KEY TECHNOLOGY INC
Form 10-Q/A
February 08, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004

FORM 10-Q/A
Amendment No. 1

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the quarterly period ended June 30, 2005

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from ____ to ____

Commission File No. 0-21820

KEY TECHNOLOGY, INC.
(Exact name of Registrant as specified in its charter)

Oregon	93-0822509
(State or jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

150 Avery Street
Walla Walla, Washington 99362
(Address of principal executive offices and zip code)

(509) 529-2161
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

The number of shares outstanding of the Registrant's common stock, no par value, on July 29, 2005 was 5,085,824 shares.

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KEY TECHNOLOGY, INC. AND SUBSIDIARIES
FORM 10-Q FOR THE THREE MONTHS ENDED JUNE 30, 2005
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Explanatory Note

We are filing this Amendment No. 1 on Form 10-Q/A to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005 (the "June 30 Form 10-Q"), which was originally filed with the Securities and Exchange Commission ("the SEC") on August 12, 2005.

We reported the decision to restate this information in a Current Report on Form 8-K which was filed with the SEC on December 29, 2005. The decision to restate was made by the Audit Committee of the Board of Directors of the Company on December 21, 2005 based on the recommendation of the Company's management. Management determined that adjustments relating to lease accounting identified by the Company's independent registered public accounting firm in connection with completing audit procedures for the year ended September 30, 2005 also affected the Company's interim financial statements and other financial information for the quarters ended March 31, 2005 and June 30, 2005. Part I of this Form 10-Q/A contains more information about these restatements in "Note 2. Restatement of Financial Statements" which accompanies the restated condensed unaudited consolidated financial statements in Item 1.

We revised our disclosure controls and procedures reports contained in our June 30 Form 10-Q by removing any qualifying language to the effectiveness of such disclosure controls and procedures and by discussing the facts and circumstances surrounding the above-described restatements and amendments. We also disclose how such restatements and amendments affected our CEO's and CFO's original conclusions regarding effectiveness of our disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective at June 30, 2005.

Accordingly, this Form 10-Q/A includes our restated financial statements for the three-month and nine-month periods ended June 30, 2005 with accompanying notes.

Except for the foregoing amended information in Note 2 of Notes to the restated condensed unaudited consolidated financial statements, this Form 10-Q/A continues to describe conditions as of the date of the original filing and we have not updated the disclosures contained herein to reflect events that occurred at a later date. Other events occurring after the original filing or other disclosures necessary to reflect subsequent events have been addressed in reports filed with the SEC subsequent to the date of the original filing.

This Form 10-Q/A sets forth the original filing in its entirety; however, as a result of the items noted above, this Form 10-Q/A only amends or restates the condensed unaudited consolidated financial statements and accompanying notes of Item 1, Item 2, and Item 4 of the original filing. In each case, the amendment or restatement was made solely as a result of the items discussed in Note 2 of Notes to the restated Condensed Unaudited Consolidated Financial Statements, and no other information in the original filing is amended hereby. The foregoing items have not been updated to reflect other events occurring after the original filing or to modify or update those disclosures affected by subsequent events. In addition, pursuant to the rules of the SEC, the original filing has been amended to contain currently dated certifications for our Chairman of the Board of Directors and our Chief Financial Officer that are attached to this Form 10-Q/A, as Exhibits 31.1, 31.2, 32.1 and 32.2, respectively.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KEY TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2005 AND SEPTEMBER 30, 2004
(As restated, See Note 2)

		June 30, 2005		September 30, 2004
		(in thousands)		
Assets				
Current assets:				
Cash and cash equivalents	$	13,158	$	8,817
Trade accounts receivable, net		10,720		9,336
Inventories:				
Raw materials		6,574		6,460
Work-in-process and sub-assemblies		4,880		4,749
Finished goods		3,695		2,424
Total inventories		15,149		13,633
Deferred income taxes		2,217		2,119
Other current assets		1,616		1,097
Total current assets		42,860		35,002
Property, plant and equipment, net		4,387		5,046
Deferred income taxes		10		6
Investment in joint venture		1,420		1,914
Goodwill, net		2,524		2,524
Intangibles and other assets, net		7,080		8,022
Total	$	58,281	$	52,514
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable	$	2,621	$	1,599
Accrued payroll liabilities and commissions		3,860		3,781
Accrued customer support and warranty costs		1,388		1,283
Other accrued liabilities		3,099		2,007
Customers' deposits		3,784		2,536
Current portion of long-term debt and capital lease obligations		1,148		1,210
Current portion of mandatorily redeemable preferred stock		1,124		1,279
Current portion of warrants		255		316
Total current liabilities		17,279		14,011
Long-term debt and capital lease obligations		1,439		2,323
Deferred income taxes		746		136
Total shareholders' equity		38,817		36,044
Total	$	58,281	$	52,514

See notes to condensed unaudited consolidated financial statements.

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KEY TECHNOLOGY, INC. AND SUBSIDIARIES
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004
(As restated, See Note 2)

Net sales
Cost of sales
Gross profit
Operating expenses:
Sales and marketing
Research and development

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Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record and received a printed copy of the proxy materials by mail, you may vote in person at the Annual Meeting or by one of th
methods:

By Mail. Complete, sign and date the enclosed proxy card and return it promptly in the envelope provided.

By Internet. Go to *www.voteproxy.com* to complete an electronic proxy card by following the instructions on the website. You will be
the eleven-digit number beneath the account number on the proxy card.

By Telephone. Call the toll-free telephone number noted on your proxy card. Telephone voting is available 24 hours a day. Easy-to-fol
prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

Please note that the Internet and telephone voting facilities for stockholders of record is available 24 hours a day and will close at 11:59 p.m., Eastern Time
2014. The individuals named as proxies on the proxy card will vote your shares in accordance with your instructions.

We provide Internet proxy voting to allow you to vote your shares on-line, with procedures designed to ensure the authenticity and correctness of However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers companies.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received instructions for granting proxi
proxy materials from that organization rather than from the Company. A number of brokers and banks participate in a program provided through Broadridg
Services which enables beneficial holders to grant proxies to vote shares via telephone or the Internet. If your shares are held by a broker or bank that partic
Broadridge program, you may grant a proxy to vote those shares telephonically by calling the telephone number on the instructions received from your brok
the Internet at Broadridge's website at *www.proxyvote.com*. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank
Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a p

Q. **How many votes do I have?**

A. On each matter to be voted upon, you have one vote for each share of Common Stock you own as of April 11, 2014.

Q. **What if I return a proxy card but do not make specific voting selections?**

A. If you return a signed and dated proxy card without marking any voting selections, your shares will be voted **"For"** the election of Thomas J. Ho
member of the Company's Board of Directors, **"For"** the ratification of Ernst & Young LLP as the Company's independent registered public acc
its fiscal year ending December 31, 2014 and "**For**" the approval of the compensation of the Company's named executive officers. If any other m
presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Q. **Can I change my vote after submitting my proxy?**

A. Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If

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you are the record holder of your shares, you may revoke your proxy in any one of three ways:

You may submit another properly completed timely proxy card with a later date.

You may send a written notice that you are revoking your proxy to the Company's Secretary at 200 Crossing Boulevard, Bridgewater, N

You may attend the Annual Meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If you are a beneficial owner of your shares, you must contact the broker, bank or other agent holding your shares and follow their instructions for changing

Q.

Who is paying for this proxy solicitation?

A.

The Company will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting p Company may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

Q.

What if I share an address with another stockholder?

A.

A number of brokers with account holders who are Synchronoss stockholders will be "householding" our proxy materials. A single proxy stateme delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you ha notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified oth you revoke your consent. If, at any time you no longer wish to participate in "householding" and would prefer to receive a separate proxy stateme report, please notify your broker and direct your written request to Synchronoss Technologies, Inc., 200 Crossing Boulevard, Bridgewater, NJ 08 Secretary or contact Ronald J. Prague, Secretary at (866) 620-3940. Stockholders who currently receive multiple copies of the proxy statement at would like to request "householding" of their communications should contact their broker.

Q.

What does it mean if I receive more than one proxy card?

A.

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete **each** proxy card to ensure that all of your shares are voted.

Q.

How are votes counted?

A.

Each share of Common Stock is entitled to one vote. Votes will be counted by the inspector of election appointed for the Annual Meeting. Prior t Meeting, the inspector will sign an oath to perform his or her duties in an impartial manner and according to the best of his ability. The inspector number of shares of Common Stock represented at the Annual Meeting and the validity of proxies and ballots, count all votes and ballots, and per other duties. The determination of the inspector as to the validity of proxies will be final and binding.

Q.

What vote is required to approve each proposal?

The director is elected by a plurality of the votes cast at the Annual Meeting, meaning the nominee receiving the most "For" votes (amo cast in person or by proxy) will be elected. An instruction to "Withhold" authority to vote for the nominee will result in the nominee rec votes, but will not count as

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a vote against the nominee. If you do not instruct your broker how to vote with respect to this item, your broker may not vote with resp proposal. Abstentions and "broker non-votes" (i.e., shares held by a broker or nominee that are represented at the Annual Meeting, but which such broker or nominee is not instructed to vote on a particular proposal and does not have discretionary voting power) will have election of the nominee. Because this proposal is a non-routine matter, broker non-votes are expected to exist in connection with this pr

Ratification of the appointment by the Board of Directors of Ernst & Young LLP as the Company's independent registered public accou fiscal year ending December 31, 2014, requires a "For" vote from the majority of all of the outstanding shares that are present in person proxy and cast affirmatively or negatively at the Annual Meeting. Abstentions and broker non-votes will not be counted "For" or "Agai and will have no effect on this proposal. Because this proposal is a routine matter, broker non-votes are not expected to exist in connect proposal.

Advisory approval of the compensation of the Company's named executive officers as described in the Proxy Statement requires a "For majority of all of the outstanding shares that are present in person or represented by proxy and cast affirmatively or negatively at the An Abstentions and broker non-votes will not be counted "For" or "Against" this proposal and will have no effect on this proposal. Even th advisory and therefore will not be binding on the Company, our Compensation Committee will review the voting results and take them consideration when making future executive compensation decisions. Because this proposal is a non-routine matter, broker non-votes a exist in connection with this proposal.

If there are insufficient votes to approve any of the matters, your proxy may be voted by the persons named in the proxy to adjourn the Annual Meeting in additional proxies in favor of the approval of such proposal(s). If the Annual Meeting is adjourned for any reason, at any subsequent reconvening of the me will be voted in the same manner as it would have been voted at the original Annual Meeting unless you revoke or withdraw your proxy. Your proxy may b manner even though it may have been voted on the same or any other matter at a previous session of the Annual Meeting.

Q. **Is my vote confidential?**

A. Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. This information will not be disclosed, e by law.

Q. **What is the quorum requirement?**

A. A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if a majority of the voting power of all outstanding shar by stockholders present at the Annual Meeting or by proxy. On the record date, there were 41,176,551 shares of Common Stock outstanding and Thus, 20,588,276 shares must be represented by stockholders present at the Annual Meeting or by proxy to have a quorum. Your shares will be co the quorum only if you submit a valid proxy vote (or one is submitted on your behalf by your broker, bank or other agent) or vote at the Annual M Abstentions and broker non-votes will be counted towards the quorum requirement.

