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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 11, 2016 (May 10, 2016)

Synacor, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-33843	16-1542712
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

40 La Riviere Drive, Suite 300 Buffalo, New York	14202
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (716) 853-1362

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

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

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

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

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

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2016, Synacor, Inc. issued a press release announcing, and hosted a publicly accessible conference call to discuss, its financial results for the quarter ended March 31, 2016. The full text of the press release and the transcript of the conference call are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are incorporated herein by reference.

This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release issued by Synacor, Inc. dated May 10, 2016
99.2	Transcript from conference call hosted by Synacor, Inc. on May 10, 2016

SIGNATURES

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

	Synacor, Inc.
Date: May 11, 2016	By: /s/ William J. Stuart
	William J. Stuart
	Chief Financial Officer and Secretary

SYNACOR

Synacor Beats Q1 2016 Guidance, Grows Margins, Wins AT&T Contract, Sets $300 Million Revenue Target

- *Revenue of $30.3 million and adjusted EBITDA of $1.5 million, exceeds Q1 2016 guidance*
- *Delivers 13% year-over-year growth in Revenue, and 17% growth in adjusted EBITDA*
- *Announces plan to achieve $300 million in Revenue and $30 million in adjusted EBITDA in 3 years (2019)*

BUFFALO, N.Y., May 10, 2016 - Synacor Inc. (NASDAQ: SYNC), the trusted multiscreen technology and monetization partner for video, internet and communications providers, device manufacturers, and enterprises, today announced its financial results for the quarter ended March 31, 2016.

"We begin 2016 with another successful quarter for Synacor - delivering significant year-over-year growth, expanding margins, and achieving several important milestones," said Synacor CEO Himesh Bhise. "We are honored to have been selected from among the many contenders to provide AT&T with portal services. In addition, we continue to make strong progress in adding and renewing customers to our portal, advertising, email, and video platforms."

"In less than two years, Synacor has undergone a massive transformation that has positioned us to compete effectively in several high-growth digital markets. Today, we have an enviable global customer base, a compelling and broad portfolio of products, and an advertising platform at scale. Our new contract win with AT&T is not only validation of our transformation, but is also an indicator and accelerator of our future growth and underpins our confidence to achieve our new long-term financial target of $300 million in revenue and $30 million in adjusted EBITDA in 2019," Bhise continued.

Recent Highlights

- Signed a multi-year portal services agreement with AT&T, which is expected to reach approximately $100 million of annual revenues after full product deployment is achieved in 2017
- Introduced a new "Path to 3/30/300" financial plan targeting annual revenue of $300 million and adjusted EBITDA of $30 million in 2019
- Closed on the acquisition of digital advertising pioneer Technorati, providing a leading programmatic advertising platform to Synacor
- Added and renewed customers: deployed Cloud ID for a prominent fiber ISP, executed a three-year email renewal with a major service provider, expanded the relationship with K-Opticom, and migrated the Markas Besar Polri, Indonesia's police force, to the Zimbra email collaboration platform.

Q1 2016 Financial Results

Revenue : For the first quarter of 2016, total revenue was $30.3 million, an increase of 13% compared with $26.7 million in the first quarter of 2015. Recurring and fee-based revenue represented 43% of total Revenue, and grew 113% compared with the first quarter of 2015.

Adjusted EBITDA : For the first quarter of 2016, adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA), which excludes stock-based compensation expense, was $1.5 million, or 4.9% of revenue, compared with $1.3 million, or 4.7% of revenue, for the first quarter of 2015.

Net Income **:** For the first quarter of 2016, higher depreciation and amortization costs associated with the intellectual property acquired from Zimbra and investments in the Company's next-generation portal resulted in net loss of $1.6 million, compared with net loss of $1.1 million in the first quarter of 2015. First-quarter earnings per share was a loss of $0.05 compared with a loss of $0.04 in the same period last year

Cash : Cash generated by operating activities was $3.9 million for the first quarter of 2016, compared with $2.2 million generated by operating activities in the same period of the prior year. First quarter 2016 operating cash flows funded both the Company's $2.5 million Technorati acquisition and the necessary expenditures to win the AT&T portal services contract. The Company ended the first quarter of 2016 with $15.7 million in cash and cash equivalents, which is slightly higher than the end of the prior quarter.

