operating expenses	**22,301,000**	17,568,000
Loss from operations	**(15,874,000)**	(3,584,000)
Interest and other income (expense), net	**(135,000)**	9,000
Income before income tax expense	**(16,009,000)**	(3,575,000)
Benefit for income taxes	**62,000**	—
Net loss	**$(15,947,000)**	$ (3,575,000)

See accompanying notes to consolidated financial statements.

FUSIONONE, INC.
Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Loss
Years ended December 31, 2009 and 2008

	Convertible preferred stock Shares	Convertible preferred stock Amount	Common stock Shares	Common stock Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)	Total comprehensive loss
Balance at December 31, 2007	81,341,918	$ 81,000	15,189,781	$15,000	$157,476,000	$(156,850,000)	$ 196,000	$ 918,000	
Issuance of Series A-1 convertible preferred stock, net of issuance costs of approximately $39,000	21,830,985	22,000			3,039,000			3,061,000	
Exercise of common stock options			3,859,527	4,000	167,000			171,000	
Issuance of convertible preferred stock warrants to related party					129,000			129,000	
Stock-based compensation to employees					217,000			217,000	
Comprehensive loss:									
Net loss						(3,575,000)		(3,575,000)	(3,575,000)
Foreign currency translation adjustment							(71,000)	(71,000)	(71,000)
Balance at December 31, 2008	103,172,903	103,000	19,049,308	19,000	161,028,000	(160,425,000)	125,000	850,000	$ (3,646,000)
Exercise of common stock options			132,620		6,000			6,000	
Issuance of convertible preferred stock warrants to related party					37,000			37,000	
Stock-based compensation to employees					258,000			258,000	
Comprehensive loss:									
Net loss						(15,947,000)		(15,947,000)	(15,947,000)
Foreign currency translation adjustment							(40,000)	(40,000)	(40,000)
Balance at December 31, 2009	103,172,903	$103,000	19,181,928	$19,000	$161,329,000	$(176,372,000)	$ 85,000	$(14,836,000)	$ (19,633,000)

See accompanying notes to consolidated financial statements.

FUSIONONE, INC.
Consolidated Statements of Cash Flows
Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Net Loss	$(15,947,000)	$ (3,575,000)
Adjustments to reconcile net loss to net cash used by operating activities:		
Stock-based compensation	258,000	217,000
Depreciation and amortization	1,068,000	949,000
Issuance of warrants	37,000	129,000
Changes in assets and liabilities:		
Accounts receivable	(1,431,000)	5,286,000
Other receivables	(359,000)	—
Prepaid expenses and other current assets	(50,000)	129,000
Other assets	(10,000)	14,000
Accounts payable	(29,000)	62,000
Accrued expenses	(462,000)	754,000
Customer advances	—	3,000
Deferred revenue	9,669,000	(3,474,000)
Net cash provided (used) by operating activities	(7,256,000)	494,000
Cash flows from investing activities:		
Purchase of property and equipment	(336,000)	(354,000)
Net cash used by investing activities	(336,000)	(354,000)
Cash flows from financing activities:		
Proceeds from issuance convertible preferred stock, net	—	3,061,000
Proceeds from issuance of common stock in connection with exercise of stock options	6,000	171,000
Proceeds from line of credit, net	2,000,000	—
Proceeds from issuance of warrants	6,000,000	—
Payments on obligations under equipment financing	(207,000)	(248,000)
Payments on capital leases	(246,000)	(182,000)
Net cash used by financing activities	7,553,000	2,802,000
Effect of exchange rates on cash and cash equivalents	(40,000)	(71,000)
Net increase (decrease) in cash and cash equivalents	(79,000)	2,871,000
Cash and cash equivalents at beginning of period	7,210,000	4,339,000
Cash and cash equivalents at end of period	$ 7,131,000	$ 7,210,000
Supplemental disclosures of cash flow information:		
Cash paid for interest during the year	$ 98,000	$ 53,000
Cash paid (received) for taxes during the year	$ (62,000)	$ 50,000
Capitalized leases	$ —	$ 728,000

See accompanying notes to consolidated financial statements.

FUSIONONE, INC.
Notes to Consolidated Financial Statements
December 31, 2009 and 2008

1. The Company and Its Significant Accounting Policies

fusionOne, Inc. was incorporated in Delaware on May 19, 1998 and began operations on November 4, 1998 (inception). fusionOne, Inc. and its subsidiaries, fusionOne Esti ou and other minor subsidiaries (collectively, the Company), provide internet synchronization technology and marketing services that make information access seamless and simple across multiple communications and computing devices across both compatible and traditionally incompatible systems. In addition, the Company has expanded its technology to provide personal content management applications for mobile phone users which includes affordable backup of the users address book, calendar, pictures and downloaded content.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned foreign subsidiary. All significant intercompany transactions and balances have been eliminated.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Company considers all highly liquid investments with an original maturity from the date of purchase of three months or less to be cash equivalents. As of December 31, 2009 and 2008, cash and cash equivalents consist of cash deposited with banks and money market funds. The recorded carrying amount of cash equivalents approximates their fair value. The Company places its cash equivalents with high credit-quality financial institutions.

Consolidated comprehensive loss

Generally accepted accounting principles establish standards for reporting and display in the consolidated financial statements of total consolidated net loss and the components of all other non-owner changes in equity, referred to as comprehensive loss. Accordingly, the Company has reported the translation gain (loss) from consolidation of its foreign subsidiary in consolidated comprehensive loss.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

Cash and cash equivalents, which at times exceed federally insured limits, are deposited in money market accounts in high credit quality financial institutions. The Company performs ongoing credit evaluations of its customers and recognizes an allowance for doubtful accounts to ensure trade receivables are not overstated due to uncollectibility. The allowance for doubtful accounts is determined based on a variety of factors, including the length of time receivables are past due, macroeconomic conditions, significant one-time events and historical experience. Allowances are recorded for individual accounts when the Company becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy, deterioration in the customer's operating results or change in financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. As of December 31, 2009 and 2008, the Company had an allowance for doubtful accounts of approximately $33,000 and 30,000, respectively, for estimated credit losses. To date, the Company has not had a significant amount of bad debt expense.

Revenues from two customers accounted for approximately 82% and 16% of total revenues in 2009. Receivables from these customers accounted for approximately 56% and 40% of total accounts receivable at December 31, 2009. Sales to one customer accounted for approximately 86% of total revenues in 2008, and there were no receivables from this customer at December 31, 2008. Two customers accounted for 65% and 24% of accounts receivable at December 31, 2008.

Property and equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method based on the estimated useful lives of the respective assets, generally 36 months. Leasehold improvements are amortized using the term of the related lease or the economic life of the improvements, if shorter.

Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No such impairments have been identified to date.

Software development costs

Development costs incurred in the research and development of new software products are expensed as incurred until technological feasibility of the product has been established. Software development costs incurred after technological feasibility has been established are capitalized up to the time the product is available for general release to customers. At December 31, 2009 and 2008, there were no amounts capitalized as the Company's current development process is essentially completed concurrent with the establishment of technological feasibility.

Revenue recognition

The Company has revenue in several areas. The revenue recognition policy for each is as follows:

Revenue from software license agreements is recognized when persuasive evidence of an agreement exists, delivery of the product has occurred, the fee is fixed or determinable, and collectibility is probable. Revenues from multiple element software arrangements are allocated to each element of the arrangement based on the relative fair values of the elements, including software licenses, maintenance, professional services and training. If evidence of the fair value of one or more undelivered elements does not exist, revenue is deferred and recognized when delivery of those elements occurs or when fair value can be established. Software maintenance agreements provide technical support and the right to unspecified upgrades on an if-and-when-available basis. Maintenance revenue is recognized ratably over the term of the support period (generally one year), and training and other service revenues are recognized as the related services are provided, unless there are customer acceptance provisions, in which case revenue is deferred until acceptance. The unrecognized portion of amounts paid in advance for licenses and services is recorded as deferred revenue.

Professional services revenues consist primarily of consulting, training, and integration and customization fees charged for engineering services provided to customers and business partners for customer-specific customization and enhancements to the Company's base products. These revenues are either recognized upon attainment of specific milestones or when work is completed.

The Company recognizes revenue of subscription services for users of the synchronization software on a monthly basis, based on the amount of individual subscribers within each month.

Stock-based compensation

The Company uses the estimated grant date calculated value method of accounting. The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years.

Research and development

Research and development costs are charged to operations as incurred.

Advertising

The Company expenses the costs of advertising, including promotional expenses, as incurred. Advertising expenses for the years ended December 31, 2009 and 2008 were approximately $201,000 and $232,000, respectively.

Income taxes

Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss and tax credit carry forwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Foreign currency translation

The functional currency of the Company's foreign subsidiaries is the local currency. Accordingly, all assets and liabilities of the foreign operations are translated to U.S. dollars at current period end exchange rates, and revenues and expenses are translated to U.S. dollars using average exchange rates in effect during the period. The gains and losses from foreign currency translation of the subsidiaries' financial statements are recorded directly into a separate component of consolidated stockholders' equity (deficit) under the caption "Accumulated other comprehensive income (loss)."

