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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to _____

Commission File Number 001-33843

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

Delaware	**16-1542712**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**
40 La Riviere Drive, Suite 300 **Buffalo, New York**	
(Address of principal executive offices)	**14202** **(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a small reporting company)	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

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

As of May 9, 2017, there were 38,019,005 shares of the registrant's common stock outstanding.

SYNACOR, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SYNACOR, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
AS OF MARCH 31, 2017 AND DECEMBER 31, 2016
(In thousands except for share and per share data)

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,261	$ 14,315
Accounts receivable, net of allowance of $270 and $263, respectively	17,235	27,386
Prepaid expenses and other current assets	5,117	4,862
Total current assets	33,613	46,563
PROPERTY AND EQUIPMENT, net	14,895	14,406
GOODWILL	15,944	15,943
INTANGIBLE ASSETS, net	14,301	14,837
OTHER LONG-TERM ASSETS	1,753	1,650
Total assets	$ 80,506	$ 93,399
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 15,040	$ 18,769
Accrued expenses and other current liabilities	7,714	11,684
Current portion of deferred revenue	12,157	12,149
Current portion of capital lease obligations	1,158	982
Total current liabilities	36,069	43,584
LONG-TERM PORTION OF CAPITAL LEASE OBLIGATIONS	1,040	1,014
LONG-TERM DEBT	5,000	5,000
DEFERRED REVENUE	3,957	3,917
OTHER LONG-TERM LIABILITIES	410	235
Total liabilities	46,476	53,750
COMMITMENTS AND CONTINGENCIES (Note 7)		
STOCKHOLDERS' EQUITY:		
Preferred stock – par value $0.01 per share; authorized 10,000,000 shares; none issued	—	—
Common stock – par value $0.01 per share; authorized 100,000,000 shares; 32,567,787 shares issued and 31,822,300 shares outstanding at March 31, 2017 and 31,626,635 shares issued and 30,881,148 shares outstanding at December 31, 2016	325	316
Treasury stock – at cost, 745,487 shares at March 31, 2017 and December 31, 2016	(1,547)	(1,547)
Additional paid-in capital	118,730	117,747
Accumulated deficit	(83,506)	(76,850)
Accumulated other comprehensive income (loss)	28	(17)
Total stockholders' equity	34,030	39,649
Total liabilities and stockholders' equity	$ 80,506	$ 93,399

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYNACOR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands except for share and per share data)

	Three Months Ended March 31,	
	2017	2016
REVENUE	$ 26,540	$ 30,260
COSTS AND OPERATING EXPENSES:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	12,562	12,972
Technology and development (exclusive of depreciation and amortization shown separately below)	7,298	5,873
Sales and marketing	6,661	5,650
General and administrative (exclusive of depreciation and amortization shown separately below)	3,964	5,022
Depreciation and amortization	2,184	2,098
Total costs and operating expenses	32,669	31,615
LOSS FROM OPERATIONS	(6,129)	(1,355)
OTHER INCOME	6	2
INTEREST EXPENSE	(87)	(68)
LOSS BEFORE INCOME TAXES	(6,210)	(1,421)
INCOME TAX PROVISION	446	144
NET LOSS	$ (6,656)	$ (1,565)
NET LOSS PER SHARE:		
Basic	$ (0.21)	$ (0.05)
Diluted	$ (0.21)	$ (0.05)
WEIGHTED AVERAGE SHARES USED TO COMPUTE NET LOSS PER SHARE:		
Basic	31,045,488	29,992,248
Diluted	31,045,488	29,992,248

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYNACOR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS – UNAUDITED
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands)

	Three Months Ended March 31,	
	2017	2016
Net loss	$ (6,656)	$ (1,565)
Other comprehensive income:		
Changes in foreign currency translation adjustment	45	56
Comprehensive loss	$ (6,611)	$ (1,509)

The accompanying notes are an integral part of these condensed consolidated financial statements.

SYNACOR, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In thousands)

	Three Months Ended March 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,656)	$ (1,565)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	2,184	2,098
Stock-based compensation expense	647	737
Provision for deferred income taxes	200	—
Increase in estimated value of contingent consideration	107	—
Changes in operating assets and liabilities, net of effect of acquisition:		
Accounts receivable, net	10,151	2,883
Prepaid expenses and other assets	(342)	(1,039)
Accounts payable	(3,771)	2,252
Accrued expenses and other liabilities	(3,535)	(1,766)
Deferred revenue	48	248
Net cash (used in) provided by operating activities	(967)	3,848
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition	—	(2,500)
Purchases of property and equipment	(1,515)	(937)
Net cash used in investing activities	(1,515)	(3,437)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on capital lease obligations	(319)	(386)
Proceeds from exercise of common stock options	308	10
Deferred acquisition payment	(567)	—
Net cash used in financing activities	(578)	(376)
Effect of exchange rate changes on cash and cash equivalents	6	16
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,054)	51
Cash and cash equivalents, beginning of period	14,315	15,697
Cash and cash equivalents, end of period	$ 11,261	$ 15,748
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 69	$ 68
Cash paid for income taxes	$ 192	$ —
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Liability for estimated additional acquisition consideration	$ —	$ 567
Property, equipment and service center contracts financed under capital lease	$ 521	$ 52
Accrued property and equipment expenditures	$ 269	$ 41
Stock-based compensation capitalized to property and equipment	$ 37	$ 30

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. The Company and Summary of Significant Accounting Principles

Synacor, Inc., together with its consolidated subsidiaries (collectively, the "Company" or "Synacor"), is the trusted technology development, multiplatform services and revenue partner for video, internet and communications providers, device manufacturers, governments and enterprises. Synacor enables its customers to provide their consumers engaging, multiscreen experiences and advertising to their consumers that require scale, actionable data and sophisticated implementation.

Basis of Presentation —

The interim unaudited condensed consolidated financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") and include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In the opinion of the Company's management, the interim unaudited condensed consolidated financial statements include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's financial position for the periods presented. These interim unaudited condensed consolidated financial statements are not necessarily indicative of the results expected for the full fiscal year or for any subsequent period.

The accompanying condensed consolidated balance sheet as of December 31, 2016 was derived from the audited financial statements as of that date, but does not include all the information and footnotes required by U.S. GAAP. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Accounting Estimates —

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

Concentrations of Risk —

As of March 31, 2017, two customers had outstanding balances due to the Company of 10% or more of the Company's accounts receivable. These two customers, Google and an advertising customer, had outstanding balances amounting to 14% and 10%, respectively, of the Company's total accounts receivable at March 31, 2017. As of December 31, 2016, the Company had no customers whose outstanding balance due to the Company equaled or exceeded 10% or more of the Company's total accounts receivable. For the three months ended March 31, 2017 and 2016, the Company had one customer, Google, which accounted for 10% or more of the Company's revenue. Revenue from Google represented 11% and 17% of the Company's total revenue for the three months ended March 31, 2017 and 2016, respectively.

For the three months ended March 31, 2017 and 2016, the following customers received revenue-share payments equal to or exceeding 10% of the Company's cost of revenue.

	Cost of Revenue Three Months Ended March 31,	
	2017	2016
Customer A	19%	29%
Customer B	*	12%

* - Less than 10%

Recent Accounting Pronouncements —

Not Yet Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers* . ASU 2014-09 supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)" and requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 *Revenue from Contracts with Customers: Deferral of the Effective Date* , which deferred the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, with earlier application permitted as of annual reporting periods beginning after December 15, 2016. In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* , to clarify the implementation guidance on principal versus agent. In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,* providing additional guidance relating to identifying performance obligations under ASU 2014-09 as well as licensing.

The Company is currently in the process of assessing the financial impact of adopting these ASUs and the methods of adoption. The Company currently recognizes subscription revenue from its Email/Collaboration contracts, which is included within recurring and fee-based revenue, over the life of the contracts (which are typically six months or longer). The Company has tentatively concluded that it is likely that this new guidance will require it to recognize a portion of the revenue from those contracts upon delivery, at the inception of the contracts, which would have the effect of accelerating recognition of revenue on such contracts, and may have a material impact on the Company's consolidated financial statements. The standard will be effective for the Company beginning January 1, 2018. The Company anticipates adopting the standard as of its effective date of January 1, 2018. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company has not yet determined which transition method it will use.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which amends lease accounting by lessors and lessees. This new standard will require, among other things, that lessees recognize a right-to-use asset and related lease liability for all significant financing and operating leases, and specifies where in the statement of cash flows the related lease payments are to be presented. The standard is effective for years beginning after December 15, 2018, including interim periods within those years (beginning in calendar year 2019 for the Company), and early adoption is permitted. Adoption of ASU 2016-02 is required to be applied on a modified retrospective basis. The Company is currently in the process of evaluating the impact the adoption of ASU 2016-02 will have on its consolidated financial statements, but currently expects that most of its operating lease commitments will be subject to the new standard and recognized as operating lease liabilities and right-of-use assets upon the adoption of ASU 2016-02, which will increase the total assets and total liabilities that it reports as compared to reported prior to adoption. The Company has not yet determined whether it will adopt the standard in advance of the required effective date.

In August 2016, the FASB ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15), which provides guidance related to cash flows presentation and is effective for annual reporting periods beginning after December 15, 2017, subject to early adoption, which is permitted using a retrospective transition approach. ASU 2016-15 is intended to standardize the classification of certain cash receipts and cash payments in the Statement of Cash Flows, and is effective for the Company in its first quarter of fiscal 2018. The Company expects that it will adopt ASU 2016-15 in the first quarter of fiscal 2018 and is currently evaluating the impact of the pending adoption on its consolidated financial statements.

Recently Adopted

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* , which changes how companies account for certain aspects of stock-based awards to employees, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as the classification in the statement of cash flows. Effective January 1, 2017, the Company has adopted ASU 2016-09. The standard eliminated the requirement to defer recognition of excess tax benefits related to employee share-based awards until they are realized through a reduction to income taxes payable. The Company applied the modified retrospective method and there was no net cumulative-effect adjustment to retained earnings on January 1, 2017 as the increase of $0.7 million in deferred income tax assets for previously unrecognized excess tax benefits was fully offset by a valuation allowance. As permitted by the ASU, the Company will continue to use an estimated forfeiture rate in determining stock-based compensation expense.

In January 2017, the FASB issued ASU 2017-04, *Simplifying the Test for Goodwill Impairment (Topic 350)* , to simplify the accounting for goodwill impairment. The guidance removes Step 2 of the goodwill impairment test. A goodwill impairment will now be measured as the amount by which a reporting unit's carrying value exceeds its fair value, limited to the amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for interim and annual periods beginning after December 15, 2019, with early adoption

permitted for any impairment tests performed after January 1, 2017. The Company has adopted the new guidance on a prospective basis during the first quarter of 2017. The adoption of this ASU has not impacted t he Company's consolidated financial statements.

2. Acquisitions

In August 2015, the Company and Zimbra, Inc. (now known as "TZ Holdings") entered into an agreement under which the Company acquired certain assets relating to TZ Holdings' email/collaboration products and services business, including certain of its wholly-owned foreign subsidiaries, for cash consideration of $17.3 million, 2.4 million shares of common stock and warrants to purchase 480,000 shares of common stock (collectively valued at $3.2 million). The Company held back an additional 600,000 shares of common stock and warrants to purchase an additional 120,000 shares of common stock (collectively valued at $0.8 million) to secure TZ Holdings' indemnification obligations including pending claims. The held back common shares and warrants were released to TZ holdings in March 2017. These warrants expire on September 14, 2018.

Additionally, TZ Holdings was eligible to receive cash consideration of up to $2.0 million (the "Earn-Out Consideration") upon the satisfaction of certain business performance milestones following the closing of the transaction, subject to and contingent upon any reduction to satisfy indemnification claims including pending claims. The acquisition date fair value of this contingent consideration was estimated to be $1.6 million. The Company paid $0.9 million of the earn-out consideration to TZ Holdings in November 2016, and paid $0.7 million subsequent to March, 31 2017. The amount paid subsequent to March 31, 2017 is included in accrued expenses and other current liabilities in the accompanying condensed consolidated balance sheet as of March 31, 2017.

In connection with the Company's February 2016 acquisition of Technorati , the Company withheld $0.5 million of the purchase price to secure Technorati's indemnification obligations under the Asset Purchase Agreement, and the Company owed approximately $0.1 million in post-closing working capital adjustments. These amounts were paid in the three months ended March 31, 2017.

3. Goodwill and Other Intangible Assets

The change in goodwill is as follows for the three months ended March 31, 2017 and 2016 (in thousands):

	Three Months Ended March 31,	
	2017	2016
Balance – beginning of period	$ 15,943	$ 15,187
Acquisition of Technorati	—	751
Effect of foreign currency translation	1	11
Balance – end of period	$ 15,944	$ 15,949

Intangible assets consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Customer and publisher relationships	$ 14,780	$ 14,780
Technology	2,330	2,330
Trademark	300	300
	17,410	17,410
Less accumulated amortization	(3,109)	(2,573)
Intangible assets, net	$ 14,301	$ 14,837

Amortization of intangible assets totaled $0.5 million for the three months ended March 31, 2017, and $0.5 million for the three months ended March 31, 2016.

4. Property and Equipment – Net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Computer equipment (1)	$ 23,599	$ 23,438
Computer software	15,198	15,198
Furniture and fixtures	2,075	2,062
Leasehold improvements	1,423	1,463
Work in process (primarily software development costs)	6,542	4,572
Other	255	249
	49,092	46,982
Less accumulated depreciation (2)	(34,197)	(32,576)
Property and equipment, net	$ 14,895	$ 14,406

Notes:

(1) Includes equipment and software held under capital leases of $5.7 million and $5.2 million as of March 31, 2017 and December 31, 2016, respectively.
(2) Includes $3.7 million and $3.4 million of accumulated depreciation of equipment under capital leases as of March 31, 2017 and December 31, 2016, respectively.

Depreciation expense for the three months ended March 31, 2017 and 2016 was $1.6 million and $1.6 million, respectively.

5. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	March 31, 2017	December 31, 2016
Accrued compensation	$ 3,583	$ 6,860
Accrued content fees	886	1,788
Accrued business acquisition consideration	733	1,193
Other	2,512	1,843
Total	$ 7,714	$ 11,684

6. Information About Segment and Geographic Areas

Operating segments are components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the Chief Executive Officer. The Chief Executive Officer reviews financial information presented on a total company basis, accompanied by information about revenue by major service line for purposes of allocating resources and evaluating financial performance. Profitability measures by service line are not prepared or used. The Company has one business activity and there are no segment managers who are held accountable for operations, operating results or plans for levels or components below the company level. Accordingly, the Company has determined that it has a single reporting segment and operating unit structure.

The following tables set forth revenue and long-lived tangible assets by geographic area (in thousands):

	Three Months Ended March 31,	
	2017	2016
Revenue:		
United States	$ 21,668	$ 26,464
International	4,872	3,796
Total revenue	$ 26,540	$ 30,260

	March 31, 2017	December 31, 2016
Long-lived tangible assets:		
United States	$ 14,006	$ 13,519
Canada	578	573
Other international	311	314
Total long-lived tangible assets	$ 14,895	$ 14,406

7. Commitments and Contingencies

Contract Commitments —

The Company is obligated to make payments under various contracts with vendors and other business partners, principally for revenue-share and content arrangements. Contract commitments as of March 31, 2017 total $0.6 million for the remaining nine months of 2017.

Litigation —

From time to time, the Company is a party to legal actions. In the opinion of management, the outcome of these matters is not expected to have a material impact on the consolidated financial statements of the Company.

8. Stock-based Compensation

The Company has stock-based employee compensation plans for which compensation cost is recognized in its financial statements. The cost is measured at the grant date, based on the fair value of the award, determined using the Black-Scholes option pricing model, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity award).

No income tax deduction is allowed for incentive stock options ("ISOs"). Accordingly, no deferred income tax asset is recorded for the potential tax deduction related to these options. Expense related to stock option grants of non-qualified stock options ("NSOs") results in a temporary difference, which gives rise to a deferred tax asset.

Total stock-based compensation expense included in the accompanying condensed consolidated statements of operations for the periods presented, is as follows (in thousands):

	Three Months Ended March 31,	
	2017	2016
Technology and development	$ 208	$ 241
Sales and marketing	168	223
General and administrative	271	273
Total stock-based compensation expense	$ 647	$ 737

Stock Option Activity – A summary of the stock option activity for the three months ended March 31, 2017 is presented below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2017	8,756,174	$ 2.53		
Granted	1,096,000	$ 3.15		
Exercised	(249,684)	$ 1.24		
Forfeited or expired	(55,013)	$ 1.95		
Outstanding at March 31, 2017	9,547,477	$ 2.64	7.11	$ 15,589
Vested and expected to vest at March 31, 2017	9,106,416	$ 2.64	7.02	$ 14,882
Vested and exercisable at March 31, 2017	5,056,071	$ 2.82	5.68	$ 7,887

Aggregate intrinsic value represents the difference between the Company's closing stock price of its common stock and the exercise price of outstanding, in-the-money options. The Company's closing stock price as re ported on the Nasdaq Global Market as of March 31, 2017 was $4.15 per share. The total intrinsic value of options exercised for the three months ended March 31, 2017 was $0.5 million. The weighted average fair value of options issued during the three month s ended March 31, 2017 amounted to $1.56 per option share.

As of March 31, 2017, the unrecognized compensation cost related to non-vested options granted, for which vesting is probable, and adjusted for estimated forfeitures, was approximately $5.3 million. This cost is expected to be recognized over a weighted-average period of 2.8 years. The total fair value of shares vested was $0.5 million for the three months ended March 31, 2017.

In addition, the Company may, from time to time, grant Restricted Stock Units ("RSUs") to its employees. For the three months ended March 31, 2017 no RSUs were granted, released or forfeited.

9. Net Income (Loss) Per Common Share Data

Basic net income (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share is computed using the weighted-average number of common shares and, if dilutive, potential common shares outstanding during the period. The Company's potential common shares consist of the incremental common shares issuable upon the exercise of stock options, and to a lesser extent, shares issuable upon the release of RSUs. The dilutive effect of these potential common shares is reflected in diluted earnings per share by application of the treasury stock method.

Stock options, warrants and Restricted Stock Units are not included in the calculation of diluted net loss per share for the three months ended March 31, 2017 and 2016 because the Company had a net loss for those periods. The inclusion of these equity awards would have had an antidilutive effect on the calculation of diluted loss per share. As such, the Company's calculations of basic and diluted net loss per share are identical.

The following table presents the calculation of basic and diluted net loss per share for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Basic and diluted net loss per share:		
Numerator:		
Net loss (in thousands)	$ (6,656)	$ (1,565)
Denominator:		
Weighted average common shares outstanding	31,045,488	29,992,248
Basic and diluted net loss per share	$ (0.21)	$ (0.05)

The following equivalent shares were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive for the periods presented:

	Three Months Ended March 31,	
	2017	2016
Anti-dilutive equity awards:		
Stock options and Restricted Stock Units	9,857,366	9,910,649
Warrants	600,000	480,000

10. Subsequent Event

In April 2017, the Company completed an underwritten public offering (the "Offering") of its common stock in which it sold 5,715,000 shares at a price of $3.50 per share. Subsequently, in May 2017, and as part of the Offering, the Company completed the sale of 472,846 additional shares of its common stock at the same price upon the exercise of the underwriters' over-allotment option, for a total of 6,187,846 shares. The Offering resulted in total net proceeds of approximately $20.1 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by the Company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends and future expectations of ours and other matters that do not relate strictly to historical facts. These statements are often identified by the use of words such as "may," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. These forward-looking statements include statements in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations." Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" included elsewhere in this Form 10-Q and in our other Securities and Exchange Commission filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. Furthermore, such forward-looking statements speak only as of the date of this report. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and related notes thereto appearing elsewhere in this Form 10-Q and with the consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Our Business

We enable our customers to better engage with their consumers. Our customers include video, internet and communications providers, device manufacturers, governments and enterprises. We are their trusted technology development, multiplatform services and revenue partner. Our customers use our technology platforms and services to scale their businesses and extend their subscriber relationships. We deliver managed portals, advertising solutions, email and collaboration platforms, end-to-end video solutions and cloud-based identity management.

We enable our customers to provide their consumers engaging, multiscreen experiences with products that require scale, actionable data and sophisticated implementation. Through our Managed Portals and Advertising solutions, we enable our customers to earn incremental revenue by monetizing media among their consumers. At the same time, because consumers have high expectations for their online experience as a result of advances in video, mobile and social, we provide, through our Recurring and Fee-Based Revenue solutions, a suite of products and services that helps our customers successfully meet those high expectations by enabling them to deliver to their consumers access to the same digital content across all devices, including PCs, tablets, smartphones and connected TVs.

Overview

We generate search and digital advertising revenue from consumer traffic on our Managed Portals and Advertising solutions, which we collect from our search partner, Google Inc., or Google, our advertising network providers and directly from advertisers. We typically share a portion of this Managed Portals and Advertising revenue with our customers. Growth in this portion of our business is dependent on expansion of relationships with our existing customers and new customers adopting our Managed Portals and Advertising solutions and increased engagement by their consumers with these solutions.

We also generate revenue from our Recurring and Fee-Based Revenue solutions for the use of our technology, email and messaging, premium services and paid content. We generate this revenue in the form of licensing fees including perpetual licenses, subscription licenses, maintenance and support fees and professional services. As we expand our Cloud ID, syndicated content, Email/Collaboration and other premium services offerings, we expect to generate increased Recurring and Fee-Based revenue from our customers.

During the three months ended March 31, 2017, Managed Portals and Advertising revenue was $13.5 million, a decrease of 22% as compared to $17.3 million for the three months ended March 31, 2016.

Digital advertising revenue decreased by $1.3 million during the three months ended March 31, 2017 as compared to the same period in 2016. The decrease in portal advertising revenue was primarily the result of lower average contractual rates for advertising, and was only partially offset by an increase in syndicated advertising.

Search revenue decreased by $2.5 million, or 47%, for the three months ended March 31, 2017 compared to the same period in 2016. We believe the decrease was due to ongoing migrati on of search activity from personal computers to other devices, such as tablets and smartphones, generally across the consumer base, and the residual effect of the placement of our Managed Portals and Advertising solutions on the second tab of the default Windows 8 and Windows 10 internet browser by our consumer electronics customers.

We anticipate that both search and digital advertising activity and revenue will increase substantially in future quarters due to our three-year portal services contract with AT&T Services, Inc., or AT&T, to provide Managed Portals and Advertising solutions for use by AT&T's consumers. We entered into the portal services contract with AT&T in May 2016 and we expect to complete deploying our solutions in mid-2017. In addition, we expect a future increase of search activity on smartphones and tablets as we believe our continuing investment in our next-generation Managed Portals and Advertising experiences will allow us to compete more effectively for search activity on smartphones and tablets.

Our Recurring and Fee-Based revenue consists of fees charged for the use of our proprietary technology and for the use of, or access to, services, such as e-mail and messaging, security, Cloud ID, online games, music and other premium services and paid content. During the three months ended March 31, 2017, Recurring and Fee-Based revenue was $13.0 million, flat compared to the same period in 2016, as a $0.4 million increase in Cloud ID licensing revenue was offset by decreases in portal licensing and email revenue.

As we obtain new customers and those new customers introduce our Managed Portals and Advertising solutions to their consumers, we expect usage of our solutions and revenue from those Managed Portals and Advertising solutions to increase over time, as new customers may migrate their consumers from their existing technology to our technology over a period of time. Moreover, a new customer may initially launch a selection of our services and products, rather than our entire suite of offerings and subsequently broaden their service and product offerings over time. When a customer launches a new service or product, marketing and promotional activities may be required to generate awareness and interest among consumers.

Revenue attributable to our customers includes the Recurring and Fee-Based revenue earned directly from them, as well as the Managed Portals and Advertising revenue generated through our relationships with our search and digital advertising partners (such as Google for search advertising and advertising networks, advertising agencies and advertisers for digital advertising). This revenue is attributable to our customers because it is produced from the traffic on our Managed Portals. These search and advertising partners provide us with advertisements that we then deliver with search results and other content on our Managed Portals. Since our search advertising partner, Google, and our advertising network partners generate their revenue by selling those advertisements, we create a revenue stream for these partners. In the three months ended March 31, 2017, search advertising through our relationship with Google generated approximately 11% of our revenue, or $2.8 million (all of which was attributable to our customers). For the three months ended March 31, 2017, Managed Portals and Advertising solutions and other services attributable to one customer accounted for approximately 13% of our revenue, or $3.5 million.

The initiatives described below under "Key Initiatives" are expected to contribute to our ability to maintain and grow revenue and return to profitability via increases in advertising revenue, increases in customers and our consumer reach, and increases in availability of products across more devices. We expect the period in which we experience a return on future investments in each of these initiatives to differ. For example, more direct advertising at higher rates would be expected to have an immediate and direct impact on profitability while expansion into international markets may require an investment that involves a longer term return.

Key Initiatives

Our strategy is supported by four key pillars to drive our business, with operational discipline and sound financial footing as its base. We plan to:

- increase value for existing customers by optimizing consumer experience and monetization;
- innovate on Synacor-as-a-platform for advanced services;
- win new customers in current and related verticals; and
- extend our product portfolio into emerging growth areas.

Key Business Metric

In addition to the line items in our financial statements, we review the number of Multiplatform Unique Visitors to evaluate our business, determine the allocation of resources and make decisions regarding business strategies. Following the acquisition of the Technorati media solutions platform in February 2016 our Multiplatform Unique Visitors metric includes the number of multiplatform unique visitors through our advertising network. We believe disclosing this metric is useful for investors and analysts to understand the

underlying trends in our business. The following table reflects the number of multiplatform unique visitors for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Multiplatform Unique Visitors	200,818,239	71,017,363

We define Multiplatform Unique Visitors as consumers who have visited one of our Managed Portals from either mobile or desktop sources at least once, computed on an average monthly basis during a particular time period, plus the number of consumers who have viewed an advertisement through our advertising network, computed on an average monthly basis during a particular time period. As the number of Multiplatform Unique Visitors increases, we expect that we will generate additional revenue from our Managed Portals and Advertising solutions. We rely on comScore to provide this data. comScore estimates this data based on the U.S. portion of the internet activity of its worldwide panel of consumers and its proprietary data collection method.

Components of our Results of Operations

Revenue

We derive our revenue from two categories: revenue generated from search and digital advertising activities and Recurring and Fee-Based revenue, each of which is described below. The following table shows the revenue in each category, both in amount and as a percentage of revenue, for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Revenue:		
Search and digital advertising	$ 13,545	$ 17,258
Recurring and fee-based	12,995	13,002
Total revenue	$ 26,540	$ 30,260
Percentage of Revenue:		
Search and digital advertising	51%	57%
Recurring and fee-based	49%	43%
Total revenue	100%	100%

Search and Digital Advertising Revenue

We use internet advertising to generate revenue from the traffic on our Managed Portals and Advertising solutions, categorized as search advertising and digital advertising.

- In the case of search advertising, we have a revenue-sharing relationship with Google, pursuant to which we include a Google-branded search tool on our Managed Portals. When a consumer makes a search query using this tool, we deliver the query to Google and they return search results to consumers that include advertiser-sponsored links. If the consumer clicks on a sponsored link, Google receives payment from the sponsor of that link and shares a portion of that payment with us. The net payment we receive from Google is recognized as revenue.
- Digital advertising includes video, image and text advertisements delivered on our Managed Portals. Advertising inventory is filled with advertisements sourced by our direct sales force, independent advertising sales representatives and advertising network partners. Revenue is generated for us when an advertisement displays, otherwise known as an impression, or when consumers view or click an advertisement, otherwise known as an action. Digital advertising revenue is calculated on a cost per impression or cost per action basis. Revenue is recognized based on amounts received from advertising customers as the impressions are delivered or the actions occur, according to contractually-determined rates.

Recurring and Fee-Based Revenue

Recurring and Fee-Based revenue includes subscription fees and other fees that we receive from customers for the use of our proprietary technology, including the use of, or access to, email, Cloud ID, security services, games and other premium services and paid content. Monthly subscriber levels typically form the basis for calculating and generating Recurring and Fee-Based revenue. They are generally determined by multiplying a per-subscriber per-month fee by the number of subscribers using the particular services being

offered or consumed. In other cases, the fee is fixed. Revenue earned as subscription fees and maintenance and support fees is recognized from customers as the service is delivered.

Revenue is also recognized from the licensing and distribution of our Email/Collaboration products and services, including perpetual licenses. Revenue from perpetual licenses is recognized upon execution of the contract, and when all other criteria have been met.

Costs and Expenses

Cost of Revenue

Cost of revenue consists primarily of revenue sharing, content acquisition costs, co-location facility costs, royalty costs, and product support costs. Revenue sharing consists of amounts accrued and paid to customers for the internet traffic on Managed Portals we operate on our customers' behalf and where we are the primary obligor, resulting in the generation of search and digital advertising revenue. The revenue-sharing agreements with customers are primarily variable payments based on a percentage of the search and digital advertising revenue. Content-acquisition agreements may be based on a fixed payment schedule, on the number of subscribers per month, or a combination of both. Fixed-payment agreements are expensed on a straight-line basis over the term defined in the agreement. Agreements based on the number of subscribers are expensed on a monthly basis. Co-location facility costs consist of rent and operating costs for our data center facilities. Royalty costs consist of amounts due to other parties for license of email software with third party technology enabled. Product support costs consist of employee and operating costs directly related to our maintenance and professional services support.