Guidance

Based on information available as of May 10, 2016, the company is providing financial guidance for the second quarter and fiscal 2016. Adjusted EBITDA guidance for the second quarter and fiscal year 2016 reflects a planned $10 million investment over the next 12 months to deploy portal services for AT&T.

- ***Long-Term Target*** : The Company introduced a new "Path to 3/30/300" financial plan targeting annual revenue of $300 million and adjusted EBITDA of $30 million in three years (2019).
- ***Q2 2016 Guidance*** : Revenue for the second quarter of 2016 is projected to be in the range of $29.0 million to $31.0 million. The company expects to report adjusted EBITDA of $0.0 million to $0.2 million, which includes investment in AT&T portal services deployment estimated to be approximately $10 million over the next 12 months.
- ***Fiscal 2016 Guidance*** : As a result of its updated financial forecast and incremental revenue from the AT&T agreement, the company is raising its full year 2016 revenue guidance to be in the range of $130.0 million to $135.0 million, up from the previously provided range of $125.0 million to $130.0 million. For full year 2016, the company is revising its adjusted EBITDA guidance to reflect investment in AT&T portal services deployment. Synacor will be funding the AT&T investment entirely from operating cash and plans to continue to be EBITDA positive for the year. It now expects to report adjusted EBITDA of $0.5 million to $2.0 million, down from the previously provided range of $4.0 million to $6.0 million.

Conference Call Details

Synacor will host a conference call today at 5 p.m. ET to discuss the first-quarter financial results with the investment community. The live webcast of Synacor's earnings conference call can be accessed at http://investor.synacor.com/events.cfm. To participate, please login approximately ten minutes prior to the webcast. For those without access to the internet, the call may be accessed toll-free via phone at (877)

837-3911, with conference ID 47007081, or callers outside the U.S. may dial (253) 237-1167. Following completion of the call, a recorded webcast replay will be available on Synacor's website through May 18, 2016. To listen to the telephone replay, call toll-free (855) 859-2056, or callers outside the U.S. may dial (404) 537-3406. The conference ID is 47007081.

About Synacor

Synacor (NASDAQ:SYNC) www.synacor.com is the trusted technology development, multiplatform services and revenue partner for video, internet and communications providers, device manufacturers, and enterprises. We deliver modern, multiscreen experiences and advertising to their consumers that require scale, actionable data and sophisticated implementation. Synacor enables our customers to better engage with their consumers.

Non-GAAP Financial Measures

The company uses certain non-GAAP financial measures in this release. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles (GAAP).

We report adjusted EBITDA because it is a key measure used by our management and Board of Directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

For a reconciliation of adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, please refer to the table "Reconciliation of GAAP to Non-GAAP Measures" in this press release.

Safe Harbor Statement

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements concerning Synacor's expected financial performance (including, without limitation, statements and information in the Business Outlook section and the quotations from management), as well as Synacor's strategic and operational plans. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, the company's results could differ materially from the results expressed or implied by the forward-looking statements the company makes.

The risks and uncertainties referred to above include - but are not limited to - risks associated with: execution of our plans and strategies; the loss of a significant customer; our ability to obtain new customers; our ability to integrate the assets and personnel from acquisitions; expectations regarding consumer taste and user adoption of applications and solutions; developments in internet browser software and search advertising technologies; general economic conditions; expectations regarding the company's ability to timely expand the breadth of services and products or introduction of new services and products; consolidation within the cable and telecommunications industries; changes in the competitive dynamics in the market for online search and digital advertising; the risk that security measures could be breached and unauthorized access to subscriber data could be obtained; potential third party intellectual property infringement claims; and the price volatility of our common stock.

Further information on these and other factors that could affect the company's financial results is included in filings it makes with the Securities and Exchange Commission from time to time, including the section entitled "Risk Factors" in the company's most recent Form 10-K filed with the SEC. These documents are available on the SEC Filings section of the Investor Information section of the company's website at http://investor.synacor.com/. All information provided in this release and in the attachments is available as of May 10, 2016, and Synacor undertakes no duty to update this information.