Reclassifications

Certain reclassifications were made to the 2008 consolidated financial statements to conform them to the 2009 consolidated financial statement presentation.

Subsequent events

The Company has evaluated subsequent events through September 30, 2010, which is the date the consolidated financial statements were available to be issued.

2. Significant Balance Sheet Components

Property and equipment

Property and equipment consisted of approximately the following at December 31:

	2009	2008
Furniture and fixtures	**$ 230,000**	$ 208,000
Computers and equipment	**7,335,000**	10,275,000
Software	**2,464,000**	2,411,000
Leasehold improvements	**—**	80,000
	10,029,000	12,974,000
Less: accumulated depreciation and amortization	**(9,021,000)**	(11,234,000)
	$ 1,008,000	$ 1,740,000

Depreciation and amortization expense for the years ended December 31, 2009 and 2008 was approximately $1,068,000 and $949,000, respectively.

Included in property and equipment are leased assets aggregating approximately $728,000 at December 31, 2009 and 2008, and the related accumulated amortization of approximately $386,000 and $142,000 as of December 31, 2009 and 2008, respectively.

In 2006 and 2007, the Company received advances from a customer totaling approximately $1,280,000 to purchase computer equipment to host software for the customer. The Company capitalized the purchase of these assets and has recorded them in computers and equipment.

The advances have been included in customer advances in the consolidated balance sheets. The initial agreement with the customer required the transfer of the equipment to the customer if the customer chose to purchase a perpetual license and transfer the hosting. The customer purchased the perpetual license in 2007, but did not request transfer of the equipment or a refund of the advances. The customer has not requested and has not released claims for the equipment. Therefore, the Company continues to record the liability and related asset. The Company has capitalized and is depreciating the equipment acquired and has recorded the advances received as a liability at December 31, 2009 and 2008.

Accrued expenses

Accrued expenses consisted of approximately the following at December 31:

	2009	2008
Employee-related liabilities	**$ 907,000**	$ 860,000
Professional fees	**325,000**	166,000
Accrued sales tax	—	646,000
Other	**24,000**	46,000
	$ 1,256,000	$ 1,718,000

3. Deferred Revenue

During 2007, the Company deferred $4,000,000 related to an agreement whereby the Company was to deliver a perpetual license to a customer. The entire amount was collected during 2007; however, the delivery occurred in June 2008. As of December 31, 2009, all amounts have been recognized. As of December 31, 2008, there was $1,666,000 in short-term deferred revenue based on the one year maintenance term beginning on the delivery date.

In May 2008, the Company entered into an agreement for $3,000,000, whereby the Company is to deliver multiple elements, including a software license and maintenance support to a customer for a term of five years. As of December 31, 2009, delivery of all elements has not occurred. As of December 31, 2009, the Company has recorded the entire amount as long-term deferred revenue. As of December 31, 2008, the Company had billed a total of $1,500,000 and this amount was recorded as long-term deferred revenue.

In February 2009, the Company entered into an agreement for $12,000,000 whereby the Company is to deliver licenses and a warrant. As of December 31, 2009, the entire $6,000,000 related to the license has been recorded as short term deferred revenue as delivery has not occurred. The remaining $6,000,000 is classified as a warrant liability (Note 6).

In June 2009, the Company entered into an agreement for $3,435,000 whereby the Company is to deliver multiple elements including licenses, professional services and maintenance for a term of one year. As of December 31, 2009, delivery of all elements has not occurred. As of December 31, 2009, the Company has billed a total of $2,535,000 and this amount is recorded as short-term deferred revenue.

Also included in short-term deferred revenue at December 31, 2009 and 2008 is approximately $2,383,000 and $1,100,000, respectively, related to maintenance and service agreements.

4. Financing Arrangements

Accounts receivable line of credit

In April 2009, the Company entered into a line of credit agreement with a bank which provides for borrowings of up to $2,000,000 on a non-formula basis and 80% of eligible accounts receivable up to a total of $5,000,000. Draw downs on the line of credit were only available until April 2010. The line of credit bears interest at prime plus 1.75% (5.75% at December 31, 2009) and is secured by all of the Company’s assets, excluding intellectual property. In December 2009, the Company drew down $2,000,000 against the line of credit. The Company is making monthly interest payments of approximately $10,000 and the outstanding borrowings are due in full in December 2010.

Equipment and growth line of credit

In August 2006, the Company entered into an equipment financing agreement for an aggregate amount of $750,000. The borrowings bore interest at the nominal rate of 10.75%, which was payable in 36 equal installments of principal and interest from the date of the advance. As of December 31, 2009, the entire amount had been repaid.

Capital lease obligations

During 2008, the Company entered into capital lease agreements to finance the acquisition of property and equipment (primarily computers and software) valued at approximately $728,000. These agreements require monthly payments of approximately $22,000, including interest that ranges from 5.1% to 7.1%, and expire at various dates from August 2010 through October 2011. The related assets secure these leases.

Future payments required under these leases at December 31, 2009 are approximately as follows:

Years ending December 31:	
2010	$ 242,000
2011	64,000
	306,000
Less: interest portion	(6,000)
	300,000
Less: current portion	(236,000)
	$ 64,000

5. Related Party Transactions

At December 31, 2009 and 2008, the Company has two non-recourse secured promissory notes (the Notes) outstanding from advances to a former employee. The Notes, with a face value of approximately $132,000 and $553,000, accrue interest at 5% and 8%, respectively. Under the Notes, the principal and accrued interest are payable upon the earlier of: (i) 30 days following the date at which the shares of common stock of the Company owned by the employee are eligible for sale by the employee either under Rule 144 of the Securities Act of 1933, as amended, or upon a registration statement on Form S-1, (ii) 60 days following the employee's sale of shares of common stock of the Company in connection with a change in control event as defined in the Notes or (iii) June 6, 2011. As of December 31, 2009, $768,000 is outstanding on these Notes, including accrued interest, and the amounts are fully reserved. The Notes are secured by the employee's shares of Company common stock and all dividends on such shares. As a result of the acquisition of the Company as described in Note 11, the Company received approximately $45,000 in partial repayment of these Notes. A portion of the remaining amount may be collected by the Company if the purchase price of the Company is increased as a result of meeting certain financial targets for the period from July 1, 2010 through December 31, 2011.

6. Stockholders' Equity

Under the amended and restated Certificate of Incorporation dated March 30, 2006, and the second certificate of amendment to the seventh amended and restated Certificate of Incorporation dated May 5, 2009, the Company is authorized to issue 165,000,000 shares of common stock and 105,673,945 shares of convertible preferred stock. The convertible preferred stock has been designated as 3,668,085 shares of Series A convertible preferred stock (Series A), 5,493,617 shares of Series B convertible preferred stock (Series B), 14,059,814 shares of Series C convertible preferred stock (Series C), 15,952,429 shares of Series D convertible preferred stock (Series D) and 66,500,000 shares of Series A-1 convertible preferred stock (Series A-1). Common stock and convertible preferred stock have a par value of $0.001.

Preferred stock

In January and April 2008, the Company issued 21,126,760 and 704,225 shares of Series A-1 at $0.142 per share for a total of $3,000,000 and $100,000, respectively.

At December 31, 2009, convertible preferred stock consisted of the following:

	Shares authorized	Shares issued and outstanding	Liquidation amount
Series A	3,668,085	3,638,298	$ 117,000
Series B	5,493,617	5,453,176	507,000
Series C	14,059,814	14,044,495	3,450,000
Series D	15,952,429	15,952,429	5,926,000
Series A-1	66,500,000	64,084,505	18,200,000
	105,673,945	103,172,903	$ 28,200,000

The significant features of the Company's convertible preferred stock are as follows:

Dividend provisions

The holders of Series A, Series B, Series C, Series D and Series A-1 are entitled to receive noncumulative dividends prior and in preference to any declaration or payment of any dividend for the common shares at the rates of $0.0025, $0.0074, $0.0197, $0.0297 and $0.0114 per share, respectively, when and if declared by the Board of Directors. No dividends have been declared by the Board of Directors from November 4, 1998 (inception) through December 31, 2009.

Liquidation preference

In the event of any liquidation, dissolution or winding-up of the Company, the holders of Series A-1 are entitled to receive an amount equal to $0.284 per share plus any declared but unpaid dividends prior to and in preference to any distribution to the holders of other preferred stock and the holders of common stock. After payment has been made to the holders of Series A-1, the holders of Series A, Series B, Series C and Series D are entitled to receive an amount equal to $0.0322, $0.0930, $0.2456 and $0.3715 per share, respectively, plus any declared but unpaid dividends prior to and in preference to any distribution to the holders of common stock.

After payment has been made to the holders of Series A-1, Series A, Series B, Series C and Series D, any remaining assets and funds are to be distributed ratably among the holders of common stock, Series A-1, Series C and Series D, provided, however, that the holders of Series C and Series D shall in no event receive an amount (including all amounts received as summarized in the preceding paragraph) greater than $0.4912 and $0.7430, respectively, per share.

A merger, consolidation, or the sale, conveyance or other disposition of all or substantially all of the assets of the Company in which the stockholders of the Company immediately prior to the transaction do not possess more than 50% of the voting power of the surviving entity immediately after the transaction shall be deemed to be a liquidation or winding-up of the Company.