Technology and Development

Technology and development expenses consist primarily of compensation-related expenses incurred for the research and development of, enhancements to, and maintenance and operation of our products, equipment and related infrastructure. Technology and development expenses also include certain costs of operating data centers domestically and internationally.

Sales and Marketing

Sales and marketing expenses consist primarily of compensation-related expenses to our direct sales and marketing personnel, as well as costs related to advertising, industry conferences, promotional materials and other sales and marketing programs. Advertising cost is expensed as incurred.

General and Administrative

General and administrative expenses consist primarily of compensation-related expenses for executive management, finance, accounting, human resources, professional fees and other administrative functions.

Depreciation and Amortization

Depreciation and amortization includes depreciation and amortization of our computer hardware and software, including our capitalized internally-developed software, furniture and fixtures, intangible assets, leasehold improvements and other property, as well as depreciation on capital leased assets.

Other Income (Expense)

Other income (expense) consists primarily of foreign currency transaction gains and losses, and interest income earned.

Interest Expense

Interest expense consists of interest on bank debt and capital leases.

Provision for Income Taxes

Income tax provision consists of federal and state income taxes in the United States and taxes in certain foreign jurisdictions, as well as any changes to deferred tax assets or liabilities, and deferred tax valuation allowances. Our income tax provision also includes amounts withheld for payment of income taxes upon payment of our invoices by our customers in certain foreign jurisdictions. Those amounts increase the amount of our foreign tax credit which would defray our U.S. tax liability if we were presently a U.S. taxpayer. However, because the deferred income tax assets relating to our federal tax attributes, including our foreign tax credits, are fully

reserved, any such foreign tax withholdings are charged to our income tax provision. Such amounts paid may be carried forward to offset future federal income tax liabilities for a period o f ten years. Finally, we record a deferred income tax provision to reflect the recognition of deferred tax liabilities relating to goodwill and certain intangible assets that cannot be predicted to reverse for book purposes during our loss carry-forward pe riods.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Our estimates form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimate that are reasonably likely to occur, could materially impact the condensed consolidated financial statements. We believe that our critical accounting policies reflect the more significant estimates and assumptions used in the preparation of the condensed consolidated financial statements.

For a discussion of our critical accounting policies and estimates, see “Critical Accounting Policies and Estimates” included in our Annual Report on Form 10-K for the year ended December 31, 2016 under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We have made no significant changes to our critical accounting policies and estimates from those described in our Annual Report on Form 10-K for the year ended December 31, 2016.

Adjusted EBITDA

To provide investors with additional information regarding our financial results, we have disclosed within this Quarterly Report on Form 10-Q adjusted EBITDA, a non-GAAP financial measure. We define adjusted EBITDA as net income (loss) plus: provision (benefit) for income taxes, interest expense, other (income) expense, depreciation and amortization, asset impairments, stock-based compensation, acquisition costs and certain one-time items. We have provided a reconciliation below of adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this Quarterly Report on Form 10-Q 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. Additionally, adjusted EBITDA is a key financial measure used by the compensation committee of our board of directors in connection with the payment of bonuses to our executive officers. 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.

Our use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization and asset impairments are non-cash charges, the assets being depreciated, amortized or impaired may have to be replaced in the future, and adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not consider the potentially dilutive impact of equity compensation;
- adjusted EBITDA does not reflect the impact of tax payments that may represent a reduction in cash available to us;
- adjusted EBITDA does not reflect the impact of the cost of business acquisitions on the cash available to us;
- adjusted EBITDA does not reflect the impact of non-recurring items, such as the costs associated with reductions in workforce, on the cash available to us: and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income (loss) and our other GAAP results. The following table pres ents a reconciliation of adjusted EBITDA to net income (loss) for each of the periods indicated:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Reconciliation of Adjusted EBITDA:		
Net loss	$ (6,656)	$ (1,565)
Provision for income taxes	446	144
Interest expense	87	68
Other income	(6)	(2)
Depreciation and amortization	2,184	2,098
Stock-based compensation	647	737
Adjusted EBITDA	$ (3,298)	$ 1,480

Results of Operations

The following tables set forth our results of operations for the periods presented in amount and as a percentage of revenue for those periods. The period to period comparison of financial results is not necessarily indicative of future results.

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Revenue	$ 26,540	$ 30,260
Costs and operating expenses:		
Cost of revenue [1]	12,562	12,972
Technology and development [1] [2]	7,298	5,873
Sales and marketing [2]	6,661	5,650
General and administrative [1] [2]	3,964	5,022
Depreciation and amortization	2,184	2,098
Total costs and operating expenses	32,669	31,615
Loss from operations	(6,129)	(1,355)
Other income	6	2
Interest expense	(87)	(68)
Loss before income taxes	(6,210)	(1,421)
Income tax provision	446	144
Net loss	$ (6,656)	$ (1,565)

Notes:

[1] Exclusive of depreciation and amortization shown separately

[2] Includes stock-based compensation, as follows:

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Technology and development	$ 208	$ 241
Sales and marketing	168	223
General and administrative	271	273
	$ 647	$ 737

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Revenue	100%	100%
Costs and operating expenses:		
Cost of revenue [1]	47	43
Technology and development [1]	28	19
Sales and marketing	25	19
General and administrative [1]	15	17
Depreciation and amortization	8	7
Total costs and operating expenses	123	105
Loss from operations	(23)	(5)
Other income	—	—
Interest expense	—	—
Loss before income taxes and equity interest	(23)	(5)
Provision for income taxes	2	—
Net loss	(25)%	(5)%

Note:

1 Exclusive of depreciation and amortization shown separately

Comparison of the three months ended March 31, 2017 and 2016

Revenue

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
Revenue:			
Search and digital advertising	$ 13,545	$ 17,258	(22)
Recurring and fee-based	12,995	13,002	-
Total revenue	$ 26,540	$ 30,260	(12)
Percentage of Revenue:			
Search and digital advertising	51%	57%	
Recurring and fee-based	49%	43%	
Total revenue	100%	100%	

Three months ended 2017 compared to 2016 . Revenue in 2017 decreased by $3.7 million, or 12%, compared to the same period in 2016. Search and digital advertising revenue decreased by $3.7 million, or 22%. Search revenue decreased by $2.5 million and digital advertising revenue decreased by $1.2 million. The decrease in search revenue was due in part to the continued residual effect of the placement of our Managed Portals on the second tab of the default Windows 8 and 10 internet browsers by our consumer electronics customers. We also believe that a portion of the decrease in search revenue was due to ongoing migration of search activity from personal computers to other devices, such as tablets and smartphones, generally across the consumer base. The decrease in digital advertising revenue was driven by a decline in portal advertising revenue, primarily the result of decreased contractual rates for such advertisements, offset in part by an increase in syndicated advertising revenue.

Recurring and Fee-Based revenue was flat year over year as increases in Cloud ID revenue were offset by decreases in portal fees and email revenue.

Cost of Revenue

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
Cost of revenue	$ 12,562	$ 12,972	(3)
Percentage of revenue	47%	43%	

Three months ended 2017 compared to 2016 . Our cost of revenue consists primarily of revenue-sharing costs from search and digital advertising placed on our Managed Portals. Cost of revenue decreased by $0.4 million, or 3% for the three months ended March 31, 2017 as compared to the same period in the prior year. The decrease in cost was due primarily to the decrease in search and digital advertising revenue, offset partially by an increase in syndicated advertising costs. Cost of revenue as a percentage of revenue increased from 43% to 47%, due to an increase in lower-margin syndicated advertising revenue as a percentage of total revenue, offset partially by an increase in higher-margin Recurring and Fee-Based revenue as a percentage of total revenue.

Technology and Development Expenses

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
Technology and Development Expenses	$ 7,298	$ 5,873	24
Percentage of revenue	28%	19%	

Three months ended 2017 compared to 2016 . Technology and development expenses consist of both the development of new products and services and the cost of operating multiple data centers domestically and internationally. The increase in 2017 as compared to 2016 was $1.4 million, or 24%, and was principally attributable to incremental personnel and related costs for product development and data center costs incurred in support of the AT&T portal services business, which totaled $1.1 million in the first quarter of 2017.

Sales and Marketing Expenses

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
Sales and marketing	$ 6,661	$ 5,650	18
Percentage of revenue	25%	19%	

Three months ended 2017 compared to 2016 . Sales and marketing expenses increased by $1.0 million, or 18%, in the first quarter of 2017 as compared with same period in 2016. The increase was primarily the result of the additional personnel and their related expenses added to support the AT&T portal services business and the additional domestic marketing support personnel and their related expenses resulting from our first quarter 2016 acquisition of assets from Technorati.

General and Administrative Expenses

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
General and administrative	$ 3,964	$ 5,022	(21)
Percentage of revenue	15%	17%	

Three months ended 2017 compared to 2016 . General and administrative expenses decreased by $1.0 million, or 21%, in the three months ended March 31, 2017 as compared with the same period in 2016. The decrease was due in part to decreased rent and other facilities costs resulting from space reductions and office moves at a number of our locations, lower bad debt expense, lower administrative office expenses and the non-recurrence of acquisition costs incurred in the first quarter of 2016.

Depreciation and Amortization Expense

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
Depreciation and amortization	$ 2,184	$ 2,098	4
Percentage of revenue	8%	7%	

Three months ended 2017 compared to 2016 . The $0.1 million increase in depreciation and amortization for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 was due to increased depreciation of capitalized software development costs and the effect of a full quarter of amortization of intangible assets in 2017 in connection with our acquisition of Technorati.

Other Income (Expense)

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Other income	$ 6	$ 2

Three months ended 2017 compared to 2016. Other income consists of interest income and foreign currency transaction and measurement gains and losses related to our international operations.

Interest Expense

	Three Months Ended March 31,		
	2017	2016	% Change
	(in thousands)		
Interest expense	$ 87	$ 68	28

Three months ended 2017 compared to 2016. Interest expense consists of interest on long-term debt and capital leases and increased in the first quarter of 2017 over 2016 primarily due to the increased interest rate on the Company's long-term bank borrowings outstanding in both quarters.

Provision for Income Taxes

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Provision for income taxes	$ 446	$ 144

Three months ended 2017 compared to 2016. The $0.3 million increase in our income tax provision in the first quarter of 2017 as compared to 2016 is due to the result of applying our estimated annual effective tax rate to the pre-tax loss results in the interim period.

Liquidity and Capital Resources

Our primary liquidity and capital resource requirements are for financing working capital, investing in capital expenditures such as computer hardware and software, supporting research and development efforts, introducing new technology, enhancing existing technology, and marketing our services and products to new and existing customers.

In April 2017, we completed an underwritten public offering (the "Offering") of our common stock in which we sold 5,715,000 shares at a public offering price of $3.50 per share. Subsequently, in May 2017, and as part of the Offering, we completed the sale of 472,846 additional shares of our common stock at the same price upon the exercise of the underwriters' over-allotment option, for a total of 6,187,486 shares. The Offering resulted in total net proceeds of approximately $20.1 million after deducting underwriters' discounts and commissions and offering expenses. The net proceeds will be used for general corporate purposes and additional working capital, and we believe the net proceeds will strengthen our balance sheet and allow us to acquire, or finance on more attractive terms, equipment

and make other capital investments necessary to support additional customers and the delivery of additional services to our e xisting customers. In addition, we may also use a portion of the net proceeds to acquire or invest in businesses, products or technologies that we believe are complementary to our own, as such opportunities may arise.

In September 2013, we entered into a Loan and Security Agreement with Silicon Valley Bank, or the Lender, which was amended most recently in March 2017 (as amended, the "Loan Agreement"). The amendment temporarily modified the terms of the financial covenants with which we must comply on a quarterly basis. The Loan Agreement provides for a $12.0 million secured revolving line of credit with a stated maturity of September 27, 2018. The credit facility is available for cash borrowings, subject to a formula based upon eligible accounts receivable. As of March 31, 2017, we had $5.0 million in outstanding borrowing under the Loan Agreement; subject to the operation of the borrowing formula, an additional $4.6 million was available for draw under the Loan Agreement.

Borrowings under the Loan Agreement bear interest, at our election, at an annual rate based on either the "prime rate" as published in The Wall Street Journal or LIBOR for the relevant period. If our liquidity coverage ratio (the ratio of cash plus eligible accounts receivable to borrowings under the Agreement) exceeds 2.75 to 1, LIBOR-based advances bear interest at LIBOR plus 3.5% and prime rate advances bear interest at the prime rate plus 1.0%. If our liquidity coverage ratio falls below 2.75 to 1, LIBOR-based advances bear interest at LIBOR plus 4.0% and prime rate advances bear interest at the prime rate plus 1.5%. For LIBOR advances, interest is payable (i) on the last day of a LIBOR interest period or (ii) on the last day of each calendar quarter. For prime rate advances, interest is payable (a) on the first day of each month and (b) on each date a prime rate advance is converted into a LIBOR advance.

Our obligations to the Lender are secured by a first priority security interest in all our assets, including our intellectual property. The Loan Agreement contains customary events of default, including non-payment of principal or interest, violations of covenants, material adverse changes, cross-default, bankruptcy and material judgments. Upon the occurrence of an event of default, the Lender may accelerate repayment of any outstanding balance. The Loan Agreement also contains certain financial covenants and other agreements that are customary in loan agreements of this type, including restrictions on paying dividends and making distributions to our stockholders. As of March 31, 2017, we were in compliance with the covenants and anticipate continuing to be so.

As of March 31, 2017, we had approximately $11.3 million of cash and cash equivalents. We believe that our existing cash and cash equivalents, supplemented by the net proceeds from the Offering, along with cash flows from operations and availability under our revolving credit line, will be sufficient to meet our anticipated working capital, interest payments, capital lease payment obligations, capital expenditure requirements, and payments of contingent acquisition consideration, if any, for at least the next 12 months.

To the extent that existing cash and cash equivalents, cash from operations, cash from short-term borrowings and cash from the exercise of stock options are insufficient to fund our future activities, we may need to raise additional funds through public or private equity offerings or debt financings.

Cash Flows

Statement of Cash Flows Data

	Three Months Ended March 31,	
	2017	2016
	(in thousands)	
Net cash flows (used in) provided by operating activities	$ (967)	$ 3,848
Net cash flows used in investing activities	$ (1,515)	$ (3,437)
Net cash flows used in financing activities	$ (578)	$ (376)

Cash (Used in) Provided by Operating Activities

Operating activities used $1.0 million of cash in the three months ended March 31, 2017, as compared with cash provided by operating activities of $3.8 million in the three months ended March 31, 2016. The change in operating cash flow totaled $4.8 million, resulting primarily from the change in our net loss, which increased from $1.6 million in the three months ended March 31, 2016 to $6.7 million in the three months ended March 31, 2017.

In each period, cash flows provided by operating activities results from our net loss, adjusted for non-cash income and expense items and changes in our operating assets and liabilities.

Three Months Ended March 31, 2017. The net loss was $6.6 million, which included non-cash depreciation and amortization expense of $2.2 million and stock-based compensation expense of $0.6 million. Changes in our operating assets and liabilities provided $2.6 million of cash, primarily the result of a $10.2 million decrease in accounts receivable, offset partially by a $3.8 million decrease in

accounts payable, a $3.5 million decrease in accrued expenses and other liabilities, and a $0.3 million increase in prepaid expenses and other assets. The decrease in accounts receivable was the result of lower receivables for syndicated advertising at March 31, 2017 as compared with the balance at December 31, 2016, as well as improved days sales outstanding. The decrease in accounts payable was the result of lower syndicated advertising payables at March 31, 2017 than at December 31, 2016. The decline in accrued expenses and other liabilities was primarily due to a decrease in accrued compensation costs relating to incentive compensation earned and accrued in 2016 and paid i n 2017.

Three Months Ended March 31, 2017. The net loss was $1.6 million, which included non-cash depreciation and amortization expense of $2.1 million and stock-based compensation expense of $0.7 million. Changes in our operating assets and liabilities provided $2.6 million of cash, primarily the result of a $2.9 million decrease in accounts receivable (without taking into effect accounts receivable acquired in the Technorati acquisition) and a $2.3 million increase in accounts payable (also without taking into effect liabilities assumed in the Technorati acquisition), offset partially by a $1.0 million increase in prepaid expenses and other assets and a $1.8 million decrease in accrued expenses and other liabilities. The decrease in accrued expenses and other liabilities was primarily due to a decrease in accrued compensation costs relating to incentive compensation earned and accrued in 2015 and paid in 2016. The increase in prepaid expenses and other assets was primarily due to an increase in prepayments to vendors for components of our cost of revenue.

Cash Used in Investing Activities

Cash used in investing activities totaled $1.5 million in the three months ended March 31, 2017, as compared to $3.4 million in the comparable 2016 period. We paid $1.5 million in the first quarter of 2017 for the purchase of property and equipment, primarily for the investment in the development of software. In the first quarter of 2016, we paid $2.5 million for the acquisition of assets from Technorati and $0.9 million for the purchase of property and equipment, primarily for the investment in the development of software.

Cash Used in Financing Activities

For the three months ended March 31, 2017, cash flows used in financing activities were $0.6 million, consisting of a deferred acquisition payment of $0.6 million and repayments on capital lease obligations totaling $0.3 million, offset by proceeds from the exercise of common stock options of $0.3 million. For the three months ended March 31, 2016, net cash used in financing activities amounted to $0.4 million, consisting primarily of repayments of obligations under capital leases.

Off-Balance Sheet Arrangements

As of March 31, 2017, we did not have any off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated by the SEC, that have or are reasonably likely to have a current or future effect on our financial condition, changes in our financial condition, revenue, or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These primarily include interest rate, inflation, and foreign currency exchange risk.

Interest Rate Risk

Our cash and cash equivalents primarily consist of cash and money market funds. Our exposure to market risk for changes in interest rates is limited because nearly all of our cash and cash equivalents have a short-term maturity and are used primarily for working capital purposes.

We have bank debt with an outstanding balance of $5.0 million at December 31, 2016, which bears interest at a variable annual rate, at our election, based on either the “prime rate” as published in The Wall Street Journal or LIBOR for the relevant period. If our liquidity coverage ratio (the ratio of cash plus eligible accounts receivable to bank borrowings under the related loan agreement) exceeds 2.75 to 1, LIBOR-based advances bear interest at LIBOR plus 3.5% and prime rate advances bear interest at the prime rate plus 1.0%. If our liquidity coverage ratio falls below 2.75 to 1, LIBOR-based advances bear interest at LIBOR plus 4.0% and prime rate advances bear interest at the prime rate plus 1.5%. This arrangement subjects us to interest rate risk. A 10% increase or decrease in these interest rates would not have a significant impact on our interest expense. Although not significant, we are currently evaluating actions we may take to mitigate this exposure. Refer to Note 5, *Long-Term Debt* , of the Notes to the Consolidated Financial Statements in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2016 for additional information about our outstanding debt.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Foreign Currency Exchange Risks

We are also subject to foreign currency exchange risk relating to our operations in Canada, Europe, India, Japan and Singapore. Our expenses at these locations are denominated in the local currencies and our results of operations are influenced by changes in the exchange rates between the U.S. Dollar and these local currencies, principally the Canadian Dollar, Euro, British Pound Sterling, Yen, Rupee and Singapore Dollar. In addition, certain of our accounts receivable are denominated in currencies other than the U.S. Dollar, principally the Euro, British Pound Sterling, and Japanese Yen. A 10% increase or decrease in the applicable currency exchange rates could result in an increase or decrease in our currency exchange (loss) gain of approximately $0.2 million, calculated based on our foreign currency denominated accounts receivable as of March 31, 2017.

During the first quarter of 2017, we did not enter into any foreign currency hedge contracts, but we may enter into such contracts in the future to minimize the foreign currency exchange risk with respect to significant foreign currency denominated accounts receivable balances.

We continue to evaluate our various foreign currency exchange rate exposures and may take additional steps to mitigate these exposures.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2017. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Based upon the evaluation as of March 31, 2017, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended March 31, 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently involved in any legal proceedings, the outcome of which, if determined adversely to us, would have a material adverse effect on our business, results of operations or financial condition.

ITEM 1A. RISK FACTORS

Our business and financial results are subject to numerous risks and uncertainties, including those described below, which could adversely and materially affect our business, financial condition or results of operations. You should carefully consider these risks and

uncertainties, including the following risk factors and all other information contained in this Quarterly Report on Form 10-Q, together with any other documents we file with the SEC.

Risks Related to Our Business

A loss of any significant Managed Portals and Advertising customer could negatively affect our financial performance.

Although we have diversified our product portfolio and our customer base, we continue to derive a substantial portion of our revenue from a small number of Managed Portal customers. Revenue attributable to these customers includes the Recurring and Fee-Based revenue earned directly from them, as well as the search and digital advertising revenue earned through our relationships with our advertising partners, such as Google, based on traffic generated from our Managed Portals. For the year ended December 31, 2016, revenue attributable to one customer accounted for approximately 16% of our revenue, or $20.8 million, and no other customer accounted for 10% or more of our revenue for that period. For the three months ended March 31, 2017, revenue attributable to one customer accounted for approximately 13% of our revenue, or $3.5 million.

If our delivery of our products and services under our contract with AT&T is executed according to our plan, we expect that, following such delivery, we will derive a substantial portion of our revenue from AT&T, with revenue attributable to AT&T exceeding the revenue attributable to any of our other customers. If our contract with AT&T is not renewed or is otherwise terminated, or if revenue from the AT&T relationship were to decline due to competitive or other reasons, our results of operations and financial position would be adversely affected.

Our contracts with our Managed Portals and Advertising customers generally have an initial term of approximately two to three years from the launch of their Managed Portals and frequently provide for one or more automatic renewal terms of one to two years each. If a key contract is not renewed or is otherwise terminated, or if revenue from a significant customer declines because of competitive or other reasons, our revenue would decline and our ability to achieve or sustain profitability would be impaired. In addition to the loss of Recurring and Fee-Based revenue, we would also lose significant revenue from the related search and digital advertising services that we provide. In addition to the decline of revenue, we may have to impair our long-lived assets, to the extent that such assets are used exclusively to support these customers, which would adversely impact our results of operations and financial position.

Our search advertising partner, Google, accounts for a significant portion of our revenue, and any loss of, or diminution in, our business relationship with Google would materially and adversely affect our financial performance.

We rely on traffic on our Managed Portals to generate search and digital advertising revenue, a substantial portion of which is derived from text-based links to advertisers' websites as a result of internet searches. We have a revenue-sharing relationship with Google under which we include a Google-branded search tool on our Managed Portals. When a consumer makes a search request using this tool, we deliver it to Google, and Google returns search results to us that include advertiser-sponsored links. If the consumer clicks on a sponsored link, Google receives payment from the sponsor of that link and shares a portion of that payment with us. We then typically share a portion of that payment with the applicable customer. Our Google-related search advertising revenue attributable to our customers, which consists of the portion of the payment from the sponsor that Google shares with us, accounted for approximately 12%, 28%, and 42% of our revenue in 2016, 2015, and 2014 or $15.9 million, $31.2 million, and $45.4 million, respectively, and approximately 11% of our revenue in the three months ended March 31, 2017, or $2.9 million. Our agreement with Google expires in February 2018 unless we and Google mutually elect to renew it. Additionally, Google may terminate our agreement if we experience a change in control, if we enter into an agreement providing for a change in control, if we do not maintain certain search and digital advertising revenue levels or if we fail to conform to Google's search policies and advertising policies. Google may from time to time change its existing, or establish new, methodologies and metrics for valuing the quality of internet traffic. Any changes in these methodologies, metrics and advertising technology platforms could decrease the advertising rates that we receive and/or the amount of revenue that we generate from digital advertisements. If advertisers were to discontinue their advertising via internet searches, if Google's revenue from search-based advertising were to decrease, if Google's share of the search revenue were to be increased or if our agreement with Google were to be terminated for any reason or renewed on less favorable terms, our business, financial condition and results of operations would be materially and adversely affected. Moreover, consumers' increased use of search tools other than the Google-branded search tool we provide would have similar effects.

We have a history of significant pre-tax net losses and may not be profitable in future periods, which would limit our ability to use our net operating loss carryforwards.

We have reported pre-tax net income in only three years, 2009, 2011 and 2012, in amounts of $0.3 million, $3.9 million, and $5.6 million, respectively. In all other years, we have incurred losses, and at December 31, 2016 our cumulative net operating loss carryforward totals approximately $20 million, including a pre-tax net loss of $6.2 million in the first quarter of 2017. We have previously taken cost saving measures, including a reduction in workforce carried out in September 2014. However, our expenses may increase in future periods as we implement initiatives designed to grow our business including, among other things, the start-up and product development expenses we continue to incur in connection with providing Managed Portals and Advertising solutions to AT&T,

acquisitions of complementary businesses (such as our acquisition of the Zimbra assets and our acquisition of certain assets from Technorati), the development and marketing of new services and products, l icensing of content, expansion of our infrastructure and international expansion. If our revenue does not sufficiently increase to offset these expected increases in operating expenses, we may incur significant losses and may not be profitable. We may not be able to return to or maintain profitability in the future. Any failure to achieve or maintain profitability may materially and adversely affect our business, financial condition, results of operations and impact our ability to utilize our net operating loss carryforwards. As a result of our pre-tax cumulative losses, we have established a full valuation allowance against our deferred income tax asset, which includes our net operating loss carryforwards.

Many individuals are using devices other than personal computers and software applications other than internet browsers to access the internet. If users of these devices and software applications do not widely adopt the applications and other solutions we develop for them, our business could be adversely affected.

The number of people who access the internet through devices other than PCs, including tablets, smartphones and connected TVs, has increased dramatically in the past few years and is projected to continue to increase. Similarly, individuals are increasingly accessing the internet through apps other than internet browsers, such as those available for download through Apple Inc.'s App Store and the Android Market. Our Managed Portals include our responsive desktop and mobile web products and also our mobile native iOS and Android apps. If consumers do not use our mobile products at all or use these products less frequently than previously, our financial results could be negatively affected. Additionally, as new devices and new apps are continually being released, it is difficult to predict the problems we may encounter in developing new versions of our apps and other solutions for use on these alternative devices and apps, and we may need to devote significant resources to the creation, support and maintenance of such apps and solutions. If users of these devices and apps do not widely adopt the apps and other solutions we develop, our business, financial condition and results of operations could be adversely affected.

Consumer tastes continually change and are unpredictable, and sales of our Managed Portals and Advertising solutions may decline if we fail to enhance our service and content offerings to achieve continued consumer acceptance.

Our business depends on aggregating and providing services and content that our customers will place on our Managed Portals, including television programming, news, entertainment, sports and other content that their consumers find engaging, and premium services and paid content that their consumers will buy. Accordingly, we must continue to invest significant resources in licensing efforts, research and development and marketing to enhance our service and content offerings, and we must make decisions about these matters well in advance of product releases to implement them in a timely manner. Our success depends, in part, on unpredictable and volatile factors beyond our control, including consumer preferences, competing content providers and websites and the availability of other news, entertainment, sports and other services and content. While we work with our customers to have their consumers' homepages set to our Managed Portals, a consumer may easily change that setting, which would likely decrease the use of our Managed Portals. Similarly, consumers who change their device's operating system or internet browser may no longer have our Managed Portals set as their default homepage, and unless they change it back to our Managed Portals, their usage of our Managed Portals would likely decline and our results of operations could be negatively impacted. Consumers who acquire new consumer electronics devices will no longer have our Managed Portals initially set as their default homepage, and unless they change the default to our Managed Portals, their usage of our Managed Portals would likely decline and our results of operations could be negatively impacted.

If our services are not responsive to the requirements of our customers or the preferences of their consumers, or the services are not brought to market in a timely and effective manner, our business, financial condition and results of operations would be harmed. Even if our services and content are successfully introduced and initially adopted, a subsequent shift in the preferences of our customers or their consumers could cause a decline in the popularity of our services and content that could materially reduce our revenue and harm our business, financial condition and results of operations.

Our revenue growth will be adversely affected if we are unable to expand the breadth of our services and products or to introduce new services and products on a timely basis.

To retain our existing customers, attract new customers and increase revenue, we must continue to develop and introduce new services and products on a timely basis and continue to develop additional features to our existing product base. For example, under our relationship with AT&T, we have agreed to deliver a number of additional products and services to AT&T's consumers. If our existing and prospective customers do not perceive that we will deliver our services and products on schedule, or if they do not perceive our services and products to be of sufficient value and quality, we may lose the confidence of our existing customers and fail to increase sales to these existing customers, existing customers may be able to terminate their agreements with us, and we may not be able to attract new customers, each of which would adversely affect our operating results.