Q. **How can I find out the results of the voting at the Annual Meeting?**

A. Preliminary voting results will be announced at the Annual Meeting. Final voting results will be set forth in a Current Report on Form 8-K to be f Company with the SEC no later than four (4) business days after the Annual Meeting.

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Corporate Governance at Synchronoss

CORPORATE GOVERNANCE GUIDELINES

Synchronoss is committed to excellent corporate governance which we believe helps us to sustain our success and build long-term value for our stockholde
Directors has adopted Corporate Governance Guidelines which set forth the framework within which our Board can effectively function and govern our aff
Guidelines address, among other things, the composition and responsibilities of our Board, director independence, management succession and review, targ
and remuneration of our directors, Board committees, and selection of new directors. We have also adopted a Code of Business Conduct that applies to all
officers (including our principal executive officer, principal financial officer, principal accounting officer, or those serving similar functions) and directors.
and Code of Business Conduct are available on the Investor Relations section of our website at *www.synchronoss.com*.

Our Board regularly reviews legal and regulatory requirements, evolving best practices, and other developments and may modify, waive, suspend or repeal
Governance Guidelines or Code of Business Conduct from time to time as it deems necessary or appropriate in the exercise of our Board's judgment or in th
of our stockholders. If we make any substantive amendments to the Guidelines or the Code of Business Conduct, we will promptly disclose the nature of th
waiver on our website to the extent required by applicable law or regulations.

BOARD LEADERSHIP STRUCTURE

Our Board believes it is important to retain its flexibility to allocate the responsibilities of the Chief Executive Officer ("CEO") and Chairman of the Board
in the best interests of our Company based on the circumstances existing at a particular point in time. Our Board believes that it should periodically assess
these roles, and whether the offices should be served independently or jointly, and that our Board should not be restricted by any strict policy directive whe
decisions. Currently, our Board has determined that the Company and its stockholders are best served by having Mr. Waldis, one of our founders, serve as
the Board and CEO. Mr. Waldis' combined role as Chairman of the Board and CEO promotes unified leadership and direction for our Board and executive
allows for a single, clear focus for the chain of command to execute our strategic initiatives and business plans. As the individual with primary responsibilit
our day-to-day operations and with in-depth knowledge and understanding of our Company, Mr. Waldis is best positioned to chair regular Board meetings
business and strategic issues.

INDEPENDENCE OF OUR BOARD OF DIRECTORS

Each year, our Nominating/Corporate Governance Committee and our full Board conducts a review of the financial and other relationships between each d
their immediate family members, and our Company, our senior management, companies with whom we have business dealings with, and our independent r
accounting firm as part of its assessment of director independence. Our Board also consults with our legal counsel to ensure that its determinations are cons
relevant laws and regulations regarding the definition of independent, including

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those set forth in pertinent listing standards of the Nasdaq Global Market ("Nasdaq"), in effect from time to time. Consistent with those considerations, afte relevant transactions or relationships, our Board has affirmatively determined that all of our directors are independent directors within the meaning of the ap listing standards except for Stephen G. Waldis, as our CEO, and James M. McCormick, as a 10% stockholder. Our independent directors meet in regularly executive sessions where only independent directors are present. Mr. Cadogan presides over those sessions.

BOARD OVERSIGHT OF RISK MANAGEMENT

Assessing and managing risk is the responsibility of our management. Our Board oversees management in the execution of its responsibilities and for asses to risk management. An overall review and assessment of risk is inherent in our Board's consideration of our business plans, strategies, and other significan Additionally, our Board regularly reviews various risks arising out of transactions and other matters that are presented to our Board and when making decis us. At least annually, our Board also reviews and analyzes the strategic and operational risks and opportunities that face our Company as a whole, as well a specific areas of our business.

Our Board delegates the oversight of certain categories of risk affecting our Company to designated Board committees, who report their findings to our full Audit Committee is responsible for overseeing our Board's execution of its risk management oversight responsibility, including discussing guidelines and p the process by which our management and other persons responsible for risk management assess and manage our exposure to major financial risk exposure management has taken to monitor and control such exposures, based on consultation with our management and independent auditors. Our Audit Committee reviews the audit plan of management, our information technology risks and mitigation strategies, the tax function and treasury operations and conformity w compliance standards. In addition, our Board has delegated to other Committees the oversight of risks within their areas of responsibility and expertise. For Compensation Committee oversees the risks associated with our compensation practices, including an annual review of our risks assessment of our compen and practices for our employees. Our Board also believes its oversight of risk is enhanced by the current leadership structure discussed above because our C ultimately responsible for our management of risk, also chairs regular Board meetings, and with his in-depth knowledge and understanding of our Company bring key business issues and risks to our Board's attention.

BOARD SELF-EVALUATION

Our Nominating/Corporate Governance Committee oversees a bi-annual self-evaluation process to analyze and review our Board's performance. The Comm reviews these results and discusses them with the full Board with the intention of utilizing them to enhance our Board's effectiveness and, if necessary, deve

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STOCKHOLDER COMMUNICATIONS WITH OUR BOARD OF DIRECTORS

Stockholders may communicate with our management and independent Board of Directors by sending a letter to Synchronoss Technologies, Inc., 200 Cros Bridgewater, New Jersey 08807, Attention: Secretary. Each such communication should set forth (i) the name and address of such stockholder as they appe and, if the shares of our Common Stock are held by a broker, bank or other agent, the name and address of the beneficial owner of such shares and (ii) the n of our Common Stock that are owned of record by such record holder and beneficially by such beneficial owner. The Secretary will review all communicat stockholders and has the authority to disregard any inappropriate communications or take other appropriate actions with respect to any inappropriate comm deemed an appropriate communication, the Secretary will forward it, depending on the subject matter, to the chairperson of a Committee of our Board or a director, as appropriate.

BOARD OF DIRECTORS AND COMMITTEE DUTIES

Our Board oversees, counsels and directs management in the long-term interests of our Company and our stockholders. Our Board, individually and throug is responsible for:

- overseeing the conduct, assessment and other operational risks to evaluate whether our business is being properly managed;
- reviewing and approving our strategic, financial and operating plans and other significant actions;
- selecting, evaluating the performance of, and determining the compensation of our CEO and other executive officers;
- planning for succession for our CEO and monitoring management's succession planning for other executive officers; and
- overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with la

BOARD STRUCTURE AND COMMITTEES

During 2013, our Board of Directors held ten meetings. Each director attended at least 75% of the meetings of our Board and of each Committee of which h member during the period in which he served in 2013. Each director attended our 2013 Annual Meeting of Stockholders. Our Board of Directors has establ Committee, a Compensation Committee, a Business Development Committee and a Nominating/Corporate Governance Committee. Our Board has delegat responsibilities and authority to its Committees as generally described below. Our Board has determined that each member of our Audit, Compensation, Bu Development and Nominating/Corporate Governance Committees is free of any relationship that would interfere with his individual exercise of independen regard to us. The following table provides membership and meeting information for each of our Board committees during 2013:

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	Name	Audit	Compensation	Business Development	Nominating/Corporate Governance	**&zwsp;**
&zwsp;	Stephen G. Waldis					&zwsp;
	William J. Cadogan		[1]			
&zwsp;	Charles E. Hoffman				[1]	&zwsp;
	Thomas J. Hopkins			[1]		
&zwsp;	James M. McCormick					&zwsp;
	Donnie M. Moore	[1]				
&zwsp;	**Total meetings in year 2013**	**9**	**10**	**3**	**2**	**&zwsp;**

[1] Committee Chairperson

AUDIT COMMITTEE

Our Audit Committee of our Board oversees the integrity of our financial statements, compliance with applicable legal and regulatory requirements, effecti internal controls and audit function currently in place, and the qualifications, independence, and performance of our independent registered public accounti 2013, senior members of our financial and legal management participated in each of our Audit Committee's meetings. Our Audit Committee also discussed independent registered public accounting firm the overall scope and plans for their audit and met with them on a regular basis without members of manage Committee consults with our management and our independent registered public accounting firm prior to the presentation of financial statements to stockh appropriate, initiates inquiries into aspects of our financial affairs. In addition, our Audit Committee:

- reviews our annual audited and quarterly financial statements and reporting;
- reviews and monitors our external audits, including, among other things, our internal controls and audit functions, the results and scope audit and other services provided by our independent registered public accounting firm and our compliance with legal matters that have impact on our financial statements;
- establishes procedures for the receipt, retention and treatment of complaints regarding internal accounting controls or auditing matters, confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- appoints, retains, compensates, reviews procedures to ensure the independence of, and oversees the work of, our independent registered accounting firm, including approving services and fee arrangements;
- reviews with senior members of our management our policies and practices regarding risk assessment and risk management;
- reviews management's implementation and maintenance of effective internal and disclosure controls, including our policies regarding c legal, regulatory, ethical and internal auditing standards;

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approves all related party transactions;

reviews earnings press releases prior to issuance; and

reviews findings and recommendations of our independent registered public accounting firm and management's response to their recom

Three directors comprise our Audit Committee: Thomas J. Hopkins, William J. Cadogan and Donnie M. Moore. Our Audit Committee met nine times duri Board annually reviews the Nasdaq listing standards definition of independence for Audit Committee members and has determined that all members of our are independent (as independence is currently defined in Rule 5605(a)(2) and 5605(c)(2) of the Nasdaq listing standards). In addition to qualifying as indep Nasdaq rules, each member of our Audit Committee can read and has a working understanding and comprehension of fundamental financial statements. Ou determined that Donnie M. Moore, Chairman of the Audit Committee, is an audit committee financial expert as defined by Item 407(d) of Regulation S-K o Exchange Act. Our Board has made a qualitative assessment of Mr. Moore's level of knowledge and experience based on a number of factors, including his formal education and experience. The designation does not impose on Mr. Moore any duties, obligations or liability that are greater than are generally impo member of our Audit Committee and our Board, and his designation as an Audit Committee financial expert pursuant to this SEC requirement does not affe obligations or liability of any other member of our Audit Committee or Board. Our Audit Committee charter can be found on the Investor Relations section *www.synchronoss.com*.

COMPENSATION COMMITTEE

Our Compensation Committee of our Board is comprised of three directors: William J. Cadogan, Charles E. Hoffman and Thomas J. Hopkins, each of who as currently defined in Rule 5605(a)(2) and 5605(d)(2) of the Nasdaq listing standards. Our Compensation Committee met nine times and acted once by wr during 2013. Our Compensation Committee is charged by our Board to:

review and approve our compensation policies and all forms of compensation and other benefits to be provided to our employees (inclu and directors), including among other things annual salaries, bonus, stock options, restricted stock grants and other incentive compensa arrangements;

establish our overall compensation objectives and structure relating to executive officers and directors;

make recommendations from time to time to our Board regarding executive compensation matters;

administer our stock purchase plan and stock option plans, including reviewing and granting stock options and restricted stock awards v directors and employees; and

review and approve other aspects of our compensation policies and matters as they arise from time to time.