Conversion rights

Each share of Series A, Series B, Series C, Series D and Series A-1, at the option of the holder, and at any time after the date of issuance, is convertible into one fully paid and non-assessable share of common stock. The conversion rate results from dividing the conversion value plus any declared but unpaid dividends on one preferred share by the conversion price at the time of conversion. The per share conversion rate for Series A and Series B is two-for-one and for Series C, Series D and Series A-1 is one-for-one at December 31, 2009.

Conversion is automatic at its then-effective conversion rate upon the earlier to occur of: (i) the closing of a firm commitment underwritten public offering of the Company's common stock at an aggregate sale price of such securities of not less than $20,000,000 or (ii) the consent of the holders of the majority of Series A, Series B, Series C or Series D or the holders of at least two-thirds of Series A-1.

Voting rights

Each share of Series A, Series B, Series C, Series D and Series A-1 has voting rights equal to an equivalent number of shares of common stock into which it is convertible at the record date and votes together as one class with common stock.

The holders of Series A, Series B, Series A-1 and common stock are each entitled, voting as a single class, to elect one member of the Board of Directors (a total of four). The holders of a majority of the preferred stock and the holders of a majority of the common stock, each voting as a separate class, are entitled to elect all remaining members of the Board of Directors.

Warrants

As of December 31, 2009, the Company had the following outstanding warrants:

Issuance date	Type of stock	Number of warrant shares	Warrant Price per share	Expiration date
October 2002	Common stock	150,000	$ 1.50	October 2012
August 2006	Series A-1	450,000	$ 0.14	August 2016
January 2008	Series A-1	1,599,000	$ 0.01	January 2013
December 2008	To be determined	To be determined	$ 0.01	January 2019
July 2009	Series A-1	352,112	$ 0.14	July 2019

In December 2008, the Company issued a performance based warrant in connection with a customer agreement that was finalized in February 2009. The number of shares that may be acquired under this warrant will be determined by dividing $6,000,000 by the lowest price per share paid by any third party in the first qualified issuance, as defined, aggregating not less than $7,000,000, to take place after the warrant was issued. In order for the warrant to vest, the warrant holder had to fulfill defined performance objectives. These performance objectives were met in early 2009. If no qualified issuance has occurred by May 2011, the warrant holder has the right to either immediately terminate the warrant or allow the warrant to remain in effect. If the warrant holder elects to terminate the warrant, the Company is obligated to provide a credit equal to $6,000,000 against any and all future fees and expenses to be paid by the warrant holder over a period of two years.

As a result of the acquisition of the Company, as described in Note 11, approximately $3,500,000 in cash was paid to the warrant holder in exchange for cancellation of the warrant. In addition, the warrant holder will participate in the possible additional payment to be made by the buyer, if any, and has the right to receive 11.4% of such amounts, not to exceed an additional $4,000,000. (Note 11).

In connection with a line of credit agreement in April 2009, the Company issued warrants to purchase 352,112 shares of Series A-1 at a purchase price of $0.0142 per share. The fair value of the warrants, determined using Black-Scholes option pricing model, of approximately $37,000 was capitalized as prepaid loan costs and is being expensed as additional interest over the one year term of the line of credit agreement. For the year ended December 31, 2009, approximately $26,000 was amortized to interest expense.

7. Stock Option Plan

Stock-based compensation expense for all share-based payment awards granted after January 1, 2006, and for previous awards modified, repurchased or cancelled after January 1, 2006, is based on the grant-date calculated value. The Company recognizes these compensation costs, net of an estimated forfeiture rate, and recognizes the compensation costs for only those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years. The Company estimated the forfeiture rate for the years ended December 31, 2009 and 2008 based on its historical experience for annual grant years where the majority of the vesting terms have been satisfied.

For the years ended December 31, 2009 and 2008, the Company recorded stock-based compensation of approximately $258,000 and $217,000, respectively.

In December 2008, the Company adopted the 2008 Equity Incentive Plan (the 2008 Plan). The Company initially reserved 4,886,710 shares of common stock for issuance under the 2008 Plan. Previously, the Company had adopted the 1998 Equity Incentive Plan (the 1998 Plan). In 2008, the 1998 Plan expired. Prior to the 1998 Plan expiration, there were 39,701,150 shares of common stock reserved for issuance. The plans provide for the granting of stock options to employees, directors and consultants of the Company. Options granted under the plans were either incentive stock options (ISO) or nonqualified stock options (NSO). ISOs were granted only to Company employees (including officers and directors who were also employees). NSOs were granted to Company employees and consultants.

Options issued under the plans are exercisable for periods up to ten years after the issuance date and at prices determined by the Board of Directors, provided, however, that: (i) the exercise price of an ISO and NSO cannot be less than 100% and 85%, respectively, of the estimated fair value of the shares on the date of the grant and (ii) the exercise price of an ISO and NSO granted to a 10% stockholder cannot be less than 110% of the estimated fair value of the shares on the date of grant. Options granted under the plans generally vest 1/4 on the first anniversary of the vesting commencement date, and an additional 1/48 of the total number of shares subject to the option on the anniversary date of each calendar month thereafter, until all shares have vested.

All options issued under the plans are immediately exercisable. If exercised prior to vesting, the shares are subject to buy back provisions by the Company. These buy back rights lapse over the same vesting period as the original option. As of December 31, 2009, there are 28,000 shares subject to buy back.

Stock option activity for the year ended December 31, 2009 for the 2008 Plan and the 1998 Plan is as follows:

	Shares	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
Outstanding at December 31, 2008	27,938,657	$ 0.05	9.07
Options granted	3,006,000	$ 0.05	
Options exercised	(132,620)	$ 0.05	
Options cancelled/forfeited/expired	(2,317,177)	$ 0.09	
Outstanding at December 31, 2009	28,494,860	$ 0.05	8.27
Vested and expected to vest at December 31, 2009 (1)	27,118,568	$ 0.05	8.26
Vested at December 31, 2009	14,753,873	$ 0.05	8.05

(1) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding options.

The total pretax intrinsic value of options exercised during the years ended December 31, 2009 and 2008 was zero for both years. The intrinsic value is the difference between the estimated fair value of the Company's common stock at the date of exercise and the exercise price for in-the-money options. The weighted average grant date calculated value of options granted during the years ended December 31, 2009 and 2008 was $0.03 for both years

As of December 31, 2009, there was approximately $338,000 of unamortized stock-based compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of two years.

The calculated value of option grants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for the years ended December 31:

	2009	2208
Expected dividend yield (1)	0%	0%
Risk-free interest rate (2)	2.16% - 3.64%	2.88% - 3.81%
Expected volatility (3)	75%	75%
Expected life (in years) (4)	6.25	6.25

(1) The Company has no history or expectation of paying cash dividends on its common stock.

(2) The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the awards in effect at the time of grant

(3) The volatility of the Company stock is based on three similar publicly traded companies.

The Company used the average volatility rate of the three companies.

(4) The expected life represents the period of time that options granted are expected to be outstanding.

8. Benefit Plans

The Company has established a 401(k) tax-deferred savings plan (the 401(k) Plan) which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code (the Code). The Company may, at its discretion, make matching contributions to the plan. Furthermore, the Company is responsible for administrative costs of the 401(k) Plan. For the years ended December 31, 2009 and 2008, the Company made no employer contributions to the 401(k) Plan.

9. Income Taxes

The benefit for income taxes for the year ended December 31, 2009 relates to a research and development credit refund received.

There is no tax liability in Estonia as companies do not pay income tax on profits in that country.

The components of the net deferred tax assets are approximately as follows as of December 31:

	2009	2008
Deferred tax assets:		
Federal and state net operating losses	$ —	$ 56,139,000
Research credits	—	4,063,000
Non-deductible accrued expenses	662,000	224,000
Property and equipment	182,000	(35,000)
Capitalized research and trademarks	400,000	675,000
Total deferred tax assets	1,244,000	61,066,000
Valuation allowance	(1,244,000)	(61,066,000)
Net deferred tax assets	$ —	$ —

In 2009, the Company adopted a new accounting standard relevant to uncertain tax positions. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized when it is more-likely-than-not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation processes. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. The standard also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The net valuation allowance decreased by approximately $59,822,000 from 2008 to 2009. As of December 31, 2009, the Company had net operating loss (NOL) carryforwards for federal and state tax purposes of approximately $162,000,000 and $116,238,000, respectively. The NOL carryforwards will expire at various dates beginning in the years 2019 (federal) and 2010 (state), unless previously utilized. The Company also has federal and state research and development tax credit carryforwards of approximately $2,268,000 and $2,178,000, respectively. The federal tax credits will expire at various dates beginning in the year 2018, unless previously utilized. The state tax credits do not expire and will carry forward indefinitely until utilized.

Utilization of the NOL and tax credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by the Code, as well as similar state provisions. In general, an "ownership change" as defined by the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. Since the Company's formation, the Company has raised capital through the issuance of capital stock on several occasions which, combined with the purchasing stockholders' subsequent disposition of those shares, may have resulted in such an ownership change, or could result in an ownership change in the future upon subsequent disposition. The annual limitation may result in the expiration of net operating loss and tax credit carryforwards before utilization.