Contacts

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Synacor, Inc.
Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 15,748	$ 15,697
Accounts receivable, net	22,423	24,341
Prepaid expenses and other current assets	4,350	3,290
Total current assets	42,521	43,328
Property and equipment, net	13,886	14,377
Goodwill	15,949	15,187
Intangible assets	16,478	14,798
Investment	1,000	1,000
Other long-term assets	315	336
Total Assets	**$ 90,149**	**$ 89,026**
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 12,108	$ 9,004
Accrued expenses and other current liabilities	8,703	9,765
Current portion of deferred revenue	10,298	11,295
Current portion of capital lease obligations	1,481	1,574
Total current liabilities	32,590	31,638
Long-term portion of capital lease obligations	779	1,007
Long-term debt	5,000	5,000
Deferred revenue	4,470	3,225
Other long-term liabilities	1,938	2,052
Total Liabilities	**44,777**	**42,922**
Stockholders' Equity:		
Common stock	307	306
Treasury stock	(1,332)	(1,332)
Additional paid-in capital	114,014	113,238
Accumulated deficit	(67,675)	(66,110)
Accumulated other comprehensive income	58	2
Total stockholders' equity	45,372	46,104
Total Liabilities and Stockholders' Equity	**$ 90,149**	**$ 89,026**

Synacor, Inc.
Condensed Consolidated Statements of Operations
(In thousands except share and per share amounts)
(Unaudited)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Revenue	$ 30,260	$ 26,730
Costs and operating expenses:		
Cost of revenue (1)	12,972	14,403
Technology and development (1)(2)	5,873	4,866
Sales and marketing (2)	5,650	3,562
General and administrative (1)(2)	5,022	3,374
Depreciation and amortization	2,098	1,496
Total costs and operating expenses	31,615	27,701
(Loss) from operations	(1,355)	(971)
Other income (expense)	2	(16)
Interest expense	(68)	(50)
Loss before income taxes and equity interest	(1,421)	(1,037)
Provision for income taxes	144	4
Loss on equity interest	—	(32)
Net loss	$ (1,565)	$ (1,073)
Net loss per share:		
Basic	$ (0.05)	$ (0.04)
Diluted	$ (0.05)	$ (0.04)
Weighted average shares used to compute net loss per share:		
Basic	29,992,248	27,407,147
Diluted	29,992,248	27,407,147

Notes:

(1) Exclusive of depreciation shown separately.
(2) Includes stock-based compensation as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Technology and development	$ 241	$ 217
Sales and marketing	223	241
General and administrative	273	284
	$ 737	$ 742

Synacor, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three months ended March 31,	
	2016	**2015**
Cash Flows from Operating Activities:		
Net loss	$ (1,565)	$ (1,073)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,098	1,496
Stock-based compensation expense	737	742
Loss in equity investment	—	32
Change in assets and liabilities net of effect of acquisition:		
Accounts receivable, net	2,883	1,203
Prepaid expenses and other current assets	(1,060)	(23)
Other long-term assets	21	27
Accounts payable	2,252	995
Accrued expenses and other current liabilities	(1,652)	(1,186)
Deferred revenue	248	—
Other long-term liabilities	(114)	(48)
Net cash provided by operating activities	**3,848**	**2,165**
Cash Flows from Investing Activities:		
Acquisition	(2,500)	—
Purchases of property and equipment	(937)	(600)
Net cash used in investing activities	**(3,437)**	**(600)**
Cash Flows from Financing Activities:		
Repayments on capital lease obligations	(386)	(392)
Proceeds from exercise of common stock options	10	5
Net cash used in financing activities	**(376)**	**(387)**
Effect of exchange rate changes on cash and cash equivalents	16	(28)
Net increase in Cash and Cash Equivalents	51	1,150
Cash and Cash Equivalents at beginning of period	15,697	25,600
Cash and Cash Equivalents at end of period	**$15,748**	**$26,750**

Synacor, Inc.
Reconciliation of GAAP to Non-GAAP Measures
(In thousands)
(Unaudited)