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In accordance with Nasdaq listing standards, our Board has amended and restated our Compensation Committee's charter to grant our Compensation Comm
authority and responsibility to retain or obtain the advice of compensation consultants, legal counsel and other compensation advisers, the authority to fund
and the responsibility to consider the independence factors specified under applicable law and any additional factors the compensation committee deems re
detailed description of our Compensation Committee's functions can be found in our Compensation Committee charter which can be found on the Investor
of our website at *www.synchronoss.com*. Our Compensation Committee has also established a Key Employee Equity Awards Committee, a subcommittee w
to approve stock option and restricted stock grants to our newly hired and current employees, subject to guidelines previously approved by our Compensatio
Our Compensation Committee has appointed Mr. Waldis, our CEO, as the sole member of this Committee. Our Key Employee Equity Committee acted fou
2013.

Our Compensation Committee may select and retain, and is directly responsible for the appointment, compensation and oversight of, compensation consult
third party to assist in the evaluation of director and officer compensation as well as any other compensation matters. Our Compensation Committee consid
as a factor in making decisions with respect to compensation matters along with information it receives from management and its own judgment and experi
compensation consultant generally attends regular Compensation Committee meetings and meets with our Compensation Committee without management
2009 and 2013, our Compensation Committee retained Radford, a division of AON Hewitt ("Radford"), as its independent compensation consultant. In July
Compensation Committee decided to replace Radford with Deloitte Consulting LLP ("Deloitte") as its compensation consultant as part of its decision to pe
slate" review of our compensation practices and policies. The compensation consultants serve at the discretion of our Compensation Committee and the co
consultants' fees are approved by our Compensation Committee. In 2013, neither Deloitte nor Radford performed any services for us other than their servic
Compensation Committee and received no compensation from our Company other than their fees in connection with their retention as our Compensation C
compensation consultant. Our Compensation Committee assessed the independence of each of Deloitte and Radford pursuant to applicable SEC rules and N
standards and concluded that the work of each of Deloitte and Radford has not raised any conflict of interest.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of our Compensation Committee was at any time during 2013 an officer or employee of our Company. No executive officer serves as
board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of our Board or Compensatio
2013, we did not make any loans to directors or executive officers relating to purchases of our Common Stock or for any other purpose.

NOMINATING/CORPORATE GOVERNANCE COMMITTEE

The members of our Nominating/Corporate Governance Committee are: William J. Cadogan, Charles E. Hoffman and Donnie M. Moore. Our Nominating/
Governance Committee met twice in 2013. All members of our Nominating/Corporate Governance Committee are independent (as

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independence is currently defined in Rule 5605(a)(2) of the Nasdaq listing standards). In addition our Nominating/ Corporate Governance Committee:

- reviews and reports to our Board on a periodic basis with regard to matters of corporate governance;
- recommends qualified candidates to our Board for election as our directors, including the directors our Board proposes for election by t the Annual Meeting and directors nominated by our stockholders;
- reviews, assesses and makes recommendations on the effectiveness of our corporate governance policies and on matters relating to the directors, and the functions and duties of the various Board committees;
- develops and implements our Board's bi-annual self-assessment process and works with our Board to implement improvements in their
- reviews succession plans periodically with our CEO relating to positions held by elected corporate officers; and
- establishes and periodically reviews stock ownership guidelines for our executive officers and directors.

Our Nominating/Corporate Governance Committee charter can be found on the Investor Relations section of our website at *www.synchronoss.com*. Our Nominating/Corporate Governance Committee also reviews and makes recommendations to our Board regarding the size and composition of our Board and qualities and skills required of our directors in the context of the then current make-up of our Board and our business. Our Nominating/Corporate Governar has established procedures for the nomination process and leads the search for, selects and recommends candidates for election to our Board. Consideration candidates typically involves a series of committee discussions, the review of information concerning candidates and interviews with selected candidates. C nomination to our Board typically have been suggested by other members of our Board or by our executive officers. From time to time, our Nominating/Co Governance Committee may engage the services of a third-party search firm to identify director candidates. Our Nominating/Corporate Governance Comm considers candidates proposed in writing by stockholders, provided such proposal meets the eligibility requirements for submitting stockholder proposals u and restated bylaws and is accompanied by certain required information about the candidate. Candidates proposed by stockholders will be evaluated by our Nominating/Corporate Governance Committee using the same criteria as for all other candidates. In considering nominees for our Board, our Nominating/C Governance Committee considers each candidate's independence, personal and professional integrity, financial literacy or other professional or business ex to an understanding of our business, ability to think and act independently and with sound judgment and ability to serve our stockholders' long-term interes along with others considered useful by our Nominating/Corporate Governance Committee, are reviewed in the context of an assessment of the perceived ne at a particular point in time. As a result, the priorities and emphasis of our Nominating/Corporate Governance Committee and of our Board may change fro take into account changes in our business and other trends, and the portfolio of skills and experience

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of current and prospective directors. Our Nominating/Corporate Governance Committee has not adopted a formal policy regarding the consideration of div
identifying director nominees or in searching for new directors, it does, however, have several initiatives in an attempt to attract diverse candidates.

BUSINESS DEVELOPMENT COMMITTEE

Our Business Development Committee reviews certain strategic business development and growth opportunities and recommends those that it determines a
our short-term and long-term strategic goals. Effective January 1, 2014, our Board of Directors voted to establish the Business Development Committee as
committee. Our Business Development Committee charter can be found on the Investor Relations section of our website at *www.synchronoss.com*. The me
Business Development Committee are: William J. Cadogan, Thomas J. Hopkins and Stephen G. Waldis. All members of our Business Development Comm
Mr. Waldis are independent (as independence is currently defined in Rule 5605(a)(2) of the Nasdaq listing standards). Our Business Development Committ
times during 2013.

DIRECTOR COMPENSATION

This section provides information regarding the compensation policies for our non-employee directors and cash amounts paid and equity awarded to these d
Any director who is an employee of our Company does not receive any additional compensation for their service as a director. For 2013, our non-employee
compensation program consisted of:

	Compensable Position / Event	Compensation	**&zwsp;**
&zwsp;	Initial Equity Grant	30,000 non-qualified stock options(1)	
			&zwsp;
	Annual Cash Retainer	$50,000	
&zwsp;	Annual Equity Grant	7,500 non-qualified stock options(1)	
		3,335 restricted shares(1)	&zwsp;
	Committee Chairperson Retainer	$20,000 (Audit)	
		$15,000 (Compensation)	
		$10,000 (Nominating/Corporate Governance)	
	Committee Member Retainer	$10,000 (Audit)	
&zwsp;		$7,500 (Compensation)	
		$5,000 (Nominating/Corporate Governance)	&zwsp;
	Business Development Committee	$1,000 per in person meeting/$750 per telephonic meeting	

(1)
Options and restricted shares vest one-third each year over three years.

The annual retainer fees are paid to our directors quarterly in advance and the meeting fees for our Business Development Committee are paid at the end of

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Effective January 1, 2014, our Compensation Committee recommended, and our Board approved, a change with respect to the compensation of members o
Development Committee to provide each non-employee member of our Business Development Committee an annual retainer of $5,000, with the chairperso
$10,000. All of the annual equity grants to non-employee directors under our director compensation program are automatically granted on the first Tuesday
and the options have an exercise price equal to the closing price reported on Nasdaq of our Common Stock on the grant date. In addition, we currently have
reimbursing directors for travel, lodging and other reasonable expenses incurred in connection with their attendance at our Board and Committee meetings.
table sets forth all of the compensation awarded to, earned by, or paid to each person who served as a non-employee director during 2013.

	Name	Fees Earned or Paid in Cash ($)	Restricted Stock Awards ($)(1)	Option Awards ($)(2)	Total ($)	&zwsp;
&zwsp;						&zwsp;
	William J. Cadogan	80,000	72,136	85,702	237,838	
	Charles E. Hoffman	67,500	72,136	85,702	225,338	
&zwsp;						&zwsp;
	Thomas J. Hopkins	67,500	72,136	85,702	225,338	
	James M. McCormick	50,000	72,136	85,702	207,838	
&zwsp;						&zwsp;
	Donnie M. Moore	75,000	72,136	85,702	232,838	

(1) The amounts in this column reflect the aggregate grant date fair value of the stock awards computed in accordance with FASB ASC Topic No. 71
to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of our assumptio
the fair value of our stock awards. As of December 31, 2013, each of Messrs. Cadogan, Hoffman, Hopkins, McCormick and Moore held 6,670 re
our Common Stock.

(2) The amounts in this column reflect the aggregate grant date fair value of the stock options computed in accordance with FASB ASC Topic No. 7
2 to the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of our assumpti
the fair value of our stock option awards. As of December 31, 2013, each of Messrs. Cadogan, Hoffman, Hopkins and McCormick held options t
shares of our Common Stock having a weighted average exercise price of $16.76 per share, of which 80,000 shares were vested, and Mr. Moore l
purchase 85,000 shares of our Common Stock, having a weighted average exercise price of $22.07 per share, of which 70,000 shares were vested

DIRECTOR STOCK OWNERSHIP GUIDELINES

We have established stock ownership guidelines for our directors to retain an equity stake in the Company to more closely align their interests with those o
stockholders. In 2013, our Board, in consultation with Deloitte, our compensation consultant engaged in July 2013, reviewed the share ownership guideline
our industry peers as well as certain other publicly available market data, and determined that the then current guideline of one times the annual cash retain
competitive levels. In considering this information, our Board agreed to increase the ownership guidelines for directors to a value equal to three times the a
retainer for our directors. Ownership is calculated annually based on the closing sales price of our Common Stock on Nasdaq for the last trading day in the
of the directors has three years from the date the stock

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ownership guidelines were revised or, for future directors, three years from his election to our Board, to achieve the targeted equity ownership level. In 201
directors met these revised guidelines.

LIMITATION OF LIABILITY AND INDEMNIFICATION

As permitted by Section 145 of the Delaware General Corporation Law, our amended and restated bylaws provide that we are authorized to (i) enter into in agreements with our directors and officers and (ii) purchase directors' and officers' liability insurance, which we currently maintain to cover our directors ar officers. The form of indemnification agreement with our directors provides that we will indemnify each of our directors against any and all expenses incur director because of his status as one of our directors, to the fullest extent permitted by Delaware law, our restated certificate of incorporation and amended a bylaws. In addition, the form agreement provides that, to the fullest extent permitted by Delaware law, but subject to various exceptions, we will advance a incurred by our directors in connection with a legal proceeding. Our restated certificate of incorporation and bylaws contain provisions relating to the limita and indemnification of directors. The restated certificate of incorporation provides that our directors will not be personally liable to us or our stockholders f damages for any breach of fiduciary duty as a director, except for liability:

- for any breach of a director's duty in respect of unlawful (i) payments of dividends or (ii) stock repurchases or redemptions as provid Section 174 of the Delaware General Corporation Law and the breach of a director's duty of loyalty to us or our stockholders;

- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law; and

- for any transaction from which the director derives any improper personal benefit.