The Company has not completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company's formation due to the complexity and cost associated with such a study, and the fact that there may be additional such ownership changes in the future. If the Company has experienced an ownership change at any time since its formation, utilization of the NOL or tax credit carryforwards to offset future taxable income and taxes, respectively, would be subject to an annual limitation under the Code, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term, tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of all or a portion of the NOL or tax credit carryforwards before utilization. Until a study is completed and any limitation known, no amounts of NOLs and tax credit carryforwards are being considered as an uncertain tax position or disclosed as unrecognized tax benefits since no benefits have been realized to date. Effective January 1, 2009, the deferred tax assets related to these loss and tax credit carryforwards and the offsetting valuation allowances have also been removed from the consolidated financial statements with no impact on earnings. These amounts are no longer recognized until they can be measured after an ownership change analysis is completed. The Company maintains a full valuation allowance for other deferred tax assets due to its historical losses and uncertainties surrounding its ability to generate future taxable income to realize these assets. Due to the existence of the valuation allowance, future changes in the Company's unrecognized tax benefits and recognizable deferred tax benefits after the completion of an ownership change analysis is not expected to impact its effective tax rate.

A number of the Company's tax returns remain subject to examination by taxing authorities. These include U.S. federal returns for 2006 and later years, tax returns for certain states for 2005 and later years and tax returns in certain jurisdictions outside of the U.S. for 2006 and later years.

10. Commitments

Operating Leases

The Company leases its United States and Estonian facilities under operating leases expiring in August 2012 and December 2014, respectively. Rent expense related to the Company's operating leases was approximately $686,000 and $643,000 for the years ended December 31, 2009 and 2008, respectively. Future minimum payments under noncancelable leases are approximately as follows:

Years ending December 31:	
2010	$ 602,000
2011	583,000
2012	470,000
2013	244,000
2014	244,000
	$ 2,143,000

11. Acquisition

On July 19, 2010 the Company was acquired by Synchronoss Technologies, Inc. (Synchronoss). The purchase price for the Company was approximately $32,000,000 in cash and approximately $8,000,000 in common stock of Synchronoss. In addition, the purchase price may increase by up to $35,000,000 in cash and common stock of Synchronoss based on the Company achieving certain financial targets for the period from July 1, 2010 through December 31, 2011. In connection with the acquisition, Synchronoss has also decided to exit from Estonia activities as they explore cost synergies with the merger.

Exhibit 99.2

FUSIONONE, INC.

Condensed Consolidated Financial Statements

(Unaudited)

June 30, 2010

FUSIONONE, INC.

Index to Consolidated Financial Statements

(Unaudited)

FUSIONONE, INC.
Condensed Consolidated Balance Sheets
June 30, 2010 and December 31, 2009
(Unaudited)

	June 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,664,000	$ 7,131,000
Accounts receivable, net	360,000	2,036,000
Other receivables	14,000	359,000
Prepaid expenses and other current assets	167,000	181,000
Total current assets	3,205,000	9,707,000
Property and equipment, net	631,000	1,008,000
Other assets	48,000	50,000
Total assets	$ 3,884,000	$ 10,765,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 528,000	$ 847,000
Accrued expenses	1,847,000	1,256,000
Line of credit	—	2,000,000
Current portion of capital lease obligations	167,000	236,000
Customer advances	1,280,000	1,280,000
Deferred revenue, current	7,118,000	10,918,000
Total current liabilities	10,940,000	16,537,000
Warrant liability	6,000,000	6,000,000
Capital lease obligations, less current portion	3,000	64,000
Deferred revenue, less current portion	3,000,000	3,000,000
Total Liabilities	19,943,000	25,601,000
Commitments (See Note 10)		
Stockholders deficit:		
Convertible preferred stock, par value $0.001; 105,673,945 shares authorized:		
Series A-1 - 66,500,000 shares authorized: 64,084,505 shares issued and outstanding at June 30, 2010 and December 31, 2009 (aggregate liquidation preference of approximately $18,200,000)	64,000	64,000
Series A - 3,668,085 shares authorized: 3,638,298 shares issued and outstanding at June 30, 2010 and December 31, 2009 (aggregate liquidation preference of approximately $117,000)	4,000	4,000
Series B - 5,493,617 shares authorized: 5,453,176 shares issued and outstanding at June 30, 2010 and December 31, 2009 (aggregate liquidation preference of approximately $507,000)	5,000	5,000
Series C - 14,059,814 shares authorized: 14,044,495 shares issued and outstanding at June 30, 2010 and December 31, 2009 (aggregate liquidation preference of approximately $3,450,000)	14,000	14,000
Series D - 15,952,429 shares authorized: 15,952,429 shares issued and outstanding at June 30, 2010 and December 31, 2009 (aggregate liquidation preference of approximately $5,926,000)	16,000	16,000
Common stock, par value $0.001; 165,000,000 shares authorized: 20,078,780 and 19,181,928 shares issued and outstanding June 30, 2010 and December 31, 2009, respectively	20,000	19,000
Additional paid-in capital	161,476,000	161,329,000
Accumulated other comprehensive income	(11,000)	85,000
Accumulated deficit	(177,647,000)	(176,372,000)
Total stockholders' deficit	(16,059,000)	(14,836,000)
Total liabilities and stockholders' deficit	$ 3,884,000	$ 10,765,000

See accompanying notes to consolidated financial statements.

FUSIONONE, INC.
Condensed Consolidated Statements of Operations
6 month periods ended June 30, 2010 and 2009
(Unaudited)

	June 30, 2010	June 30, 2009
Revenue	$ 9,989,000	$ 4,142,000
Cost of revenue	1,124,000	1,464,000
Gross profit	8,865,000	2,678,000
Operating expenses:		
Research and development	5,487,000	5,039,000
Sales and marketing	3,046,000	3,908,000
General and administrative	1,595,000	1,378,000
Total operating expenses	10,128,000	10,325,000
Loss from operations	(1,263,000)	(7,647,000)
Interest and other income (expense), net	(12,000)	(19,000)
Net loss	$ (1,275,000)	$ (7,666,000)

See accompanying notes to consolidated financial statements.

FUSIONONE, INC.
Condensed Consolidated Statements of Cash Flows
6 month periods ended June 30, 2010 and 2009
(Unaudited)

	2010	2009
Cash flows from operating activities:		
Net Loss		
Adjustments to reconcile net loss to net cash used by operating activities:	$ (1,275,000)	$ (7,666,000)
Stock-based compensation	112,000	132,000
Depreciation and amortization	377,000	553,000
Changes in assets and liabilities:		
Accounts receivable	1,676,000	(2,232,000)
Other receivables	345,000	
Prepaid expenses and other current assets	14,000	(89,000)
Other assets	2,000	(50,000)
Accounts payable	(319,000)	(317,000)
Accrued expenses	591,000	(410,000)
Deferred revenue	(3,800,000)	9,870,000
Net cash used by operating activities	(2,277,000)	(209,000)
Cash flows from investing activities:		
Purchase of property and equipment	—	(162,000)
Net cash used by investing activities	—	(162,000)
Cash flows from financing activities:		
Proceeds from issuance of common stock in connection with exercise of stock options	36,000	2,000
Repayment of line of credit	(2,000,000)	—
Payments on obligations under equipment financing	—	(207,000)
Payments on capital leases	(130,000)	(48,000)
Net cash used by financing activities	(2,094,000)	(253,000)
Effect of exchange rates on cash and cash equivalents	(96,000)	(45,000)
Net decrease in cash and cash equivalents	(4,467,000)	(669,000)
Cash and cash equivalents at beginning of period	7,131,000	7,210,000
Cash and cash equivalents at end of period	$ 2,664,000	$ 6,541,000
Supplemental disclosures of cash flow information:		
Cash paid for interest during the period	$ 71,000	$ 27,000

See accompanying notes to consolidated financial statements.

1. The Company and Its Significant Accounting Policies

fusionOne, Inc. was incorporated in Delaware on May 19, 1998 and began operations on November 4, 1998 (inception). fusionOne, Inc. and its subsidiaries, fusionOne Esti ou and other minor subsidiaries (collectively, the Company), provide internet synchronization technology and marketing services that make information access seamless and simple across multiple communications and computing devices across both compatible and traditionally incompatible systems. In addition, the Company has expanded its technology to provide personal content management applications for mobile phone users which includes affordable backup of the users address book, calendar, pictures and downloaded content (Note 11).

Principles of consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned foreign subsidiaries. All significant intercompany transactions and balances have been eliminated.

Estimates

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

The Company considers all highly liquid investments with an original maturity from the date of purchase of three months or less to be cash equivalents. As of June 30, 2010 and December 31, 2009, cash and cash equivalents consist of cash deposited with banks and money market funds. The recorded carrying amount of cash equivalents approximates their fair value. The Company places its cash equivalents with high credit-quality financial institutions.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

Cash and cash equivalents, which at times exceed federally insured limits, are deposited in money market accounts in high credit quality financial institutions. The Company performs ongoing credit evaluations of its customers and recognizes an allowance for doubtful accounts to ensure trade receivables are not overstated due to uncollectibility. The allowance for doubtful accounts is determined based on a variety of factors, including the length of time receivables are past due, macroeconomic conditions, significant one-time events and historical experience. Allowances are recorded for individual accounts when the Company becomes aware of a customer’s inability to meet its financial obligations, such as in the case of bankruptcy, deterioration in the customer’s operating results or change in financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. As of June 30, 2010 and December 31, 2009, the Company had an allowance for doubtful accounts of approximately $33,000 for estimated credit losses. To date, the Company has not had a significant amount of bad debt expense.