Our sales cycles and the contracting process with new customers are long and unpredictable and may require us to incur expenses before executing a customer agreement, which makes it difficult to project when, if at all, we will obtain new customers and when we will generate additional revenue and cash flows f rom those customers.

We market our services and products directly to high-speed internet service and communications providers, consumer electronics manufacturers, and directly and indirectly to enterprises, and governmental and nonprofit organizations. New customer relationships typically take time to obtain and finalize because of the burdensome cost of migrating from an existing solution to our platform. Due to operating procedures in many organizations, a significant time period may pass between selection of our services and products by key decision-makers and the signing of a contract. The length of time between the initial customer sales call and the realization of significant sales is difficult to predict and can range from several months to several years. As a result, it is difficult to predict when we will obtain new customers and when we will begin to generate revenue and cash flows from these potential new customers.

As part of our sales cycle for our Managed Portals and Advertising customers, we may incur significant expenses in the form of compensation and related expenses and equipment acquisition before executing a definitive agreement with a prospective customer so that we may be ready to launch shortly following execution of a definitive agreement. If conditions in the marketplace generally or with a specific prospective customer change negatively, it is possible that no definitive agreement will be executed, and we will be unable to recover any expenses incurred before a definitive agreement is executed, which would in turn have an adverse effect on our business, financial condition and results of operations.

Many of our customers are high-speed internet service providers, and consolidation within the cable and telecommunications industries could adversely affect our business, financial condition and results of operations.

Our revenue from high-speed internet service and communications providers, including our search and digital advertising revenue generated by online consumer traffic on our Managed Portals and our revenue from our Email/Collaboration offerings, accounted for approximately 63% in 2016, approximately 82% in 2015, approximately 85% in 2014, and approximately 65% in the three months ended March 31, 2017. The cable and telecommunications industries have experienced consolidation over the past several years, and we expect that this trend will continue. As a result of consolidation, some of our customers may be acquired by companies with which we do not have existing relationships and which may have relationships with one of our competitors or may have the in-house capacity to perform the services we provide. As a result, such acquisitions could cause us to lose customers and the associated revenue. Under our agreements with some of our customers, including CenturyLink, they have the right to terminate the agreement if we are acquired by one of their competitors.

Consolidation may also require us to renegotiate our agreements with our customers as a result of enhanced customer leverage. We may not be able to offset the effects of any such renegotiations, and we may not be able to attract new customers to counter any revenue declines resulting from the loss of customers or their subscribers.

We rely, to a significant degree, on indirect sales channels for the distribution of our Email/Collaboration products, and disruption within these channels could adversely affect our business, financial condition, operating results and cash flows.

We use a variety of indirect distribution methods for our offerings, including channel partners, such as cloud service providers, distributors, and value added resellers. A number of these partners in turn distribute our offerings via their own networks of channel partners with whom we have no direct relationship. These relationships allow us to offer our technologies to a much larger customer base than we would otherwise be able to through our direct sales and marketing efforts.

We rely, to a significant degree, on each of our channel partners to select, screen and maintain relationships with its distribution network and to distribute our offerings in a manner that is consistent with applicable law and regulatory requirements and our quality standards. If our channel partners or a partner in its distribution network violate applicable law or regulatory requirements or misrepresent the functionality of our offerings, our reputation could be damaged and we could be subject to potential liability. Furthermore, our channel partners may offer their own products and services that are competitive with our offerings or may not distribute and market our offerings effectively. Our existing channel partner relationships do not, and any future channel partner relationships may not, afford us any exclusive marketing or distribution rights. In addition, if a channel partner is acquired by a competitor or its business units are reorganized or divested, our revenue derived from that partner may be adversely impacted.

Recruiting and retaining qualified channel partners and training them in the use of our technologies require significant time and resources. If we fail to devote sufficient resources to support and expand our network of channel partners, our business may be adversely affected. In addition, because we rely on channel partners for the indirect distribution of our technologies, we may have little or no contact with the ultimate end-users of our technologies, thereby making it more difficult for us to establish brand awareness, ensure proper delivery and installation of our software, support ongoing customer requirements, estimate end-user demand, respond to evolving customer needs and obtain renewals from end-users.

Most of our sales to government entities have been made indirectly through our channel partners. Government ent ities may have statutory, contractual, or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and any such termination may adversely impact our future operating results. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our offerings, a reduction of revenue or fines or civil or criminal liability if the audit uncovers improper o r illegal activities.

If our indirect distribution channel is disrupted, we may be required to devote more resources to distribute our offerings directly and support our customers, which may not be as effective and could lead to higher costs, reduced revenue and growth that is slower than expected.

As technology continues to evolve, the use of our products by our current and prospective consumer electronics manufacturer customers may decrease and our business could be adversely affected.

The consumer electronics industry is subject to rapid change, and our contracts for Managed Portals and Advertising solutions with our consumer electronics manufacturer customers are not exclusive. As consumer electronics manufacturers continue to develop new technologies and introduce new models and devices, there can be no assurance that we will be able to develop solutions that will persuade consumer electronics manufacturers that are our customers at such time to utilize our technology for those new devices. If our current and prospective consumer electronics manufacturer customers elect not to integrate our solutions into their new products, our business, financial condition and results of operations could be adversely affected.

Moreover, updates to internet browser technology may adversely affect our business. For example, for our consumer electronics manufacturer customers that have the Windows 8 operating system pre-installed on some of their devices, the Windows 8 operating system places our Managed Portal on a second tab when the internet browser is launched, leading to decreased search and digital advertising revenue. Further, upgrades to the Windows 10 operating system default to Microsoft's latest Edge browser and displace users' previous browser settings including default homepages, which can also lead to decreased search and digital advertising revenue. Unless consumers change their browser settings back to our Managed Portals, their usage of our Managed Portals would likely decline and our results of operations could be negatively impacted.

We invest in features and functionality designed to increase consumer engagement with our Managed Portals; however, these investments may not lead to increased revenue.

Our future growth and profitability will depend in large part on the effectiveness and efficiency of our efforts to provide a compelling consumer experience that increases consumer engagement with our Managed Portals. We have made and will continue to make substantial investments in features and functionality for our technology that are designed to drive consumer engagement. As of March 31, 2017, we have invested in excess of $10 million in the aggregate in start-up expenses, development expenses and capital expenditures relating to our contract with AT&T, and we expect to continue to invest in features and functionality in connection with obtaining new customers.

Not all of these activities directly generate revenue, and we cannot assure you that we will reap sufficient rewards from these investments to make them worthwhile. If the expenses that we incur in connection with these activities do not result in increased consumer engagement that in turn results in revenue increases that exceed these expenses, our business, financial condition and results of operations will be adversely affected.

Our services and products may become less competitive or even obsolete if we fail to respond to technological developments.

Our future success will depend, in part, on our ability to modify or enhance our services and products to meet customer and consumer needs, to add functionality and to address technological advancements that would improve their performance. For example, if our smartphone and tablet products fail to capture the increased search activity on such devices or if our services and products do not adapt to the increasing video usage on the internet or to take into account evolving developments in social networking, then they could begin to appear obsolete. Similarly, if we fail to develop new ways to deliver content and services through apps other than traditional internet browsers, consumers could seek alternative means of accessing content and services.

To remain competitive, we will need to develop new services and products and adapt our existing ones to address these and other evolving technologies and standards. However, we may be unsuccessful in identifying new opportunities or in developing or marketing new services and products in a timely or cost-effective manner. In addition, our product innovations may not achieve the market penetration or price levels necessary for profitability. If we are unable to develop enhancements to, and new features for, our existing services and products or if we are unable to develop new services and products that keep pace with rapid technological developments or changing industry standards, our services and products may become obsolete, less marketable and less competitive, and our business will be harmed.

We depend on third parties for content that is critical to our business , and our business could suffer if we do not continue to obtain high-quality content at a reasonable cost.

We license the content that we aggregate on our Managed Portals from numerous third-party content providers, and our future success is highly dependent upon our ability to maintain and enter into new relationships with these and other content providers. In some cases, we are required under our contracts, including our contract with AT&T, to provide our customers' consumers access to certain types of content. In the future, some of our content providers may not give us access to high-quality content, may fail to adapt to changes in consumer tastes or may increase the royalties, fees or percentages that they charge us for their content, any of which could have a material negative effect on our operating results. Our rights to the content that we offer to our customers and their consumers are not exclusive, and the content providers could license their content to our competitors. Our content providers could even grant our competitors exclusive licenses. In addition, our customers are not prohibited from entering into content deals directly with our content providers. Any failure to enter into or maintain satisfactory arrangements with content providers would adversely affect our ability to provide a variety of attractive services and products to our customers. Our reputation and operating results could suffer as a result, and it may be more difficult for us to develop new relationships with potential customers.

Our Zimbra Email/Collaboration solution was developed as an open-source software product. As such, it may be relatively easy for competitors, some of which may have greater resources than we have, to compete with us.

One of the characteristics of open source software is that anyone may modify and redistribute the existing open source software and use it to compete with us. Such competition can develop without the degree of overhead and lead time required by traditional proprietary software companies. In addition, some of these competitors may make their open source software available for free download and use on an ad hoc basis or may position their open source software as a loss leader. We cannot guarantee that we will be able to compete successfully against current and future competitors or that competitive pressure and/or the availability of open source software will not result in price reductions, reduced operating margins and loss of market share, any one of which could adversely affect our business, financial condition, operating results and cash flows.

In 2016, we announced an initiative to promote support for our open source Zimbra Email/Collaboration solution with the expectation that the initiative would lead to increased maintenance, support and professional service revenue. There can be no assurance that this initiative will yield an increase in revenue.

Our revenue and operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.

As a result of the rapidly changing nature of the markets in which we compete, our quarterly and annual revenue and operating results are likely to fluctuate from period to period. These fluctuations may be caused by a number of factors, many of which are beyond our control, including but not limited to the various factors set forth in this "Risk Factors" section, as well as:

- any failure to maintain strong relationships and favorable revenue-sharing arrangements with our Managed Portals and Advertising partners, in particular Google, including a reduction in the quantity or pricing of sponsored links that consumers click on or a reduction in the pricing of digital advertisements by advertisers;
- the timing of our investment in, or the timing of our monetization of, our products and services, such as our end-to-end video solutions portfolio or our Zimbra Email/Collaboration product;
- any failure of significant customers to renew their agreements with us;
- our ability to attract new customers;
- our ability to increase sales of premium services and paid content to our existing customers' consumers;
- any development by our significant customers of the in-house capacity to replace the solutions we provide;
- the release of new product and service offerings by our competitors or our customers;
- variations in the demand for our services and products and the implementation cycles of our services and products by our customers;
- changes to internet browser technology that may render our Managed Portals less competitive;
- changes in our pricing policies or those of our competitors;
- changes in the prices our customers charge their consumers for email, premium services and paid content;
- service outages, other technical difficulties or security breaches;
- limitations relating to the capacity of our networks, systems and processes;

- our failure to accurately estimate or control costs, including costs related to the implementation of our solutions for new customers;
- maintaining appropriate staffing levels and capabilities relative to projected growth;
- the timing of costs related to the development or acquisition of technologies, services or businesses to support our existing customers and potential growth opportunities; and
- general economic, industry and market conditions and those conditions specific to internet usage and online businesses.

For these reasons and because the market for our services and products is relatively new and rapidly changing, it is difficult to predict our future financial results.

Expansion into international markets, which is an important part of our strategy, but where we have limited experience, will subject us to risks associated with international operations.

We plan to continue to expand our product offerings internationally, particularly in Asia, Canada, Latin America and Europe. Although our exposure to and expertise in international markets have increased as a result of our acquisition of the Zimbra assets in September 2015, we still have limited experience in marketing and operating all of our services and products in international markets, and we may not be able to successfully develop or grow our business in these markets. Our success in these markets will be directly linked to the success of our relationships with potential customers, resellers, content partners and other third parties.

As the international markets in which we operate continue to grow, we expect that competition in these markets will intensify. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, the local markets. Some of our domestic competitors who have substantially greater resources than we do may be able to more quickly and comprehensively develop and grow in international markets. International expansion may also require significant financial investment including, among other things, the expense of developing localized products, the costs of acquiring foreign companies and the integration of such companies with our operations, expenditure of resources in developing customer and content relationships and the increased costs of supporting remote operations.

Other risks of doing business in international markets include the increased risks and burdens of complying with different legal and regulatory standards, difficulties in managing and staffing foreign operations, recruiting and retaining talented direct sales personnel, limitations on the repatriation of funds and fluctuations of foreign exchange rates, varying levels of internet technology adoption and infrastructure and our ability to enforce contracts and our intellectual property rights in foreign jurisdictions. In addition, our success in international expansion could be limited by barriers to international expansion such as tariffs, adverse tax consequences and technology export controls. If we cannot manage these risks effectively, the costs of doing business in some international markets may be prohibitive or our costs may increase disproportionately to our revenue. Some of our business partners also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage these risks.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits U.S. companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices may occur with respect to our expansion into international markets. Our employees or other agents may engage in such conduct for which we might be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences, including adverse publicity and damage to our reputation that may have a material adverse effect on our business, financial condition and results of operations.

Our agreements with some of our customers and content providers require fixed payments, which could adversely affect our financial performance.

Certain of our agreements with Managed Portals and Advertising customers and content providers require us to make fixed payments to them. As of March 31, 2017, the aggregate amount of such fixed payments for the remaining nine months of 2017 total approximately $0.6 million. We are required to make these fixed payments regardless of the achievement of any revenue objectives or subscriber or usage levels. If we do not achieve our financial objectives, these contractual commitments would constitute a greater percentage of our revenue than originally anticipated and would adversely affect our profitability.

Our agreements with some of our customers and content providers contain penalties for non-performance, which coul d adversely affect our financial performance.

We have entered into service level agreements with many of our customers. These agreements generally call for specific system "up times" and 24 hours per day, seven days per week support and include penalties for non-performance. We may be unable to fulfill these commitments due to circumstances beyond our control, which could subject us to substantial penalties under those agreements, harm our reputation and result in a reduction of revenue or the loss of customers, which would in turn have an adverse effect on our business, financial condition and results of operations. To date, we have never incurred any material penalties. In addition, certain of our agreements with customers contain penalties for certain types of non-performance which, if not timely rectified, could result in substantial financial penalties to us.

System failures or capacity constraints could harm our business and financial performance.

The provision of our services and products depends on the continuing operation of our information technology and communications systems. Any damage to or failure of our systems could result in interruptions in our service. Such interruptions could harm our business, financial condition and results of operations, and our reputation could be damaged if people believe our systems are unreliable. Our systems are vulnerable to damage or interruption from snow storms, terrorist attacks, floods, fires, power loss, telecommunications failures, security breaches, computer malware, computer hacking attacks, computer viruses, computer denial of service attacks or other attempts to, or events that, harm our systems. Our data centers are also subject to break-ins, sabotage and intentional acts of vandalism and to potential disruptions if the operators of the facilities have financial difficulties. Although we maintain insurance to cover a variety of risks, the scope and amount of our insurance coverage may not be sufficient to cover our losses resulting from system failures or other disruptions to our online operations. For example, the limit on our business interruption insurance is approximately $20 million for cyber loss (and $38 million for physical loss). Any system failure or disruption and any resulting losses that are not recoverable under our insurance policies may materially harm our business, financial condition and results of operations. To date, we have never experienced any material losses.

Our data centers are not on full second-site redundancy, however we have the capability to do so; only certain customers require us to. We regularly back-up our systems and store the system back-ups in Atlanta, Georgia; Dallas, Texas; Lewis Center, Ohio; Denver, Colorado; Toronto, Canada; and Amsterdam, the Netherlands. If we were forced to relocate to an alternate site and to rely on our system back-ups to restore the systems, we would experience significant delays in restoring the functionality of our platform and could experience loss of data, which could materially harm our business and our operating results.

Security breaches, computer viruses and computer hacking attacks could harm our business, financial condition and results of operations.

Security breaches, computer malware and computer hacking attacks are prevalent in the technology industry. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses could harm our business, financial condition and results of operations. We have previously experienced hacking attacks on our systems, and may in the future experience hacking attacks. Though it is difficult to determine what harm may directly result from any specific interruption or breach, any failure to maintain performance, reliability, security and availability of our technology infrastructure to the satisfaction of our customers and their consumers may harm our reputation and our ability to retain existing customers and attract new customers.

We may not maintain acceptable website performance for our Managed Portals and Advertising customers, which may negatively impact our relationships with our customers and harm our business, financial condition and results of operations.

A key element to our continued growth is the ability of our customers' consumers in all geographies to access our Managed Portals and other offerings within acceptable load times. We refer to this as website performance. We may in the future experience platform disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of users accessing our technology simultaneously, and denial of service or fraud or security attacks.

In some instances, we may not be able to identify the cause or causes of these website performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve website performance, especially during peak usage times, and as our solutions become more complex and our user traffic increases. If our Managed Portals and Advertising solutions are unavailable when consumers attempt to access them or do not load as quickly as they expect, consumers may seek other alternatives to obtain the information for which they are looking, and may not use our products and services as often in the future, or at all. This would negatively impact our relationships with our customers. We expect to continue to make significant investments to maintain and improve website performance. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and

continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

We rely on our management team and need additional personnel to expand our business, and the loss of key officers or an inability to attract and retain qualified personnel could harm our business, financial condition and results of operations.

We depend on the continued contributions of our senior management and other key personnel, especially Himesh Bhise, our President and Chief Executive Officer, and William J. Stuart, our Chief Financial Officer. The loss of the services of any of our executive officers or other key employees could harm our business and our prospects. All of our executive officers and key employees are at-will employees, which means they may terminate their employment relationship with us at any time.

Our future success also depends on our ability to identify, attract and retain highly skilled technical, managerial, finance, marketing and creative personnel. Further, we will need to hire personnel outside the United States to continue to pursue an international expansion strategy, and we will need to hire additional advertising salespeople to sell more advertisements directly. We face intense competition for qualified individuals from numerous technology, marketing and media companies, and we may incur significant costs to attract them. We may be unable to attract and retain suitably qualified individuals, or we may be required to pay increased compensation in order to do so. If we were to be unable to attract and retain the qualified personnel we need to succeed, our business could suffer.

Volatility or lack of performance in the trading price of our common stock may also affect our ability to attract and retain qualified personnel. Many of our senior management personnel and other key employees have become, or will become, vested in a substantial amount of stock or stock options. Employees may be more likely to leave us if the shares they own or the shares underlying their options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise prices of the options or if the exercise prices of the options that they hold are significantly above the trading price of our common stock. If we are unable to retain our employees, our business, financial condition and results of operations would be harmed.

If we fail to manage our growth effectively, our business, financial condition and results of operations may suffer.

Following the merger of our predecessor companies, Chek, Inc., or Chek, and MyPersonal.com, Inc., or MyPersonal, to form Synacor, much of our business expansion resulted from organic growth. More recently, however, we have sought to, and may continue to seek to, grow through strategic acquisitions. For example, in the first quarter of 2016, we acquired certain assets from Technorati, and in 2015, we acquired the Zimbra assets and certain assets of NimbleTV. Our goal of returning to growth may place significant demands on our management and our operational and financial infrastructure. Our ability to manage our growth effectively and to integrate new technologies and acquisitions (such as the assets acquired from Technorati, Zimbra, and NimbleTV) into our existing business will require us to continue to expand our operational, financial and management information systems and to continue to retain, attract, train, motivate and manage key employees. Growth could strain our ability to:

- develop and improve our operational, financial and management controls;
- enhance our reporting systems and procedures;
- recruit, train and retain highly skilled personnel;
- maintain our quality standards; and
- maintain customer and content owner satisfaction.

Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, financial condition and results of operations would be harmed.

We may expand our business through acquisitions of, or investments in, other companies or new technologies, or joint ventures or other strategic alliances with other companies, which may divert our management's attention or prove not to be successful.

In February 2016 we acquired substantially all of the assets of, and hired certain personnel from, Technorati; in 2015 we acquired the Zimbra assets and hired certain related personnel and we purchased assets from, and hired the personnel of, NimbleTV; and in March 2013, we entered into a joint venture in China. We may decide to pursue other acquisitions of, investments in, or joint ventures involving other technologies and businesses in the future. Such transactions could divert our management's time and focus from operating our business.

Our ability as an organization to integrate acquisitions is relatively unproven. Integrating an acquired company, business or technology is risky and may result in unf oreseen operating difficulties and expenditures, including, among other things, with respect to:

- incorporating new technologies into our existing business infrastructure;
- consolidating corporate and administrative functions;
- coordinating our sales and marketing functions to incorporate the new business or technology;
- maintaining morale, retaining and integrating key employees to support the new business or technology and managing our expansion in capacity; and
- maintaining standards, controls, procedures and policies (including effective internal control over financial reporting and disclosure controls and procedures).

In addition, a significant portion of the purchase price of companies we may acquire may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our earnings based on this impairment assessment process, which could harm our operating results.

Future acquisitions could result in potentially dilutive issuances of our equity securities, including our common stock, or the incurrence of debt, contingent liabilities, amortization expenses or acquired in-process research and development expenses, any of which could harm our business, financial condition and results of operations. Future acquisitions may also require us to obtain additional financing, which may not be available on favorable terms or at all.

Finally, our skill at investing our funds in illiquid securities issued by other companies, such as our investment in a privately held Delaware corporation called Blazer and Flip Flops, Inc., or B&FF (doing business as The Experience Engine), is untested. Although we review the results and prospects of such investments carefully, it is possible that our investments could result in a total loss. Additionally, we will typically have little or no control in the companies in which we invest, and we will be forced to rely on the management of companies in which we invest to make reasonable and sound business decisions. If the companies in which we invest are not successfully able to manage the risks facing them, such companies could suffer, and our own business, financial condition and results of operations could be harmed.

We may require additional capital to grow our business, and this capital may not be available on acceptable terms or at all.

The operation of our business and our growth strategy may require significant additional capital, especially if we were to accelerate our expansion and acquisition plans. For example, we invested approximately $8.2 million in 2016 in preparing to support AT&T as a customer, and an additional $2.4 million in 2017 in support of that goal. If the cash generated from operations and otherwise available to us is not sufficient to meet our capital requirements, we will need to seek additional capital, potentially through debt or equity financings, to fund our growth. We may not be able to raise needed capital on terms acceptable to us or at all. Financings, if available, may be on terms that are dilutive or potentially dilutive to our stockholders, and the prices at which new investors would be willing to purchase our securities may cause our existing stockholders to suffer substantial dilution. The holders of new securities may also receive rights, preferences or privileges that are senior to those of existing holders of our common stock. As with our credit facility with Silicon Valley Bank, any debt financing obtained by us in the future could contain financial or other covenants that may potentially restrict our operations, and if we do not effectively manage our business to comply with those covenants, our business, financial condition and results of operations could be adversely affected.

While we successfully raised approximately $20.1 million in an underwritten public offering of 6,187,426 shares of our common stock subsequent to March 31, 2017, the net proceeds of that offering may not be sufficient to meet our objectives, including funding our growth plans and potential acquisitions as they may arise.

In addition, while we are in compliance at March 31, 2017 with the financial covenants contained in our credit facility with Silicon Valley Bank, our future financial performance may potentially cause us to become not in compliance with those covenants, possibly restricting our ability to continue to borrow under our credit facility.

If new or existing sources of financing are required but are insufficient or unavailable, we could be required to delay, abandon or otherwise modify our growth and operating plans to the extent of available funding, which would harm our ability to grow our business.

Our business depends, in part, on our ability to protect and enforce our intellectual property rights.

The protection of our intellectual property is critical to our success. We rely on copyright and service mark enforcement, contractual restrictions and trade secret laws to protect our proprietary rights. We have entered into confidentiality and invention assignment agreements with our employees and contractors, and nondisclosure agreements with certain parties with whom we conduct

business to limit access to and disclosure and distribution of our proprietary inform ation. Additionally, we have applied for patents to protect certain of our intellectual property. We have registered several marks and filed many other trademark applications in the United States. We have not applied for copyright protection in any jurisdi ction including in the United States. However, if we are unable to adequately protect our intellectual property, it may be possible for a third party to copy or otherwise obtain and use our intellectual property without authorization, and our business may suffer from the piracy of our technology and the associated loss in revenue.

Protecting against the unauthorized use of our intellectual property and other proprietary rights is expensive, difficult and, in some cases, impossible. The steps we take may not prevent misappropriation or infringement of our property rights. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could be costly and divert management resources, either of which could harm our business. Furthermore, many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights than we do. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

We are not currently involved in any legal proceedings with respect to protecting our intellectual property; however, we may from time to time become a party to various legal proceedings with respect to protecting our intellectual property arising in the ordinary course of our business.

Any claims from a third party that we are infringing upon its intellectual property, whether valid or not, could subject us to costly and time-consuming litigation or expensive licenses or force us to curtail some services or products.

Companies in the internet and technology industries tend to own large numbers of patents, copyrights, trademarks and trade secrets, and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We have been subject to claims that the presentation of certain licensed content on our Managed Portals infringes certain patents of a third party, none of which have resulted in material direct settlement or payments by us or any determination of infringement by us, and as we face increasing competition, the possibility of further intellectual property rights claims against us grows. Our technologies may not be able to withstand any third party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent us from offering our services and products to others and may require that we procure substitute products or services for our customers.

In the case of any intellectual property rights claim, we may have to pay damages or stop using technology found to be in violation of a third party's rights. We may have to seek a license for the technology, which may not be available to us on reasonable terms and may significantly increase our operating expenses. The technology also may not be available for license to us at all. As a result, we may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for the infringing aspects of our business, we may be forced to limit our service and product offerings and may be unable to compete effectively. Any of these consequences could harm our operating results.

In addition, we typically have contractual obligations to our customers to indemnify and defend them with respect to third-party intellectual property infringement claims that arise from our customers' use of our products or services. Such claims, whether valid or not, could harm our relationships with our customers, have resulted and could result in the future in us or our customers having to enter into licenses with the claimants and have caused and could cause us in the future to incur additional costs or experience reduced revenue. To date, neither the increase in our costs nor any reductions in our revenue resulting from such claims have been material. Such claims could also subject us to costly and time-consuming litigation as well as diverting management attention and resources. Satisfying our contractual indemnification obligations could also give rise to significant liability, and thus harm our business and our operating results.

We are not currently subject to any material legal proceedings with respect to third party claims that we or our customers' use of our products and services are infringing upon their intellectual property; however, we may from time to time become a party to various legal proceedings with respect to such claims arising in the ordinary course of our business.

Any unauthorized disclosure or theft of personal information we gather could harm our reputation and subject us to claims or litigation.

We collect, and have access to, personal information of subscribers, including names, addresses, account numbers, credit card numbers and email addresses. Unauthorized disclosure of such personal information, whether through breach of our systems by an unauthorized party, employee theft or misuse, or otherwise, could harm our business. If there were an inadvertent disclosure of personal information, or if a third party were to gain unauthorized access to the personal information we possess, our operations could be seriously disrupted and we could be subject to claims or litigation arising from damages suffered by subscribers or our customers. In addition, we could incur significant costs in complying with the multitude of state, federal and foreign laws regarding the unauthorized

disclosure of personal information. Finally, any perceived or actual unauthorized disclosure of the information we collect could harm our reputation, substantially impair our ability to attract and retain customers and have an adverse impact on our business.

We collect and may access personal information and other data, which subjects us to governmental regulation and other legal obligations related to privacy, and our actual or perceived failure to comply with such obligations could harm our business.

We collect, and have access to, personal information of subscribers, including names, addresses, account numbers, credit card numbers and email addresses. There are numerous federal, state and local laws, rules and guidelines around the world regarding privacy and the collection, storing, sharing, use, processing, disclosure, destruction and security of personal information and other subscriber data, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. For example, the European Commission and the United States Department of Commerce recently designed a new program known as the EU-US Privacy Shield, or the Privacy Shield, which provides a mechanism for U.S. companies to comply with data protection requirements under the 1995 European Union Data Protection Directive when transferring personal information from the European Economic Area, or the EEA, to the United States. The Privacy Shield includes more stringent operational and legal requirements for parties processing EEA personal information and imposes significant penalties for non-compliance. We generally comply with industry standards and are subject to the terms of our privacy policies and privacy-related obligations to third parties (including voluntary third-party certification bodies such as TRUSTe). We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection to the extent possible. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to users or other third parties, or our privacy-related legal obligations (including obligations in agreements with our customers), or any compromise of security that results in the unauthorized release or transfer of personal information or other subscriber data, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our customers to lose trust in us, or, in some situations, terminate their agreements with us, which could have an adverse effect on our business. Additionally, if third parties we work with, such as customers, vendors or developers, violate applicable laws or our policies, such violations may also put subscriber information at risk and could in turn have an adverse effect on our business.

Any failure to convince advertisers of the benefits of advertising with us would harm our business, financial condition and results of operations.