The following table presents a reconciliation of net loss to adjusted EBITDA for each of the periods indicated:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Reconciliation of Adjusted EBITDA:		
Net loss	$ (1,565)	$ (1,073)
Provision for income taxes	144	4
Interest expense	68	50
Other (income) expense	(2)	16
Depreciation and amortization	2,098	1,496
Stock-based compensation expense	737	742
Loss on equity interest	—	32
Adjusted EBITDA	**$ 1,480**	**$ 1,267**

Exhibit 99.2

synacor

Synacor Q1 FY 2016 Conference Call Prepared Remarks

Operator

Good day, ladies and gentlemen and welcome to the Synacor 2016 first-quarter financial results conference call. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Maureen Wolff from Sharon Merrill Associates. You may begin.

Maureen Wolff, Sharon Merrill Associates

Thank you and good afternoon. Welcome to Synacor's first-quarter 2016 financial results conference call. Joining me today to discuss Synacor's results are CEO Himesh Bhise, and CFO Bill Stuart.

Before we begin, I would like to take this opportunity to remind you that during the course of this call management will make forward-looking statements which are subject to various risks and uncertainties. Actual results may differ materially from the results predicted, and reported results should not be considered as an indication of future performance. Further information on these and other factors that could affect the Company's financial results is included in filings it makes with the Securities and Exchange Commission from time to time, including the section entitled Risk Factors in the Company's most recent Form 10-K filed with the SEC on March 22, 2016.

Also, I would like to remind you that during the course of this conference call management will discuss non-GAAP measures in talking about the Company's performance. Reconciliations to the most directly comparable GAAP financial measures are provided in the tables in today's press release.

And now I'll turn the call over to Himesh Bhise, Synacor's CEO.

Himesh Bhise, CEO

Thank you, Maureen. And welcome, everyone, to today's conference call.

These are exciting times for Synacor. We begin 2016 with another successful quarter. We beat our Q1 financial guidance, we delivered double digit revenue growth, we expanded margins, we continued to execute against our four-pillar growth strategy, we announced our partnership with AT&T, and we shared our financial targets of $300 million in Revenue and $30 million in EBITDA in 2019.

I am pleased to report that for the First Quarter 2016 , our revenue was $30.3 million, and our adjusted EBITDA was $1.5 million, both exceeding our guidance range. Importantly:

- We delivered Growth: A 13% year-over-year growth in revenue
- We grew Margins: Our implied gross margins increased to 57% in Q1 2016, compared to 46% in Q1 2015; and we delivered a 17% year-over-year growth in EBITDA
- We expanded our Recurring Revenue businesses: Recurring and fee-based revenue, which is higher margin revenue, represented 43% of our Q1 Revenue growing 113% year-over-year
- We generated Cash: We generated $3.9 million in operating cash in Q1. We funded the acquisition of Technorati and made the investments necessary to win AT&T, all from Q1 operating cash, and still grew our cash balance.

During today's call, I will recap and discuss our focus on executing well on the AT&T partnership. I will provide an update on our progress against our four-pillar strategy highlighting the ongoing synergies we are seeing from our Technorati and Zimbra acquisitions. I will turn it over to Bill to share our financial results in more detail, and then I will discuss our recently announced 'Path to 3/30/300' financial plan.

We are honored to have been selected from among many contenders to provide portal services for AT&T. This win is a validation of our company, our products, our monetization, and our team. But it is also an indicator and accelerator of our future growth. We appreciate the positive response from customers, partners, and shareholders to this announcement.

To recap, in partnership with AT&T, we will be developing and managing innovative desktop and mobile portal services designed to drive user engagement. We will populate these portal experiences with rich content sourced from popular brands and will monetize this content through search and advertising. We estimate the value of this multi-year contract to be approximately $100 million per year after we fully deploy our products to AT&T customers. This deployment is targeted over 2017.