Sales and receivables from significant customers were as follows:

	Revenue		Accounts receivable	
	Six months ended June 30,		June 30,	December 31,
	2010	2009	2010	2009
Customer A	96%	78%	49%	56%
Customer B	*	19%	43%	40%

* Less than 10%

Property and equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method based on the estimated useful lives of the respective assets, generally 36 months. Leasehold improvements are amortized using the term of the related lease or the economic life of the improvements, if shorter.

Long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No such impairments have been identified to date.

Software development costs

Development costs incurred in the research and development of new software products are expensed as incurred until technological feasibility of the product has been established. Software development costs incurred after technological feasibility has been established are capitalized up to the time the product is available for general release to customers. As of June 30, 2010 and December 31, 2009, there were no amounts capitalized as the Company's current development process is essentially completed concurrent with the establishment of technological feasibility.

Revenue recognition

The Company has revenue in several areas. The revenue recognition policy for each is as follows:

Revenue from software license agreements is recognized when persuasive evidence of an agreement exists, delivery of the product has occurred, the fee is fixed or determinable, and collectibility is probable. Revenues from multiple element software arrangements are allocated to each element of the arrangement based on the relative fair values of the elements, including software licenses, maintenance, professional services and training. If evidence of the fair value of one or more undelivered elements does not exist, revenue is deferred and recognized when delivery of those elements occurs or when fair value can be established. Software maintenance agreements provide technical support and the right to unspecified upgrades on an if-and-when-available basis. Maintenance revenue is recognized ratably over the term of the support period (generally one year), and training and other service revenues are recognized as the related services are provided, unless there are customer acceptance provisions, in which case revenue is deferred until acceptance. The unrecognized portion of amounts paid in advance for licenses and services is recorded as deferred revenue.

Professional services revenues consist primarily of consulting, training, and integration and customization fees charged for engineering services provided to customers and business partners for customer-specific customization and enhancements to the Company's base products. These revenues are either recognized upon attainment of specific milestones or when work is completed.

The Company recognizes revenue of subscription services for users of the synchronization software on a monthly basis, based on the amount of individual subscribers within each month.

Stock-based compensation

The Company uses the estimated grant date calculated value method of accounting. The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years.

Research and development

Research and development costs are charged to operations as incurred.

Advertising

The Company expenses the costs of advertising, including promotional expenses, as incurred. Advertising expenses for the six months ended June 30, 2010 and 2009 were approximately $97,000 and $155,000, respectively.

Income taxes

Deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and net operating loss (NOL) and tax credit carryforwards. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Foreign currency translation

The functional currency of the Company's foreign subsidiaries is the local currency. Accordingly, all assets and liabilities of the foreign operations are translated to U.S. dollars at current period end exchange rates, and revenues and expenses are translated to U.S. dollars using average exchange rates in effect during the period. The gains and losses from foreign currency translation of the subsidiaries' financial statements are recorded directly into a separate component of consolidated stockholders' equity (deficit) under the caption "Accumulated other comprehensive income (loss)."

2. Significant Balance Sheet Components

Property and equipment

Property and equipment consisted of approximately the following at:

	June 30, 2010	December 31, 2009
Furniture and fixtures	**$ 197,000**	$ 230,000
Computers and equipment	**7,238,000**	7,335,000
Software	**2,463,000**	2,464,000
Leasehold improvements	**—**	—
	9,898,000	10,029,000
Less: accumulated depreciation and amortization	**(9,267,000)**	(9,021,000)
	$ 631,000	$ 1,008,000

Depreciation and amortization expense for the six months ended June 30, 2010 and 2009 was approximately $377,000 and $553,000, respectively.

Included in property and equipment are leased assets aggregating approximately $728,000 at June 30, 2010 and December 31, 2009, and the related accumulated amortization of approximately $488,000 and $386,000 at June 30, 2010 and December 31, 2009, respectively.

In prior years, the Company received advances from a customer totaling approximately $1,280,000 to purchase computer equipment to host software for the customer. The Company capitalized the purchase of these assets and has recorded them in computers and equipment.

The advances have been included in customer advances in the condensed consolidated balance sheets. The initial agreement with the customer required the transfer of the equipment to the customer if the customer chose to purchase a perpetual license and transfer the hosting. The customer purchased the perpetual license in 2007, but did not request transfer of the equipment or a refund of the advances. The customer has not requested and has not released claims for the equipment. Therefore, the Company continues to record the liability and related asset. The Company has capitalized and is depreciating the equipment acquired and has recorded the advances received as a liability at June 30, 2010 and December 31, 2009.

Accrued expenses

Accrued expenses consisted of approximately the following as of:

	June 30, 2010	December 31, 2009
Employee-related liabilities	**$ 719,000**	$ 907,000
Professional fees	**538,000**	325,000
Legal fees	**243,000**	—
Accrued sales tax	**347,000**	—
Other	**—**	24,000
	$ 1,847,000	$ 1,256,000

3. Deferred Revenue

In May 2008, the Company entered into an agreement for $3,000,000, whereby the Company is to deliver multiple elements including a software license and maintenance support to a customer for a term of five years. As of June 30, 2010, delivery of all elements has not occurred. As of June 30, 2010 and December 31, 2009, the Company has recorded the entire amount as long-term deferred revenue.

In February 2009, the Company entered into an agreement for $12,000,000 whereby the Company was to deliver licenses and a warrant valued at $6,000,000. As of December 31, 2009, the entire $6,000,000 net of the license and warrant was recorded as short-term deferred revenue as delivery had not occurred. As of June 30, 2010, the license was delivered and the net $6,000,000 was recorded as revenue. The $6,000,000 was also classified as a warrant liability at June 30, 2010 and December 31, 2009 (Note 6).

In June 2009, the Company entered into an agreement for $3,435,000 whereby the Company was to deliver multiple elements including licenses, professional services and maintenance for a term of one year. As of June 30, 2010 and December 31, 2009, delivery of all elements had not occurred. As of June 30, 2010 and December 31, 2009, the Company had billed a total of $2,535,000, and this amount is recorded as short-term deferred revenue.

Also included in short-term deferred revenue as of June 30, 2010 and December 31, 2009 is approximately $4,583,000 and $2,383,000, respectively, related to maintenance and service agreements.

4. Financing Arrangements

Accounts receivable line of credit

In April 2009, the Company entered into a line of credit agreement with a bank which provided for borrowings of up to \$2,000,000 on a non-formula basis and 80% of eligible accounts receivable up to a total of \$5,000,000. Draw downs on the line of credit were only available until April 2010. The line of credit bore interest at prime plus 1.75% (5.75% at December 31, 2009) and was secured by all of the Company's assets, excluding intellectual property. In December 2009, the Company drew down \$2,000,000 against the line of credit. The Company was making monthly interest payments of approximately \$10,000 and the outstanding borrowings were originally due in full in December 2010. The Company repaid the entire outstanding amount during June 2010.

Capital lease obligations

During 2008, the Company entered into capital lease agreements to finance the acquisition of property and equipment (primarily computers and software) valued at approximately \$728,000. These agreements require monthly payments of approximately \$22,000, including interest that ranges from 5.1% to 7.1%, and expire at various dates from August 2010 through October 2011. The related assets secure these leases.

Future payments required under these leases are approximately as follows:

Years ending June 30:	
2010	$ 170,000
2011	3,000
	173,000
Less: interest portion	(3,000)
	170,000
Less: current portion	(167,000)
	$ 3,000

5. Related Party Transactions

As of June 30, 2010 and December 31, 2009, the Company has two non-recourse secured promissory notes (the Notes) outstanding from advances to a former employee. The Notes, with a face value of approximately \$132,000 and \$553,000, accrue interest at 5% and 8%, respectively. Under the Notes, the principal and accrued interest are payable upon the earlier of: (i) 30 days following the date at which the shares of common stock of the Company owned by the employee are eligible for sale by the employee either under Rule 144 of the Securities Act of 1933, as amended, or upon a registration statement on Form S-1, (ii) 60 days following the employee's sale of shares of common stock of the Company in connection with a change in control event as defined in the Notes or (iii) June 6, 2011. As of June 30, 2010, \$796,000 is outstanding on these Notes, including accrued interest, and the amounts are fully reserved. The Notes are secured by the employee's shares of Company common stock and all dividends on such shares. As a result of the acquisition of the Company as described in Note 11, the Company received approximately \$45,000 in partial repayment of these Notes. A portion of the remaining \$751,000 may be collected by the Company if the remainder of the purchase price of the Company is realized as a result of meeting certain financial targets for the period from July 1, 2010 through December 31, 2011.