We have derived and expect to continue to derive a substantial portion of our revenue from digital advertising, including advertising on our Managed Portals. Such advertising accounted for approximately 46%, 43%, and 36% of our revenue for the years ended December 31, 2016, 2015, and 2014, respectively, and approximately 40% of our revenue for the three months ended March 31, 2017. Our ability to attract and retain advertisers and, ultimately, to generate advertising revenue depends on a number of factors, including:

- increasing the numbers of consumers using our Managed Portals;
- maintaining consumer engagement on those Managed Portals;
- competing effectively for advertising spending with other online and offline advertising providers; and
- continuing to grow our direct advertising sales force and develop and diversify our advertising capabilities.

If we are unable to provide high-quality advertising opportunities and convince advertisers and agencies of our value proposition, we may not be able to retain existing advertisers or attract new ones, which would harm our business, financial condition and results of operations.

Migration of high-speed internet service providers' consumers from one high-speed internet service provider to another could adversely affect our business, financial condition and results of operations.

Consumers may become dissatisfied with their current high-speed internet service provider and may switch to another provider. In the event that there is substantial subscriber migration from our existing customers to service providers with which we do not have relationships, the fees that we receive on a per-subscriber basis, and the related revenue, including search and digital advertising revenue, could decline.

Our business and the trading price of our common stock may be adversely affected if our internal controls over financial reporting are found by management or by our independent registered public accounting firm not to be adequate.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, requires our management to evaluate and report on our internal control over

financial reporting. Our Annual Report on Form 10-K contains, among other matters, an assessment of the effectiveness of our internal control over financial reporting as of the end of our fiscal year, including a statement as to whether or not our internal control over financial reporting is effective. This assessment must include disclosure of any material weaknesses in ou r internal control over financial reporting identified by management. In addition, we expect that our independent registered public accounting firm will likely be required to formally attest to the effectiveness of our internal control over financial repor ting beginning with our Annual Report on Form 10-K for the year ending December 31, 2017. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our contro ls are designed or operating.

While we have determined that our internal control over financial reporting was effective as of December 31, 2016, as indicated in our Management Report on Internal Control over Financial Reporting included in our Annual Report on Form 10-K, we must continue to monitor and assess our internal control over financial reporting. If our management identifies one or more material weaknesses in our internal control over financial reporting and such weakness remains uncorrected at fiscal year-end, we will be unable to assert such internal control is effective at fiscal year-end. If we are unable to assert that our internal control over financial reporting is effective at fiscal year-end, or if our independent registered public accounting firm, when required, is unable to express an opinion on the effectiveness of our internal controls or concludes that we have a material weakness in our internal controls, we could lose investor confidence in the accuracy and completeness of our financial reports, which would likely have an adverse effect on our business and stock price.

Even if we conclude our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles, or GAAP, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations.

After the end of 2017, we will no longer be an “emerging growth company” as defined in the Jumpstart Our Business Startups (“JOBS”) Act. If, at that time, we are also no longer a “smaller reporting company,” then we will be required to comply with the auditor attestation requirements contained in Section 404, Any delay in compliance with the auditor attestation provisions of Section 404, when applicable to us, could subject us to a variety of administrative sanctions, including ineligibility for short-form resale registration, action by the SEC, the suspension or delisting of our common stock and the inability of registered broker-dealers to make a market in our common stock, which would further reduce the trading price of our common stock and could harm our business.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited as a result of future transactions in our stock which may be outside our control.

As of March 31, 2017, we had substantial federal and state net operating loss carryforwards. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards to offset its post-change income and taxes may be limited. In general, an “ownership change” generally occurs if there is a cumulative change in our ownership by “five-percent stockholders” that exceeds 50 percentage points over a rolling three-year period. For these purposes, a five-percent stockholder is generally any person or group of persons that at any time during the applicable testing period has owned 5% or more of our outstanding stock. In addition, persons who own less than 5% of the outstanding stock are grouped together as one or more “public groups,” which are also treated as five-percent stockholders. Similar rules may apply under state tax laws. We may experience ownership changes in the future as a result of future transactions in our stock, some of which may be outside our control. As a result, our ability to use our pre-change net operating loss carryforwards to offset United States federal and state taxable income and taxes may be subject to limitations.

Risks Related to Our Industry

The growth of the market for our services and products depends on the continued growth of the internet as a medium for content, advertising, commerce and communications.

Expansion in the sales of our services and products depends on the continued acceptance of the internet as a platform for content, advertising, commerce and communications. The acceptance of the internet as a medium for such uses could be adversely impacted by delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, privacy protection, reliability, cost, ease of use, accessibility and quality of service. The performance of the internet and its acceptance as such a medium has been harmed by viruses, worms, and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If for any reason the internet does not remain a medium for widespread content, advertising, commerce and communications, the demand for our services and products would be significantly reduced, which would harm our business.

The growth of the market for our services and products depends on the development and maintenance of the internet infrastructure.

Our business strategy depends on continued internet and high-speed internet access growth. Any downturn in the use or growth rate of the internet or high-speed internet access would be detrimental to our business. If the internet continues to experience significant growth in number of users, frequency of use and amount of data transmitted, the internet infrastructure might not be able to support the demands placed on it and the performance or reliability of the internet may be adversely affected. The success of our business therefore depends on the development and maintenance of a sound internet infrastructure. This includes maintenance of a reliable network backbone with the necessary speed, data capacity and security, as well as timely development of complementary products, such as routers, for providing reliable internet access and services. Consequently, as internet usage increases, the growth of the market for our products depends upon improvements made to the internet as well as to individual customers' networking infrastructures to alleviate overloading and congestion. In addition, any delays in the adoption of new standards and protocols required to govern increased levels of internet activity or increased governmental regulation may have a detrimental effect on the internet infrastructure.

A substantial majority of our revenue is derived from our Managed Portals and A dvertising solutions; our revenue would decline if advertisers do not continue their usage of the internet as an advertising medium.

We have derived and expect to continue to derive a substantial majority of our revenue from search and digital advertising, including advertising on our Managed Portals. Such search and digital advertising revenue accounted for approximately 59%, 71% and 79% of our revenue for the years ended December 31, 2016, 2015 and 2014, or $74.9 million, $78.3 million, and $83.9 million respectively, and approximately 51% for the three months ended March 31, 2017, or $13.5 million. However, the prospects for continued demand and market acceptance for internet advertising are uncertain. If advertisers do not continue to increase their usage of the internet as an advertising medium, our revenue would decline. Advertisers that have traditionally relied on other advertising media may not advertise on the internet. As the internet evolves, advertisers may find online advertising to be a less attractive or less effective means of promoting their services and products than traditional methods of advertising and may not continue to allocate funds for internet advertising. Many historical predictions by industry analysts and others concerning the growth of the internet as a commercial medium have overstated the growth of the internet and you should not rely upon them. This growth may not occur or may occur more slowly than estimated.

Most of our search revenue is based on the number of paid "clicks" on sponsored links that are included in search results generated from our Managed Portals. Generally, each time a consumer clicks on a sponsored link, the search provider that provided the commercial search result receives a fee from the advertiser who paid for such sponsored link and the search provider pays us a portion of that fee. We, in turn, typically share a portion of the fee we receive with our customer. If an advertiser receives what it perceives to be a large number of clicks for which it needs to pay, but that do not result in a desired activity or an increase in sales, the advertiser may reduce or eliminate its advertisements through the search provider that provided the commercial search result to us. This reaction would lead to a loss of revenue to our search providers and consequently to lesser fees paid to us, which would have a material negative effect on our financial results.

Market prices for online advertising may decrease due to competitive or other factors. In addition, if a large number of internet users use filtering software that limits or removes advertising from the users' view, advertisers may perceive that internet advertising is not effective and may choose not to advertise on the internet.

The market for internet-based services and products in which we operate is highly competitive, and if we cannot compete effectively, our sales may decline and our business may be harmed.

Competition in the market for internet-based services and products in which we operate is intense and involves rapidly changing technologies and customer and subscriber requirements, as well as evolving industry standards and frequent product introductions. Our competitors may develop solutions that are similar or superior to our technology. Our primary competitors include high-speed internet service providers with internal information technology staff capable of developing solutions similar to our technology. Other competitors include: Yahoo!; Google; AOL, a division of Verizon; and MSN, a division of Microsoft. Advantages some of our existing and potential competitors hold over us include the following:

- significantly greater revenue and financial resources;
- stronger brand and consumer recognition;
- the capacity to leverage their marketing expenditures across a broader portfolio of services and products;
- ability to offer their products at significantly lower prices or at no cost;
- more extensive proprietary intellectual property from which they can develop or aggregate content without having to pay fees or paying significantly lower fees than we do;

- pre-existing relationships with content providers that afford them access to content while blocking the access of competitors to that same content;
- pre-existing relationships with high-speed internet service providers that afford them the opportunity to convert such providers to competing services and products;
- lower labor and development costs; and
- broader global distribution and presence.

If we are unable to compete effectively or we are not as successful as our competitors in our target markets, our sales could decline, our margins could decline and we could lose market share, any of which would materially harm our business, financial condition and results of operations.

Government regulation of the internet continues to evolve, and new laws and regulations could significantly harm our financial performance.

Over time, we expect state, federal and international legislative bodies to continue to enact more stringent laws and regulations relating to the internet. The adoption or modification of laws related to the internet could harm our business, financial condition and results of operations by, among other things, increasing our costs and administrative burdens. Due to the increasing popularity and use of the internet, many laws and regulations relating to the internet are being debated at the international, federal and state levels, which are likely to address a variety of issues such as:

- user privacy and expression;
- ability to collect and/or share necessary information that allows us to conduct business on the internet;
- export compliance;
- pricing and taxation;
- fraud;
- advertising;
- intellectual property rights;
- consumer protection;
- protection of minors;
- content regulation;
- information security; and
- quality of services and products.

Several federal laws that could have an impact on our business have been adopted. For example, the Digital Millennium Copyright Act of 1998 reduces the liability of online service providers of third-party content, including content that may infringe copyrights or rights of others, but requires strict compliance with certain provisions to qualify for the safe harbor provisions; the Children's Online Privacy Protection Act imposes additional restrictions on the ability of online services to collect user information from minors under the age of 13; and the Protection of Children from Sexual Predators Act requires online service providers to report evidence of violations of federal child pornography laws under certain circumstances.

It could be costly for us to comply with existing and potential laws and regulations, and they could harm our marketing efforts and our attractiveness to advertisers by, among other things, restricting our ability to collect demographic and personal information from consumers or to use or disclose that information in certain ways. If we were to violate these laws or regulations, or if it were alleged that we had, we could face private lawsuits, fines, penalties and injunctions and our business could be harmed.

Finally, the applicability to the internet and other online services of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain. Any new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the internet and other online services could also increase our costs of doing business, discourage internet communications, reduce demand for our services and expose us to substantial liability.

Increased regulation and industry standards related to internet privacy issues may prevent us from providing our current products and solut ions to our customers, thereby harming our business.

The regulatory framework for privacy issues worldwide is currently in flux and is likely to remain so for the foreseeable future. Practices regarding the collection, use, storage, sharing, processing, disclosure, destruction and security of personal information by companies operating over the internet have come under increased public scrutiny and, as a result, there are an increasing number of regulations and industry standards that affect our business. Regulators, including the Federal Trade Commission and regulators in the EEA, have restricted and continue to restrict our ability to use personal information and therefore may limit or inhibit our ability to operate our business. In addition, many nations and economic regions have privacy protections that are more stringent or otherwise at odds with those in the United States. For example, the EEA traditionally has imposed stricter obligations and provided for more onerous penalties than the United States. Complying with new privacy and security requirements, whether imposed by regulation, contract or industry standard, will require additional expenditures and may result in a greater compliance burden for companies with users from the EEA.

We may incur expenses to comply with privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations. Our business, including our ability to operate and expand internationally, could be adversely affected if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, our services or our privacy policies.

Risks Related to Ownership of Our Common Stock

Concentration of ownership among our directors and officers and their respective affiliates could limit our other stockholders' ability to influence the outcome of key corporate decisions, such as an acquisition of our company.

Our directors and executive officers and their respective affiliates, beneficially own or directly or indirectly control (including by voting proxy), as of May 9, 2017, approximately 18% of our outstanding common stock (including exercisable options). Additionally, shares held by TZ Holdings as of May 9, 2017, representing approximately 8% of our outstanding common stock, are subject to a voting agreement pursuant to which all shares held by TZ Holdings shall be voted in the manner recommended by our Board of Directors. As a result, these stockholders, if they were to act together, would have the ability to influence significantly the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, if they act together, would have the ability to influence significantly the management and affairs of our company. Accordingly, this concentration of ownership might harm the trading price of our common stock by:

- delaying, deferring or preventing a change in our control;
- impeding a merger, consolidation, takeover or other business combination involving us;
- preventing the election of directors who are nominated by our stockholders; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Our business could be negatively affected as a result of actions of stockholders or others.

In June and July 2014, entities associated with JEC Capital Partners and Ratio Capital Partners indicated, through filings with the Securities and Exchange Commission, that they each beneficially own 4.9% of our outstanding shares of common stock. There can be no assurance that JEC Capital Partners, Ratio Capital Partners or another third party will not make an unsolicited takeover proposal in the future or take other action to acquire control of us or to otherwise influence our management and policies. If these entities or another entity do take control of 10% of our common stock, our stockholder rights plan could be triggered. Considering and responding to any future proposal is likely to result in significant additional costs to us, and future acquisition proposals, other stockholder actions to acquire control and the litigation that often accompanies them, if any, are likely to be costly and time-consuming and may disrupt our operations and divert the attention of management and our employees from executing our strategic plan.

Additionally, perceived uncertainties as to our future direction as a result of stockholder activism or actual or potential changes to the composition of our board of directors, may lead to the perception of a change in the direction of our business or other instability, which may be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce their reliance on, the services we provide or do business with our competitors instead of us because of any such issues, then our business, operating results and financial condition would be adversely affected.

Future sales of our common stock may cause the trading price of our common stock to decline.

Certain of our stockholders who held shares of our preferred stock before the consummation of our public offering may be able to sell these shares in the public market without registration under Rule 144.

In addition, the shares that are either subject to outstanding options or warrants or that may be granted in the future under our equity plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements.

If a substantial number of any of these additional shares described are sold, or if it is perceived that a substantial number of such shares will be sold, in the public market, the trading price of our common stock could decline.

Some provisions of our certificate of incorporation, bylaws and Delaware law and our stockholder rights plan may discourage, delay or prevent a merger or acquisition or prevent the removal of our current board of directors and management.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may discourage, delay or prevent a merger or acquisition or prevent the removal of our current board of directors and management. We have a number of anti-takeover devices in place that will hinder takeover attempts, including:

- our board of directors is classified into three classes of directors with staggered three-year terms;
- our directors may only be removed for cause, and only with the affirmative vote of a majority of the voting interest of stockholders entitled to vote;
- only our board of directors and not our stockholders will be able to fill vacancies on our board of directors;
- only our chairman of the board, our chief executive officer or a majority of our board of directors, and not our stockholders, are authorized to call a special meeting of stockholders;
- our stockholders will be able to take action only at a meeting of stockholders and not by written consent;
- our amended and restated certificate of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval; and
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These provisions and other provisions in our charter documents could discourage, delay or prevent a transaction involving a change in our control. Any delay or prevention of a change in control transaction could cause stockholders to lose a substantial premium over the then-current trading price of their shares. These provisions could also discourage proxy contests and could make it more difficult for our stockholders to elect directors of their choosing or to cause us to take other corporate actions such stockholders desire.

In addition, we are subject to Section 203 of the Delaware General Corporation Law, which, subject to some exceptions, prohibits “business combinations” between a Delaware corporation and an “interested stockholder,” which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation’s voting stock, for a three-year period following the date that the stockholder became an interested stockholder. Section 203 could have the effect of delaying, deferring or preventing a change in control that our stockholders might consider to be in their best interests.

Finally, on July 14, 2014 we implemented a stockholder rights plan, also called a poison pill, which may have the effect of discouraging or preventing a change of control of us by, among other things, making it uneconomical for a third-party to acquire us on a hostile basis. We expect that this plan will expire on July 14, 2017 in accordance with its terms.

We have not paid cash dividends on our capital stock, and we do not expect to do so in the foreseeable future.

We have not historically paid cash dividends on our capital stock, and we have agreed not to pay any dividends or make any other distributions in our loan agreement with Silicon Valley Bank. We anticipate that we will retain all future earnings and cash resources for the future operation and development of our business, and as a result, we do not anticipate paying any cash dividends to holders of our capital stock for the foreseeable future. Any future determination regarding the payment of any dividends will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions, bank covenants and other factors that our board may deem relevant. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

The trading price and volume of our commo n stock has been and will likely continue to be volatile, and the value of an investment in our common stock may decline.

The trading price of our common stock has been, and is likely to continue to be, volatile and could decline substantially within a short period of time. For example, since shares of our common stock were sold in our initial public offering in February 2012 at a price of $5.00 per share through the close of business on May 8, 2017, our trading price has ranged from $1.03 to $18.00. The trading price of our common stock may be subject to wide fluctuations in response to various factors, some of which are beyond our control, including but not limited to the various factors set forth in this "Risk Factors" section, as well as:

- variations in our financial performance;
- announcements of technological innovations, new services and products, strategic alliances, asset acquisitions, or significant agreements by us or by our competitors, including, for example, the agreement we entered into with AT&T in May 2016 to provide desktop and mobile portal solutions;
- changes in the estimates of our operating results or changes in recommendations or withdrawal of research coverage by securities analysts;
- market conditions in our industry, the industries of our customers and the economy as a whole; and
- adoption or modification of laws, regulations, policies, procedures or programs applicable to our business or announcements relating to these matters.

In addition, if the market for technology stocks or the stock market in general experiences loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Some companies that have had volatile market prices for their securities have had securities class actions filed against them. Such a suit filed against us, regardless of its merits or outcome, could cause us to incur substantial costs and could divert management's attention.

If securities or industry analysts do not publish research or reports about our company, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

The requirements of being a public company, including increased costs and demands upon management as a result of complying with federal securities laws and regulations applicable to public companies, may adversely affect our financial performance and our ability to attract and retain directors.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and the rules and regulations of The Nasdaq Global Market. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and Nasdaq, impose additional requirements on public companies, including enhanced corporate governance practices. For example, the Nasdaq listing requirements require that listed companies satisfy certain corporate governance requirements relating to independent directors, audit committees, distribution of annual and interim reports, stockholder meetings, stockholder approvals, solicitation of proxies, conflicts of interest, stockholder voting rights and codes of business conduct. Our management team has limited experience managing a publicly-traded company or complying with the increasingly complex laws pertaining to public companies. In addition, most of our current directors have limited experience serving on the boards of public companies.

The requirements of these rules and regulations have increased and will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and may also place undue strain on our personnel, systems and resources. Our management and other personnel must devote a substantial amount of time to these requirements. These rules and regulations will also make it more difficult and more expensive for us to maintain directors' and officers' liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to maintain coverage. If we are unable to maintain adequate directors' and officers' insurance, our ability to recruit and retain qualified directors, especially those directors who may be considered independent for purposes of Nasdaq rules, and officers may be significantly curtailed.

ITEM 2. UNREGISTERED SALES OF EQUI TY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The exhibits listed in the Index to Exhibits (following the signatures page of this Quarterly Report on Form 10-Q) are filed with, or incorporated by reference in, this Quarterly Report on Form 10-Q.

SIGNAT URES

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 thereunto duly authorized.

SYNACOR, INC.
(Registrant)

Date: May 15, 2017

By: /s/ Himesh Bhise
Himesh Bhise
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2017

By: /s/ William J. Stuart
William J. Stuart
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Exhibit
10.1†	Amendment Number Eight to Google Services Agreement between Google Inc. and Synacor, Inc. effective as of January 1, 2017.
10.2†	Third Amendment to Portal and Advertising Services Agreement between Synacor, Inc. and AT&T Services, Inc. effective as of March 10, 2017.
10.3†	Second Amended and Restated Master Services Agreement between Qwest Corporation and Synacor, Inc. effective as of June 1, 2017.
10.4	Consent and Sixth Amendment to Loan and Security Agreement among Silicon Valley Bank, Synacor, Inc., NTV Internet Holdings, LLC and SYNC Holdings, LLC dated March 30, 2017.
31.1	Certifications of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema Linkbase Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Labels Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

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

CONFIDENTIAL TREATMENT REQUESTED

AMENDMENT NUMBER EIGHT TO GOOGLE SERVICES AGREEMENT

This Amendment Number Eight to Google Services Agreement (" **Amendment** "), effective as of January 1, 2017 (" **Amendment Eight Effective Date** "), is between Google Inc. (" **Google** ") and Synacor, Inc. (" **Company** ") and amends the Google Services Agreement that has an effective date of March 1, 2011 (as amended, the "Agreement"). Capitalized terms not defined in this Amendment have the meanings given to those terms in the Agreement. The parties agree as follows:

1. AdSense for Shopping . The following box entitled "AdSense for Shopping" is added to the cover pages of the Agreement under "Advertising Services":

☒ **ADSENSE FOR SHOPPING ("AFSH")**	**AFSH Revenue Share Percentage**	**AFSH Deduction Percentage**
Sites approved for AFSH: See Exhibit A Approved Client Applications for AFSH: None	[*]	[*]

2. Additional Definitions . The following definitions are added as new Sections 1.37-1.42:

"1.37. ' **EEA Desktop AFS Request** ' means a Request for Desktop AFS Ads that is generated by an EEA Query.

1.38. ' **EEA End User** ' means an End User who, based on IP address data available to Google, is located within the European Economic Area.

1.39. ' **EEA Query** ' means a Search Query submitted by an EEA End User.

1.40. ' **EEA Search Ads** ' means hyperlinked ads (whether provided by Google or any third party) that are displayed in response to EEA Queries.

1.41. ' **Equivalent AFS Ads** ' means any third party or Company sourced advertisements that are the same as or substantially similar in nature to the AFS Ads.

1.42. ' **Equivalent AFSH Ads** ' means any third party or Company sourced advertisements that are the same as or substantially similar in nature to the AFSH Ads."

3. Launch, Implementation and Maintenance .

a. Section 2.2(d) is deleted in its entirety and replaced by the following:

"2.2(d) **Search Result Requirements** .

(i) For each AFS Request, Company will request at least 3 wide format Desktop AFS Ads (subject to Section 2.2(d)(ii)) , at least 1 Mobile AFS Ad, or at least 1 Tablet AFS Ad, as applicable.

(ii) For each EEA Desktop AFS Request, if Company requests: (A) a total of 5 or more EEA Search Ads on the applicable Results Page, Company will request at least 3 Desktop AFS Ads on that Results Page; (B) a total of 3 or 4 EEA Search Ads on the applicable Results Page, Company will request at least 2 Desktop AFS

Ads on that Results Page; or (C) a total of 1 or 2 EEA Search Ads on the applicable Results Page, Company will request at least 1 Desktop AFS Ad on that Results Page. Any EEA Desktop AFS Request does not need to be for wide format Ads.

(iii) Company will ensure that the AFS Ads are displayed in a single continuous block and are not interspersed with any other advertisements or content.

(iv) Company will ensure that the AFSH Ads are displayed in a single continuous block and are not interspersed with any other advertisements or content. "

4. Mobile & Tablet Search Queries. Section 2.3 is deleted in its entirety and replaced by the following:

[*]

5. AFC Expiration. The following is added to the Agreement as new Section 2.4:

"2.4. **AFC Expiration**. Effective as of the Amendment Eight Effective Date: (a) Company will not be obligated to submit AFC Requests under the Agreement, (b) Google will not be obligated to provide AFC Ads under the Agreement, and (c) all references to the AFC Service will be deemed deleted from the Agreement. For clarity, any payments due from Google to Company under the terms of the Agreement which relate to Company's use of the AFC Service on or before the Amendment Eight Effective Date will not be affected by the previous sentence."

6. AFSH Beta. The following is added to the Agreement as new Section 2.5:

[*]

7. Third Party Advertisements. Section 5.1 is deleted in its entirety and replaced by the following:

[*]

8. Exhibits.

a. Exhibit A of the Agreement is deleted in its entirety and replaced with the Exhibit A attached to this Amendment.

b. The contents and title of Exhibit E are deleted in their entirety and replaced with "Intentionally Omitted."

c. Exhibit G of the Agreement is deleted in its entirety and replaced with the Exhibit G attached to this Amendment.

9. General. The parties may execute this Amendment in counterparts, including facsimile, PDF, or other electronic copies, which taken together will constitute one instrument. Except as expressly modified herein, the terms of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment by persons duly authorized.

Google Inc.		**Synacor, Inc.**	
By:	/s/ Philipp Schindler	By:	/s/ William J. Stuart
Print Name:	Philipp Schindler	Print Name:	William J. Stuart
Title:	Authorized Signatory	Title:	Chief Financial Officer
Date:	2017.01.24	Date:	January 24, 2017

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT A

[*]

[*] = CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION.
CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

[*]

[*] = CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION.
CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

EXHIBIT G

[*]

[*] = CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION.
CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

[*]

[*] = CERTAIN INFORMATION HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION.
CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CONFIDENTIAL TREATMENT REQUESTED

THIRD AMENDMENT ("AMENDMENT") TO PORTAL AND ADVERTISING SERVICES AGREEMENT

This Third Amendment is entered into and effective as of March 10, 2017 (the "Amendment Effective Date"), by and between AT&T Services, Inc., for and on behalf of its operating Affiliates, and Synacor, Inc., and hereby amends the Portal and Advertising Services Agreement, as amended (the "Portal Agreement"), between them which has an effective date of May 1, 2016, as set forth below. Capitalized terms used, but not defined in this Amendment shall have the meanings ascribed to them in the Portal Agreement.

WHEREAS , AT&T desires to include Google Maps Content on the Portal, and AT&T has asked Synacor to obtain a license from Google Inc. ("Google") for such purpose; and

WHEREAS , the Parties desire to set forth in this Amendment certain terms and conditions with regard to the license and display of the Google Maps Content on the Portal and related matters;

NOW THEREFORE , in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Google Maps Agreement . Promptly after the Amendment Effective Date Synacor agrees to enter into an agreement with Google for the license and display of Google Maps Content on the Portal (the "Google Maps Agreement"). The Google Maps products and services, and related APIs of Google ordered by Synacor under the Google Maps Agreement are hereinafter referred to as the "Google Maps Services." [*]

2. Term .

   (a) The initial term of the Google Maps Agreement will be [*] ("Initial Term"), and automatically will renew for consecutive [*] terms (each a "Renewal Period"), unless Synacor provides written notice of termination to Google at least [*] days prior to expiration of the then-current term. The above notwithstanding, within [*] days prior to expiration of the Initial Term of the Google Maps Agreement and each subsequent Renewal Period, Synacor will give AT&T notice [*]

[*]. The terms of this Amendment shall continue to govern such Renewal Period, provided, that [*] .

(b) [*]

3. Fees; Payment; Overage .

(a) The [*] fee for the Initial Term of the Google Maps Agreement is [*] (the " [*] Fee") [*] .

(b) In exchange for the [*] Fee Synacor will receive [*] (the "Usage Limit"). Synacor will monitor usage under the Google Maps Agreement to the extent it is provided access to such data from Google. If Synacor becomes aware through such monitoring, or if Synacor is notified by Google, that it is likely to exceed the Usage Limit, Synacor will promptly notify AT&T and the Parties will work together in good faith to determine whether Synacor should (i) amend the Google Maps Agreement to increase the Usage Limit [*] , (ii) terminate the Google Maps Agreement, or (iii) take such other action as the Parties may mutually agree. [*]

[*].

(c) If usage under the Google Maps Agreement exceeds the Usage Limit, then Synacor will pay the fees invoiced by Google for any such overage [*].

4. Data and Privacy .

(a) Notwithstanding Sections 16.1(a)(i)(B), (b), and (e) (to the extent clause (e) relates to Synacor Agents), 16.3, and 16.5 of the Portal Agreement, the following shall apply to Synacor and the Synacor Agents solely to the extent relating to Synacor's provision of the Google Maps Services through the Portal

> AT&T grants to Synacor a perpetual, irrevocable, non-exclusive, worldwide, sublicensable, royalty-free license to use the AT&T Data and AT&T Derived Data [*], and the right to sublicense the foregoing license to Google, solely for the following purposes: (i) providing and improving the Google Map Services; (ii) if Synacor or AT&T opt to submit such User data through the Google Places API(s) (solely to the extent permitted under the Portal Agreement), allowing Google to use such data in Google products and services; and (iii) if Synacor or AT&T opt to submit such User data through the Google Maps Services implementation's features (solely to the extent permitted under the Portal Agreement), giving Users the ability to use the such data in Google products and services .

(b) AT&T agrees to make, or to permit Synacor through the Portal to make, any implementations that may be necessary to obtain or confirm User consent, to the extent the Google Maps Agreement and/or implementation of the Google Maps Services requires such changes. Synacor will notify AT&T promptly of any such changes Synacor reasonably believes may be required, and the Parties will work together in good faith to implement them.