We are focused on resourcing and executing well against the AT&T partnership, even while we continue to serve our current customers exceedingly well, and also pursue our robust sales pipeline. We will be investing $10 million over the next 12 months in support of the AT&T partnership. This investment will be focused on:

- Setting up a team focused on AT&T
- Developing a set of features, functionality and services that are reflective of the innovative experience that service providers are looking to offer their customers, and
- Investing in additional back office infrastructure and operations required to launch these experiences at scale

We have hit the ground running. Leadership is in place, several new-hire offers have already been made and accepted, products and architecture are being defined and scoped. We expect our AT&T investment to yield a significant increase in EBITDA in 2017 and 2018, when revenue accelerates.

In addition, we believe that these investments will strengthen Synacor's overall competitive position, and benefit our broad base of customers by driving higher engagement on our platform, increasing the scale of traffic and delivering higher quality content and monetization.

In addition to the AT&T win, we continue to make progress across our four-pillar growth strategy . We have (1) increased value for our current customers, (2) innovated on product platforms, (3) won new customers, and (4) extended into international and enterprise markets. To give you some highlights:

- 90% of our users are now on our new-generation portal, up from 80% last quarter.
- We continue to expect the Technorati transaction to be accretive this year. We have combined Technorati with the Synacor Portal Group to create a new digital property called Synacor Media, which according to Comscore, reached over 150 million monthly unique visitors in the month of March.
- The power of this Synacor Media platform is evident. We won a large multi-market advertising deal with a major retailer that will run in 15 US markets.
- We continue to grow our Cloud-based Identity Management platform. We recently deployed a major fiber ISP. Our home-based auto-authentication traffic grew 100% year-over-year. And we saw a ~20% year-over-year increase in authentication traffic during March Madness Live.
- We continue to renew and extend several service provider agreements.
    - We signed a three-year renewal with a major carrier.
    - We expanded our relationship with K-Opticom in Japan. They have been using Zimbra for their land line and mobile service, and recently expanded to their MVNO service as well.
- Customers and Partners are responding well to the Synacor-Zimbra combination.
    - We set a new quarterly record in Zimbra Cloud billings, working with our global network of hosting providers.
    - We announced an OEM Agreement at World Hosting Days in Germany to offer our customers " Zimbra Talk " (chat, group chat and video chat). This generated over 100 trial downloads just in the first week post-launch.

- We recently hosted very well-attended Customer and Partner Summits in Japan and Asia-Pac. Over 150 people attended the events to learn more about Synacor's product roadmap and how we can partner to grow in that region.
- We continue to see growth in the international government market, adding customers like Indonesia's Police force.

We are proud of the progress we are making against our strategy, and we are confident in the foundation that we have laid for future growth. I will come back to discuss our "Path to 3/30/300" after Bill takes you through our financial results in more detail. Bill?

Bill Stuart, CFO

Thank you, Himesh.

Before I discuss our results, I want to remind everyone that our non-GAAP financial measures exclude stock-based compensation expenses. Please refer to our press release and SEC filings for the GAAP to non-GAAP reconciliations.

As Himesh mentioned, Synacor beat revenue and adjusted EBITDA guidance for the first quarter of 2016. First-quarter revenue was $30.3 million, an increase of 13% compared with $26.7 million in the first quarter of 2015.

Looking more closely at the different components of our revenue, advertising revenue was $12 million, versus $10.9 million in the first quarter of 2015. Search revenue was $5.3 million versus $9.7 million in the first quarter of 2015. Recurring and fee-based revenue was $13 million, an increase of 113% from $6.1 million in Q1 2015 as we continue to focus on driving higher recurring revenue dollars.

Cost of revenue was 43% vs. 54% in the quarter a year ago. This resulted in an implied gross margin of 57% in the first quarter of 2016, up 11 points over 46% in the first quarter of 2015. This increase was driven principally by the growth in recurring and fee based revenues.

Total operating expenses, excluding stock-based compensation and depreciation, were $15.8 million for the quarter, or 52% of revenue, compared with $11.1 million, or 41% of revenue, in the same period last year. The increase reflects the absorption of Zimbra-related expenses and expenditures to prepare for delivery on the AT&T contract. As a percentage of revenue, technology and development expenses were 18%, sales and marketing expenses were 18%, and G&A expenses were 16%.