6. Stockholders' Equity

Under the amended and restated Certificate of Incorporation dated March 30, 2006, and the second certificate of amendment to the seventh amended and restated Certificate of Incorporation dated May 5, 2009, the Company is authorized to issue 165,000,000 shares of common stock and 105,673,945 shares of convertible preferred stock. The convertible preferred stock has been designated as 3,668,085 shares of Series A convertible preferred stock (Series A), 5,493,617 shares of Series B convertible preferred stock (Series B), 14,059,814 shares of Series C convertible preferred stock (Series C), 15,952,429 shares of Series D convertible preferred stock (Series D) and 66,500,000 shares of Series A-1 convertible preferred stock (Series A-1). Common stock and convertible preferred stock have a par value of $0.001.

As of June 30, 2010, convertible preferred stock consisted of the following:

	Shares authorized	Shares issued and outstanding	Liquidation amount
Series A	3,668,085	3,638,298	$ 117,000
Series B	5,493,617	5,453,176	507,000
Series C	14,059,814	14,044,495	3,450,000
Series D	15,952,429	15,952,429	5,926,000
Series A-1	66,500,000	64,084,505	18,200,000
	105,673,945	103,172,903	$ 28,200,000

The significant features of the Company's convertible preferred stock are as follows:

Dividend provisions

The holders of Series A, Series B, Series C, Series D and Series A-1 are entitled to receive noncumulative dividends prior and in preference to any declaration or payment of any dividend for the common shares at the rates of $0.0025, $0.0074, $0.0197, $0.0297 and $0.0114 per share, respectively, when and if declared by the Board of Directors. No dividends have been declared by the Board of Directors from November 4, 1998 (inception) through June 30, 2010.

Liquidation preference

In the event of any liquidation, dissolution or winding-up of the Company, the holders of Series A-1 are entitled to receive an amount equal to $0.284 per share plus any declared but unpaid dividends prior to and in preference to any distribution to the holders of other preferred stock and the holders of common stock. After payment has been made to the holders of Series A-1, the holders of Series A, Series B, Series C and Series D are entitled to receive an amount equal to $0.0322, $0.0930, $0.2456 and $0.3715 per share, respectively, plus any declared but unpaid dividends prior to and in preference to any distribution to the holders of common stock.

After payment has been made to the holders of Series A-1, Series A, Series B, Series C and Series D, any remaining assets and funds are to be distributed ratably among the holders of common stock, Series A-1, Series C and Series D, provided, however, that the holders of Series C and Series D shall in no event receive an amount (including all amounts received as summarized in the preceding paragraph) greater than $0.4912 and $0.7430, respectively, per share.

A merger, consolidation, or the sale, conveyance or other disposition of all or substantially all of the assets of the Company in which the stockholders of the Company immediately prior to the transaction do not possess more than 50% of the voting power of the surviving entity immediately after the transaction shall be deemed to be a liquidation or winding-up of the Company.

Conversion rights

Each share of Series A, Series B, Series C, Series D and Series A-1, at the option of the holder, and at any time after the date of issuance, is convertible into one fully paid and non-assessable share of common stock. The conversion rate results from dividing the conversion value plus any declared but unpaid dividends on one preferred share by the conversion price at the time of conversion. The per share conversion rate for Series A and Series B is two-for-one and for Series C, Series D and Series A-1 is one-for-one as of June 30, 2010.

Conversion is automatic at its then-effective conversion rate upon the earlier to occur of: (i) the closing of a firm commitment underwritten public offering of the Company's common stock at an aggregate sale price of such securities of not less than $20,000,000 or (ii) the consent of the holders of the majority of Series A, Series B, Series C or Series D or the holders of at least two-thirds of Series A-1.

Voting rights

Each share of Series A, Series B, Series C, Series D and Series A-1 has voting rights equal to an equivalent number of shares of common stock into which it is convertible at the record date and votes together as one class with common stock.

The holders of Series A, Series B, Series A-1 and common stock are each entitled, voting as a single class, to elect one member of the Board of Directors (a total of four). The holders of a majority of the convertible preferred stock and the holders of a majority of the common stock, each voting as a separate class, are entitled to elect all remaining members of the Board of Directors.

Warrants

As of June 30, 2010, the Company had the following outstanding warrants:

Issuance date	Type of stock	Number of warrant shares	Warrant Price per share	Expiration date
October 2002	Common stock	150,000	$ 1.50	October 2012
August 2006	Series A-1	450,000	$ 0.14	August 2016
January 2008	Series A-1	1,599,000	$ 0.01	January 2013
December 2008	To be determined	To be determined	$ 0.01	January 2019
July 2009	Series A-1	352,112	$ 0.14	July 2019

In December 2008, the Company issued a performance based warrant in connection with a customer agreement that was finalized in February 2009. The number of shares that may be acquired under this warrant will be determined by dividing $6,000,000 by the lowest price per share paid by any third party in the first qualified issuance, as defined, aggregating not less than $7,000,000, to take place after the warrant was issued. In order for the warrant to vest, the warrant holder had to fulfill defined performance objectives. These performance objectives were met in early 2009. If no qualified issuance has occurred by May 2011, the warrant holder has the right to either immediately terminate the warrant or allow the warrant to remain in effect. If the warrant holder elects to terminate the warrant, the Company is obligated to provide a credit equal to $6,000,000 against any and all future fees and expenses to be paid by the warrant holder over a period of two years.

As a result of the acquisition of the Company, as described in Note 11, approximately $3,500,000 in cash was paid to the warrant holder in exchange for cancellation of the warrant. In addition, the warrant holder will participate in the possible additional payment to be made by the buyer, if any, and has the right to receive 11.4% of such amounts, not to exceed an additional $4,000,000 (Note 11).

In connection with a line of credit agreement in April 2009, the Company issued warrants to purchase 352,112 shares of Series A-1 at a purchase price of $0.0142 per share. The fair value of the warrants, determined using Black-Scholes option pricing model, of approximately $37,000 was capitalized as prepaid loan costs and was expensed as additional interest over the one year term of the line of credit agreement. Amortization of this amount recorded as interest expense was approximately $11,000 and $8,000 for the six months ended June 30, 2010 and 2009, respectively.

7. Stock Option Plan

Stock-based compensation expense for all share-based payment awards granted after January 1, 2006, and for previous awards modified, repurchased or cancelled after January 1, 2006, is based on the grant-date calculated value. The Company recognizes these compensation costs, net of an estimated forfeiture rate, and recognizes the compensation costs for only those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of four years. The Company estimated the forfeiture rate for the six months period ended June 30, 2010 and 2009 based on its historical experience for annual grant years where the majority of the vesting terms have been satisfied.

For the six months ended June 30, 2010 and 2009, the Company recorded stock-based compensation of approximately $112,000 and $132,000, respectively.

In December 2008, the Company adopted the 2008 Equity Incentive Plan (the 2008 Plan). The Company initially reserved 4,886,710 shares of common stock for issuance under the 2008 Plan. As a result of the acquisition of the Company as described in Note 11, the 2008 Plan was terminated. Previously, the Company had adopted the 1998 Equity Incentive Plan (the 1998 Plan). In 2008, the 1998 Plan expired. Prior to the 1998 Plan expiration, there were 39,701,150 shares of common stock reserved for issuance. In March 2010, the 2008 Plan was amended to increase the number of shares available for issuance to 5,663,087 shares plus any shares of common stock underlying any grants under the Company's 1998 Plan which are cancelled or terminated (other than exercised), forfeited back to or repurchased by the Company from and after March 1, 2010. The plans provide for the granting of stock options to employees, directors and consultants of the Company. Options granted under the plans were either incentive stock options (ISO) or nonqualified stock options (NSO). ISOs were granted only to Company employees (including officers and directors who were also employees). NSOs were granted to Company employees and consultants.

Options issued under the plans are exercisable for periods up to ten years after the issuance date and at prices determined by the Board of Directors, provided, however, that: (i) the exercise price of an ISO and NSO cannot be less than 100% and 85%, respectively, of the estimated fair value of the shares on the date of the grant and (ii) the exercise price of an ISO and NSO granted to a 10% stockholder cannot be less than 110% of the estimated fair value of the shares on the date of grant. Options granted under the plans generally vest 1/4 on the first anniversary of the vesting commencement date, and an additional 1/48 of the total number of shares subject to the option on the anniversary date of each calendar month thereafter, until all shares have vested.

All options issued under the plans are immediately exercisable. If exercised prior to vesting, the shares are subject to buy back provisions by the Company. These buy back rights lapse over the same vesting period as the original option. As of June 30, 2010, there are no shares subject to buy back.

A summary of stock option activity for the 2008 Plan and the 1998 Plan is as follows:

	Shares	Weighted average exercise price per share	Weighted average remaining contractual life (in years)
Outstanding at December 31, 2008	27,938,657	$ 0.05	9.07
Options granted	3,006,000	$ 0.05	
Options exercised	(132,620)	$ 0.05	
Options cancelled/forfeited/expired	(2,317,177)	$ 0.09	
Outstanding at December 31, 2009	28,494,860	$ 0.05	8.27
Options granted	2,457,491	$ 0.04	
Options exercised	(896,852)	$ 0.04	
Options cancelled/forfeited/expired	(1,344,424)	$ 0.05	
Outstanding at June 30, 2010	28,711,075	$ 0.04	7.94
Vested and expected to vest at June 30, 2010 (1)	27,573,130	$ 0.05	7.91
Vested at June 30, 2010	17,210,874	$ 0.05	7.63

(1) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumptions to total outstanding options.