5. Warranties; Disclaimers; Indemnity; Limitation of Liability . Notwithstanding anything set forth in the Portal Agreement to the contrary, and solely with respect to Synacor's provision of the Google Maps Content and Google Maps Services through the Portal, the following provisions shall apply to Synacor and Google, as Synacor Agent, in lieu of any representations, warranties, disclaimers of warranties, limitations of liability, and indemnity obligations under the Portal Agreement:

(a) Representations and Warranties . Synacor represents and warrants to AT&T that (i) Synacor has the necessary right, power, and authority to enter into the Google Maps Agreement, and to include the Google Maps Content on the Portal as contemplated under the Google Maps Agreement, (ii) during the term of the Google Maps Agreement, Synacor will provide the Google Maps Services at the same level of service Synacor receives from Google, and (iii) Synaco r shall perform its obligations under this Amendment in compliance with all applicable Laws and will be responsible for any fines and penalties arising from any noncompliance with any Laws resulting from a breach by Synacor or its Affi liates . In addition, the representations and warranties made by Synacor in Sections 18.1, 18.2(b), (e), (i), (j), and (l) of the Portal Agreement shall apply to Synacor's performance under this Amendment.

(b) Disclaimers .

(i) THE REPRESENTATIONS AND WARRANTIES UNDER SECTION 5(a) ABOVE ARE THE SOLE REPRESENTATIONS AND WARRANTIES BEING MADE BY SYNACOR WITH REGARD TO THE GOOGLE MAPS CONTENT AND GOOGLE MAPS SERVICES.

(ii) AT&T MAKES NO REPRESENTATIONS OR WARRANTIES WITH REGARD TO THE GOOGLE MAPS CONTENT AND GOOGLE MAPS SERVICES.

(iii) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, SYNACOR DISCLAIMS ALL OTHER REPRESENTATIONS, WARRANTIES, CONDITIONS, OR OTHER TERMS OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING WARRANTIES OF SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE, OR CONFORMANCE WITH DESCRIPTION. WITHOUT LIMITATION: (A) ANY REPRESENTATION OR WARRANTY THAT THE OPERATION OF ANY SOFTWARE WILL BE ERROR-FREE OR UNINTERRUPTED, OR (B) ANY REPRESENTATION OR WARRANTY OF CONTENT ACCURACY.

(c) Indemnity . Synacor agrees to indemnify, defend, and hold harmless the AT&T Indemnified Parties from and against any and all Claims brought by a Third Party against such AT&T Indemnified Parties solely to the extent, if any, [*] .

(d) Limitations of Liability .

(i) IN THIS SECTION 5(d), "LIABILITY" MEANS ANY LIABILITY, WHETHER UNDER CONTRACT, TORT, OR OTHERWISE, INCLUDING FOR NEGLIGENCE. LIABILITY INCLUDES ALL AMOUNTS SYNACOR INCURS TO FULFILL ITS OBLIGATIONS UNDER SECTION 5(c) ABOVE (INDEMNITY).

(ii) LIMITATIONS. SUBJECT TO SECTION 5(d)(i ii) BELOW (EXCEPTIONS TO LIMITATIONS):

(A) SYNACOR WILL NOT HAVE ANY LIABILITY ARISING OUT OF OR RELATING TO THE GOOGLE MAPS CONTENT OR GOOGLE MAPS SERVICES FOR (1) LOSS OF ANY ACTUAL OR ANTICIPATED PROFITS, ANTICIPATED SAVINGS, BUSINESS OPPORTUNITY, OR REPUTATION OR DAMAGE TO GOODWILL; OR (2) INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL LOSSES (WHETHER OR NOT THE LOSSES WERE FORESEEABLE OR CONTEMPLATED BY THE PARTIES AS OF THE AMENDMENT EFFECTIVE DATE), OR EXEMPLARY OR PUNITIVE DAMAGES; AND

(B) SYNACOR'S TOTAL AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THE GOOGLE MAPS AGREEMENT IS LIMITED TO [*] .

(iii) EXCEPTIONS TO LIMITATIONS. NOTHING IN THIS AMENDMENT EXCLUDES OR LIMITS SYNACOR'S LIABILITY FOR: [*] .

6. Miscellaneous .

(a) Nothing herein shall be construed to grant to AT&T any right, title, or interest in or to the Google Maps Content or the Google Maps Services, and AT&T may not make any use of the foregoing, unless it has separately entered into an agreement with Google for such purpose.

(b) Except as set forth in this Amendment all other terms of the Portal Agreement remain unchanged.

(c) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[*Signatures on following page*]

CONFIDENTIAL TREATMENT REQUESTED

IN WITNESS WHEREOF, the Parties have executed this Amendment by their duly authorized officers or representatives as of the Amendment Effective Date.

SYNACOR, INC.

By: /s/ Himesh Bhise

Name: Himesh Bhise

Title: CEO

Date: March 10, 2017

AT&T SERVICES, INC.
(for and on behalf of its operating Affiliates)

By: /s/ Benjamin Carroll

Name: Benjamin Carroll

Title: AVP

Date: 3/13/16

SECOND AMENDED AND RESTATED MASTER SERVICES AGREEMENT

Whereas Qwest Corporation ("Client") and Synacor, Inc. ("Synacor") entered into that certain Amended and Restated Master Services Agreement (the "ARMSA") dated effective April 1, 2012 (the "ARMSA Effective Date") whereby Synacor provided Services for use by Client's customers; and

Whereas the parties desire to amend and consolidate the ARMSA and the amendments thereto documenting the relationship Synacor and Client and Client's Affiliates (as defined herein), under the terms of this Agreement

Now, therefore, Client and Synacor hereby agree as follows:

1. PARTIES and EFFECTIVE DATE

1.1 Parties.

Synacor, Inc.		Qwest Corporation on behalf of itself and as agent for its Affiliates	
Attention:	[*]	Attention:	[*]
Address:	40 La Riviere Drive, Suite 300 Buffalo, New York 14202	Address:	930 15th St. Denver, Colorado 80202
Telephone:	[*]	Telephone:	[*]
Fax:	716-332-0081	Fax:	[*]
Email:	[*]	Email:	[*]

Copy of Notices to :

Synacor		Qwest Corporation	
Attention:	Synacor Legal Department	Attention:	CenturyLink Law Department
Address:	40 La Riviere Drive, Suite 300 Buffalo, New York 14202	Address:	1801 California Street, 10 th Floor Denver, CO 80202
Fax:	716-332-0081	Fax:	[*]

1.2 Effective Date. June 1, 2017 .

2. SYNACOR SERVICES AND RESPONSIBILITIES

2.1 Services .

(a) Services and Users. Subject to the terms and conditions of this Master Services Agreement (the "Master Agreement"), as may be amended pursuant to the provisions of Section 13 hereof , Synacor shall provide the services described in this Agreement (collectively, the "Services") in accordance with the terms and conditions set forth herein and those set forth in the Schedules attached hereto and incorporated herein, and any other addenda, schedules, and exhibits as may subsequently be agreed to and signed by each of the parties hereto and attached to this Master Agreement from time to time (collectively, the "Supplements" and, together with the Master Ag reement, the "Agreement"). Synacor may provide the Services directly to Client, or indirectly using contractors or other third party vendors or service providers, provided that in any event, Synacor shall remain primarily responsible for the delivery of the Services to Client in accordance with this Agreement. Each party shall provide the other with reasonable cooperation, assistance, information and access as may be lawful and necessary to initiate and thereafter provide Clien t's and its registered users' use of the Services (such as, for example, developing any content, user interfaces or appearance specific to the Services contracted for by Client). Residential mass market consumer and small business customers of Client and its Affiliates who have entered into a subscription agreement with Client or any of its Affiliates for Client's (or its Affiliates') high speed Internet access service (including broadband service) in the Service Area ("HSI Subscribers"), as well as, at Client's election and in Client's sole discretion, Client's (and its Affiliates') other customers and other public users ("Guests" and together with HSI Subscribers, "Users"), will have access to the Client Branded Portal. The parties agree that Synacor shall provide to Client the Client Branded Portal through which Users will access content and/or services, except as otherwise set forth herein. Synacor shall provide the Services in a manner designed to minimize errors and interruptions. Notwithstanding the foregoing, the Services may be temporarily unavailable for scheduled maintenance or for unscheduled emergency repairs, by

Synacor or by third-party providers, or because of other causes beyond Synacor's reasonable control; Synacor shall notify Client in all such events in accordanc e with Schedule F. "Affiliate" means any corporation or other legal entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such corporation or other legal entity as determined by the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, by contract, management agreement or otherwise.

(b) Migration of Legacy Email Boxes. The parties agree that Synacor will, provide services to assist client with migrating Users' email boxes from their current location in Client's data center [*] and an additional data center in [*] where such Users' email boxes reside as of the Effective Date to [*] (as defined below). Email boxes being migrated from [*] to [*] will be migrated without additional cost. For email boxes being migrated from [*] to [*] , it will be mutually agreed by the parties what, if any, fee is due for such migration once further information is known about the scope and timing of such migration. Until Client directs Synacor to destroy such email boxes in [*] and [*] data centers because they have been replaced by email boxes in the new data center anticipated to be in [*] all such legacy email boxes shall, for the Email Fee set forth in Section 1(F)(ii) of Schedule A, be maintained by Synacor hereunder. If Client directs Synacor to maintain such legacy email boxes after the migration to [*] , Client shall continue to pay the Email Fee set forth in Section 1(F)(ii) of Schedule A until Client authorizes Synacor to terminate such Activated Email Boxes and any data related thereto. For the avoidance of doubt, in the event Synacor provides additional migration services during the Term, the parties will mutually agree what, if any, fee is due for such migration services.

(c) Business Portal. The parties further agree that unless and until Client terminates the requirement of Synacor to provide the Business Portal (and associated Users) pursuant to Section 2.b. of Schedule A, Synacor shall continue to provide the Business Portal, pursuant to the terms of this Agreement. In the event Client terminates the requirement of Synacor to provide the Business Portal, Synacor shall assist and cooperate with Client to migrate such Users of the Business Portal. The parties will mutually agree upon a fee, if any, due for such assistance and cooperation.

2.2 Additional Services. Upon mutual agreement of the parties, Client may engage Synacor to provide additional development services or other professional services ("Additional Services"). Such Additional Services shall be provided pursuant to a separately executed professional services statement of work for an additional fee, if any, agreed to by the parties and shall be provided as part of the Services. From time to time, Synacor may also offer other services to Client that are beyond the scope of this Agreement. All such other services shall be provided upon terms and conditions as the parties may mutually establish in writing. Each professional services statement of work shall specify whether any resulting deliverable or service is owned by Synacor or will be considered a work made for hire and owned by Client. In the event the professional services statement of work is silent as to the ownership of the deliverables or service, the parties agree that such deliverables or service will be owned by Synacor. As an example of Additional Services, Client may request Synacor to provide [*]
services, and such services would require a statement of work mutually agreed upon by the parties,

2.3 Technical Support. Synacor will operate the Services at the levels of performance and provide Client with techn ical support services in accordance with standard industry practices, each as described in Schedule F - Service Level Agreement attached hereto, provided however, that Client's remedies for Synacor's failure to meet the service level agreement in Schedule F shall be those remedies specifically set forth in such Schedule.

2.4 Limitations. Synacor will not be responsible for, nor liable hereunder in connection with, any failure in the Services due to or resulting from: (a) any Client Materials (as define d in Section 3.2) or other content provided by Client or any of its agents; (b) Client's willful or negligent acts or omissions (provided that Client has an affirmative and clearly stated obligation to act, and notice thereof, or reasonably should have known that it had an obligation to act); (c) failures of Client-operated or -controlled telecommunications services or equipment, the Internet, or any telecommunications services or equipment not owned or operated by Synacor, its agents or vendors; (d) scheduled maintenance (provided that Client is given adequate notice in accordance with Schedule F); or (e) unauthorized access, breach of firewalls or other hacking by third parties of Synacor's systems (provided that Synacor has used measures in accordance with prevailing industry standards and practices to prevent the same). Synacor shall use industry standard practices to insure that the Services are free from any viruses, worms, or other code that could damage, interrupt or interfere with any software, content, data or hardware, and Synacor shall follow industry standard practices with respect to the retention of all User data (including e-mail and searches).

2.5 Data. As between Synacor and Client, Client shall own all User names, login IDs, passwords, other User registration information, and subscriber data, provided by Client or Users in connection with the Services ("Account Information"). Unless otherwise agreed to by Client in advance and in writing, Synacor shall not disclose to third parties or u se any Account Information except as reasonably necessary to perform its obligations under this Agreement or to comply with any legal or regulatory requirement, and, except if otherwise agreed, Synacor shall not interpret, store or replay any User password s collected for authenticating the User against Client's (or its Affiliates') lightweight directory access protocol ("LDAP"). To avoid uncertainty, Client acknowledges and agrees that Synacor may disclose aggregate measures (not personally identifiable) o f multiple Synacor clients' (as opposed to Client specific measures) Users and Service usage and performance derived from Account Information to Synacor Providers, Synacor investors and other Synacor clients or potential clients for the purposes of permitt ing such persons to evaluate potential business relationships with Synacor, to maintain and/or improve the Services, or to develop relationships with or obtain investments from investors. Synacor will only use information gathered in the Service installat ion and User registration process for User validation and authentication or as otherwise set forth in this Agreement; Synacor will not use any information gathered in such installation and registration processes to target advertising to Users, and to the e xtent Synacor gathers any "year of birth" information during these processes, such options will not include any years associated with anyone under age 13. To the extent Synacor gathers information during these processes that could be or will be used to ta rget content, Synacor will disclose that fact to the User at the time and in close proximity to the place at which the information is gathered, and Users will be presented with the ability to decline providing this information by clicking a 'No Thanks' (or similar) button.

3. CLIENT RESPONSIBILITIES

3.1 Client Support; Synacor Status. Client acknowledges that the continuing performance of certain Services may depend on Client's provision of cooperation, assistance, information and access to Synacor, all as specifically outlined in this Agreement or reasonably anticipated by this Agreement. If Client fails to timely provide any of the foregoing, then Synacor will not be liable for any corresponding delay in its performance (but Synacor may be liable for delays that are not corresponding). The parties' Contacts (designated in Section 1.1) are responsible for facilitating communication between Synacor and Client regarding all technical and business matters, except as provided in Schedules F and I.

3.2 Materials, Equipment and Hosting.

(a) Client will provide (on its own behalf, or on behalf of its sponsors or advertisers) certain materials, domain names, Client Sourced Content (as such term is defined in Schedule E attached hereto) Account Information, end use subscription data, and other information (collectively, "Client Materials") to Synacor as identified herein and/or as reasonably necessary to perform the Services.

(b) With regard to email boxes stored in [*] and [*], Client shall obtain, operate and maintain in good working order all equipment and ancillary services operated by Client or Client's agents needed for Users to connect to, access or otherwise use the Services via the Internet, including agreed-upon equipment ("Equipment"), hosting space, power, network and communications services, all as more specifically identified in Schedule G hereto, incorporated herein by reference. For so long as email boxes are stored in [*] and/or [*], the parties shall each comply with their respective obligations and responsibilities set forth in Schedule G as material obligations under this Agreement. Client shall ensure that all Equipment is compatible with the Services (and, to the extent applicable, any software interface) and complies with all configurations and specifications recommended by Synacor and agreed to by Client, which agreement shall not be unreasonably withheld. Client will, however, procure all Equipment reasonably recommended by Synacor (or approved by Synacor if different from recommendation) when and as necessary for the maintenance of the Service. Either party may propose changes to the Equipment from time to time as it believes prudent and reasonable to improve efficiencies, and the parties will discuss and mutually agree upon whether such change(s) will be implemented. Client shall maintain the integrity and security of its Equipment (physical, electronic and otherwise), account passwords, Client Materials and other data as more specifically identified in Schedule G and this Agreement. After all email boxes are migrated out of [*] and [*], this section 3.2(b) shall no longer apply.

3.3 Marketing. Client shall have sole responsibility for and editorial control over marketing materials related to the Services to Users and prospective Users. The foregoing does not extend to day–to-day publishing of the Client Branded Portal or other Services.

4. LICENSE; INTELLECTUAL PROPERTY.

4.1 License Grant. Client hereby grants to Synacor a nonexclusive, worldwide and royalty-free right and license to use, reproduce, modify, distribute, perform and display the Client Materials and the Client Marks (as such term is defined below) provided to Synacor hereunder solely in connection with the Services and in a form solely as approved by Client (such approval not to be unreasonably withheld or delayed).

4.2 Ownership. Except for the limited rights and licenses expressly granted herein, Synacor shall retain all right, title and interest in and to: (i) the Synacor Sourced Content (as such term is defined in Schedule E hereto); (ii) Synacor's existing and subsequently-developed, legally valid and protectable logos, trademarks, service marks, and domain names (collectively, the "Synacor Marks") ; (iii) the tools, templates, frameworks or other software owned or licensed by Synacor and used to provide the Services (collectively, the "Software"); (iv) all other materials (excluding any Client hardware, software or intellectual property of any kind), information, ideas, inventions, know-how, methods, processes, templates, tools, works of authorship, trade secrets and technologies that are owned or licensed by Synacor and that may be used in the performance of the Services; and (v) all intellectual property rights or other proprietary rights in and to any of the foregoing (all of the foregoing being referred to as "Synacor Property"). Client shall not use Synacor Property in contravention of this Agreement. All Software, hardware and other technology used to provide the Services will be installed, accessed and maintained only by or for Synacor and no other license therein is granted to Client. Except for the limited rights and licenses expressly granted herein, Client shall retain all right, title and interest in and to the Client Materials, Client Marks and Client equipment, including any intellectual property rights or other proprietary rights therein and thereto.

4.3 Escrow. Throughout the Term of this Agreement, Synacor shall, [*], deposit the Synacor-owned software, in source code form, that underlies the Residential Portal and related documentation (the "Escrow Materials") in an escrow account with an escrow company pursuant to an industry standard escrow agreement. Additionally, Synacor shall within a reasonable time after the Effective Date, [*], deposit and maintain in escrow throughout the Term (except that with respect to the Business Portal software, such escrow is only required until the date, if any, that the Business Portal is terminated by Client in accordance with this Agreement) the Synacor-owned software, in source code form, that underlies the Business Portal and the Residential Portal into the same escrow account, and such source code and associated documentation shall also be considered Escrow Materials. The Escrow Materials will be released to Client by the escrow company in the event that Synacor f ails to function as a going concern or operate in the ordinary course, or Synacor is subject to voluntary or involuntary bankruptcy. Upon a release of the Escrow Materials, Client shall have a non-exclusive, non-transferable right to use the Escrow Materials solely for the purpose of continuing to provide the Service to Users for the remainder of the then-current Term of the Agreement or until Client transitions to an alternative provider of similar services, whichever is earlier.

4.4 Synacor Marks.

(a) Synacor hereby provides a limited, non-transferable, non-exclusive license for the Term and any agreed extensions thereof to Client to use the Synacor Marks only to the extent necessary for the provision and/or advertising of Services under this Agreement and subject to the terms and conditions of this Agreement. All uses of the Synacor Marks must first be approved by Synacor and must be in accordance with Synacor's guidelines, which may be amended from time to time. Synacor shall at all times remain the sole owner of the Synacor Marks, and all goodwill associated therewith, and Client's use of the Synacor Marks shall inure to the benefit of Synacor.

(b) Except as provided herein, this Agreement does not grant either party any right, title, interest, or license in or to any of the other party's names, logos, trade dress, designs, trademarks or other indication of origin.

4.5 Restrictions Related to Synacor IP. Except as specifically permitted in this Agreement, Client shall not, directly or indirectly: (a) use any of Synacor's Proprietary Information (as such term is defined in Section 5.1) to create any software that is similar to any of the Software used under this Agreement or to provide any service which is similar to any of the Services; (b) decompile, disassemble, reverse engineer or use any similar means to attempt to discover the source code of the Software or the trade secrets therein, or otherwise circumvent any technological measure that controls access to the Software or Services; (c) encumber, transfer, rent, lease, or time-share the Software or Services (except with any Affiliate of Client, subject to Synacor's prior written consent) , or use them in any service bureau arrangement or otherwise for the benefit of any third party; (d) access, copy, distribute,

manufacture, adapt, create derivative works of or otherwise modify any Software; (e) remove any proprietary notices; or (f) permit any third party to engage in any of the acts proscribed in clauses (a) through (e) above. Nothing herein shall pr ohibit Client from performing or procuring similar services from another provider during Wind-Down or after termination or expiration of this Agreement, provided that Client does not use or share any Synacor intellectual property or other Proprietary Infor mation with any third party who is not an Affiliate in connection therewith, except to the extent necessary to effect such transition, and then only after discussing with Synacor the information to be shared and the identity of the recipient(s) and after r eceiving approval from Synacor (which approval shall not be unreasonably withheld) and a written commitment from the third party to keep such information strictly confidential and to use it only for the purposes of the transition.

4.6 Client Marks . Client hereby provides a limited, non-transferable, non-exclusive license for the Term and any agreed extensions thereof to Synacor to use Client's and Client's affiliates existing and subsequently-developed, legally valid and protectable logos, trademarks, service marks, and domain names identified to Synacor by Client (collectively, the "Client Marks") only to the extent necessary for the provision of Services under this Agreement and subject to the terms and conditions of this Agreement. All uses of the Client Marks must first be approved by Client and must be in accordance with Client's guidelines, which may be amended from time to time. Client shall, as between Client and Synacor, at all times remain the sole owner of the Client Marks, and all goodwill associated therewith, and Synacor's use of the Client Marks shall inure to the benefit of Client.

4.7 Restrictions Related to Client IP. Except as specifically permitted in this Agreement, Synacor shall not, directly or indirectly: (a) use any of Client's Proprietary Information (as such term is defined in Section 5.1) to create any software that is similar to any of the Client Materials used under this Agreement or to provide any service which is similar to any of the Client Materials; (b) decompile, disassemble, reverse engineer or use any similar means to attempt to discover the source code of the Client Materials or the trade secrets therein, or otherwise circumvent any technological measure that controls access to the Client Materials; (c) encumber, transfer, rent, lease, or time-share the Client Materials (except with other entities which are controlled by, under common control with or controlling Synacor, subject to Client's prior written consent), or use them in any service bureau arrangement or otherwise for the benefit of any third party; (d) access, copy, distribute, manufacture, adapt, create derivative works of or otherwise modify any Client Materials; (e) remove any proprietary notices; or (f) permit any third party to engage in any of the acts proscribed in clauses (a) through (e) above.

4.8 Content. Synacor will include Synacor Sourced Content, as that term is defined in Schedule E to this Agreement, on the Client Branded Portal as set forth in Exhibit 1 to Schedule A. All licenses, rights, title, interest and intellectual property rights of any kind in and to the Synacor Sourced Content are entirely owned by and reserved to Synacor or the applicable Synacor Provider, as that term is defined in Schedule E to this Agreement. No title to or ownership of any Synacor Sourced Content and/or any part thereof is transferred to Client or to any third party. While Synacor has the right to include the Synacor Sourced Content on the Client Branded Portal, nothing herein shall grant Client a right to display or otherwise use the Synacor Sourced Content for any purpose. Additionally, no license is granted to Client to use any trademarks, service marks or logos of any of the Synacor Providers. Client agrees that it will not, and will not assist any third party to register or attempt to register any trademark, trade name or other intellectual property right related to any Synacor Sourced Content or any derivation or adaptation thereof or any work, symbol design or mark which is so similar thereto as to suggest a relationship with any Synacor Provider. Each party agrees that it will not, nor will it assist any third party to, challenge the validity or ownership of any patent, copyright, trademark or other intellectual property registration of any Content. Further, Synacor shall determine the look, feel, size and placement of any Content on the Client Branded Portal. Client shall be responsible to provide terms of use it wishes to include on the Client Branded Portal. However, Synacor may provide terms of use to be included on the Client Branded Portal related to the rights and restrictions associated with use of the Synacor Sourced Content, and Client agrees to incorporate such terms into either its terms of use or otherwise allow Synacor to include them on the Client Branded Portal where appropriate. Client acknowledges and agrees that Synacor shall have the right to remove any Content immediately upon notice to Client: (i) if Synacor reasonably believes the distribution of such Content exposes it to potential legal liability or (ii) in the event that a Content Provider ceases to operate a site, or produce or distribute such Content. Additionally, the right to display the Synacor Sourced Content on the Client Branded Portal shall expire upon the expiration or earlier termination of the agreement pursuant to which distribution rights and license to such Synacor Sourced Content were obtained. Neither Synacor nor a Synacor Provider shall have any liability in the event Synacor Sourced Content is removed from the Client Branded Portal for any of the reasons set forth in this Section. Client may advertise the Content and use the Synacor Provider's marks only as strictly authorized in writing by Synacor in advance.

5. CONFIDENTIALITY.

5.1 Proprietary Information. Each party (the "Receiving Party") understands that the other party and its Affiliates (the "Disclosing Party") or their representatives has disclosed or may disclose information relating to the finances, business, marketing plans, clients (including Users), operations, technology or software of the Disclosing Party. "Proprietary Information" means any of the foregoing information (including all originals, copies, notes, analyses, digests and summaries) which is either (a) disclosed in writing and marked as confidential at the time of disclosure or (b) disclosed in any manner such that a reasonable person would understand the nature and confidentiality of the information. The parties may also receive confidential or non-public information directly from Users ("User Information") in performance of this Agreement, which information will likely not be marked confidential but should nevertheless be treated confidentially and not used or shared without consent of the User. Proprietary Information and User Information shall not include any information that the Receiving Party can demonstrate by its written records (i) is or becomes generally available to the public without breach of this Agreement, (ii) was in its possession or known by it prior to receipt from the Disclosing Party (or, in the case of User Information, from a User), (iii) was rightfully disclosed to it by a third party not under an obligation of confidentiality, or (iv) with respect to Proprietary Information, was independently developed without reference to or use of any Proprietary Information of the Disclosing Party.

5.2 Non-Disclosure. The Receiving Party shall keep all Proprietary Information and User Information strictly confidential and shall not disclose such Proprietary Information or User Information to any third party except to its directors, officers, employees, independent contractors and subcontractors who have a need to know such information and who are bound by similar obligations of confidentiality. The Receiving Party shall not use the Proprietary Information of the Disclosing Party or User Information except to the extent necessary to perform its obligations under this Agreement. The Receiving Party shall use a commercially reasonable degree of care to protect the Proprietary Information and User Information. Each party shall bear the responsibility for any breach of confidentiality by its employees and contractors. Each party may disclose the general nature, but not the specific terms, of this Agreement without the prior consent of the other party, except that either party may provide a copy of this Agreement or otherwise disclose its terms in response to any legal or regulatory requirement, financing transaction or due diligence inquiry, provided that, if permitted by law, such party notifies the other of its intent to do so.

5.3 Required Disclosure . Nothing herein shall prevent a Receiving Party from disclosing the Disclosing Party's Proprietary Information or User Information as necessary pursuant to the lawful requirement of a governmental agency or when disclosure is required by operation of law or by court order; provided that, prior to any disclosure of Disclosing Party's Proprietary Information, the Receiving Party shall: (a) promptly notify the Disclosing Party in writing of such requirement to disclose; (b) cooperate fully with the Disclosing Party (at the Disclosing Party's expense) in protecting against any such disclosure or obtaining a protective order; (c) disclose only that portion of Proprietary Information that Receiving Party is advised in writing by counsel it is required to disclose; and (d) the Receiving Party uses reasonable efforts to obtain safeguards that confidential treatment reasonably acceptable to the Disclosing Party will be accorded to such Proprietary Information.

5.4 Return/Deletion of Proprietary Information, User Information . All Proprietary Information shall remain the property of the Disclosing Party and the original and all copies thereof, on whatever physical, electronic or other media such Information may be stored, shall be returned or destroyed (at the Disclosing Party's option) within 10 business days of the Disclosing Party's request or the termination or expiration of this Agreement. At Client's request, Synacor shall remove or delete, and certify such removal or deletion of, all User Information from any hardware or software owned or under the control of Synacor or its agents, but excluding any hardware or software owned or operated by Client and Client's hosting facility (such as, for example, Client's e-mail storage and account hardware).

5.5 Relief. Each party agrees that any breach of the obligations in this Section 5 regarding the Disclosing Party's Proprietary Information will cause irreparable harm to the Disclosing Party for which money damages will not be an adequate remedy. Therefore, the Disclosing Party shall, in addition to any other legal or equitable remedies, be entitled to seek an injunction or similar equitable relief against such breach or threatened breach of this Section 5 regarding such Disclosing Party's Proprietary Information without the necessity of posting any bond.

5.6 Client's Supplier Privacy Requirements. None of the foregoing in this Section 5 withstanding, Synacor shall comply with the version of Client's Information and Security Requirements and Privacy Requirements applicable to its suppliers in effect as of the Effective Date, found at http://www.centurylink.com/Pages/AboutUs/CompanyInformation/DoingBusiness/ which are incorporated herein by this reference, as if Synacor was "Supplier" as that term is used in such Requirements. To the extent there is any conflict between the terms of this Agreement and such Requirements, the Requirements shall prevail, provided however, that Synacor shall not be required to perform credit checks as part of its screening procedure. If, during the Term, Client makes any material changes to the Supplier Privacy Requirements, Client shall notify Synacor of those changes and such changes shall be binding on Synacor unless, within 30 days of such notification, Synacor informs Client of its election, in its reasonabl e discretion, to remain bound by the original language.