For the first quarter, adjusted EBITDA was $1.5 million, compared with $1.3 million in the first quarter of 2015. Synacor's GAAP net loss was $1.6 million, or, on a per share basis, a loss of $0.05. This compares with a net loss of $1.1 million, or $0.04 per share, in the first quarter of 2015. The net loss includes $2.1 million in depreciation and amortization in the first quarter of 2016 vs. $1.5 million in the first quarter of 2015. This increase was due to higher depreciation and amortization costs associated with the intellectual property acquired from Zimbra and investments in the Company's new generation portal. The net loss includes stock-based compensation expense of $0.7 million in both the first quarter of 2016 and 2015.

The EPS calculation for the first quarter of 2016 is based on 30.0 million weighted average common shares outstanding, and the first quarter of 2015 is based on 27.4 million weighted average common shares outstanding.

Including for the month of March unique visitors to Technorati Media Network sites and to Synacor sites, both as reported by Comscore, we engaged 71.0 million average multi-platform monthly unique visitors — that is, visitors across desktop and mobile, in the first quarter versus 22 million in the first quarter of 2015.

We generated $3.9 million in cash from operating activities compared with $2.2 million in the first quarter of 2015. The Technorati acquisition, representing $2.5 million in February, was financed out of operating cash flow during the quarter.
We ended the quarter with $15.7 million in cash and cash equivalents, up slightly from the prior quarter.

To conclude, I would like to provide an update on guidance for the second-quarter and full-year 2016. We started the year on a positive note and we continue to execute well against our strategic plan.

For the second quarter, we expect revenue within the range of $29 million to $31 million, and adjusted EBITDA of breakeven to $200 thousand, which includes the investment in AT&T portal services deployment. We expect stock-based compensation expense within the range of $800 thousand to $900 thousand. Depreciation and amortization, other income and expense, interest expense, and loss in equity interest is expected be within a range of $2.2 million to $2.4 million. Also, we expect approximately 30 million weighted average shares outstanding in the second quarter.

For the full year 2016 we are raising our revenue guidance to be in the range of $130 million to $135 million, up from our previously provided range of $125 to $130 million, primarily reflecting the early revenue contribution we are expecting this year as we begin to ramp the AT&T business.

We now expect to report adjusted EBITDA of $.5 million to $2.0 million, compared with the previously provided range of $4 to $6 million. This is due to the investments that we will be making to support the AT&T business in 2016.

From a longer-term point of view, we fully expect to improve our overall EBITDA performance very significantly as AT&T revenues accelerate, we complete the cost of integrating our recent acquisitions and finish the up-front investments required to support our growing level of recurring revenue business. This is reflected in our new 3-year adjusted EBITDA target of $30 million, which Himesh will now speak to in his concluding remarks.

Himesh?

Himesh Bhise, CEO

Thank you, Bill.

We have engineered a massive transformation at Synacor in less than two years. Strong talent, focused product development, improved operations, global customer-base, and the integration of NimbleTV, Zimbra and Technorati. Today we are a new, stronger Synacor.

- We have an enviable and expanding global customer base of 120 service providers and 3500 enterprises;
- A compelling and broad portfolio of portal, advertising, email, and video products positioned in growing digital markets; and
- We reach over 150 million monthly visitors, 500 million email-boxes, and work with 1500 channel partners worldwide.

With this foundation for growth, and the validation of our strategy that we see in our financial results and customer wins, we recently introduced our three-year growth target - our 'Path to 3/30/300'. We are targeting annual revenue of $300 million and adjusted EBITDA of $30 million in 3 years (that is in 2019). This represents revenue growth of 30% per year.

The $300 million revenue target contemplates:

- Our base business expectations for 2016
- The value we expect from AT&T

- Our prospects in the high-growth markets of email, advertising, video, and identity management where Synacor has strong market positions, and
- Incremental opportunities in international and enterprise markets

The $30 million EBITDA target contemplates:

- Benefits of scale – costs and monetization, in our portal and advertising business as we add traffic
- Higher margins from our recurring and fee-based businesses in email and video

Our team is working hard towards the 3/30/300 goal. We believe this plan is achievable. We have a robust sales pipeline, a compelling product roadmap, and a strong position in attractive digital markets. In addition, we are a company that has demonstrated operational discipline and has consistently met or exceeded our targets every quarter for almost two years.