The total pretax intrinsic value of options exercised during the six month ended June 30, 2010 and 2009 was $8,900 and zero, respectively. The intrinsic value is the difference between the estimated fair value of the Company's common stock at the date of exercise and the exercise price for in-the-money options. The weighted average grant date calculated value of options granted during the six months ended June 30, 2010 and 2009 was $0.03 for both periods.

As of June 30, 2010, there was approximately $275,000 of unamortized stock-based compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of two years.

The calculated value of option grants was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for the six months ended June 30:

	2010	2009
Expected dividend yield (1)	0%	0%
Risk-free interest rate (2)	2%	2.16% - 3.64%
Expected volatility (3)	75%	75%
Expected life (in years) (4)	6.25	6.25

(1) The Company has no history or expectation of paying cash dividends on its common stock.

(2) The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the awards in effect at the time of grant

(3) The volatility of the Company stock is based on three similar publicly traded companies. The Company used the average volatility rate of the three companies.

(4) The expected life represents the period of time that options granted are expected to be outstanding.

8. Benefit Plans

The Company has established a 401(k) tax-deferred savings plan (the 401(k) Plan) which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code (the Code). The Company may, at its discretion, make matching contributions to the plan. Furthermore, the Company is responsible for administrative costs of the 401(k) Plan. For the six months ended June 30, 2010 and 2009, the Company made no employer contributions to the 401(k) Plan.

9. Income Taxes

The Company has no estimated U.S. tax liability for the six months ended June 30, 2010 or 2009 as a result of the net losses of the Company during these periods and the availability of tax NOL carryforwards.

There is no tax liability in Estonia as companies do not pay income tax on profits in that country.

In 2009, the Company adopted a new accounting standard relevant to uncertain tax positions. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. A tax position is recognized when it is more-likely-than-not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation processes. A tax position that meets the more-likely-than-not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. The standard also provides guidance on derecognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure, and transition.

Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. As of December 31, 2009, the Company had NOL carryforwards for federal and state tax purposes of approximately $162,000,000 and $116,000,000, respectively. The NOL carryforwards will expire at various dates beginning in the years 2020 (federal) and 2010 (state), unless previously utilized. The Company also has federal and state research and development tax credit carryforwards of approximately $2,000,000. The federal tax credits will expire at various dates beginning in the year 2018, unless previously utilized. The state tax credits do not expire and will carry forward indefinitely until utilized.

Utilization of the NOL and tax credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that may have occurred or that could occur in the future, as required by the Code, as well as similar state provisions. In general, an "ownership change" as defined by the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups. Since the Company's formation, the Company has raised capital through the issuance of capital stock on several occasions which, combined with the purchasing stockholders' subsequent disposition of those shares, may have resulted in such an ownership change, or could result in an ownership change in the future upon subsequent disposition. The annual limitation may result in the expiration of net operating loss and tax credit carryforwards before utilization.

The Company has not completed a study to assess whether an ownership change has occurred or whether there have been multiple ownership changes since the Company's formation due to the complexity and cost associated with such a study, and the fact that there may be additional such ownership changes in the future. If the Company has experienced an ownership change at any time since its formation, utilization of the NOL or tax credit carryforwards to offset future taxable income and taxes, respectively, would be subject to an annual limitation under the Code, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term, tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of all or a portion of the NOL or tax credit carryforwards before utilization. Until a study is completed and any limitation known, no amounts of NOLs and tax credit carryforwards are being considered as an uncertain tax position or disclosed as unrecognized tax benefits since no benefits have been realized to date. The deferred tax assets related to these loss and tax credit carryforwards and the offsetting valuation allowances are not included in the deferred tax assets in the condensed consolidated financial statements. These amounts are no longer recognized until they can be measured after an ownership change analysis is completed. The Company maintains a full valuation allowance for other deferred tax assets due to its historical losses and uncertainties surrounding its ability to generate future taxable income to realize these assets. Due to the existence of the valuation allowance, future changes in the Company's unrecognized tax benefits and recognizable deferred tax benefits after the completion of an ownership change analysis is not expected to impact its effective tax rate.

A number of the Company's tax returns remain subject to examination by taxing authorities. These include U.S. federal returns for 2006 and later years, tax returns for certain states for 2005 and later years and tax returns in certain jurisdictions outside of the U.S. for 2006 and later years.

10. Commitments

Operating leases — The Company leases its United States and Estonian facilities under operating leases expiring in August 2012 and December 2014, respectively. Rent expense related to the Company's operating leases was approximately $312,000 and $327,000 for six months ended June 30, 2010 and 2009, respectively. Future minimum payments under noncancelable leases are approximately as follows:

Years ending June 30:	
2011	$ 583,000
2012	470,000
2013	244,000
2014	244,000
	$ 1,541,000

11. Acquisition

On July 19, 2010 the Company was acquired by Synchronoss Technologies, Inc. (Synchronoss). The purchase price for the Company was approximately $32,000,000 in cash and approximately $8,000,000 in common stock of Synchronoss. In addition, the purchase price may increase by up to $35,000,000 in cash and common stock of Synchronoss based on the Company achieving certain financial targets for the period from July 1, 2010 through December 31, 2011. In connection with the acquisition, Synchronoss has also decided to exit from Estonia activities as they explore cost synergies with the merger.

Exhibit 99.3

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

On July 19, 2010, Synchronoss Technologies, Inc. (the "Company") completed the acquisition of FusionOne, Inc. ("FusionOne") pursuant to the Agreement and Plan of Merger dated July 6, 2010.

The unaudited pro forma combined condensed balance sheet as of June 30, 2010 is presented as if the acquisition of FusionOne had occurred on June 30, 2010. The unaudited pro forma combined condensed statements of operations are presented as if the acquisitions of FusionOne had occurred on January 1, 2009 with recurring merger-related adjustments reflected in each of the periods presented.

The acquisitions have been accounted for using the acquisition method of accounting and, accordingly, the total estimated purchase consideration of the acquisitions were allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based on their relative fair values. The excess of the purchase consideration over the net tangible and identifiable intangible assets acquired and liabilities assumed were recorded as goodwill. Determination of the FusionOne purchase price and allocations of the FusionOne purchase price used in the unaudited pro forma combined condensed financial statements are based upon preliminary estimates and assumptions. These preliminary estimates and assumptions could change significantly during the measurement period as the Company finalizes the valuations of the net tangible assets and intangible assets acquired and liabilities assumed. Any change could result in material variances between our future financial results and the amounts presented in these unaudited combined condensed financial statements, including variances in fair values recorded, as well as expenses associated with these items.

The unaudited pro forma combined condensed statements of operations do not reflect nonrecurring acquisition related charges resulting from the acquisition transactions.

The unaudited pro forma combined condensed statements are for information purposes only and do not purport to represent what the Company's actual results would have been if the acquisitions had been completed as of the date indicated above or that may be achieved in the future. The unaudited pro forma combined condensed statement of operations does not include the effects of any cost savings from operating efficiencies and synergies that may result from the acquisitions.

The unaudited pro forma combined condensed financial statements, including the notes thereto, should be read in conjunction with the Company's historical financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 filed on March 9, 2010, and FusionOne's historical financial statements for the year ended December 31, 2009 and for the six-month period ended June 30, 2010 included as Exhibits 99.1 and 99.2 in this Current Report on Form 8-K/A.

SYNCHRONOSS TECHNOLOGIES, INC.
UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

(In thousands)

	Historical As of June 30, 2010		Pro Forma	Pro Forma
	Synchronoss	**FusionOne**	**Adjustments**	**Combined**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 92,168	$ 2,664	$ (32,172)**(a)**	$ 62,660
Marketable securities	2,204	—		2,204
Accounts receivable, net	30,375	374		30,749
Prepaid expenses and other current assets	6,251	167		6,418
Deferred tax assets	1,468	—		1,468
Total current assets	132,466	3,205	(32,172)	103,499
Marketable Securities	7,909	—		7,909
Property and equipment, net	25,690	631		26,321
Goodwill	6,911	—	25,957**(b)**	32,868
Intangible assets, net	2,221	—	32,700**(b)**	34,921
Deferred tax assets	9,000	—		9,000
Other assets	2,314	48		2,362
Total assets	$ 186,511	$ 3,884	$ 26,485	$ 216,880
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 4,757	$ 528		$ 5,285
Accrued expenses	6,079	1,847	2,161**(c)**	10,087
Current portion of capital lease obligations	—	167		167
Customer advances	—	1,280		1,280
Deferred revenue, current	4,023	7,118	(4,510)**(d)**	6,631
Total current liabilities	14,859	10,940	(2,349)	23,450
Lease financing obligation — long-term	9,181	—		9,181
Warrant liability	—	6,000	(6,000)**(e)**	—
Capital lease obligations, less current portion	—	3		3
Deferred revenue, less current portion	—	3,000	(2,800)**(d)**	200
Contingent purchase price	—	—	16,600	16,600
Other liabilities	1,605	—		1,605
Stockholders equity:				
Convertible preferred stock	—	103	(103)**(f)**	—
Common stock	3	20	(20)**(f)**	3
Treasury stock	(23,713)	—		(23,713)
Additional paid-in capital	126,504	161,476	(154,340)**(f)(g)**	133,640
Accumulated other comprehensive income	2	(11)	11**(f)**	2
Retained earnings	58,070	(177,647)	175,486**(c)(f)**	55,909
Total stockholders' equity	160,866	(16,059)	21,034	165,841
Total liabilities and stockholders' equity	$ 186,511	$ 3,884	$ 26,485	$ 216,880