Our restated certificate of incorporation also provides that if Delaware law is amended, after the approval by our stockholders of our restated certificate of i authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to permitted by Delaware law. The foregoing provisions of the restated certificate of incorporation are not intended to limit the liability of directors or officers of applicable federal securities laws. As permitted by Section 145 of the Delaware General Corporation Law, our restated certificate of incorporation provi indemnify our directors to the fullest extent permitted by Delaware law and the restated certificate of incorporation provisions relating to indemnity may no repealed or modified so as to adversely affect the protection of our directors.

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RISK MANAGEMENT CONSIDERATIONS

Each year, our Compensation Committee reviews our compensation practices and policies for all employees, including our named executive officers ("NEO whether they have the potential to incentivize employees to take risks that are not reasonably likely to have a material adverse effect on our Company. Sinc performance-based bonus and equity programs are designed to align our employees' compensation with our long-term business objectives and performance enhance stockholder value, our Compensation Committee believes that our compensation practices and policies discourage behavior that leads to excessive our Compensation Committee does not believe these practices and policies will have a material adverse effect on our Company. Set forth below are the key elements of our compensation practices and policies:

	Financial Performance Measures		The ranges set for financial performance measures are designed to reward success without encouraging ex risk taking.
&zwsp;	**Equity Vesting Periods**	**&zwsp;**	Time-based and performance-based restricted shares typically vest over three years, while stock options ty vest over four years. The vesting of the equity awards are designed to reward tenure with us.
	Equity Retention Guidelines		Named executive officers are required to acquire within five years of becoming an executive officer, and h while they are officers, shares (vested and unvested) having a value of at least three times their base salary five times in the case of our CEO.
&zwsp;	**No Hedging**	**&zwsp;**	NEOs are not permitted to enter into any transaction designed to hedge, or having the effect of hedging, th economic risk of owning our securities.
	Financial Restatement and Related Policies		As part of our Ethics and Business Conduct Policy, we will investigate all reported instances of questional unethical behavior of a director, NEO or other employee and, where improper behavior is found to have occurred, will take appropriate action up to and including termination. If an investigation uncovers that su individual commits fraud or other improper act which causes our financials to be restated or otherwise affe we would take immediate and appropriate disciplinary action with respect to such individual up to and inc termination, We would also take whatever legal remedies are available to prosecute such individual to the extent of the law and seek to recover any amounts he or she inappropriately received as a result of such ac including but not limited to any annual or long term incentives that he or she received to the extent the ind would not have received such amount had such act not be taken.

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Compensation of Executive Officers

Compensation Discussion and Analysis

This section discusses our compensation philosophy, summarizes our compensation programs and reviews compensation decisions for the following named officers (NEOs):

	Named Executive Officer	Title	&zwsp;
&zwsp;	Stephen G. Waldis	Chairman of the Board of Directors and Chief Executive Officer	&zwsp;
	Lawrence R. Irving	Former EVP, Chief Financial Officer and Treasurer[1]	
&zwsp;	Robert E. Garcia	President and Chief Operating Officer	&zwsp;
	Nicholas Lazzaro	EVP and President of Emerging Markets[2]	
&zwsp;	Mark Mendes	EVP and President of North America	&zwsp;

(1) Mr. Irving resigned as our Chief Financial Officer and Treasurer, effective April 1, 2014. See "Recent Developments" below for additional information.
(2) Mr. Lazzaro was hired as our EVP and President of North America in May 2013 and has since been appointed EVP and President of Emerging Markets

Executive Summary

Our executive compensation philosophy and programs are designed to attract, retain and motivate high-quality executives who possess diverse skills and ta help us achieve our short and long-term financial and strategic goals. We believe that the programs foster a performance-oriented culture that aligns our exe with those of our stockholders over the long term. We believe that the compensation of our NEOs is both appropriate for and responsive to the goal of impr value. Specifically, in 2013, we tied a significant portion of executive compensation to stockholder return in the form of at-risk or variable realizable compe result, even though our non-GAAP revenue was 28% higher than in 2012 and our non-GAAP operating income margin was at 23%*, we failed to meet cert financial objectives set by our Board. As a result, our NEOs received only 25% of their annual target incentive bonus compensation for 2013 and received than the target performance shares that they were eligible to receive under the 2013 performance-based restricted stock awards. When our Board establishe internal annual operating plan, it placed expectations on our management greater than what was expected to be shared in our public guidance. Our Compen had similar expectations when it established the 2013 corporate component that the objectives would be targets that pushed management and our Company threshold than market expectations.

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* These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accorda Please see Appendix A for an explanation of and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

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The following provides an overview of the key financial and strategic highlights for the year.

2013 Business Highlights

	Key Financial Metric	Fiscal 2013 Achievements
&zwsp;	**Non-GAAP Revenue***	$352.5 million, compared to $275.2 million in 2012, an increase of 28%
	Non-GAAP Gross Profit*	$212.0 million, representing a non-GAAP gross margin of 60%
&zwsp;	**Non-GAAP Operating Income***	$81.5 million, representing a non-GAAP operating margin of 23%
	Diluted Non-GAAP EPS*	$1.33, compared to $1.10 in 2012, an increase of 21%
&zwsp;	**Business Milestones**	Executed three-year renewal agreement with AT&T and five year agreement with Verizon Wireless
		Launched the Personal Cloud Solution deepening our solution to support connected consumer devic
		Reached 10 million Personal Cloud Subscribers worldwide through the Personal Cloud Platform
		Acquired Strumsoft, strengthening our front-end user experience application development for our cloud-based platforms
		Strengthened our management team by hiring Nicholas Lazzaro, former SVP, Product Development at Vonage Systems, Inc.
		Enhanced our financial flexibility by entering into a $100 million credit agreement

* These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accorda
Please see Appendix A for an explanation of and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

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2013 Compensation Program Highlights

We design our executive compensation program to attract, retain and motivate high-quality executives and drive the creation of long-term stockholder valu significant portion of compensation through programs tied to performance goals. We have adopted the following approach to achieve these objectives:

	Pay for Performance		Provide a strong relationship of pay for performance through: Performance-based cash bonus tied to achievement of objective corporate financial and business goals a individual performance Equity awards that deliver value based on our stock performance and, in the case of performance-based awards, the actual number of shares granted depends on meeting performance targets.
&zwsp;	**Emphasis on Variable**	**&zwsp;**	Total compensation is heavily weighted toward variable compensation (i.e., annual bonus and long-term incentives).
&zwsp;	**Compensation**	**&zwsp;**	We use the annual performance-based cash bonuses to focus our named executive officers ("NEOs") on short-term financial goals.
&zwsp;		**&zwsp;**	We use stock options, time-based and performance-based restricted shares to incentivize our NEOs to f sustainable, long-term stockholder value creation. The value realized by our NEOs depends substantiall our long term performance, achievement of our long-term goals and the value of our Common Stock, w we believe aligns our NEOs' interests with the long-term interests of our stockholders.
	Fixed Compensation Component		Provide base salary based on our Compensation Committee's general understanding of current competitive compensation practices, corporate achievement, the NEO's role and responsibilities, length of tenure, internal equity and individual performance.

The following highlights some of the key components of our pay for performance policies and practices:

	At-Risk Compensation	**&zwsp;**	Tie a significant portion of executive compensation to stockholder return in the form of at-risk compensation
	Incentive Award Metrics		Approve objective incentive award metrics tied to key company performance metrics
&zwsp;	**Total Shareholder Return**	**&zwsp;**	Use the Company's stock performance compared to its peer group as one of the metrics for the NEO long term incentive plan
	Equity Vesting		Vest equity awards over three or four years to promote retention
&zwsp;	**Stock Ownership Guidelines**	**&zwsp;**	Stock ownership guidelines based on compensation and role within our Company
	No Hedging		Prohibition of hedging exposure of, or interest in, our stock

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Our Compensation Committee oversees our compensation program covering all our employees, with an enhanced focus on the compensation of our NEOs. the administration of our cash and equity-based incentive plans. Mr. Waldis, in his role as CEO, assesses the performance of our NEOs (other than himself) other members of management and makes recommendations to our Compensation Committee regarding the amount and the form of the compensation of th key employees, including the performance goals, weighting of goals, and equity compensation awards of NEOs. Mr. Waldis is not present during discussio compensation.

Revisions for 2014 Executive Compensation Program

At our 2013 Annual Meeting, although 77% of the shares voted were in favor of the advisory vote on executive compensation, it was not as high as we wou As a result, our Compensation Committee performed a "clean slate" review of our executive compensation practices and policies. In addition, we instituted outreach program, meeting with a number of our largest stockholders, to ensure that our Board and Compensation Committee considered stockholder feedb establishing our executive compensation programs. During these meetings, our management was able to gain insight and perspective on our executive com programs and policies, including CEO compensation, compensation disclosures, equity awards and other non-compensation corporate governance issues. In Compensation Committee made certain changes to our executive compensation program. However, since 2013 executive compensation decisions were mad 2013 Annual Meeting, most of the following changes will first impact our 2014 executive compensation:

&zwsp;	**New Compensation Consultant**	**&zwsp;**	Retained Deloitte as our new compensation consultant
	Stockholder Outreach		Designed a formal stockholder outreach program to solicit feedback on our executive pay program major stockholders
&zwsp;	**Compensation Philosophy**	**&zwsp;**	Designed and approved a new, updated compensation philosophy for all our employees
	Higher Stock Ownership Guidelines		Enhanced stock ownership guidelines for NEOs and directors to increase the required ownership l
&zwsp;	**Fixed Weighting of Performance-based Components**	**&zwsp;**	Effective for 2014, the weighting of each component of the cash bonus and long-term incentives w fixed regardless of our non-GAAP revenue or operating income
	Strategic Performance Metric		Added Cloud Revenue as an additional performance measure to the 2014 performance-based long- incentive plan

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Our Compensation Committee believes these changes are responsive to feedback from investors and enhance the alignment of our NEOs' interests with tho
stockholders. We continuously strive to improve the level of stockholder support for our executive compensation program and plan to continue and expand
outreach program in future years. Our Compensation Committee is regularly updated on our meetings with stockholders and several members may attend th
the future to ensure that they understand the alignment of pay and performance as well as the actual compensation paid to our NEOs, especially our CEO. E
Compensation Committee will consider the discussions held with stockholders and the outcome of the stockholder advisory vote on executive compensatio
future compensation decisions. We encourage stockholders to take into account these significant changes to our executive compensation program over the p
considering the advisory vote presented below.

Compensation Consultant

Our Compensation Committee's compensation consultant generally attends regular Compensation Committee meetings and meets with our Compensation C
without management present. Our Compensation Committee considers various analyses prepared by its compensation consultant when making decisions w
compensation matters, along with information it receives from management and its own judgment and experience in an effort to gain a better understanding
competitive landscape. From 2009 to June 2013, our Compensation Committee had retained Radford as its compensation consultant. In July 2013, our Con
Committee retained Deloitte Consulting LLP to replace Radford as its compensation consultant as part of its decision to conduct a "clean slate" review of o
practices and policies.