5.7 Responses to Criminal and Civil Demands/Process. If Client is served with a criminal or civil subpoena, investigative demand, request for the production of documents or things or any other similar process (inclusive of requests under the Foreign Intelligence Surveillance Act, as amended), regarding or related to the Services, and the information being requested is in the possession of Synacor or its agent or vendor, Client shall inform Synacor's Security Department thereof as soon as practical under the circumstances and shall direct Synacor as to how and when to respond to such request, and Synacor shall comply with such direction (at Client's expense). If Synacor is served with such a request, Synacor shall, to the extent permitted by the request, inform Client thereof immediately and shall refer the person or entity entitled to receipt of the information requested to contact Client's Information Security group at [*] (or such other number as may be provided in advance to Synacor), and to the extent permitted by the request Synacor shall not otherwise respond to the person or entity entitled to receipt of the information demanded unless and until (and then only as) directed by Client; provided, however, if Client does not provide direction on how to respond within a timely manner, or Client's provided direction would put Synacor at risk of non-compliance with the request or otherwise increase Synacor's legal risk, Synacor shall, to the extent permitted to do so, raise such concerns to Client immediately, and Synacor and Client shall, to the extent permitted to do so, work together in good faith to devise a lawful response that minimizes the legal risk to both parties. In the event no such response can be agreed in a timely manner, Synacor may respond as advised by its counsel.

6. SYNACOR FEES, PAYMENT TERMS AND TAXES.

6.1 Fees. The fees and payments for the Services are set forth in the Product & Pricing Schedule attached hereto as Schedule A and made a part hereof.

6.2 Payment Terms. Payment terms shall be set forth in Schedule A. All payments shall be made in full in United States Dollars, at the recipient's usual business address or to an account designated by the recipient. Other than amounts disputed in good faith, any amount not paid when due shall bear a late payment charge, until paid, at the rate of one percent (1%) per month or, if less, the maximum amount permitted by law. Either party, in its sole discretion, may terminate this Agreement, or in the case of Synacor cease providing Services, if the other fails to pay any invoice within thirty (30) days after receipt of notice from the other that it has failed to pay an invoice and such invoice is not in dispute. The recipient of an invoice must notify the other in writing of any disputed invoice amounts (including an explanation for such dispute) within 30 days of receipt of the disputed invoice. The parties shall attempt to resolve invoice disputes according to the disputes resolution process in Section 14, below.

6.3 Taxes. All payments to a party hereunder are exclusive of federal, state, local and foreign taxes (other than taxes assessed on the recipient's income), duties, tariffs, levies and similar assessments, and the paying party agrees to bear and be responsible for the payment of all such charges.

7. TERM AND TERMINATION .

7.1 Term. This Agreement shall be effective as of the Effective Date and shall continue thereafter in full force and effect through May 31, 2020 (the "Initial Term"). Thereafter the Agreement shall automatically renew for up to five (5) periods of one (1) year each (each, a "Renewal Term", and together with the Initial Term, the "Term"), provided however that either party may prevent such automatic renewal by providing the other party with at least 180 days prior written notice of non-renewal.

7.2 Termination for Cause. In addition to any of its other remedies, either party may terminate this Agreement: (a) in the event that the other party breaches any material provision of the Agreement and the breaching party fails to

cure such breach within 30 days after receiving written notice of such breach from the non-breaching party; or (b) immediately upon written notice to the other party in the event any assignment is made by the other party for the benefit of creditors, or if a receiver, trustee in bankruptcy or similar officer shall be appointed to take charge of any or all of such other party's property or if a voluntary or involuntary petition under federal bankruptcy laws or similar state statutes is filed against the other party, or if it dissolves or fails t o operate in the ordinary course.

7.3 Effects of Termination. Upon any expiration or termination of this Agreement, all rights and obligations of the parties shall cease, except that: (a) all obligations that accrued prior to the effective date of termination (including without limitation all payment obligations) shall survive termination; (b) each party shall destroy or return to the other party all of the other's Proprietary Information in its possession or under its control, and Client shall instruct Synacor as to the disposition of User Information (provided such instruction is reasonable); and (c) Synacor shall, after providing Client with an electronic copy of such information and data in a mutually agreeable format, delete archived account information and other transaction data. All terms of this Agreement that by their sense and context are intended to survive the termination of the Agreement will survive.

7.4 Wind-Down. Upon the expiration or termination of this Agreement for any reason, Synacor will continue providing the Services (the "Wind-Down Services") for a period of at least [*] months and not to exceed [*] months from the date of such expiration or termination if resulting from non-renewal by either party or termination by Client due to uncured breach by Synacor, and not to exceed [*] months if terminated by Synacor due to uncured breach by Client, in order that Client may achieve an orderly transition of such Services to another vendor (such period of time to be the "Wind-Down Period"). The terms and conditions upon which Synacor shall provide such Wind-Down Services shall be the same terms and conditions as shall have been in effect on the day preceding the date of such expiration or termination of this Agreement, subject to the modified fee structure specified in Schedule A for the Wind-Down Period, and Client commits that for the first [*] months of the Wind-Down Period, neither Client nor anyone on Client's behalf, will redirect any traffic or migrate any users away from the Services. Synacor shall also, during any period in which it is providing Wind-Down Services, use commercially reasonable efforts to provide such other reasonable transition assistance as may be required from time to time. In the event that Synacor terminated this Agreement for cause due to Client's failure to pay any amounts due and owing to Synacor, then Client shall be required to pay any outstanding amounts prior to Synacor providing such Wind-Down Services unless such amounts are in dispute, in which case Client shall be required to place all outstanding amounts in escrow with an independent third party pending resolution of such dispute. Synacor will cooperate in good faith with Client to transition Client to a new provider during the Wind-Down Period.

8. REPRESENTATIONS AND WARRANTIES; INDEMNITIES.

8.1 Synacor Representations and Warranties. Synacor represents and warrants to Client that (a) it has all rights necessary to enter into and perform this Agreement and to grant the rights and licenses granted herein, including without limitation all necessary rights in the Services and the Synacor Sourced Content, (b) the use of Services by Client in accordance with the rights granted hereunder will not violate (i) Synacor's obligations under any other agreement or to any third party, or (ii) any applicable laws or regulations, provided however that such warranty shall not cover Client's use of the Services to the extent such use violates the restrictions set forth in Section 7 of Schedule C, (c) to Synacor's knowledge, the Synacor Sourced Content is not defamatory, obscene, or otherwise unlawful in any jurisdiction and does not infringe or interfere with any intellectual property, contract, right of publicity, or any other proprietary right of any individual or entity, and (d) during the Term, the Services provided by Synacor under this Agreement shall be provided in accordance with applicable laws and regulations and by qualified personnel in a professional and workmanlike manner. **EXCEPT AS EXPRESSLY PROVIDED HEREIN, SYNACOR MAKES NO WARRANTIES OF ANY KIND AND EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. SYNACOR DOES NOT MAKE ANY WARRANY REGARDING THE ACCURACY, ADEQUACY OR COMPLETENESS OF THE SERVICES OR ANY CONTENT PROVIDED TO CLIENT OR THE RESULTS TO BE OBTAINED FROM THEIR USE. SYNACOR DOES NOT WARRANT THAT THE SERVICES WILL MEET THE REQUIREMENTS OF CLIENT OR THOSE OF ANY THIRD PARTY AND, IN PARTICULAR, SYNACOR DOES NOT WARRANT THAT THE SERVICES WILL BE ERROR FREE OR WILL OPERATE WITHOUT INTERRUPTION.**

8.2 Client Representations and Warranties. Client represents and warrants that (a) it has all rights necessary to enter into and perform this Agreement and to grant the limited rights and licenses granted herein, including without

limitation all necessary rights in the Client Materials, (b) the use of any Client Materials in accordance with the rights granted hereunder will not violate (i) Client's obligat ions under any other agreement or to any third party, or (ii) any applicable laws or regulations, provided however that such warranty shall not cover Synacor's use of the Client Materials to the extent such use violates the terms of this Agreement, (c) to Client's knowledge the Client Materials are not defamatory, obscene, or otherwise unlawful and do not infringe or interfere with any intellectual property, contract, right of publicity, or any other proprietary right of any individual or entity, and (d) Cl ient will maintain throughout the Term a privacy policy on the Services that (i) is compliant with all applicable laws, (ii) discloses that third parties may serve advertising within such Services, (iii) discloses the type of information collected by such third parties, and (iv) provides a clear and conspicuous link to the opt-out page of the Network Advertising Initiative (which is currently located at http://www.networkadvertising.org/managing/opt_out.asp), and Client will abide by such privacy policy throughout the Term. Client shall be fully responsible for, and shall reimburse Synacor for, any and all liabilities of Synacor arising out of any misrep resentation concerning the Services or the capabilities of the Services made by Client or by an employee, agent or authorized representative of Client to any User, prospect or other third party, except to the extent Synacor has made such representation to Client hereunder or if an agent of Synacor has otherwise made the same commitment to Client. **EXCEPT AS EXPRESSLY PROVIDED HEREIN, CLIENT MAKES NO WARRANTIES OF ANY KIND AND EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LI MITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.**

8.3 Synacor Indemnifications. Synacor shall indemnify, defend and hold Client and its affiliates harmless from and against any and all judgments, costs, damages, suits, actions, proceedings, expenses and/or other losses, including reasonable attorney's fees (collectively "Claims"), suffered or incurred by Client or its affiliates from any third party claim arising out of or relating to (a) Synacor's breach of any of its representations or warranties set forth herein, or (b) any claim that the Services, Software or the Synacor Sourced Content infringe the intellectual property rights of any third party. Synacor's obligation to so indemnify and defend applies to any infringement caused by any combination of the Services, Software or the Synacor Sourced Content with any other product, system or method if and only if: (a) Client or its affiliate or User is reasonably expected (by Synacor) to use the Services, Software or the Synacor Sourced Content in combination with the product, system or method; or (b) the product, system or method is (i) provided by Synacor or its affiliates, or (ii) reasonably required to use the Services, Software or the Synacor Sourced Content in their intended manner.

8.4 Client Indemnifications. Client shall indemnify, defend and hold Synacor harmless from and against any and all Claims suffered or incurred by Synacor from any third party claim arising out of or relating to (a) Client's breach of any of its representations or warranties set forth herein or (b) any claim that the Client Materials infringe the intellectual property rights of any third party.

8.5 Claims. In case any Claim is brought by a third party for which a party (the "Indemnifying Party") is required to indemnify the other party (the "Indemnified Party") pursuant to this Section 8, the Indemnified Party shall provide prompt written notice thereof to the Indemnifying Party (provided, however, that any failure or delay in notice shall not excuse the Indemnified Party of its obligations hereunder) of such Claim, and the Indemnifying Party shall assume the defense of such Claim. The parties shall cooperate reasonably with each other in the defense of any Claim, including making available (under seal if desired, and if allowed) all records reasonably necessary to the defense of such Claim, and the Indemnified Party shall have the right to participate in the defense of such Claim with counsel of its own choosing at its own expense. The Indemnifying Party shall not enter into any settlement of any Claim without the prior written consent of the Indemnified Party (such consent not to be unreasonably withheld) if Indemnified Party's rights would be directly and materially impaired thereby. Without limiting the foregoing, in the event of any Claim or threatened Claim of infringement involving a portion of any Software and/or Services provided by Synacor or the Client Materials, the Indemnifying Party may (at such party's option): (i) procure the right or license for the Indemnified Party to continue to use and otherwise exploit in accordance with the terms hereof such portion of the Software and/or Services or Client Materials, as the case may be, on commercially reasonable license terms; or (ii) modify or alter (to the extent that the Indemnifying Party has rights to so modify or alter), or delete any such portion of the Software and/or Services or Client Materials, as the case may be, so as to make such portion non-infringing while maintaining substantially comparable functionalities and capabilities of such parts of the Software and/or Services or Client Materials, as the case may be, that are material to the Indemnified Party's then-current or demonstrably anticipated use hereunder. If options (i) and (ii) are not available on commercially reasonable terms, either party may terminate this Agreement or the rights and licenses granted

hereunder, and if it is the Synacor Software or Services that are infringing, Synacor will provide reasonable assistance to Client to remove and replace the infringing item.

9. LIMITATIONS OF LIABILITY.

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, (I) NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY, ITS AGENTS, AFFILIATES, CLIENTS, OR ANY OTHER PERSONS, FOR ANY LOST PROFITS OR INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, CONSEQUENTIAL OR SIMILAR DAMAGES, EVEN IF ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES, AND (II) EXCEPT FOR LIABILITY ARISING FROM A BREACH OF SECTION 5, A PARTY'S PAYMENT OBLIGATIONS, OR A PARTY'S INDEMNIFICATION OBLIGATIONS RELATED TO INTELLECTUAL PROPERTY INFRINGEMENT OR VIOLATION OF LAW, IN NO EVENT WILL EITHER PARTY'S LIABILITY FOR ANY AND ALL CLAIMS, IN THE AGGREGATE, ARISING OUT OF, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT OR THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER EXCEED [*].

10. OPEN APIs AND RSS FEEDS.

10.1 From time to time, Synacor may include certain functionality on the Client B randed Portal that Synacor has integrated via publicly available open APIs, RSS feeds, or similar technology. The providers of open APIs and RSS feeds often (i) do not include product representations, warranties or indemnifications in their terms of use, (ii) make no commitment that the functionality will continue to be available, and (iii) disclaim liability associated with such products. Synacor will pass through to Client any warranties or indemnities related to such products that Synacor is not prohibited from passing through to Client, but Synacor shall have no obligation to do so where Synacor is not permitted to do so or where no express warranty or indemnity is provided to Synacor. Synacor shall also inform Client promptly, but at least within 2 business days, if it learns or believes that any such products would not work properly on the Client Branded Portal or could cause harm to Client or Users or disruption or harm to any of the Services.

10.2 If Client elects to have Synacor include functiona lity made available through open APIs, RSS feeds, or similar technology on the Client Branded Portal, notwithstanding anything to the contrary in this Agreement, the following will apply thereto:

A) SUCH FUNCTIONALITY IS PROVIDED ON AN "AS IS" BASIS, AND SYNACOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT THERETO AND ANY USE OR INABILITY TO USE SUCH FUNCTIONALITY. SYNACOR DISCLAIMS ALL WARRANTIES RELATED THERETO, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT, AND CLIENT MAY ONLY LOOK TO THE PROVIDERS OR OWNERS OF SUCH FUNCTIONALITY FOR WARRANTIES (IF ANY);
B) EXCEPT TO THE EXTENT SYNACOR HAD PRIOR KNOWLEDGE OF THE LIKELIHOOD OF ANY SUCH FUNCTIONALITY TO BE UNUSABLE OR CAUSE DAMAGE OR DISRUPTION TO THE SERVICES, AND UNLESS CLIENT KNOWINGLY (AFTER NOTICE FROM SYNACOR) CHOOSES TO ASSUME THE RISK OF SUCH FUNCTIONALITY BEING UNUSABLE OR CAUSING DAMAGE OR DISRUPTION TO THE SERVICES, SYNACOR DISCLAIMS ANY LIABLITY FOR ANY DAMAGES OF ANY KIND ARISING FROM USE OF, OR INABILITY TO USE, SUCH FUNCTIONALITY, OR FROM ANY REMOVAL OF SUCH FUNCTIONALITY FROM THE CLIENT BRANDED PORTAL, INCLUDING BUT NOT LIMITED TO DIRECT, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION LOST DATA, BUSINESS OR ANTICIPATED PROFITS; AND
C) EXCEPT TO THE EXTENT SYNACOR HAD PRIOR KNOWLEDGE OF THE LIKELIHOOD OF ANY SUCH FUNCTIONALITY TO BE UNUSABLE OR CAUSE DAMAGE OR DISRUPTION TO THE SERVICES AND UNLESS CLIENT KNOWINGLY (AFTER NOTICE FROM SYNACOR) CHOOSES TO ASSUME THE RISK OF SUCH FUNCTIONALITY BEING UNUSABLE OR CAUSING DAMAGE OR DISRUPTION TO THE SERVICES NOTWITHSTANDING ANY INDEMNIFICATIONS SET FORTH IN THIS AGREEMENT,

SYNACOR WILL NOT INDEMNIFY CLIENT (OR ANY OTHER PARTY) FOR ANY CLAIMS RELATED TO SUCH FUNCTIONALITY OR ANY USE THEREOF. IF AT ANY POINT CLIENT HAS CONCERNS ABOUT THE FUNCTIONALITY OR ANY USE THEREOF, CLIENT SHALL REMOVE OR REQUEST REMOVAL OF THE FUNCTIONALITY FROM THE CLIENT BRANDED PORTAL.

11. PUBLIC RELATIONS. Except as it relates to Client's marketing of the Client Branded Portal and related matters to Users or prospective Users or as permitted in Section 5.2, above, neither party will issue any press release, nor otherwise disclose any information concerning this Agreement, without the prior written consent of the other. The parties may agree that a joint press release regarding the establishment of their relationship is appropriate (and if so, the parties shall use good faith to arrive at a mutually agreeable press release), or either party may elect to create and disseminate a press release on its own, but such press release may not mention the other party unless the other party gives prior written consent thereto (and in the case of Client, such consent must come from a Vice President or higher officer).

12. RECORDS AND AUDIT.

(a) Each party shall have the right to audit the books and records of the other party solely relating to this Agreement upon reasonable notice and at its' expense, not more freq uently than annually for a period of 6 years after each payment and to take extracts from and/or make copies of such records (provided that such extracts are treated as Proprietary Information). Each party shall maintain for a period of 6 years after each payment all books, records, accounts, and technical materials regarding its activities in connection herewith sufficient to determine and confirm all amounts payable to the other party and all compliance with all other material obligations hereunder. Upon a party's request and with reasonable notice, the other party will permit one or more representatives of an auditor or agent of the requesting party's choice to examine and audit, during normal business hours, such books, records, accounts, documentation and materials, and take extracts thereof or make copies thereof (provided that such extracts or copies are treat as Proprietary Information) for the purpose of verifying the correctness of payments made pursuant hereto and/or compliance with the other material obligations hereunder. Unless otherwise agreed by the parties in writing, such examination shall be in material accordance with generally accepted accounting principles. To the extent such examination discloses an underpayment not disputed as set forth in 12(b), below, the audited party shall pay any unpaid delinquent amounts within ten days of the other party's request. To the extent such examination discloses an underpayment of the greater of 5% or $15,000, the audited party shall fully reimburse the other party, promptly upon demand, for the reasonable fees and disbursements due the auditor for such audit; provided that such prompt payment shall not be in lieu of any other remedies or rights available to such other party hereunder. In all other events, all fees and expenses of the auditing party's auditor or agent under this Section shall be paid by auditing party. If an audit reveals an overpayment, the auditing party shall promptly notify the other and shall pay the amount of any such overpayment to the other party within ten days thereafter.

(b) If any report of an audit under the provisions of subsection (a) of this Section discloses to the auditing party any underpayments or overpayments, a copy of such audit report shall be promptly deliv ered to the audited party. Unless the amount of any underpayment or overpayment shown on such report is disputed by the audited party, in writing (a "Notice of Dispute"), within 10 days after receipt of the audit report, the audit report shall be deemed accepted and all amounts due thereunder shall be paid pursuant to subsection 12(a). In the event that Client and Synacor have not resolved all disputed items to their mutual satisfaction within 30 days after a Notice of Dispute has been received by the auditing party, they shall promptly submit such audit report and all supporting work papers to an independent accounting firm of national stature in the United States selected by mutual agreement of Client and Synacor for binding review of any disputed items. All costs and expenses of such review shall be apportioned between the parties on the basis of each party bearing the expense of that portion of the review which shall be related to disputed items that are resolved against such party. If Client and Synacor are unable to agree upon the selection of an independent accounting firm of national stature in the United States to perform the binding review of any disputed items, the determination and selection of the independent accounting firm of national stature shall be settled by arbitration in accordance with the rules and regulations of the American Arbitration Association in Buffalo, New York if the arbitration is brought by Client and in Denver, Colorado if brought by Synacor.

13. INSURANCE.

13.1 Synacor shall, during the Term, at its own cost and expense, carry and maintain insurance coverage with insurers having at minimum a "Best's" rating of A-VII as specified herein. It is expressly understood that Synacor is ultimately responsible for its subcontractors, whether or not insurance is maintained by its subcontractors.

13.2 Workers' Compensation Insurance. Synacor will maintain workers' compensation insurance with statutory limits as required in the state(s) of operation and providing coverage for a ny employee entering onto Client premises, even if not required by statute, and employer's liability or "Stop Gap" insurance with limits of at least $500,000 each accident.

13.3 Commercial General Liability Insurance. Synacor will maintain commercial general liability insurance covering claims for bodily injury, death, personal injury or property damage occurring or arising out of this Agreement, premises-operations, products/completed operations, and contractual liability with respect to any liability assumed by Synacor. The limits of insurance must be at least:

Each Occurrence	$1,000,000
General Aggregate Limit	$2,000,000
Products-Completed Operations Limit	$2,000,000
Personal and Advertising Injury Limit	$1,000,000.

13.4 Commercial Crime, Employee Dishonesty Insurance or Fidelity Bond. If (a) the Services involve access to Client customer accounts or customer information, (b) Synacor accepts payment from third parties for Client products and services, (c) Synacor has access to Client or Client customer premises, or (d) Synacor provides storage for Client-owned property , Synacor will provide employee dishonesty insurance or a fidelity bond covering all loss for which Synacor is legally liable, arising out of or in connection with any fraudulent or dishonest acts including theft, destruction, wire transfer, computer fraud or fraudulent manipulation of accounting or personnel records resulting in loss of money, securities or other property with limits of at least $1,000,000.

13.5 Professional Liability. Synacor will maintain errors and omissions liability insurance covering acts, errors and omissions arising out of Synacor's operations or Services, including coverage for the acts or omissions of its subcontractors, and, if applicable, including loss arising from unauthorized access or use that results in identity theft or fraud, with limits of not less than $2,000,000 per claim. Such insurance will provide a retroactive date prior to the date of the Agreement and either (a) continuous insurance coverage for a period of 1 year after termination of the Agreement, or (b) an extended reporting period of not less than 1 year after termination of the Agreement.

13.6 Insurance Limits and Certificates. Synacor may obtain all insurance limits through any combination of primary and excess or umbrella liability insurance. Synacor will forward to Client certificate(s) of such insurance upon request. The certificate(s) must provide that: (a) for commercial general liability insurance, Client be named as an additional insured(s) as their interest may appear with respect to this Agreement; (b) 30 days prior written notice of cancellation, material change or exclusions to the policy be given to Client; and (c) coverage is primary and not excess of, or contributory with, any other valid and collectible insurance purchased or maintained by Client.

14. DISPUTE RESOLUTION. The parties shall use commercially reasonable efforts to promptly resolve any claim, dispute, controversy or disagreement (each a "Dispute") between them under or related to this Agreement or any of the transactions contemplated hereby. If the parties cannot promptly resolve the Dispute, the parties shall refer the Dispute for resolution by appropriate Vice Presidents of each company. If such Vice Presidents are unable to resolve a Dispute within 10 business days, such Dispute shall be immediately referred to the appropriate Executive Vice Presidents of each party. If such Executive Vice Presidents are unable to resolve a Dispute within an additional 10 business days, such Dispute shall be referred to the Chief Executive Officers of each party for resolution. If the Chief Executive Officers of each party are unable to resolve the Dispute within 5 business days after referral to them, each party may pursue, subject to the terms of this Agreement, any remedy available at law or in equity.

15. ASSIGNMENT AND CHANGE OF CONTROL . This Agreement is not transferable by either party without the other's prior written consent (which shall not be unreasonably withheld), except that each party may (without consent) assign its rights and obligations hereunder to any of its affiliates or to any successor to all or substantially all of its business (by sale of equity or assets, merger, consolidation or otherwise) unless such sale, merger or consolidation is to or with a competitor of the other party or to a company otherwise included on the list attached

hereto as Schedule I1. Client may choose to terminate this Agreement at any time if a successor in interest to Synacor changes the Services in such a way that it causes a material adverse effect on the Service or materially increases Client's legal or regulatory risk. This Agr eement will be binding upon, and inure to the benefit of, the successors, representatives and permitted assigns of the parties. In the event there is a change of control of Client or the entity with a controlling interest in Client, this Agreement shall c ontinue to apply to the provision of Services to all Users in the Service Area.

16. AMENDMENT AND RESTATEMENT/CONSOLIDATION OF AGREEMENTS/ ENTIRE AGREEMENT. Client and Synacor hereby agree that the ARMSA is hereby Amended and Restated in its entirety by this Agreement, and that as of the Effective Date of this Agreement the ARMSA shall be of no further force and effect. Liabilities incurred under the ARMSA prior to the Effective Date shall survive termination of the ARMSA and shall be governed by its terms. This Agreement constitutes the entire agreement, and supersedes all prior negotiations, understandings or agreements (oral or written), between the parties concerning the subject matter of this Agreement.

17. GENERAL PROVISIONS. No change, modification or waiver to this Agreement will be effective unless in writing and signed by both parties by an authorized representative of each party. In the event of any conflict or inconsistency between the terms and conditions in the Master Agreement and any Supplement, the terms and conditions of the Master Agreement will prevail unless such Supplement expressly provides that such term shall override the terms of the Master Agreement. Any different or additional terms contained in any purchase order, confirmation or similar form, even if signed by the parties after the date hereof, shall have no force or effect. The parties hereto are independent contractors, and no agency, partnership, joint venture, or employment relationship is created as a result of this Agreement and neither party has any authority of any kind to bind the other in any respect. This Agreement is intended for the sole and exclusive benefit of the parties hereto. Except for the parties hereto or as may be expressly provided in any Supplement, no third party shall have any right to rely upon this Agreement for any purpose whatsoever. The failure of either party to enforce its rights under this Agreement at any time for any period shall not be construed as a waiver of such rights. In the event that any provision of this Agreement shall be determined to be illegal or unenforceable, that provision will be limited or eliminated to the minimum extent necessary so that the Agreement shall otherwise remain in full force and effect and enforceable. A party's non-performance under this Agreement shall be excused if and only to the extent that such non-performance is due to an act of God or other cause beyond such party's reasonable control; if such non-performance continues for such a period of time as to materially undermine the other's party's enjoyment of the expected benefits of this Agreement, such other party may, after giving the non-performing party 30 days to renew performing in all material respects (and if no such renewal of performance occurs), elect to terminate this Agreement. All notices under this Agreement will be in writing and will be deemed to have been duly given (a) when received, if personally delivered; (b) when receipt is electronically confirmed, if transmitted by facsimile or e-mail; (c) the day after being sent, if sent for next day delivery by recognized overnight delivery service; or (d) upon receipt, if sent by certified or registered mail, return receipt requested. Notices should be directed to the attention of the person named on the first page of this Master Agreement, and a copy must be sent to the attention of the Legal Department, attention: General Counsel. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, USA without regard to the conflicts of laws provisions thereof. Exclusive jurisdiction and venue for any action arising under this Agreement is in the federal and state courts located in Buffalo, New York if the claim is brought by Client and in Denver, Colorado if brought by Synacor , and both parties hereby consent to such jurisdictions and venues, as applicable, for this purpose. Headings are for convenience of reference only and shall in no way affect interpretation of the Agreement.

18. Affordable Care Act

For so long as the Affordable Care Act is in effect if Supplier Employees will be performing Services in connection with this Agreement, Synacor must offer Affordable Care Act and regulations ("ACA") compliant medical coverage to all of its Supplier Employees who are assigned to such engagements with CenturyLink for 30 hours a week or more, no later than 90 days of the start of the engagement in accordance with ACA. Such medical coverage shall be "affordable" and "minimum value" as those terms are defined in the ACA. If Synacor receives notice from a government agency that such medical coverage is noncompliant or that a penalty will be assessed, Synacor must provide written notice to CenturyLink [*]. The parties acknowledge that the fee paid to Synacor for Services under this Agreement contemplates the cost to the Supplier to provide ACA compliant medical coverage to employees enrolled in the Synacor's medical plan.

Synacor will indemnify and defend Client from and against all damages arisi ng out of a claim by a third party against Client resulting from or alleged to have resulted from a breach of the foregoing Affordable Care Act provision.

Supplier will [*] under this Agreement. Thereafter, upon written request by CenturyLink, Synacor shall provide, pursuant to a reasonable deadline provided to Synacor in the written request, [*]. CenturyLink provides a secure portal with instructions for the provision of this report.

If Synacor uses subcontractors to provide professional services work hereunder, Synacor will contractually require the subcontractor to (i) comply with all applicable laws and (ii) if the subcontractor is a company, to maintain reasonable levels of insurance based on the work to be provided.

“Supplier Employees” means Synacor’s W-2 employees, who perform Services, act on Synacor’s behalf or are paid by Synacor in connection with the Agreement.