See notes to Unaudited Pro Forma Combined Condensed Financial Statements

SYNCHRONOSS TECHNOLOGIES, INC.
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009

(In thousands, except per share data)

	Historical For the twelve months ended December 31, 2009		Pro Forma	Pro Forma
	Synchronoss	FusionOne	Adjustments	Combined
Net revenues	$ 128,805	$ 9,126		$ 137,931
Costs and expenses:				
Cost of services*	64,455	1,822		66,277
Research and development	13,153	11,480		24,633
Selling, general and administrative	23,650	10,655		34,305
Depreciation and amortization	8,499	1,043	2,638**(h)**	12,180
Total costs and expenses	109,757	25,000	2,638	137,395
Income/(loss) from operations	19,048	(15,874)	(2,638)	536
Interest and other income/(expense)	(215)	(135)		(350)
Income before income tax expense	18,833	(16,009)	(2,638)	186
Income tax expense	(6,536)	62		(6,474)
Net income	$ 12,297	$ (15,947)	$ (2,638)	$ (6,288)
Net income per common share:				
Basic	$ 0.40			$ (0.20)
Diluted	$ 0.39			$ (0.20)
Weighted-average common shares outstanding:				
Basic	30,813		398	31,211
Diluted	31,145		398	31,543

See notes to Unaudited Pro Forma Combined Condensed Financial Statements

SYNCHRONOSS TECHNOLOGIES, INC.
UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2010

(In thousands, except per share data)

	Historical For the six months ended June 30, 2010		Pro Forma	Pro Forma
	Synchronoss	FusionOne	Adjustments	Combined
Net revenues	$ 72,281	$ 9,989		$ 82,270
Costs and expenses:				
Cost of services*	36,655	851		37,506
Research and development	9,191	5,423		14,614
Selling, general and administrative	12,845	4,620		17,465
Depreciation and amortization	3,852	358	1,319**(h)**	5,529
Total costs and expenses	62,543	11,252	1,319	75,114
Income/(loss) from operations	9,738	(1,263)	(1,319)	7,156
Interest expense and other expense	(334)	(12)		(346)
Income before income tax expense	9,404	(1,275)	(1,319)	6,810
Income tax expense	(3,718)	—		(3,718)
Net income	$ 5,686	$ (1,275)	$ (1,319)	$ 3,092
Net income per common share:				
Basic	$ 0.18			$ 0.10
Diluted	$ 0.18			$ 0.10
Weighted-average common shares outstanding:				
Basic	31,124		398	31,522
Diluted	32,057		398	32,455

See notes to Unaudited Pro Forma Combined Condensed Financial Statements

SYNCHRONOSS TECHNOLOGIES, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRO FORMA PRESENTATION

On July 19, 2010, Synchronoss Technologies, Inc. (the “Company”) completed the acquisition of FusionOne, Inc. (“FusionOne”) pursuant to the Agreement and Plan of Merger and Reorganization dated July 6, 2010 (the Merger Agreement).

The unaudited pro forma combined condensed balance sheet as of June 30, 2010 is based on the historical financial statements of the Company and FusionOne after giving effect to the acquisition adjustments resulting from the acquisition of FusionOne. The unaudited pro forma combined balance sheet as of June 30, 2010 is presented as if the acquisition had occurred on June 30, 2010.

The unaudited pro forma combined condensed statements of operations for the year ended December 31, 2009 are based on the historical financial statements of the Company for the year then ended and FusionOne’s historical financial statements for the year then ended after giving effect to the acquisition adjustments. The unaudited pro forma combined condensed statements of operations for the six months ended June 30, 2010 are based on the historical financial statements of the Company for the period then ended and FusionOne’s historical financial statements for the period then ended after giving effect to the acquisition adjustments. The unaudited pro forma combined condensed statements of operations is presented as if the FusionOne acquisition had occurred on January 1, 2009.

2. FUSIONONE ACQUISITION

On July 19, 2010, the Company completed the acquisition of FusionOne. Pursuant to the Merger Agreement, the Company paid approximately $32.0 million in cash and issued approximately 400 thousand common shares of the Company’s Common Stock valued at approximately $7.1 million based on the Company’s July 19, 2010 closing stock price per share, and potentially may make payments totaling up to $35 million in cash and stock, based on achievements of certain financial targets for the period from July 1, 2010 through December 31, 2011.

The Company accounted for this business combination by applying the acquisition method, and accordingly, the estimated purchase price was allocated to the tangible assets and identifiable intangible assets acquired and liabilities assumed based upon their relative fair values. The excess of the purchase price over the net tangible and identifiable intangible assets and liabilities was recorded as goodwill.

Total estimated purchase price is summarized as follows:

Cash consideration	$	32,200
Value of Synchronoss common stock issued		7,100
Estimated fair value of contingent cash payments (earnout)		16,600
Total preliminary estimated purchase price	$	55,900

For purposes of this pro forma analysis, the above estimated purchase price has been allocated based upon a preliminary estimate of the fair value of assets acquired and liabilities assumed (the Company expects the purchase price allocation will be finalized in 2011):

Net tangible assets (liabilities)	$	(2,757)
Identifiable intangible assets		
Trade name		500
Technology		15,000
Customer relationships		17,200
Assembled workforce		2,900
Goodwill, excluding assembled workforce		23,057
Total purchase price	$	55,900

The fair values of the trade name and the technology were determined based on an income approach using the relief-from-royalty method. A royalty rate of 10% was used to value both the trade name and the technology. The royalty rate was based on third-party licensing transactions for similar technologies and companies. The remaining useful lives of the trade name and the technology were estimated based on the pattern of projected economic benefit of the asset and expected migration from existing to future technology.

The fair value of the customer relationships were determined based on an income approach using the excess earnings method. A discount rate of 17.0% was used to value the customer relationships. The discount rate was estimated using a discount rate based on the implied rate of return of the transaction, adjusted for the specific risk profile of the asset. The remaining useful life of the customer relationships was estimated based on projected customer attrition rates and new customer acquisition, and the pattern of projected economic benefit of the asset.

The fair value of the assembled workforce was determined based on a cost approach using the replacement cost. The fair value was determined by considering hiring and training costs which were estimated to be 20% of total compensation multiplied by the current workforce. The assembled workforce is considered a component of goodwill, therefore, there is no estimated useful life and it will not be amortized. Rather, it will be tested for impairment at least annually as a component of goodwill.

Of the total purchase price, $26.0 million remains as goodwill. Goodwill represents the excess of the purchase price over the fair value of the underlying net tangible and identifiable intangible assets acquired and liabilities assumed and goodwill is not deductible for tax purposes. The acquisition of FusionOne is intended to complement and to further enhance the Company's product offerings. These new opportunities, among other factors were the reasons for the purchase price resulting in the recognition of a significant amount of goodwill. Goodwill amounts are not amortized, but rather are tested for impairment at least annually. In the event that the Company determines that the value of goodwill has become impaired, the Company will record an accounting charge for the amount of impairment during the fiscal quarter in which such determination is made.

3. PRO FORMA ADJUSTMENTS

The unaudited pro forma combined condensed balance sheets and statements of operations give effect to the following pro forma adjustments:

(a) To record the payment of the cash portion of the FusionOne merger consideration of approximately $32.2 million.

(b) To record the estimated fair value of identifiable intangible assets and goodwill resulting from the FusionOne acquisition (see footnote 2 above).

(c) To record direct transaction costs related to the acquisition of FusionOne.

(d) To adjust FusionOne's deferred revenue balance to fair value, as there is a legal performance obligation for contracts acquired.

(e) To eliminate FusionOne's warrant liability cancelled with closing date gross closing consideration in pursuant to Section 2.01(c) (iii) of the July 6, 2010 merger agreement.

(f) To eliminate FusionOne's historical redeemable convertible preferred stock, common stock, additional paid-in capital, accumulated comprehensive loss and accumulated deficit.

(g) To record the issuance of 397,990 shares of the Company's common stock valued at approximately $7.1 million based on the Company's July 19, 2010 closing stock price per share.

(h) To record amortization expense for the year ended December 31, 2009 and for the six months ended June 30, 2010, related to acquired intangibles resulting from the FusionOne acquisition as follows:

Intangible Assets	Estimated fair value	Estimated useful life (in years)	Expense for the year ended December 31, 2009	Expense for the six months ended June 30, 2010
Trade name	$ 500	8.0	$ 63	$ 31
Technology	15,000	10.0	1,500	750
Customer relationships	17,200	16.0	1,075	538
Total preliminary estimated purchase price	$ 32,700		$ 2,638	$ 1,319