Peer Group

Our Compensation Committee generally reviews executive compensation survey and proxy data from technology companies that have similar software/ser
models or operate in the mobile networking space, are of similar financial size and with whom we compete for our executive talent. Our Compensation Co
the following companies that fit some or all of these criteria as our peer group for purposes of 2013 executive compensation decisions:

	Aruba Networks, Inc.	Digital River, Inc.	OPNET Technologies, Inc.
	Brightpoint, Inc.	Informatica Corporation	Smith Micro Software, Inc.
&zwsp;	CommVault Systems, Inc.	MicroStrategy Incorporated	Verifone Systems, Inc.
	Concur Technologies, Inc.	NeuStar, Inc.	VeriSign,Inc.
&zwsp;	Comverse Technologies, Inc.	Nuance Communications, Inc.	

Our peer group was updated in 2013 to reflect that RightNow Technologies, Inc., SuccessFactors, Inc. and Taleo Corporation were acquired in 2012. VeriS
added to offset the removal of these three companies. We believe the peer group utilized for purposes of 2013 compensation decisions was representative o
we compete with for talent. When making compensation decisions for our NEOs, our Compensation Committee reviews publicly available survey and peer
compensation data for other software/services companies as part of its decision-making process. As we continue to grow as a company, competitive market
an increasingly important factor in our Compensation Committee's decision-making process, although its decisions are not primarily based upon these facto
target specific compensation levels as derived from peer group data. Rather, our Compensation Committee reviews and considers the peer group and

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other survey data to obtain a general understanding of current competitive compensation practices. Competitive market influences tend to be relatively mor compensation decisions for newly-hired executive officers than for tenured officers, for whom length of tenure, corporate achievement, internal pay equity performance are more important. Utilization of the peer group and survey data to gain a general understanding of competitive pay practices allows us to acc Compensation Committee's goal of paying our NEOs what is appropriate to achieve our corporate goals while conserving cash and equity.

Our peer group is also utilized in connection with the determination of the actual number of shares issued with respect to our performance-based restricted discussed below. Following the determination of the number of shares to be awarded based on the achievement of the applicable corporate goals, we issue shares or 10% less shares based on our total stockholder return ("TSR") relative to our peer group for the three-year period ending at the end of the applicab

Elements of Compensation

Our executive compensation program has the following principal elements: base salary, annual cash incentive bonus, equity awards and severance and char protection. The following table sets forth these elements and the objectives of each element:

&zwsp; **Base Salary**		**Objective:**	
	&zwsp;		&zwsp;
&zwsp;	**&zwsp;**	Our Compensation Committee sets base salaries with the intent to attract and retain executives, reward satisfactory performance and provide a minimum, fixed level of cash compensation to compensate him or her for their day-to-day responsibilities.	&zwsp;
	&zwsp;	**Key Features:**	&zwsp;
&zwsp;	**&zwsp;**	Minimum, fixed level of cash compensation. Base salaries are initially determined as a result of negotiation between the executive and our management in consultation with and subject to the approval of our Compensation Committee.	&zwsp;
&zwsp;	**&zwsp;**	Our Compensation Committee reviews base salaries annually and has discretion to provide increases based on our Compensation Committee's general understanding of current competitive pay practices, promotions, our CEO's recommendation (except his own salary), changes in responsibilities and performance, annual budget for increases, our overall financial and operational results, the general economy, length of tenure and internal pay equity and other factors our Compensation Committee deems appropriate.	&zwsp;
	&zwsp;	**Process:**	&zwsp;
&zwsp;	**&zwsp;**	At the end of each calendar year, the CEO recommends salaries for executives other than himself for the following calendar year.	&zwsp;
&zwsp;	**&zwsp;**	Our Compensation Committee reviews proposed salary changes with input from its compensation consultant.	&zwsp;
&zwsp;	**&zwsp;**	Our Compensation Committee determines annual salaries for NEOs.	&zwsp;
&zwsp;	**&zwsp;**	Our Compensation Committee reports determinations to the full Board.	&zwsp;

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Annual Cash Incentive Bonus

Objective:
The annual cash incentive bonus is a performance-based compensation program designed to align the interests of our NEOs and stockholders by providing compensation based on the achievement of pre-determined corporate and/or business goals and individual performance.

Key Features:

The target bonus for each NEO is set by our Compensation Committee early in the year based on employment agreement provisions, our Compensation Committee's general understanding of current competitive pay practices, our CEO's recommendation (except his own), internal pay equity and other factors our Compensation Committee deems appropriate.

At least 90% of the target incentive is determined by performance against certain financial objectives established at the start of the year.

If we achieve results that are below certain threshold levels, our NEOs receive no cash incentive bonus, while results that are above certain threshold levels result in larger cash incentive bonuses.

Process:

Our Compensation Committee participates in our Board of Director's review of our annual operating plan at the beginning of the year.

Our CEO recommends bonus targets as a percentage of base salary for each executive other than himself.

Our management recommends financial and other performance measures, weightings and ranges.

Our Compensation Committee reviews proposed bonus targets, performance measures and ranges with input from its compensation consultant and determines bonus targets, performance measures and ranges that it believes establish appropriate stretch goals.

After the end of the fiscal year, our management presents financial results to our Compensation Committee.

Our CEO recommends the individual component award for our NEOs other than himself.

Our Compensation Committee reviews the results and determines whether to make any adjustments, and determines other performance factor multipliers and establishes the bonus award.

Our Compensation Committee reports determinations to the full Board.

&zwsp; **Equity Awards** **Objectives:**

&zwsp; &zwsp;

&zwsp; **Generally**

Our Compensation Committee structures equity awards to retain NEOs, motivate them to achieve our financial, strategic and operational goals, and align their interests with those of our stockholders. Equity awards include stock options, **&zwsp;** time-based and performance-based restricted shares. &zwsp;

&zwsp; **Key Features:** &zwsp;

&zwsp;

Our Compensation Committee grants stock options, time-based and performance-based restricted shares to NEOs with the grant date value based on our Compensation Committee's general understanding of current competitive pay practices, our CEO's recommendation (except his own), internal pay equity, evaluation of the executive's performance, and other **&zwsp;** factors our Compensation Committee deems appropriate. &zwsp;

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- Long-term incentive awards are allocated as follows, based on grant date award value (with vesting terms that generally extend up to four years):
  - One-third stock options
  - One-third time-based restricted shares
  - One-third performance-based restricted shares
- Our Compensation Committee believes this mix provides NEOs with a balance retention and performance opportunity, and serves to closely align their long-term objectives with those of our stockholders.
- Each performance-based restricted share award has a target number of shares to be issued following completion of a fiscal year based on the achievement of certain Company performance criteria.
- Performance-based restricted shares are issued following the completion of our fiscal year and can be up to 20% more or 10% less than target depending on our TSR relative to our peer group over a trailing three-year period.

Process:

- In the first fiscal quarter, our CEO recommends grant date fair value of awards for executives other than himself.
- Our Compensation Committee reviews proposed award with input from its compensation consultant.
- Our Compensation Committee determines the number of stock options and restricted shares based on the price of our Common Stock.
- Our Compensation Committee reports determinations to the full Board.

Severance and Change in Control Benefits

Objectives:

Severance and change in control benefits are included in each NEO's employment agreement in order to promote stability and continuity of our senior management team in the event of a potential change in control and/or any involuntary termination. Our Compensation Committee believes these provisions help to appropriately align the NEO's interests with those of our stockholders in such scenarios.

Key Features:

- Events triggering payment require a termination of the NEO's employment by us "without cause" or by the executive for "good reason". Executives are entitled to enhanced benefits if the foregoing occurs following a change in control
- Our Compensation Committee has determined it appropriate to have these termination-related benefits in place to preserve morale and productivity and encourage retention in the face of potentially disruptive circumstances that might cause an executive to be concerned that his employment is in jeopardy or that might involve an actual or rumored change in control of our Company.
- Each NEO will only be eligible to receive severance payments if he signs a general release of claims following an eligible termination.
- Each NEO's outstanding options and restricted shares will vest and become exercisable in full if his employment is involuntarily terminated within twelve (12) months following a change in control.

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Chief Executive Officer Compensation

As our Chairman and CEO, Mr. Waldis' responsibilities are much greater than those of the other NEOs, as he is informed and involved, in a detailed manne department's progress toward our shared Company goals. As such, his total base salary and his total compensation opportunity are greater than our other NI his equity holding requirements under our Executive Stock Ownership Guidelines are five times his base salary as opposed to three times for the other NEO industry, the CEO must be deeply aware of a company's strengths and obstacles, and have sharp strategic vision for our future while maintaining our ability changing circumstances and prospects quickly and thoughtfully. The successful progress of our research and development programs and success of our cus engagements brings value to our financial performance and our stockholders, and we believe Mr. Waldis' direction in the decisions and actions that drive th merit the compensation that he receives.

Pay Mix

In keeping with our results-driven culture, our Compensation Committee expects our NEOs to deliver superior performance in a sustained fashion and belie substantial portion of their overall compensation should be at-risk and tied to our short-term and long-term performance. As shown below, 87% of our CEO and 78% of the average compensation of our other NEOs varies with our Company's short-term or long-term performance.*

* We have excluded from the above information the one-time special grant of restricted stock that our Compensation Committee granted to our CEO and ea in early 2013. See "Special 2013 Equity Awards".

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Target and Realized Pay

As discussed above, our Compensation Committee believes that a program weighted towards variable, performance-based compensation ensures that our N aligned with those of our stockholders. Furthermore, because the equity awards are also subject to time-based vesting, the compensation an NEO realizes ir equity awards is spread over a number of years, which our Compensation Committee believes assists in motivating him to drive business growth over the lo the amounts shown in the Summary Compensation Table reflect the grant-date value of equity awards received by a NEO (in accordance with FASB ASC they do not reflect the impact of stock price performance on compensation actually realized by our NEOs. The compensation actually realized by the NEO actual performance.

The chart below shows the difference between aggregate Target Annual Compensation and Realized Annual Compensation for our CEO for 2011, 2012 an illustrated, actual realized pay for each year is below the grant date value of compensation disclosed in the Summary Compensation table in accordance wit Topic No. 718.

"Target Compensation" represents the sum of base salary, target annual cash bonus, the grant-date value of stock options, time-vested restricted shares, and number of performance shares as disclosed in the Summary Compensation Table, using the stock price on the date of grant.

"Realized Compensation" represents the sum of base salary, actual annual cash bonus paid, the intrinsic value of stock option grants as of December 31, 20 time-vested restricted shares as of December 31, 2013 and actual number of performance shares issued, valued as of December 31, 2013.

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2013 Compensation Decisions

Base Salary

Base salaries for our named executive officers ("NEOs") are reviewed and adjusted annually. Base salary may also be adjusted during the year upon promo internal equity or external market conditions. Our Compensation Committee makes these decisions after reviewing the recommendation of our CEO (excep his own salary) and our Executive Vice President of Human Resources, and consultation with our compensation consultant when needed. Based on this rev February 2013, our Compensation Committee provided cost of living salary increases of approximately 3% (representing the expected median base salary i of our NEOs employed by us as of such date.