“Supplier Personnel” means Supplier Employees, subcontractors or agents who perform services, or act on Synacor’s behalf in connection with the Agreement.

19. Business Code of Conduct and Anti-Corruption

As of the Effective Date, Synacor agrees to comply with the terms of the Client’s Supplier Code of Conduct ("Supplier Code") found on the Supplier Portal at the following url
http://www.centurylink.com/aboutus/docs/CenturyLink_Supplier_Code_of_Conduct.pdf:.

Supplier will comply with the terms and conditions of Client’s Corporate Ethics and Compliance Program, as is more fully described in Exhibit A. If Synacor becomes aware of any violation of the Ethics and Compliance Program Synacor will notify Client.

Synacor and Supplier Personnel's obligations under this Agreement include compliance with the Foreign Corrupt Practices Act (“FCPA”), and all applicable anti-bribery and anti-corruption laws of other nations, which may include but not be limited to the UK Bribery Act (collectively, “Anti-Corruption Laws”). The FCPA prohibits U.S. issuers, such as Client and its affiliates (e.g., Savvis), from providing or offering to provide a payment or anything of value to a foreign (non-U.S.) government official, foreign political party, or candidate or other “foreign official” as defined under the FCPA, to influence an act, or decision of the official or of his government, or to secure an improper advantage, in order that Client obtain or retain business for itself or another. In performance of this Agreement, Synacor, its employees, contractors and affiliates will not (i) make or arrange any contact with or (ii) make or cause to be made, any payment or offer of anything of value to any foreign (non-U.S.) government official or political party, or candidate without prior written approval from Client Corporate Ethics and Compliance. If, in connection with the performance of this Agreement, anyone, including a government official or an agent thereof, requests or solicits Synacor to provide a payment or anything of value to influence an act or decision of the official or his/her government, or to secure an improper advantage, in order that Synacor or Client obtain or retain business for itself or another, Synacor will refuse to make such payment or provide such thing of value and will immediately report the incident to Client. Synacor further represents, warrants and certifies that to the best of its knowledge, it, and its Supplier Personnel, , currently comply with, and shall continue to comply with, all applicable Anti-Corruption Laws in all countries in which it provides Services hereunder and will not take any actions that would result in a violation of Anti-Corruption Laws by Client or an affiliate. Any written approvals, incident reporting and/or questions regarding the obligations of Synacor hereunder shall be directed to IntegrityLine@CenturyLink.com.

20. Counter Parts

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. The Parties agree that signatures that are faxed,

photocopied or electronically stored or transmitted will be deemed to be originals, and both parties agree to accept and be bound by them.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SYNACOR, INC.	**QWEST CORPORATION on behalf of itself and as agent of its Affiliates**
By: _____	By: _____
Name:	Name:
Title:	Title:
Date:	Date:

SCHEDULE A
TO
MASTER SERVICES AGREEMENT

PRODUCT & PRICING SCHEDULE

1. **Definitions** - The following terms shall have the meanings set forth below for purposes of this Schedule A and the Agreement:

   a. "Activated Email Box" means an email box that has been created within the Synacor Email Service and not deleted as of the last day of the then-current month.

   b. "Advertising Costs" mean any fees directly payable to third parties by either party to this Agreement for advertising or the provision of such advertising, including but not limited to ad serving and advertising management fees, [*].

   c. "Advertising Sales Fee" means [*] of the Net Advertising Revenue from direct advertising sold by either party under the Agreement.

   d. "Business Portal" means that certain web portal originally created by Synacor for CenturyLink under the CenturyLink Agreement and will be provided by Synacor to Client for use by Client's and its Affiliates' small business customer Users as more fully described in Section 2.b below.

   e. "Bandwidth Fees **"** means the [*] per month fee Client shall pay to Synacor to compensate Synacor for its expenses related to hosting Services in its data center, including but not limited to bandwidth associated with delivery of auto-play video. The Bandwidth Fee shall be paid monthly.

   f. "Client Branded Portal" means, collectively and individually, the Residential Portal as more fully described in Section 2.a. and the Business Portal described in Section 2.b below.

   g. "Email Fee" shall mean a fee due monthly from Client to Synacor throughout the Term equal to the sum of (i) [*] per Activated Email Box per month (expressly excluding the Activated Email Boxes hosted in [*] and [*]) and (ii) the actual payments made by Synacor (and adjusted for any credits or refunds and without any markup) to CenturyLink's Affiliate that are directly associated with the hosting of the Activated Email Boxes in [*]. The [*] per Activated Email Box will be due for each Activated Email Box beginning upon the migration of each such Activated Email Box into [*] and each month throughout the remainder of the Term. Beginning upon the earlier of (a) the date all Activated Email Boxes that are going to be migrated are migrated to [*] or (b) March 31, 2018, [*] throughout the remainder of the Term, [*].

   h. "Email Service" means the managed email service as described in Exhibit 2 to this Schedule A.

   i. "Gross Advertising Revenue" means all money payable to Synacor or Client from all third party video advertising, banner advertising and other forms of advertising that appear on or within the Client Branded Portal or the e-mail services provided hereunder, whether sourced by Client, Synacor or from a third party advertising partner of either party.

   j. "Net Advertising Revenue" shall mean for each month Gross Advertising Revenue less Advertising Costs and, if sold directly, any Advertising Sales Fee.

   k. "Net Search Revenue" means all revenue received from a Search Services Provider related to the Client Branded Portal less actual Search Costs paid in the particular period.

   l. "Platform Fee" means a monthly amount of [*] per HSI Subscriber during the Term and Wind-Down Period, to be recovered by Synacor as described more specifically in Section 4 below. For purposes of calculating this fee, any Internet access customers acquired by Client or its Affiliates through a merger or acquisition are not counted as HSI Subscribers until such time as such customers, through a migration plan determined by Client, are provisioned to use the Service(s) on the infrastructure provided for under this Agreement. At the end of each month, Client will provide

Synacor with the count of applicable HSI Subscribers for which Platform Fees are due as of the last day of such month, and the Platform Fee for that month will be calculated by multi plying such number by the applicable rate.

m. "Residential Portal" means, the residential customer portal created and operated by Synacor as more fully described in Section 2(a) of this Schedule A below.

n. "Search Costs" are all direct payments, if any, made by Synacor to the Search Services Provider or Complimentary Search Services Provider(s) for such services related to the Agreement (which costs shall be reasonable and customary within industry practices). [*].

o. "Service Area" means those locations where Client or any of its affiliates serve as the incumbent local exchange carrier, provides high speed Internet services, or markets its over the top services.

2. **Services Provided to Client by Synacor** – Synacor shall provide Client the following Services (which list is not exhaustive or intended to be exclusive):

a. Residential Portals – Synacor will provide the Residential Portal branded in Client's reasonable discretion, and utilizing a URL to be provided by Client, that allows Users to search the Internet via the included search bar, provides direct access to Synacor provided e-mail, provides for gadgets and widgets for User customization, provides Client a platform to develop unique communications services offerings and allows Users to select RSS feeds, news and content for customization in accordance with prevailing industry standards. In addition, Synacor will provide Users access to industry standard Content (the initial description of which is included in Exhibit 1 to this Schedule A), but will not offer Users any premium or paid Content in the music, video and gaming categories without Client's prior written consent. Provision of Content on the Residential Portal shall be subject to the terms and conditions set forth in this Agreement including Schedule E, and specific Content may change from time to time as Synacor modifies its Content Providers and the Synacor Sourced Content mix (provided that such changes are reasonable in frequency and scope and Client is given at least 3 months' advance notice thereof in order to train necessary Client personnel, except to the extent Synacor receives less than 3 months' notice from the Synacor Provider, in which case Synacor will give Client as much notice as is reasonably practical). The Residential Portal will include Search Services as more fully described in Schedule B, and Advertising Services as more fully described in Schedule C. Synacor will make Premium Content available to Client under the terms and conditions specified in Schedules D and E. Client will receive dedicated space on the front page of each Residential Portal, above the fold, for links or access to Client destinations (e.g., My Account, customer support, CenturyLink.com, CenturyLinkZone, integrated third-party or jointly-sponsored web pages such as a CenturyLink-DirecTV page, etc.); other than the above-the-fold requirement, the specifics of where on the page and how much space will be allotted to Client will be mutually agreed by the parties.

b. Business Portal - Synacor shall operate a Business Portal that may be offered to all of Client's and its Affiliates' small business high speed Internet subscribers. Users of the Business Portal will have Content available to them that is relevant for business customers such as news, financial content, and weather as well as any other Content mutually agreed upon by the parties. At Client's option, Synacor will include the Premium Products offered for the Business Portal as indicated in Schedule D. Provision of Content on the Business Portal shall be subject to the terms and conditions of this Agreement including in Schedule E and specific Content may change from time to time as Synacor modifies its Content Providers and the Synacor Sourced Content mix (provided that such changes are reasonable in frequency and scope and Client is given at least 3 months' advance written notice thereof in order to train necessary Client personnel, except to the extent Synacor receives less than 3 months notice from the Synacor Provider, in which case Synacor will give Client as much notice as is reasonably -practicable. The Business Portal will include Search Services as more fully described in Schedule B, and Advertising Services as more fully described in Schedule C. Client may, at its option at any time during the Term upon not less than six (6) months prior written notice to Synacor, terminate the use of the Business Portal and Synacor shall cease operating the Business Portal as instructed by Client.

c. Consumer and Business E-mail – Synacor will provide managed busines s and consumer customer email capability for Users utilizing hosting services and equipment to be provided by Client in [*] and [*] until the email boxes are migrated to [*]. Thereafter, Synacor will provide a managed Email Service utilizing hosting servi ces and equipment from its hosting service provider. The e-mail solution (which as of the Effective Date is offered on the Zimbra platform) shall be consistent with capabilities, functions, ease of use, aesthetic quality and overall consumer satisfaction to prevailing industry practices which, as of the Effective Date, are delineated in Exhibit 2 to this Schedule A. Client will at all times (throughout the Term and thereafter) own the User e-mail accounts and have complete control of the domain naming ri ghts. For so long as Client continues to supply hosting services and/or equipment in accordance with Section 3 below, Client will determine storage limits, retention practices and deactivation rules (with input from Synacor). Thereafter when the email b oxes are migrated to [*], Synacor will supply hosting services and/or equipment for the Email Service. Storage limits, retention practices and deactivation rules will be as set forth in Exhibit 2 to this Schedule A, provided that if Client wishes make revi sions thereto, an additional fee may apply pursuant to Exhibit 2 of this Schedule A. Client acknowledges that the Email Fees set forth herein are dependent upon the following, and Client agrees that it will, to the extent it offers an email service to it s HSI residential email customers during the Term of this Agreement, only use Synacor's Email Service provided under this Agreement to fulfill such offer during the Term. Further the Email fee is based on the Email Service and storage being hosted by Sy nacor at one data center. Synacor will also provide Advertising Services as set forth in Schedule C as part of the e-mail Services. Such advertising shall be subject to Section 2 of Exhibit 2 to this Schedule A. Client may, at its option at any time dur ing the Term, terminate the requirement of Synacor to provide email capability for its business customers. Client will provide written notice to Synacor of its desire to terminate Synacor's email obligation for small business customers at least ninety (90) days prior to its desired start date for migration. For a mutually agreed upon fee, if any, and in a mutually agreed timeframe, Synacor will assist and cooperate with Client to migrate data associated with the managed Email Service for its business cust omers to Client or Client's designated third party.

d. Cross-Sell / Up-Sell Marketing Display – Synacor will provide a carousel display (or such other display method to be agreed upon by the parties) and other inventory on the Client Branded Portal as mutually agreed upon by the parties, in which advertisements for Client's and its Affiliates' services (communications or other) may be included at no additional cost to Client. The parties will discuss in good faith the ability to target market specific offerings using Synacor's or Client's (or its Affiliates') and any business model associated therewith.

e. Development Services – Synacor will provide development services as "Additional Services" as described in Section 2.2 of the Agreement.

f. Support Services and Service Level Agreement Compliance – as described in Schedule F.

3. **Responsibilities of Client** – Client shall provide the following (which list is not exhaustive or intended to be exclusive). Subsections (a) through (c) are required from Client for so long as email boxes are stored in either [*] or [*]. Thereafter subsections (a) through (c) will no longer apply. Subsections (d) through (g) will continue to be a Client responsibility throughout the Term and the Wind-Down Period.

a. [*]

b. [*]

c. [*]

[*]

d. Domain and URL – Client will obtain and provide a unique domain for residential and business customer e-mail and a unique URL for the Residential and Business Portals.

e. Marketing Services – Client will use reasonable efforts to market the Services as a value proposition of Client's high speed Internet offerings in the Service Area. The manner and amount of such marketing efforts shall be reasonably determined solely by Client.

f. Installation Routine – Throughout the Term (except during the Wind-Down Period), Client will set the Residential Portal as the home page during Client's residential high speed Internet modem installation process.

g. Best Practices – Client will follow the best practices identified in Section 6 below.

4. **Financial Terms** –

a. **During the Term** – During the Term, the following financial payment terms shall apply:

(i) Search Services Revenue Share : Synacor shall distribute to Client, as set forth in Section 4(e) below, [*] thereafter of the Net Search Revenues. Synacor will retain for its own share [*] thereafter of monthly Net Search Revenues.

(ii) Advertising Revenue Share : Synacor and Client's applicable share of advertising revenue on the Client Branded Portal and e-mail Services and other mutually agreed upon Services will be calculated as follows and distributed in accordance with Section 4(e) of this Schedule A:

(A) Where advertising is sold by third parties (such as AOL, Ad Exchange, etc.), all associated Net Advertising Revenue shall be split [*] to Client and [*] to Synacor.

(B) Where advertising is sold directly by Synacor or Client (in accordance with Schedule C), the party making such direct sale shall retain the Advertising Sales Fee to cover its own direct internal advertising costs and the remaining [*] of Net Advertising Revenue shall be split [*] to Client and [*] to Synacor.

(iii) Premium Content Sales: If Client offers and sells any Premium Products offered by Synacor pursuant to Schedule D, or if Users continue to have access to any previously sold Premium Products, unless otherwise agreed to by the parties, Client shall collect revenues from Users who subscribe to such Premium Products (at rates to be established by Client) and remit payments to Synacor at the rates identified and in accordance with the procedures set forth in Schedule D.

(iv) Platform Fees and Email Fees : Client shall pay Synacor the applicable monthly Platform Fees and Email Fees in accordance with Section 4(e) below.

b. **Wind-Down** – During the Wind-Down Period (as defined in Section 7.4 of the Agreement), the following financial payment terms shall apply:

(i) Search Services Revenue Share : Synacor shall distribute, as set forth in Section 4(e) below, a Search Services Revenue Share as follows:

(A) In the event the Wind-Down Period follows any non-renewal of the Agreement or the termination by Client in accordance with any termination right in this Agreement or termination of the Agreement by Synacor other than cause (pursuant to Section 7.2), [*] of the Net Search Revenues will be distributed to Client and Synacor will retain for its own share [*] of the monthly Net Search Revenues.

(B) In the event the Wind-Down follows termination by Synacor in accordance with any termination right in this Agreement for cause (Section 7.2), the Net Search Revenue will be split [*] to Client and [*] to Synacor.

(ii) Advertising Revenue Share : Synacor and Client's appl icable share of advertising revenue on the Client Branded Portal and e-mail Services and other mutually agreed upon Services will be calculated as follows:

(A) In the event the Wind-Down Period follows any non-renewal of the Agreement, or a termination by Client in accordance with any termination right in this Agreement, or termination of the Agreement by Synacor other than cause (pursuant to Section 7.2):

- Where advertising is sold by third parties (such as Advertising.com, Specific Media, etc.), all associated Net Advertising Revenue shall be split [*] to Client and [*] to Synacor.
- Where advertising is sold directly by Synacor or Client (in accordance with Schedule C), the party making such direct sale shall retain the Advertising Sales Fee to cover its own direct internal advertising costs and the remaining [*] of Net Advertising Revenue shall be split [*] to Client and [*] to Synacor.

(B) In the event the Wind-Down follows termination by Synacor in accordance with any termination right in this Agreement for cause (Section 7.2):

- Where advertising is sold by third parties (such as Advertising.com, Specific Media, etc.), all associated Net Advertising Revenue shall be split [*] to Client and [*] to Synacor.
- Where advertising is sold directly by Synacor or Client (in accordance with Schedule C), the party making such direct sale shall retain the Advertising Sales Fee to cover its own direct internal advertising costs and the remaining [*] of Net Advertising Revenue shall be split [*] to Client and [*] to Synacor.

(iii) Premium Content Sales : If Client offers and sells any Premium Products offered by Synacor pursuant to Schedule D, or if Users continue to have access to any previously sold Premium Products, unless otherwise agreed to by the parties, Client shall collect revenues from Users who subscribe to such Premium Products (at rates to be established by Client) and remit payments to Synacor at the rates identified and in accordance with the procedures set forth in Schedule D.

(iv) Platform Fees and Email Fees : Client shall pay Synacor the applicable Platform Fees and Email Fees, in accordance with Section 4(e) below.

c. **Outstanding Platform Fees** – If at any point during the Term or Wind-Down Period, Client's share of Net Search Revenue and Net Advertising Revenue in any month is less than the Platform Fee for such month, Synacor will waive any portion of the Platform Fee for such month that exceeds Client's share of Net Search Revenue and Net Advertising Revenue for such month.

d. **Carriage Fees** – From time to time, Client may request Synacor to integrate Client Sourced Content into the Client Branded Portal and to utilize Synacor's single sign-on functionality associated therewith. In such event, Synacor will provide the initial integration without cost to Client, and Client will pay to Synacor a monthly fee to be determined by the parties (and in the event the parties cannot come to agreement on such fee, such fee will be [*] of Client's monthly revenue associated with such Client Sourced Content; provided however, in no event shall such fee exceed [*] per Client Sourced Content per subscriber per month). In such event where Client does not sell such Client Sourced Content to end users for a fee, Client and Synacor shall mutually agree upon a fee to be paid to Synacor related to the inclusion of such Client Sourced Content on the Client Branded Portal. Any fee paid to Synacor in accordance with this subparagraph (e) shall be referred to as a "Carriage Fee". However, in the event Synacor has contractual relationships with such providers, Client may consider, in its sole and absolute discretion, having Synacor implement such Content pursuant to Synacor's relationship with the provider instead of Client's direct relationship with such provider; provided however, the parties understand and agree that nothing contained in this sentence shall create any obligation for Client to implement such Content through Synacor's direct relationships with any of such providers.

e. **Payment Terms** – Any fees due from Client to Synacor shall be due [*] after receipt of the applicable invoice, or in the case of Client-sold advertising, [*]. Client's applicable share of Net Search Revenue and Net Advertising Revenue that is due to Client from Synacor pursuant to the terms and conditions above will be due [*] after the end of each quarter in which the applicable fee was incurred. All invoices, supporting documentation and revenue reconciliation data shall be transmitted via secure and encrypted communication.

5. **Optional Services** - In addition to the Services identified in Section 2 of this Schedule A, Synacor shall make available to Client, but Client is under no obligation to utilize or offer, the following optional Services:

a. Premium Products as identified in Schedule D and subject to the terms and conditions of Schedule E.

b. Distribution of Client Sourced Content as identified in Schedule E.

c. DNS Redirect Services – The parties will discuss in good faith DNS and HTTP error traffic redirect services to determine if Synacor is able to provide a solution that (i) meets all of Client's then-current privacy, security and internal corporate policies, (ii) provides services and service levels similar to Client's current offerings, and (iii) provides Client with no less compensation in revenue share (utilizing similar practices to what Client utilizes currently).

d. Start App – Synacor offers an application for iOS and Android platforms that serves as a compliment to the Client Branded Portal, and includes curated short-form video, advertising, news articles and other content. Synacor will make the standard Start App available to Client [*]. [*] any customization or integrations requested by Client may require additional fees.

6. **Best Practices** – At all times during the Term, Client shall comply with the following best practices. Failure to comply with these best practices shall be a material breach of the Agreement.

[*]

7. **Restrictions** -

a. The search bar shall only be located on the Client Branded Portal, included Search results page, included e-mail page, and in any other mutually agreed upon Services. Client's commercial webpage, small business pages (to the extent not included as part of the Client Branded Portal), business markets group pages (if any) and wholesale pages (if any) are separate and independent of this Agreement and not included in or covered by any obligations herein.

b. All Services shall be provided by Synacor in accordance with prevailing industry practices and subject to Client's reasonable approval.

Exhibit 1
To
Schedule A
Of the
Master Services Agreement

Included Content

The below-listed types of Content will be provided by Synacor and integrated into the Client Branded Portal initially after the Effective Date. Such initial Content may change from time to time as Synacor modifies its Content suppliers and Content mix. Client will be notified in writing of any changes to Content suppliers and Content mix. Synacor will provide quarterly review of the offered content and changes in providers.

- News: Local (for select markets), national, international, and political
- Entertainment: Celebrities, TV, movies
- Sports: Popular sports and leagues
- Weather: Current weather information and forecasts
- Financial and business news
- Online games

Exhibit 2
To
Schedule A
Of the
Master Services Agreement

1. **Features** . The Email Service will incorporate the following features and functionality, which the parties agree are consistent with prevailing industry standards as of the Effective Date (and the parties may, by agreement, change these features and functionality during the Term):

(a) Easy-to-use, intuitive webmail User interface consistent with and comparable to existing competitive webmail interfaces.
(b) Mobile interface appropriate for phone- and tablet-sized screens
(c) Support for full RFC-compliant POP protocol; IMAP compatibility will also be provided.
(d) Commitment to maintain, throughout Term, industry competitive User features such as HTML messages, capacity to handle large attachments [*], contacts/address book, inline spell checking and other features providing dynamic right-click menus, roll-over informational pop-outs, and competitive technologies.
(e) Large mailboxes; Size will be [*] such that the average mailbox size is [*] or less.
(f) Rich, interactive calendar functionality using a web browser or mobile device with compliant browser using IMAP or POP protocols. CalDAV standard support is also available.
(g) Robust filtering rules capable of features such as forwarding, filtering based on headers, subject to, from, body, attachments, and other variables, auto-sorting into designated folders or tags, and the ability to auto-delete messages based on filter criteria.
(h) Anti-virus, anti-phishing, and anti-spam filtering consistent with and comparable to industry standards and that is compatible with and will not interfere with typical desktop security and anti-virus software; ability to auto-file or tag identified messages to junk or similar folder, and ability to auto-delete such detected messages. Additional User configurable anti-spam filtering will be provided.
(i) Search technologies; ability to search within messages, contacts, and calendars based upon headers, subject, to, from, body, and other variables.
(j) Organization: delivering the ability to view threaded conversations, to organize by folder and by tags, to drag and drop items among elements, to resize panes, to preview messages in preview pane via AJAX or similar technologies, to dynamically detect and act upon dates, e-mail addresses, and URLs within messages, and to store drafts and track sent messages.
(k) Topology: ability for Client and User to create and manage parent and child account hierarchies with associated control mechanisms through API and web-based administrative interface. Ability of parent to manage and control child accounts such as adding, deleting, and modifying.
(l) Administrative API and web-based interfaces which permit Client to provide Tier 1 support to Users.
(m) Synacor shall provide Tier 2 and beyond support.

2. **Management** . The managed Email Service will also include the following management services from Synacor:

(a) Email-optimized operating system, applications, applications management, and user interfaces.
(b) Security- and quality-related updates to the core operating system and the user experience.
(c) Selection and operation of scalable object storage that stores, shares, synchronizes, protects, and preserves data files.
(d) Operation of distributed architecture that enables maintenance and upgrades with minimal downtime.
(e) Single Point of Contact for product and operational concerns.
(f) Engagement with and management of all vendors required to develop and deliver the managed Email Service.
(g) Client understands that managed Email Service is based on a single data center with short-term data recovery options, which currently consists of three days of daily snapshots.

3. **Hosting** : The managed Email Service will also include the following hosting services from Synacor:

(a) Synacor utilizes SSAE16-certified facilities to ensure strict control of access to the physical infrastructure.

(b) Synacor follows role-based access control, granting systems access to only the personnel who require it as part of their job function.
(c) Synacor will ensure appropriate capacity [*]. Should the Client alter policies that results in an increased average mailbox size, Client will be responsible for the additional expense. Any changes that will result in an additional expense will be identified by Synacor in writing. Client must provide written approval of such cost prior to the cost being incurred.

4. **Security** . The managed Email Service will also include the following security protections from Synacor:

(a) Anti-spam capabilities include real-time global data analysis to create informed policies against good, bad, and suspect senders
(b) Two-Factor Authentication is supported by version 8 of the Zimbra platform and can be enabled upon mutual agreement and planning among the parties
(c) Session encryption via Secure Sockets Layer (SSL) is supported by version 8 of the Zimbra platform and can be enabled upon mutual agreement and planning among the parties

5. **Use of User Information in Emails.** Neither Synacor nor any vendor or contractor to Synacor shall use any information contained in User e-mails (inclusive of the content of the e-mails and also the header, subject and packet-type information, etc.), for advertising or any other purpose. The foregoing notwithstanding, Synacor and Synacor contractors, agents or partners may access, use, preserve and/or disclose such information, Account Information and User content, without liability, for purposes of (a) blocking or reducing SPAM (b) as otherwise necessary to provide the e-mail Service (including to perform technical support thereof), (c) to respond to or resolve User complaints, to investigate (at Client's request) violation(s) of the TOU, (d) to respond to subpoena requests or other legal requirements (subject to Section 5.7 of the Agreement), (e) to enforce or prevent breaches of this Agreement., and (f) as required to investigate suspicious activity (including but not limited to, in an effort to protect the overall integrity of the Email Service and to protect the rights, property, or safety of Synacor, its end users, a third party, or the public). Client shall notify Users that such actions will take place.

6. **Retention Rules.** The managed Email Service shall comply with the following retention rules, subject to change by Client upon reasonable notice to Synacor. Client will be responsible for additional expenses that are the result of policy changes requested by Client. Any changes that will result in an additional expense will be identified by Synacor in writing. Client must provide written approval of such cost prior to the cost being incurred.

(a) Messages reasonably deemed to be SPAM will reside in the User's SPAM folder for 2 days and will then be purged.
(b) Messages in the User's Trash folder will be purged after 14 days.
(c) Unread messages in a User's Inbox for more than 90 days will be deleted.
(d) Active Mailboxes with no activity for [*] consecutive days will be suspended at such time, and then deleted after a period of an additional [*] days.
(e) User names associated with deleted mailboxes will be reserved for [*], at which time these usernames will be made available to other Subscribers.
(f) Notwithstanding the aforementioned usernames, no other data will be preserved for deleted mailboxes.
(g) Messages to deleted mailboxes will not be delivered.

SCHEDULE B
TO
MASTER SERVICES AGREEMENT

SEARCH SERVICES

The following establishes the terms and conditions by which the Parties will work together to facilitate the delivery of search related Services to Users.

1 . **Definition of Search Services and Selection of Search Services Provider.** Synacor shall be the exclusive provider of search Services on the Client Branded Portal and any other Services that enable Users to receive descriptions and links associated with search results from search boxes ("Search Services") placed within the Client Branded Portal or other Services, through its agreement with one or more Search Services providers ("Search Services Provider(s)"). As of the Effective Date, the sole Search Services Provider for the Residential Portal and the Business Portal is Google Inc. with complementary Search Services provided by Ask.com as the Complimentary Search Services Provider (as defined herein). [*]

"Search Services" are a subset of "Services" for all purposes of this Agreement. Search Services do not include searches or other entries in an address bar or mis-typed URLs in an address bar, and none of those shall be subject to the exclusivity provisions of this Schedule.

a. Operation of Search Services. Each time a User enters a search request in a search box (a "Search Query"), Synacor shall return to such User a set of up to 10 search results (each such set being referred to as a "Search Results Se t") and additional paid links ("Sponsored Links" or "AFS Ads") as agreed to by the Parties. A Search Query will only return search results (including Sponsored Links) unless otherwise authorized in writing by Client; information entered as a Search Query may not be used to or for User profile-building by Synacor or the Search Services Provider.

b. Hosting and Control. At all times during the Term Synacor shall: (a) deliver and manage any and all pages that comprise the Client Branded Portal on which Search Services are provided; (b) maintain complete technical and editorial control of such Client Branded Portal (provided that the Client Branded Portal complies with Section 7 of Schedule C, with the exception of certain Content as provided in Section 1 of Schedule D); and (c) act as the intermediary for all transmissions between Search Services Provider and such sites.

2. Disclaimers. Client understands and agrees that, to the extent permitted by law, Search Services Provider shall not be liable for any damages, whether direct, indirect, incidental or consequential, arising from the Client Branded Portal's access to or use of the Search Services.

3. No Warranties. Client understands and agrees that notwithstanding anything to the contrary in the Agreement Synacor disclaims any and all warranties and liabilities, express or implied, with respect to the Search

Services, including without limitation, warranties of mer chantability, fitness for a particular purpose, and non-infringement.