2016 is off to a great start. We have tremendous potential ahead and we look forward to keeping you updated as we continue to advance ahead on our path to 3/30/300.

We'll now open the line to your questions. Operator?

Operator: Q&A

Dan Medina, *Needham & Company* : Congratulations on a great quarter. I had a question with regards to the $10 million that's going to be used to integrate the AT&T win. My question is, can you give us a little more granularity on the split between that $10 million between, say, capital expenditures and operating expenditures as I try to get a sense for the impact on guidance, revenue, and EBITDA [earnings before interest, taxes, depreciation and amortization]?

Bill Stuart : Dan, we expect it's going to be about 80% OPEX and about 20% CAPEX. Of that breakdown between OPEX and CAPEX, about 80% hitting in total this year and 20% next year.

Dan Medina : Do you anticipate any financing requirements to integrate the AT&T contract and then as you continue to build towards 3/30/300?

Himesh Bhise : As we just said in our prepared remarks, we do not. The business is performing well. I think you've seen us demonstrate revenue growth, you've seen us deliver EBITDA, and we're seeing the benefit of higher margins as we expand our recurring revenue businesses. We believe and it is our plan to fund the AT&T opportunity fully from the cash that we are generating in operating the business.

Kirk Adams, *Rosenblatt Securities* : Recurring revenues versus advertising revenues and search, do you have any breakout of that on what you expect of that contract going forward?

Himesh Bhise : The revenue stream from this agreement as we said is search and advertising related. We haven't really talked through the split of that thus far. It's something that we'll get into as we begin to deploy our products and services. We're already going down that process. We expect to develop and launch some of these products required in this contract and then deploy them across the AT&T customer base through 2017. As we begin those deployments, you'll see some of the numbers become self-evident in our guidance and projections.

Bill Stuart : Bearing in mind, Kirk, that even though we talk separately about recurring revenues associated, for instance, with email and the other parts of our business in that category, we also generate a lot of the search and advertising revenue that has also been historically fairly predictable. So it has a lot of the . . . well, it's not truly recurring in the pure sense of the word, it is really similar to recurring in its predictability.

Kirk Adams : You talk about the Technorati and SYNC media platform. Can you just talk a little more about that and the attractiveness of it?

Himesh Bhise : We've had the benefit over the past couple years of having very high quality of traffic from the service provider portals that we operate. We've done a great job as you've seen on these prior calls increasing the monetization of our advertising inventory. The one thing we were lacking though was scale. Technorati brings us that in spades. With the Technorati acquisition, we've added almost a thousand web publishers that we reach through it. We've added some very interesting technology and now combined, as I mentioned on the call, we have a combined reach of well over 150 million unique users in the US. What that does for us is that it enables us to deliver on national campaigns because our reach is very broad, it allows us to deliver specific audiences to advertisers at scale because we can segment the space of users at the direction of our advertiser customers. We can kind of manage yield across this entire set of advertising products that we serve to this audience. I kind of tried to give you one example of that during the call. One example was a major contract we ran with a retailer where they were running a national advertising campaign that we were delivering for them; and of course there are many more examples of like that.

Kirk Adams : Great. And just lastly, just employee headcount. Where it is now and where do you see it going with this AT&T deal?

Himesh Bhise : We're about 400 people now, Kirk. We will certainly be adding headcount to fulfill on the AT&T agreement and also to continue to grow our core business. I think if you look at our recruiting site right now —our careers section, you probably see 30 to 40 job postings already up there. We're working aggressively to identify great candidates to make offers, many of them have accepted, because clearly we are very focused on executing extremely well on this current contract and for all the customers we serve.

Kirk Adams : Great, thanks guys and congratulations.

Bill Stuart : Thank you, Kirk.

Operator: Close the Call

Himesh Bhise, CEO

Thank you, operator and thank you everyone for being on the call. We are pleased to have been able to report today on the progress in our business. I look forward to updating you again on our next quarterly earnings call.

Thank you and have a good evening.