In May 2013, Mr. Lazzaro entered into an employment agreement to serve as our President of North America pursuant to which we agreed to pay Mr. Lazz of $412,000 annually, subject to adjustment pursuant to our compensation policies in effect from time to time. Mr. Lazzaro's compensation was negotiated management in consultation with our compensation consultant and subject to the approval of our Compensation Committee. Our Compensation Committee this was an acceptable base salary for Mr. Lazzaro based, among other things, on the advice of our compensation consultant, the base salary of our other ex his expected senior role with us and its general understanding of competitive pay practices.

The table below sets forth our NEOs' 2013 base salary compared to their respective 2012 base salary:

Name	2012 Base Salary	2013 Base Salary
Stephen G. Waldis	$541,000	$557,230
Lawrence R. Irving	$375,000	$386,250
Robert E. Garcia	$400,000	$412,000
Nicholas Lazzaro	N/A	$412,000
Mark Mendes	$336,000	$350,000

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2013 Annual Cash Incentive Bonus Compensation

Our Annual Cash Incentive Bonus Compensation Program promotes our pay-for-performance philosophy by providing all executives and other managemer employees with direct financial incentives in the form of annual cash awards for achieving Company, business and individual performance goals.

Target Percentage.

Our Compensation Committee sets each NEO's individual target cash incentive percentage based on its general understanding of competitive pay practices, recommendation (except his own) and other factors it deems appropriate. Based on its review of these factors, in 2013 our Compensation Committee increa Mr. Waldis', Mr. Irving's and Mr. Garcia's target cash percentage to 110%, 70% and 80%, respectively,. Mr. Lazzaro's target bonus was set at 80% of his ba Compensation Committee determined that this was an appropriate target bonus for Mr. Lazzaro based, among other things, on advice from its compensatio target bonus incentive percentage of our other executive officers, his expected senior role at our Company and its general understanding of competitive pay such, our NEO's 2013 target incentive bonus percentages were as follows:

Name	Target Incentive Bonus Percentage
Stephen G. Waldis	110% of base salary
Lawrence R. Irving	70% of base salary
Robert Garcia	80% of base salary
Nicholas Lazzaro	80% of base salary
Mark Mendes	60% of base salary

Each of Messrs. Waldis, Irving, Garcia and Mendes may earn in excess of his annual target bonus in the event that corporate and individual objectives set b Compensation Committee are exceeded. Under our 2013 incentive compensation plan, the maximum amount each of Messrs. Waldis, Irving, Garcia, Lazza could have received was 175% of the product of their respective base salary and his target incentive bonus percentage if both their corporate and business, a goals are met and exceeded and, if applicable, their individual performance met or exceeded expectations. Mr. Mendes could also have received up to an ad if certain financial measures of our broadband business were met. Mr. Lazzaro's maximum was lower due because he was not employed by us for the full y

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Weighting of Components

Each of our NEOs has both (i) a corporate component and (ii) either (a) a discretionary individual performance component or (b) an objective business com
determining his annual cash incentive bonus compensation as follows:

Name	Corporate Component Target Rate	Individual Component Target Rate	Business Component Target Rate
Stephen G. Waldis	100%	10%	
Lawrence R. Irving	60%	10%	
Robert E. Garcia	70%	10%	
Nicholas Lazzaro	32%		48%
Mark Mendes	20%		40%

2013 Corporate Component

Our Compensation Committee established targeted (i) non-GAAP revenue and (ii) non-GAAP operating income as a percentage of non-GAAP revenue und
internal annual operating plan as the corporate component of our NEO's 2013 annual cash incentive bonus compensation. We utilize these non-GAAP finan
internally in analyzing its financial results and in evaluating our ongoing operational performance because they exclude certain non-cash adjustments requir

Our 2013 internal annual operating plan was developed by management and presented by Mr. Waldis, as Chairman and CEO, and Mr. Irving, as CFO, to ou
review and approval. The target performance levels under the annual cash incentive our NEOs are expected to achieve are aligned with our annual internal
motivate performance goals in a manner that we believe will increase our stockholder value. Our 2013 internal annual operating plan when it was set placed
greater than what was expected to be shared in our public guidance, and our Compensation Committee had similar expectations when it established the 201
component that the objectives would be targets that pushed management and our Company to a higher threshold than market expectations. In calculating no
and non-GAAP operating income as a percentage of non-GAAP revenue we add back the fair value stock-based compensation expense, deferred revenue, a
costs, restructuring charges, changes in the contingent consideration obligation, deferred compensation expense related to earn-outs and amortization of inta
associated with acquisitions.

The corporate component of the 2013 cash incentive compensation plan is set forth below:

Corporate Component	Threshold (weighting) 25% payout		Target (weighting) 100% payout		Maximum (weighting) 175% payout		**&zwsp;**
Non-GAAP Revenue	$345,000,000	(30%)	$360,000,000	(50%)	$375,000,000	(70%)	
Non-GAAP Operating Income (as percentage of non-GAAP Revenue)	23.5%	(70%)	23.5%	(50%)	22.0%	(30%)	

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Each of the components was separately weighted at the "threshold," "target" and "maximum" levels. At the "threshold" level, our Compensation Committe focus should be on maximizing operating income if our non-GAAP revenues were low and therefore weighted 70% of the annual cash incentive bonus on t operating income as a percentage of non-GAAP revenue component and 30% on the non-GAAP revenue component. Conversely, at the "maximum" level, revenues were high we believe our stockholders would benefit, and therefore weighted 70% of the annual cash incentive bonus for our executives on the no component and 30% on the non-GAAP operating income as a percentage of non-GAAP revenue component. As discussed above, beginning in 2014, as par to our executive compensation program we are implementing as a result of stockholder feedback, the weighting of the components will be fixed each year r non-GAAP revenue or operating income achieved.

In 2013, our non-GAAP revenue was $352,507,000. Our non-GAAP operating income as a percentage of non-GAAP revenue was 23.1%, which was belov threshold at this level of revenue, and therefore our NEOs received no credit for this component. Based on our non-GAAP revenue being above the "thresh "target", this represented 62.5% of target (halfway between 25% threshold and 100% target) and as a result, the revenue component had a weighting of 40% interpolation (halfway between 30% and 50%). Thus, each NEO received 25% (i.e., 62.5% × 40%) for the corporate component of their respective target b as outlined in the table below (other than Mr. Lazzaro's whose corporate component was pro-rated based on the time he was employed by us).

Corporate Component	Achievement	Plan Payout	&zwsp;
Non-GAAP Revenue*	$352,507,000	25%	
Non-GAAP Operating Income* **(as percentage of Non-GAAP Revenue)**	23.1%	0%	

* These financial measures are non-GAAP measures and should not be reviewed in isolation or as substitutes for our financial results as reported in accorda Please see Appendix A for an explanation of and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures.

2013 Individual Component

In 2013, Messrs. Waldis, Irving and Garcia's individual component of his annual cash incentive bonus was based upon our Compensation Committee's subj of his individual performance. Based on their assessment and Mr. Waldis' recommendations (other than his own), our Compensation Committee awarded e Messrs. Waldis, Irving and Garcia 70% of the 10% allocated to the individual component of their respective target cash incentive bonus. Our Compensatio awarded less than the target amount because although we believe we made some excellent strides in 2013, our Compensation Committee felt that our overa could have been improved. Our Compensation Committee did not distinguish any NEO's individual performance during 2013 in determining this percentag

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2013 Business Component

The business component of Mr. Lazzaro's 2013 annual cash bonus was tied to certain financial objectives of specific accounts in North America. Specifical target cash incentive bonus was based upon those accounts, equally divided between revenues and contribution margin objectives. Mr. Lazzaro's accounts d desired contribution margin and, as a result, he did not receive any incentive compensation for this component. However, he did receive $55,774 or 48% of incentive bonus for the business component tied to revenue contribution, which was pro-rated for the portion of the year that Mr. Lazzaro was responsible f

The business component of Mr. Mendes' 2013 annual cash bonus was tied to certain financial objectives of our broadband business. Specifically, 40% of hi incentive compensation was based upon the combination of revenue and contribution margin of our broadband business. Mr. Mendes had the ability to incr compensation for exceeding targets to various tiers, not to exceed 85% of his base salary. The actual 2013 incentive compensation for the performance of o business exceeded target and resulted in an actual payment of $187,500 or 133% of his target. In addition, Mr. Mendes was also eligible to receive an addit each quarter in which our broadband business achieved target revenue and operating margin. Mr. Mendes received an additional $75,000 for achieving thes of the four quarters of 2013.

As such, our NEOs were awarded the following amounts under the 2013 cash incentive bonus:

	Executive	Target Bonus for Corporate Component	Percentage of Corporate Component Target Awarded	Actual Corporate Component Awarded	Target Bonus for Individual Component	Individual Component Percentage of Base Salary	Actual Individual Component Awarded	To Bo Awa
&zwsp;	Stephen G. Waldis	$ 557,230	25%	$ 139,308	$ 55,723	70.0%	$ 40,692	$ 180
	Lawrence R. Irving	$ 231,750	25%	$ 57,938	$ 38,625	70.0%	$ 27,062	$ 85
	Robert E. Garcia	$ 288,400	25%	$ 72,100	$ 41,200	70.0%	$ 28,900	$ 101

	Executive	Target Bonus for Corporate Component	Percentage of Corporate Component Target Awarded	Actual Corporate Component Awarded	Target Bonus for Business Component	Percentage of Business Target Awarded	Actual Business Component Awarded	Tota Bonu Awar
&zwsp;	Nicholas Lazzaro(1)	$ 76,904	25%	$ 19,226	$ 115,360	48%	$55,774	$ 75,(
	Mark Mendes	$ 70,000	25%	$ 17,500	$ 140,000	133%	$187,500	$ 280,(

(1) Mr. Lazzaro's corporate and business component target bonus amounts were pro-rated based on his start of employment wit January 1, 2013.

(2) Mr. Mendes' business bonus includes an additional $75,000, representing three payments of $25,000 for each quarter in wh business achieved certain financial measures for the quarter.

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2013 Long-Term Incentive Compensation Plan

In 2013, our Compensation Committee expanded our executive compensation plan to include time-based restricted shares in addition to stock options and performance-based restricted shares, targeting an annual mix of one-third for each of these equity awards (based on grant date fair value). The number of st target number of performance restricted shares and time-based restricted shares to be granted to our NEOs was based on our Compensation Committee's ge understanding of competitive pay practices, our CEO's recommendation (except his own) and other factors it deemed appropriate.

In February 2013, our Compensation Committee awarded time-based restricted stock, determined the targets for the 2013 performance-based restricted sha granted options to purchase shares of our Common Stock to our NEO's who we employed on such date. The grants were intended to provide incentives for achieve our 2013 goals and vest over up to three or four years to also tie our NEO's variable realizable compensation to our performance and further align t those of our stockholders. See Description of Awards Granted in 2013. The number of shares of time-based restricted stock awarded and number of shares options granted were as follows:

	Name	Number of Time-Based Shares of Restricted Stock	Number of Shares Subject to Options	
&zwsp;				
	Stephen G. Waldis	30,560	76,400	&zwsp;
	Lawrence R. Irving	9,880	24,700	
&zwsp;				
	Robert Garcia	16,000	40,000	&zwsp;
	Mark Mendes	3,880	9,700	

The actual number of performance-based restricted shares of Common Stock that could be issued pursuant to the 2013 performance-based restricted share a upon our performance against the same non-GAAP revenue and non-GAAP operating income as a percentage of non-GAAP revenue targets applicable to t incentive bonus compensation discussed under "2013 Annual Cash Incentive Award".

In 2013, our non-GAAP operating income as a percentage of non-GAAP revenue was 23.10%, which was below our threshold, and therefore our NEOs rec for this component. Our non-GAAP revenue was $352,507,000, which was halfway between the threshold revenue of $345,000,000 and the target revenue Please see Appendix A for an explanation of and reconciliation of these non-GAAP financial measures to the applicable GAAP financial measures. As a re component had a weighting of 40% based on linear interpolation (halfway between 30% and 50%). Since the actual non-GAAP revenue was halfway betw and target revenue, the actual number of restricted shares of Common Stock issued pursuant to the 2013 performance-based restricted share awards to our N 2014 was the threshold number of shares each NEO was entitled to receive based on the "revenue" component plus 20%

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(i.e., 50% × 40%) of the difference between the target number of shares and the threshold number of shares above the threshold number of shares, as set for

Name	Threshold	Target	Maximum	Threshold Revenue Component	Additional Shares Over Minimum	Performance Shares Awarded
Stephen G. Waldis	32,250	43,000	53,750	12,903	2,153	15,056
Lawrence R. Irving	10,425	13,900	17,375	4,171	696	4,867
Robert E. Garcia	16,875	22,500	28,125	6,752	1,126	7,878
Mark Mendes	4,125	5,500	6,875	1,650	276	1,926

Thus, due to our failure to achieve the target on both of its financial measures, the NEOs received an aggregate of 55,173 less performance-based restricted targeted 84,900. The number of shares issued was also subject to an adjustment based on our TSR compared to that of our peer group during the prior three (2011-2013). If the TSR was below the 25th percentile, the actual number of performance-based shares for an NEO would be reduced by 10% and if the TS the 75th percentile, the actual number of performance-based shares would be increased by 20%. Thus, the actual number of performance-based shares that c pursuant to the 2013 performance-based restricted share awards could range from zero to one and one-half times the initial target amount. As our TSR was 25th nor the 75th percentile compared to its peer group for such three-year period (2011-2013), no adjustment was made by our Compensation Committee to number of performance-based restricted shares each NEO was issued.

In connection with his joining our Company in May 2013, our Compensation Committee (i) granted Mr. Lazzaro an option to purchase 60,000 shares of ou at an exercise price equal to $30.56, the closing price per share of our Common Stock on the Nasdaq Global Market on the grant date, with 25% of the shar option becoming exercisable after 12 months of continuous service and the balance becoming exercisable in equal monthly installments over the next 36 m continuous service thereafter and (ii) awarded Mr. Lazzaro 50,000 restricted shares of our Common Stock, with 25% of the shares vesting after 12 months o service and the balance vesting in equal installments each quarter over the next three years of continuous service thereafter. Our Compensation Committee of Mr. Lazzaro's equity grant on, among other things, advice from its compensation consultant, the size of the initial equity grants of our other executive of expected senior role at our Company and its general understanding of competitive pay practices.

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Special 2013 Equity Awards

In 2012, our Compensation Committee changed the date for determining compensation for our executive officers from December of the prior year (i.e., Dec February of the following year (i.e., February 2013) to ensure that decisions were based on our audited financial results from the prior year. In February 20 Compensation Committee determined 2013 compensation for our NEOs, at which time options were granted to our NEOs with an exercise price of $31.02. Common Stock was 37% higher on the grant date compared to the price of our Common Stock on the date the equity awards were originally scheduled to b December 2012, to make our NEOs whole and compensate them for the loss of intrinsic value appreciation during that period, our Compensation Committe NEO the following number of restricted shares of our Common Stock as a special one-time grant equal to 37% of the number of stock options granted. One shares vest after one year and the remaining one-half of the shares vest after two years, provided such individual is continuously employed by our Company period. Our Compensation Committee does not intend to make any similar grants in the future.

Executive Officer	Restricted Shares Granted
Stephen G. Waldis	28,264
Lawrence R. Irving	9,138
Robert Garcia	14,798
Mark Mendes	3,589

Employment Agreements, Other Benefits and Perquisites

We have entered into three-year employment agreements with each of our NEOs that expire on December 31, 2014. Each employment agreement includes arrangement that provides enhanced benefits in the case of involuntary termination following a change in control which is designed to promote stability and senior management. For a description of the terms of the employment agreements, please see "Employment Agreements" on page 45. Our NEOs are eligibl all of our employee benefit plans (other than our employee stock purchase plan), such as medical, dental, vision, group life and disability insurance and our each case on the same basis as our other employees. We lease an automobile (and pay applicable insurance and gas) for Messrs. Waldis, Irving and Mendes car allowance to Mr. Garcia, each to be used primarily for business purposes. We paid Mr. Lazzaro $200,000 to assist with his relocation to the Dallas, Tex connection with his joining our Company. In the event Mr. Lazzaro resigns or is terminated for cause within one year of his relocation to Texas, he is requi this amount. There were no other special benefits or perquisites provided to any NEO in 2013.

Financial Restatement and Related Policies

Although we do not have a clawback policy currently in place, we have a comprehensive Ethics and Business Conduct Policy. As part of this policy, we wi reported instances of questionable or unethical behavior, and where improper behavior is found to have occurred, we will take appropriate action up to and termination. In the event that an investigation uncovers that one of our employees, officers or directors commits fraud or other improper act which causes o any period to be restated or otherwise affects such financials, we would take immediate and appropriate disciplinary action individual including but not lim termination. In addition, we would take whatever legal remedies are available to prosecute such individual to the fullest extent of

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the law and recover any amounts he inappropriately received as a result of such fraudulent action, including but not limited to any annual or long-term ince
received but would not have received had such act not be taken.

Executive Officer Stock Ownership Guidelines

In 2013, in consultation with Deloitte and as a result of the feedback we received during our stockholder outreach program, we revised the stock ownership
our executive officers. The purpose of these guidelines is to increase and maintain our executive officers' equity stake in our Company to further align our e
interests with those of our stockholders. Each executive officer who is subject to Section 16 of the Securities Exchange Act or directly reports to our CEO (
NEOs) is required to own, as of the later of January 1, 2019 or five years from the date such individual begins reporting to our CEO or becomes a Section 1
required to own a number of vested shares of our Common Stock having a value equal to (a) five times the base salary for our CEO; (b) three times the bas
President and Chief Operating Officer, Chief Financial Officer, and President of any division (i.e., North America, Emerging Markets, International) and (c
one-half times the base salary for other executive officers. In the event an executive officer is not compliant at the end of such five year period, our Compe
Committee may reduce future equity grants to such executive officer until he is compliant. Based on share holdings on April 11, 2014, each of our NEOs ex
minimum holding requirements on that date.

Tax Matters

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), places a $1,000,000 limit on the amount of compensation that we may de
year with respect to our CEO and our three other most highly paid NEOs (other than our CFO). To maintain flexibility in compensating NEOs in a manner
promote varying corporate goals, our Compensation Committee may, in its judgment, authorize compensation payments that are not deductible when it bel
payments are appropriate, including to attract and retain highly-qualified executive officers.

Recent Developments

Mr. Irving resigned as our Chief Financial Officer and Treasurer, effective April 1, 2014, and agreed to remain as an employee until December 31, 2014 in
working on several projects. Our Board has elected Karen Rosenberger to replace Mr. Irving as our Executive Vice President, Chief Financial Officer and T
effective April 1, 2014. Ms. Rosenberger previously served as our Senior Vice President and Chief Accounting Officer.

Compensation Committee Report(1)

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on such revi
discussions, the Compensation Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this
submitted by the following members of the Compensation Committee:

William J. Cadogan, Chairman
Charles E. Hoffman
Thomas J. Hopkins

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(1) The material in this report is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated
in any filing of Synchronoss Technologies, Inc. under the Securities Act or the Exchange Act, whether made before or
hereof and irrespective of any general incorporation language in any such filing.

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Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by, or paid to our "principal executive officer," "principal financial officer" and o
highest paid executive officers (our "NEOs") for 2013:

Name and Principal Position(a)	Year	Salary ($)(1)(b)	Bonus ($)(2)(c)	Stock Awards ($)(3)(d)	Option Awards ($)(4)(e)	Non-Equity Incentive Plan Compensation (5)(f)	All Other Compensation ($)(g)	To ($)
Stephen G. Waldis	2013	557,230	40,692	3,211,040 (6)	1,246,512	139,308	37,061 (11)	5,23
Chairman of the	2012	541,000	40,575	801,360	*	211,948	34,080	1,62
Board and CEO	2011	525,000	65,625	1,322,332	2,685,016	758,438	35,697	5,39
Lawrence R. Irving	2013	386,250	27,062	1,038,074 (7)	402,995	57,938	20,673 (12)	1,93
EVP, Chief Financial	2012	375,000	28,125	419,760	*	81,619	24,371	92
Officer and Treasurer	2011	324,500	40,563	756,456	889,412	260,437	18,371	2,28
Robert Garcia	2013	412,000	28,900	1,680,753 (8)	652,624	72,100	7,650 (13)	2,85
President and	2012	400,000	30,000	890,490	512,219	113,178	16,700	1,96
Chief Operating Officer	2011	362,000	45,250	756,456	1,006,881	377,694	16,950	2,56
Nick Lazzaro	2013	262,182		1,528,000	946,134	75,000	200,000 (14)	3,01
EVP and President								
of Emerging Markets								
Mark Mendes	2013	350,000		409,008 (9)	158,261	280,000 (10)	8,593 (12)	1,20
EVP and President	2012	336,000	15,800	139,375	*	82,530	5,437	57
of North America	2011	327,400	40,925	348,106	252,979	262,765	8,849	1,24

*

As described in the Compensation Discussion and Analysis, we use annual stock option grants as a feature of our executive compensation progra
in the Summary Compensation Tables of this proxy statement may, however, suggest that certain of our NEOs did not receive an option award in
2012 our Compensation Committee adopted a go-forward schedule of making executive compensation decisions in the first quarter of the year so
financial results for the entire year could be taken into effect.

(1)

The salary amount represents the salary earned from January 1 through December 31 of the applicable year.

(2)

The amounts set forth in this column represent the subjective individual component portion of our annual cash incentive bonus awards paid to the
our Compensation Committee's approval. See "Compensation Discussion and Analysis" above for further discussion of the subjective individual

(3)

The amounts in this column reflect the grant date fair value, computed in accordance with FASB ASC Topic No. 718, of the target number of per
awards granted to our NEOs and the time-based restricted stock and one-time special restricted stock awarded to our NEOs. See "Compensation D
Analysis" above for further discussion of these stock awards. See Footnote 2 to the Financial Statements included in our Annual Report on Form
ended December 31, 2013 for a discussion of our assumptions in estimating the fair value of our stock awards. Our executive officers will not rea
value of these awards until these awards are vested and sold.

(4)

The amounts in this column reflect the grant date fair value, computed in accordance with FASB ASC Topic No. 718, of option awards granted to
Footnote 2 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a discussion of ou
estimating the fair value of our stock option awards. Our

NEOs will not realize the estimated value of these awards until these awards are vested and exercised or sold.

(5)
The amounts under this column include amounts paid based on the objective corporate and business components of the Company's annual incenti compensation plan described under "Compensation Discussion and Analysis."

(6)
Although the target number of performance-based shares was used in the Summary Compensation Table, the grant date fair market value of the p restricted share award assuming the highest level of performance conditions was achieved was $2,079,480.

(7)
Although the target number of performance-based shares was used in the Summary Compensation Table, the grant date fair market value of the p restricted share award assuming the highest level of performance conditions was achieved was $672,204.

(8)
Although the target number of performance-based shares was used in the Summary Compensation Table, the grant date fair market value of the p restricted share award assuming the highest level of performance conditions was achieved was $1,088,100.

(9)
Although the target number of performance-based shares was used in the Summary Compensation Table, the grant date fair market value of the p restricted share award assuming the highest level of performance conditions was achieved was $265,980.

(10)
Includes quarterly bonus paid to Mr. Mendes based on the satisfaction of certain objective criteria by our broadband business.

(11)
Reflects amounts paid to Mr. Waldis for leasing an automobile, including insurance premiums, and 401(k) matching contribution, including $29, provision of a car for Mr. Waldis in 2013.

(12)
Reflects amounts paid to Messrs. Irving and Mendes for leasing an automobile, including insurance premiums, and 401(k) matching contribution

(13)
Reflects amounts paid to Mr. Garcia for a car allowance (including insurance), and 401(k) matching contribution.

(14)
Mr. Lazzaro joined the Company on May 13, 2013. Reflects relocation expenses of $200,000 paid to Mr. Lazzaro in 2013 in connection with his

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Grants of Plan Based Awards

The following table sets forth each plan-based award granted to our NEOs during the year ended December 31, 2013. The FASB ASC Topic No. 718 value
is also reflected in the Stock Awards and Option Awards columns of the Summary Compensation Table above:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Performance Stock Awards Number of Shares of Stock or Units(2)			Number of Shares of Stock or Units	Awards Securities Underlying Options	Exercise or Base Price of Option Awards	Value of Stock a Optio Awar
Name(a)		Threshold ($)(c)	Target ($)(d)	Maximum ($)(e)	Threshold (#)(f)	Target (#)(g)	Maximum ($#(h)	(#)(i)	(#)(j)	($/Sh)(k)	($)(4)(
Stephen G.		0	612,953	1,072,668							
Waldis	2/14/2013								76,400	31.02	1,246,5
	2/14/2013							30,560			947,9
	2/14/2013(5)							28,264			876,7
	2/14/2013				29,025	43,000	64,500				1,386,3
Lawrence R.		0	270,375	473,156							
Irving	2/14/2013								24,700	31.02	402,9
	2/14/2013							9,880			306,4
	2/14/2013(5)							9,138			283,4
	2/14/2013				9,383	13,900	20,850				448,1
Robert E.		0	329,600	576,800							
Garcia	2/14/2013								40,000	31.02	652,6
	2/14/2013							16,000			496,3
	2/14/2013(5)							14,798			459,0
	2/14/2013				15,187	22,500	33,750				725,4
Mark		0	310,000(3)	467,500(3)							
Mendes	2/14/2013								9,700	31.02	158,2
	2/14/2013							3,880			120,3
	2/14/2013(5)							3,589			111,3
	2/14/2013				2,784	5,500	8,250				177,3
Nicholas		0	329,600	473,156							
Lazzaro	5/13/2013								60,000	30.56	946,1
	5/13/2013							50,000			1,528,0

(1)

Each of our NEOs was granted a non-equity incentive plan award pursuant to our 2013 annual incentive bonus compensation plan. The amounts s "Target" column reflect the target cash payment level for the corporate and business component of our 2013 annual incentive bonus plan if we ac corporate and business objectives previously approved by our Compensation Committee. The amounts shown in the "Maximum" column reflect t levels for the corporate and business components of our 2013 annual incentive bonus compensation if we achieved the maximum of each of our c business objectives previously approved by our Compensation Committee. The corporate and business components of our 2013 annual incentive compensation plan is discussed in greater detail in "Compensation Discussion and Analysis." The actual amounts paid to each NEO are shown in Compensation Table above. The table does not include the individual discretionary component portion of the NEO's aggregate targeted annual ca bonus amount.

(2)

Each of our NEOs who was employed by us in February 2013 was awarded a 2013 performance-based restricted share award as described in grea "Compensation Discussion and Analysis." The 2013 performance-based restricted share awards triggered the issuance of a certain number of rest Common Stock based on the achievement of our 2013 financial performance. The amounts shown in the "threshold" column reflect the minimum restricted shares of Common Stock issuable under the 2013 performance-based restricted share awards. The amounts shown in the "target" colum number of restricted shares of Common Stock issuable under the 2013 performance-based restricted share awards if all of the 2013 financial goal

The amounts shown in the "maximum" column reflect the maximum number of restricted shares of Common Stock issuable under the 2013 perfo
restricted share if all of the 2013 financial goals were surpassed.

(3)

Mr. Mendes was able to receive an additional non-equity incentive plan award of $100,000 for each quarter for which our broadband business ach
financial results. Mr. Mendes actually received $75,000 for the three quarters which our broadband business achieved these financial results, as d
greater detail in "Compensation Discussion and Analysis."

(4)

The amount in this column reflect the grant date fair value, computed in accordance with FASB ASC Topic No. 718, of stock awards and options
NEOs. See Footnote 2 to the Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2013 for a disc
assumptions in estimating the fair value of our stock and option awards.

(5)

The restricted shares in this column represent the one-time "2013 Special Equity Awards" granted to our NEOs who we employed in February 20

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Description of Awards Granted in 2013

&zwsp; ***Stephen G. Waldis:***

&zwsp; On February 14, 2013, we granted Mr. Waldis (i) an option to purchase 76,400 shares of our Common Stock, (ii) 30,560 restricted shares o Common Stock, (iii) 28,264 restricted shares of our Common Stock pursuant to a one-time special grant discussed in the Compensation Discussion and Analysis section of this proxy and (iv) a performance-based restricted stock award pursuant to which Mr. Waldis was entit receive up to 64,500 restricted shares of our Common Stock based on the Company's 2013 performance metrics (including total stockhold return) discussed in the Compensation Discussion and Analysis section of this proxy. On January 29, 2014, 15,056 restricted shares of our Common Stock were issued to Mr. Waldis under the 2013 performance-based restricted stock award.

Lawrence R. Irving:

On February 14, 2013, we granted Mr. Irving (i) an option to purchase 24,700 shares of our Common Stock, (ii) 9,880 restricted shares of Common Stock, (iii) 9,138 restricted shares of our Common Stock pursuant to a one-time special grant discussed in the Compensation Discussion and Analysis section of this proxy and (iv) a performance-based restricted stock award pursuant to which Mr. Irving was entitl receive up to 20,850 restricted shares of our Common Stock based on the Company's 2013 performance metrics (including total stockhold return) discussed in the Compensation Discussion and Analysis section of this proxy. On January 29, 2014, 4,867 restricted shares of our Common Stock were issued to Mr. Irving under the 2013 performance-based restricted stock award.

&zwsp; ***Robert Garcia:***

&zwsp; On February 14, 2013, we granted Mr. Garcia (i) an option to purchase 40,000 shares of our Common Stock, (ii) 16,000 restricted shares o Common Stock, (iii) 14,798 restricted shares of our Common Stock pursuant to a one-time special grant discussed in the Compensation Discussion and Analysis section of this proxy and (iv) a performance-based restricted stock award pursuant to which Mr. Garcia was entit receive up to 33,750 restricted shares of our Common Stock based on the Company's 2013 performance metrics (including total stockhold return) discussed in the Compensation Discussion and Analysis section of this proxy. On January 29, 2014, 7,878 restricted shares of our Common Stock were issued to Mr. Garcia under the 2013 performance-based restricted stock award.

Mark Mendes:

On February 14, 2013, we granted Mr. Mendes (i) an option to purchase 9,700 shares of our Common Stock, (ii) 3,880 restricted shares of Common Stock, (iii) 3,589 restricted shares of our Common Stock pursuant to a one-time special grant discussed in the Compensation Discussion and Analysis section of this proxy and (iv) a performance-based restricted stock award pursuant to which Mr. Mendes was enti receive up to 8,250 restricted shares of our Common Stock based on the Company's 2013 performance metrics (including total stockholde return) discussed in the Compensation Discussion and Analysis section of this proxy. On January 29, 2014, 1,926 restricted shares of our Common Stock were issued to Mr. Mendes under the 2013 performance-based restricted stock award.

&zwsp; ***Nicholas Lazzaro:***

&zwsp; On May 13, 2013, in connection with his joining the Company, we (i) granted Mr. Lazzaro an option to purchase 60,000 shares of our Co Stock and (ii) issued Mr. Lazzaro 50,000 restricted shares of our Common Stock.

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With respect to each of Messrs. Waldis, Irving, Garcia and Mendes, (a) each stock option becomes exercisable with respect to the first 25% of the shares su option upon completion of 12 months of continuous service after February 14, 2013, and an additional 1/48 of the shares subject to the option upon completi of continuous service thereafter, (b) one-third of the restricted shares issued to him under (ii) above vests on each of February 14, 2014, 2015 and 2016, pro continuously employed by us through each such date, (c) one-half of the restricted shares issued to him under (iii) above vests on each of February 14, 201 provided he remains continuously employed by us through each such date. With respect to the 2013 performance-based restricted shares, one-third of the sh issuance of the 2013 performance-based restricted shares, and one-third of such shares shall vest on each of February 14, 2015 and 2016 provided he remai employed by us through each such date. With respect to Mr. Lazzaro, (a) each stock option become exercisable with respect to the first 25% of the shares s option upon completion of 12 months of continuous service with us after the grant date, and with respect to an additional 1/48 of the shares subject to the op completion of each month of continuous service thereafter and (b) the first 25% of the restricted shares granted to him shall vest upon completion of 12 mo continuous service with us after the grant date, and an additional 1/16th of the shares vest upon completion of each three-months thereafter.

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Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding each unexercised option and all unvested stock held by each of our NEOs as of December 31, 2013:

	Option Awards				Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(17)**	**Equity Awar Payo Unea Units o That H**
Stephen G. Waldis	80,000(2)	-0-	8.98	4/3/2016				
zwsp;								
	56,753(3)	-0-	12.68	12/5/2016				
	51,818(4)	-0-	36.10	12/4/2014				
zwsp;								
	80,000(5)	-0-	9.93	12/19/2015				
	146,300(6)	-0-	14.00	12/1/2016				
zwsp;								
	63,000(7)	21,000	27.55	12/7/2017				
	80,000(8)	80,000	30.50	12/6/2018				
zwsp;								
	-0-	76,400(9)	31.02	2/14/2020				
					11,737(12)	364,669		
zwsp;								
					30,560(13)	949,499		
					28,264(14)	878,162		
zwsp;								