4 . **Client Not Third Party Beneficiary** . Client expressly acknowledges and agrees that Client is not a third party beneficiary under any agreement between Synacor and Search Services Provider.

5. Search Bar. Client expressly grants Synacor permission to include a search bar on the Client Br anded Sites above the fold in a location mutually agreeable to the parties, such search bar to be of a reasonable size and positioning as optimized by regularly occurring multivariate testing.

6. Competitive Search Results. Synacor will use commercially reasonable efforts to filter and block paid search results related to Client's competitors listed in Schedule I2. However, Client understands and agrees that such filtering may not block out all paid competitor-related search results; however, Synacor shall take down any such paid competitor-related search results as soon as practical after discovery thereof (either on it own or by notice from a third party or Qwest). As of the Effective Date, Synacor is not able or allowed pursuant to its agreement with its Search Services Provider to filter or block non-paid search results. If, during the Term, Synacor is able and allowed to do so, Synacor shall use commercially reasonable efforts to filter and block non-paid search results related to Client's competitors listed in Schedule I2. Just as with paid search results, Client understands and agrees that such filtering may not block out all non-paid competitor-related search results, but Synacor will take down any such paid competitor-related search results as soon as practical after discovery thereof.

SCHEDULE C
TO
MASTER SERVICES AGREEMENT

ADVERTISING

The following establishes the terms and conditions by which the parties will work together to facilitate the delivery of Advertising Services to Client.

1. **Advertising Services** .
   a. The advertising Services provided by Synacor may include, without limitation, the integration of e-commerce, video, banner advertising and other forms of advertising or advertising support content (videos with pre-roll ads included), in contextually relevant programmed areas (which areas are to be agreed upon in writing by the parties prior to implementation or change) throughout the Client Branded Portal and Email Service solely to the extent provided for or authorized by Client in Section 4 below ("Advertising Services"). Either party may sell advertising inventory directly to advertisers, and Synacor may sell advertising through advertising networks or other third parties. Any changes to Advertising Services or the types of Advertising Services that may, in Client's reasonable opinion, have a negative impact on Client's legal or regulatory risk (such as, for example, whether or not Synacor can engage in direct behavioral targeting of Users, which, as of the Effective Date, it may not without Client's express written approval, but not including changes to the advertisers or ad networks placing the ads or other similar changes) must be approved in writing by Client prior to implementation. All Advertising Services shall be subject to the content restrictions in Section 7, below.
   b. Each party will ensure that any third party advertising networks through which it provides advertising on the Client Branded Portal are either (i) members of the Network Advertising Initiative ("NAI") or Digital Advertising Alliance ("DAA") or (ii) agree to the NAI's or DAA's self-regulatory principles regarding Internet advertising practices and privacy and participate in the NAI's or DAA's related opt-out process. Ad networks utilized by Synacor in the provision of advertising may not gather personally identifiable information about Users on the Client Branded Portal without express User consent; accordingly, ad networks Synacor engages to provide advertising on the Client Branded Portal may not gather such information on the Client Branded Portal with cookies. In addition, neither the ad networks or any other third parties that Synacor might engage may collect, without User consent, individualized data, anonymous or otherwise, through cookies or otherwise on the Client Branded Portal, to use such data for retargeting of individuals on third party sites or sharing with third parties. With respect to ads Synacor places directly, Synacor will only use any data it collects through cookie software for Client, and not provide it to any third party (effectively allowing only first-party cookie use by Synacor). Unless approved by CTL in writing, Synacor may not use User profile data to present ads on any third party sites (but ads on the Client Branded Portal may be targeted based on content viewed and clicked on by Users, in combination with the information otherwise lawfully collected). Synacor may use various (non-PII) factors related to a User's use of the Services to determine the ads shown to users including the content of the site or app on which the ad appears, ads the User clicks, information the User provides such as gender, age or location, hashed email addresses, and search queries entered using the Services, provided that in doing so Synacor is in compliance with the DAA self-regulatory principles. Unless otherwise approved by Client in writing, Synacor may not share individualized User profile data, anonymous or otherwise, with any other third party. The requirements set forth in this Section b will be applicable unless otherwise agreed to by Client in writing.

2. **User Rights Regarding Advertising** . Client agrees to include language in its privacy policy clearly disclosing that third parties may be placing and reading cookies on Users' browsers, or using web beacons to collect information, in the course of ads being served on its websites. Client's privacy policy should also include information about User options for cookie management. Client will provide to Synacor a copy of its privacy policy for reference. Synacor will review Client's privacy policy in effect as of the Effective Date for the purpose of verifying that the foregoing requirements are included.

1.

3. **Advertisement Removal and Excluded Advertising.** Client reserves the right to request that Synacor remove any advertisement related to which a User or any other person complains. Synacor shall disable such advertisement from the Client Branded Portal after receiving written notice from Client.

4. [*]

5. **Client Provided Advertising** . Client may sell advertising inventory on the Client Branded Portal provided it meets the following criteria:

   a. The advertising is direct advertising (which includes advertising made available through a given advertiser's advertising agency), not advertising sold through advertising networks or other third parties (such as Advertising.com or Specific Media).
   b. The CPM for such advertising shall be greater than the reasonable minimum threshold set by Synacor on a quarterly basis.
   c. Any advertising must have a frequency cap no greater than 5 times in a 24-hour period or such other frequency cap as the parties may reasonably agree from time to time.

6. **Content Restrictions.** No advertising or other content included in Advertising Services by either party shall: (i) be obscene, defamatory, libelous, slanderous, profane, indecent or unlawful; (ii) infringe or misappropriate third party intellectual property rights; (iii) constitute "hate speech," whether directed at an individual or a group, and whether based upon the race, sex, creed, national origin, religious affiliation, sexual orientation or language of such individual or group; (iv) facilitate or promote the sale or use of liquor, tobacco products or illicit drugs; (v) facilitate, promote or forward pyramid schemes, chain letters, or illegal contests; (vi) be otherwise intended to restrict or inhibit any person's use or enjoyment of Services; or (vi) promote unlawful activities or (vii) contain fraudulent offers for good or services. Each party will follow industry standards designed to prevent the inclusion in its provided Content or advertising

of viruses, worms, corrupted files, cracks, hackz or other materials that are intended to damage or render inoperable software, hardware or security measure s of Client, any User or any third party.

8. **Advertising of Client Services.** Synacor will make available, at no cost to Client, one slide in the dynamic content component ("DCC" – the Content carousel above the fold on the Client Branded Portal) area for promotion of Client's services. The Client promotions slide will appear in the 6 th position or higher of the rotation unless otherwise agreed upon by the parties. Synacor and Client may also mutually agree from time to time to use a portion of the DCC area for cross channel promotions. Client's promotion slides will adhere to Synacor's technical guidelines which will be provided upon Client's request to include a given promotion.

9. **Competitive Advertising Limitations.** Synacor shall use commercially reasonable efforts to filter and block all ads for any of the companies set forth on Schedule I2 on any page within any of the Services. Client may only place companies on the list in Schedule I2 which market, promote, or advertise products or services that are competitive with Client's long distance services, local telephony services, broadband access services, ATM Services, frame relay services, private telephone line services, business website hosting services, multi-channel video, VoIP, or wireless voice telephony services. Client may, upon written notice to Synacor, update Schedule I2, provided that Client understands and agrees that any additions to the list will not take effect for 15 business days from Synacor's receipt of the notice. In the event a competitive advertisement is not appropriately filtered, it will be promptly removed upon identification of such advertisement.

SCHEDULE D
TO
MASTER SERVICES AGREEMENT
PREMIUM PRODUCT & PRICING SCHEDULE

The Premium Products and related fees payable by Client to Synacor pursuant to the Agreement are set forth below.

1. Premium Products and Associated Fees For Residential Portal.

As of the Effective Date, Client is not actively marketing or selling Premium Products to its customers. However, Client has in the past sold Premium Products to its customers, and some of those customers continue to pay for and/or use the Premium Products, and Client wishes to allow such continued use. For any Premium Products still in use by any customers of Client, Synacor shall bill Client each month for an amount determined by multiplying the number of Subscription Accounts (as defined below and as reported by Client to Synacor monthly) in a given month (based on the number of Subscription Accounts existing on the last day of the given month) by the monthly fees relating to the pertinent Premium Product(s) subscribed to by the specific Subscription Account, as applicable. Client shall have the right at any time to terminate any given Subscription Account, including, but not limited to, in the event the User has not paid for the applicable Content. For purposes herein, a " Subscription Account " is defined as an account that allows a User of a Residential Portal access to the identified Premium Products, Client Sourced Content for which Client requires authentication, and/or Synacor Sourced Content from the Residential Portal or other location as may be agreed to by the parties.

(a) Premium Products . The following Premium Products continue to be made available to customers of Client who purchased such Premium Products when they were actively sold by Client:

(i) General Interest Package:

A. **Britannica Online Premium** – Online and unlimited access to the updated 32-volume Encyclopedia Britannica; a trusted resource. The service offers thousands of articles, videos, audio clips and answers by experts which are not in the print edition. It is updated every two weeks and the experience is free of third party banners and ads.

B. **American Greetings** – The ultimate card store on the Internet; enables Users to enhance their relationships by sending premium eCards and printed greetings and projects.

C. **Award Funways** – Funways is a 3D virtual world that Pre-K children explore with the help of a personalized avatar, compelling learning tools, games, and activities. The product is designed to promote learning in four key areas of literacy, math, creativity, and values.

D. **PlaySportsTV -** PlaySportsTV is an online destination for youth sports coaching and instruction specifically for coaches, parents and athletes. The instructional content covers 18 major and emerging youth sports, and consists of over 3,000 video drills, tips, and training plans featuring players, trainers, sports experts and top coaches.

E. **Shockwave® Unlimited™** – Provides unlimited access to more than 1,300 premium downloadable games with no time limits plus ad-free play of more than 1,000 online games.

(ii) Education Package:

A. **Award Funways** – Funways is a 3D virtual world that pre-K children explore with the help of a personalized avatar, compelling learning tools, games and activities. The product is designed to promote learning in four key areas: literacy, math, creativity, and values.

B. **Britannica Online Premium** – Online and unlimited access to the updated 32-volume Encyclopedia Britannica; a trusted resource. The service offers thousands of articles, videos, audio clips and answers by experts which are not in the print edition. It is updated every two weeks and the experience is free of third party banners and ads.

A.

C. **iKnowthat.com** – Web-based educational activities for children from ages 2 to 12 that allow them to discover the magic and power of lifelong learning skills. All activities are highly interactive, and use state-of-the-art web multimedia, including heavy animation, sound, and digitized children's voices.

D. **PlaySportsTV -** PlaySportsTV is an online destination for youth sports coaching and instruction specifically for coaches, parents and athletes. The instructional content covers 18 major and emerging youth sports, and consists of over 3,000 video drills, tips, and training plans featuring players, trainers, sports experts and top coaches.

(iii) Games Package:

A. **Shockwave® Unlimited™** – Provides unlimited access to more than 1,300 premium downloadable games with no time limits plus ad-free play of more than 1,000 online games.

B. **iKnowthat.com** – Web-based educational activities for children from ages 2 to 12 that allow them to discover the magic and power of lifelong learning skills. All activities are highly interactive, and use state-of-the-art web multimedia, including heavy animation, sound, and digitized children's voices.

(iv) Internet Security: For customers of Client who have previously purchased the F-Secure Premium Product through Synacor's offering to Client, Synacor will continue to make such F-Secure Premium Product available throughout the Term. Client may independently offer internet security services (including those provided from a third party supplier) directly to Users without Synacor's consent or without termination of its offering of the F-Secure Premium Product made available by Synacor as described in this Section 1(a)(iv). Provided, however, that Client agrees that it shall not implement a marketing or messaging program that intentionally targets its Users who are then existing F-Secure internet security product users, Norton internet security products other than in connection with a marketing or messaging program intended to promote the upgrading of User's premium high speed internet to a tier above the then current tier subscribed to by such User. Client may discontinue offering the F-Secure Product to Client's Users on not less than ninety (90) days' prior written notice to Synacor. In the event that Client believes it will need additional time to transition users off the security suite following the effective date of the notice, Synacor will use commercially reasonable efforts to obtain permission from its provider to offer a transition period and either per user pricing or an alternative better price for Client during such transition period to reflect any reduction in use during the extended period.

(b) Premium Product and Content Fees .

Monthly Subscription Fees (the fees identified below are the sole and only fees payable by Client to Synacor for the following Premium Products; no other costs, such as content delivery network costs, etc., shall be payable by Client to Synacor related to such Premium Products):

- General Interest Package: Client's cost shall be [*] per Subscription Account per month.
- Education Package: Client's cost shall be [*] per Subscription Account per month.
- Games Package: Client's cost shall be [*] per Subscription Account per month.
- Internet Security: Client's cost shall be [*] per Subscription Account per month (unless such Service is terminated and no longer offered in accordance with Section 1(a)(iv)).

2. Premium Products for the Business Portal: Synacor hereby agrees to continue to make the Premium Products set forth below available, subject to Content Provider approval and the terms and conditions herein, to Users who have previously purchased such Premium Products from Client through Synacor's offering. However, each party agrees that Client is not and will not market or sell the Premium Products below to additional customers after the Effective Date. For purposes herein, a " Business Subscription Account " is defined as an account that allows a User of the Business Portal access to the identified Premium Products, Client Sourced Content for which Client requires authentication, and/or Synacor Sourced Content from the Business Portal. Synacor shall bill Client each month for an amount determined in accordance with Section 2(b) of this Schedule D. Client will report the number of Business Subscription Accounts in any given month to Synacor by the second business day of the following month. Client shall have the right at any time to terminate any given Business Subscription Account, including, but not limited to, in the event the Business User has not paid for the applicable Content.

a. **Business Pack** – The Business Pack includes the following:
- **Moonfruit –** allows users to create their own personal websites using the SiteMaker product. Easily create great looking and functional websites in real time without programming or software.
- **eNom** – allows users to create vanity domains

b. **Business Pack Pricing** - Client shall pay Synacor [*] per month if it has [*] or more Activated Business Users in a given month (including any Pre-existing Business Pack Users). Alternatively, if Client has between [*] Activated Business Users in any given month, Client will pay Synacor [*] per month. Alternatively, if Client has between [*] Activated Business Users in any given month, Client will pay Synacor [*] per month. For administration purposes, the number of Activated Business Users may be adjusted every [*] based on the reports created by Synacor. Each Business User subscribed to the Business pack will only be counted as an Activated Business User once, and therefore Client will only be billed once per month for each subscription to the Business Pack.

d. **Synacor Reporting related to Business Pack** :
Synacor will provide monthly reporting to Client specifying the total Activated Business Users and total Active Business Users in the relevant month. e. **Support.** The party shall have the following product-specific support obligations with regard to the Business Packs:
Moonfruit

- Client will provide first level support.
- Synacor will provide second level support

3. Client Reporting : Client acknowledges and agrees that in instances where it is required to report information to Synacor upon which payment amounts shall be determined, it must notify Synacor of any disputed or revised information within [*] days of the date that the information was first reported. After the expiration of said [*] days, Client shall not have any recourse against Synacor for information that was inaccurately reported by Client.

SCHEDULE E
TO
MASTER SERVICES AGREEMENT
CONTENT DISTRIBUTION TERMS AND CONDITIONS

1. Definitions

(a) " Client Provider " means a third party from whom Client obtains distribution rights for the Client Sourced Content.

(b) " Client Sourced Content " means the content provided by Client or Client Providers.

(c) **"** Content " means games, video, music, audio, images, graphics, statistics, and text that is viewable by or accessible to a Content Subscriber including without limitation (i) Synacor Sourced Content, Client Sourced Content, Portal Content, Premium Content, and (ii) any logos, trademarks, service marks, meta data, or other materials made available therewith.

(d) " Content Provider " means the Client Providers and Synacor Providers, collectively.

(e) " Portal Content " means Content that is free to the User and that is available without entering a username and password.

(f) " Premium Content " means subscription- and fee-based Content that requires a username and password to access.

(g) " Premium Offering " means a single product offered to Users that is made up of one or more Premium Content Products.

(h) " Synacor Provider " means a third party from whom Synacor obtains distribution rights for the Synacor Sourced Content.

(i) " Synacor Sourced Content " means the content provided by Synacor or Synacor Providers through Synacor.

(j) " Activated Business User " shall mean any Business User that has subscribed to any one or more of the products or services in the Business Pack. Once an Activated Business User has subscribed to a product or service, such User shall remain an Activated Business User for so long as such User is an Active Business User.

(k) " Active Business User " shall mean any Activated Business User that has used the applicable product or service within a given month. For purposes of the Premium Products on the Business Portal, it will be determined whether the applicable product or service has been used based on the following criteria:

(i) For Moonfruit: Customer will be considered to have used the product if such customer has built a User Website and such user website has shown activity during a calendar month as evidenced by (1) the user making a change or modification to the user website, (2) visitor traffic to the user website.

(ii) For the eNOM Domain Name: Customer will be considered to have used the service once such customer has registered a domain through eNOM until such customer terminates the domain registration.

(l) " Business User " shall mean any business customer of Client or its Affiliates that is a User.

2.0 Delivery of Premium Content.

Upon Client's consent, Synacor will make the Premium Offerings set forth in Schedule D available to Users to purchase Subscription Accounts related thereto. Access to such Premium Offerings will be restricted to those Users who have paid for a Subscription Account to such Premium Offering. Client will report to Synacor all of those Users who have purchased Subscription Accounts to each Premium Offering and all users who have

disconnected from such Premium Offerings. Client's Users will be required to use a username/password to login to get access to the Premium Offerings, and wil l be limited to accessing the Premium Offerings through the Client Branded Portal. Synacor or the applicable Synacor Provider will host the Synacor Sourced Premium Content Products. Client or Client Providers will host the Client Sourced Premium Content Products unless otherwise agreed to by Synacor and Client.

If the Client chooses to have Premium Content Products made available on the Client Branded Portal, the Client agrees to allow End User License Agreements ("EULA") related to such Premium Content to be displayed on the Client Branded Portal, which EULAs will need to be agreed upon by the User before obtaining access to such Premium Content Product.

The terms and conditions set forth in the main body of this Agreement with regard to Content also apply to Premium Content Products.

Client shall have the right to request that Synacor no longer make a given Premium Offering available on the Client Branded Portal for new subscribers to purchase, and upon such request, Synacor will remove the ability for Users to purchase subscriptions to such Premium Offering from the Client Branded Portal as soon as reasonably practicable. In such event, subject to Content Provider approval and the terms and conditions herein, the parties will work together to ensure Users who have previously purchased such Premium Offerings will continue to have access thereto.

3.0 User Billing. User billing shall be the sole responsibility of the Client unless otherwise agreed upon by the parties.

4.0 Premium Content Requirements.

Client will not, without the consent of Synacor: (i) send any interstitials, pop-up windows, or other messages or files to the User during the time in which any Synacor Sourced Premium Content is displayed or (ii) sell any advertising in, on or related to any Synacor Sourced Premium Content Product, including but not limited to, banners, buttons, links, streaming audio or streaming video advertisements.

Client and Synacor expressly acknowledge and agree that to the extent any Synacor Provider has required as a condition of providing its service that it must be a third party beneficiary to this Agreement, such Synacor Provider shall be considered a third party beneficiary solely for purposes of the enforcement of the provisions of this Agreement relating to such Synacor Sourced Content made available by such Synacor Provider and that such Synacor Provider may, in its sole discretion, take any and all action, including but not limited to, commencing any legal action to enforce its rights pursuant to this Agreement.

SCHEDULE F
TO
MASTER SERVICES AGREEMENT

SERVICE LEVEL AGREEMENT AND CUSTOMER SUPPORT PROCEDURES

SERVICE LEVELS

I. General – Subsections A and B of this Section I apply to, and so long as, email continues to be stored at [*] and [*]. Thereafter neither paragraph shall be of any force or effect. The remaining Subsections of this Section I continue throughout the Term.

A. Clie nt wishes to host Synacor's Software and Client data related to the Service within a data center it designates on hardware purchased or leased by Client. Synacor will provide Client a list of recommended hardware which Client may purchase or lease. Client will procure and provision all hardware reasonably necessary to support and maintain the Services. Client will ensure that (i) the hardware and equipment associated with the Services are dedicated solely to the Service (unless otherwise agreed to by the parties), and are located in a caged, dedicated space within the data center, (ii) subject to reasonable facility access rules and restrictions and emergency or exigent circumstances during which access may be denied entirely, Synacor has authorized remote access to the data center and the relevant hardware 24x7x365 and physical access to the data center as necessary, and (iii) Client and any of its employees, agents or representatives will not access, modify, move, or otherwise disrupt the hardware or equipment related to the Service, either in person or remotely, except in emergency situations or when otherwise agreed to by the parties.

B. Client will be responsible for any outage of the data center or portions thereof caused by Client, its employees or agents and not caused by the equipment, Software or personnel (or agents) of Synacor. Synacor will perform daily onsite backups of all data to ensure recoverability of data in the event of an outage; Client will archive the images of such backups and store offsite in accordance with Client's current business continuity/disaster recovery practices. Additionally, Client will be responsible to obtain and maintain 24x7x365 support for all hardware throughout the Term. Client will upgrade the hardware as reasonably necessary, including in the following instances: (a) if the Software stack that Synacor is maintaining, whether it is Synacor Software or other Software used in the provision of the Services, is no longer compatible with the underlying hardware or operating system (provided that Synacor is making the same or similar upgrade to similar equipment it uses to provide hosting for other clients for services similar to the Services). Synacor will provide Client with the appropriate new hardware bill of materials ("BOM") for Client to procure and provision; (b) if the hardware vendor no longer supports the underlying operating system or firmware on such hardware, then Synacor will provide a recommended new hardware BOM for Client to procure and provision and Client will upgrade such hardware accordingly; and (c) if any of the hardware components fail, Client will be responsible to replace the failed component or ensure that its hardware vendor has access to the failed hardware for replacement, such replacement to occur as soon as reasonably practicable after notice from Synacor or when Client otherwise becomes aware of the hardware failure. In the event any hardware has failed, Client will ensure that it or its hardware support vendor works in good faith with Synacor to transition any Software or data to the new hardware as necessary.

C. Synacor shall provide, 7x24x365, the service levels in this Service Level Agreement ("SLA"), as follows, as measured on a monthly basis.

D. Contact Information:
Synacor Technical Service Support: 866.535.8286 or tss@synacor.com
Synacor Network Operations Center: [*]
Client Technical Services Support: [*]
Client NOC: [*]
Client hosting center (for escalations only): [*]

Each party will use commercially reasonable efforts to provide the other party at least 30 days' prior notice if the foregoing contact information changes.

II. Monitoring and Reporting

A. In an effort to detect potential problems before they impact the availability and performance of the Services, Synacor continuously monitors the status of the systems using both automated and manual tools employed in its 24 by 7 network operations center ("NOC"). Synacor shall report to Client, via email to [*] and via phone call to Technical Support Jeopardy Management at [*], immediately after discovery, all instances (however brief) of failures to meet Portal Availability (as defined below), Email Service Availability (as defined below) and all other instances of incidents, outages or downtime affecting the User registration and login system or the Service (or portions thereof), regardless of whether or not Synacor bears responsibility for such failures, incidents, outages or downtime.

B. Synacor shall also provide Client monthly reports providing detailed information regarding incidents, outages or downtime affecting the Client Branded Portal (inclusive of Synacor provided Portal Content that is hosted by Synacor in a Synacor or QCC data center) and Email Service, the duration of such, resolution and impact to monthly SLAs. Client will provide Synacor monthly reports providing detailed information regarding incidents, outages or downtime affecting the Client managed network infrastructure (network hardware and Internet connectivity). Synacor's monthly reports to Client shall also include the following information:

1. MTA email server connections (measuring of the number of connections dropped due to email IP blacklists or reputation services):
   (i) Accepted Connections - Total number of connections made to Synacor email servers for Users; and
   (ii) Blocked Connections - Total number of connections dropped that are made to Synacor email servers for Users.
2. Email statistics (measuring the effectiveness of spam filtering);
   (i) Legit Messages - Total number of emails accepted for Users;
   (ii) Blocked Messages - Total number of messages blocked for content.
   (v) Total number of messages delivered and marked as spam by the user .
3. Compromised Account Volume - Total number of compromised User accounts of which Synacor becomes aware; and

C. The parties will schedule a standing monthly operations review meeting that will cover all metrics covered in the monthly report (which schedule of meetings may be modified upon agreement of the parties).

III. Portal Availability

A. "Portal Availability" means that the Client-Branded Portal (inclusive of Synacor provided Portal Content that is hosted by Synacor) is fully functional with [*] average uptime in any calendar month. As an example, Content Synacor includes on the Portal from STATS and Grab Networks is not currently hosted by Synacor and therefore not covered by the Portal Availability metrics, but Content from AP and Events Media is hosted by Synacor. For these purposes, "Fully Functional" means that the applicable Service is continuously operable, available, and responsive to Client's Users without delay or malfunction, [*] . Portal Availability excludes:

(i) downtime or degradation due to Maintenance (as described in Section VII, below) provided that prior written notice of the maintenance window is given to Client;
(ii) the inability of Users to access the Client Branded Portal, Content, or any other Services as a result of such Users' Internet/network connection;
(iii) the inability of Client Providers to update or deliver Content, provided that the inability is not due, in whole or in part, to Synacor.
(iv) downtime or degradation due to a security intrusion event as described in Section VI SECURITY, below, or a 'denial-of-service' attack from external sources outside Synacor's control;

(v) downtime or degradation due to problems with Client-provided data APIs, authentication mechanisms or similar services (except to the extent that such problem is due to an act or

omission of Synacor or its agents, provided Synacor knew or reasonably should have known that it had an obligation to act);

(vi) downtime or degradation of Email Services, which are covered under the separate service level requirements of Section IV;

B. Portal Availability Credits. If Synacor fails to meet the monthly SLAs above for any month during the Term (inclusive of the Wind-Down Period), as identified in the monthly report given to Client, and if Client makes a request to Synacor within [*] of the end of the month in which Synacor failed to meet the SLA, the Portal Availability credits set forth below will be applied to Client's account for each month during which Synacor failed to meet the required Portal Availability. To the extent possible, the credits will be applied during the billing period following the month in which such failure occurs and shall be detailed as a separate line item on the invoice. For example, if SLA credits are due for failures that occurred in the month of September, such credits will be applied to the October billing period.

a. A credit of [*] of the monthly Platform Fees identified in Attachment A in the applicable month, plus an additional [*] of such fees for every increment of [*] by which Portal Availability fails to meet the required percentage, up to a maximum of [*] of the Platform Fees which would otherwise have been payable by Client to Synacor for the applicable month.

b. Chronic Portal or Synacor-hosted Content Unavailability. Client shall receive the credits set forth in (a) above, and in addition shall have the right to terminate the Agreement for cause upon 30 days written notice to Synacor, in the event that the Client Branded Portal or Synacor-hosted Content is unavailable for the duration of any of the following:

[*]

IV. Email Service Availability

A. "Email Service Availability" means that the Email Services provided to Client, as described in subsections (i) through (iv) below, are Fully Functional with 99.9% average uptime in any calendar month.

(i). Webmail – core webmail features, including login, folder view, message view, and message composition.

(ii). Post Office Protocol ("POP") – POP and Internet message access protocol ("IMAP") access will be subject to the [*] Portal Availability measurement.

(iii). Incoming SMTP – [*] of incoming email will be delivered to the recipient's mailbox within [*] minutes of receipt at Synacor's SMTP servers, except where Synacor is receiving substantially more email than is normally received a denial-of-service attack or a severe increase in the amount of unsolicited email.

(iv). Outgoing SMTP – delivery of outgoing messages can be affected by a number of factors, including deferrals or rejections by receiving SMTP servers, faulty mail exchanger ("MX") records, and Internet transit. However, Synacor guarantees that [*] of all outgoing email will be sent to its destination within [*] minutes, provided, however, that Synacor shall not be responsible for whether emails are received or accepted by the destination email .

B. For all email transactions and processing, Synacor shall, for security reasons, use Port 587 and exclude the use of Port 25.

C. Email Service Availability excludes the following situations (to the extent beyond Synacor's reasonable control) provided, however, that sections (v), (vi), (vii), and (ix) shall only apply for so long as and with regard to email stored in [*] or [*]:

(i) mass mailings [*] by Client without prior notification to Synacor (so Synacor can mitigate systems impacted by such actions);

(ii) a User being blocked or Client be ing blacklisted by a third-party as a result of mass mailings by Users;
(iii) attacks perpetrated by compromised accounts (defined as an email account that an unauthorized user has gained access to and is able to act on behalf of the authorized User);
(iv) open email relays on the Client's network that are not managed by Synacor;
(v) downtime or degradation due to Client's or its data center's failure to permit Synacor remote access to the data center or the hardware on which the Service related Software and data reside;
(vi) downtime or degradation due to a failure of Client's hardware or bandwidth dedicated to the e-mail Services;
(vii) downtime or degradation due to Client's failure to comply with its obligations under this Schedule F or Schedule G; and
(viii) downtime or degradation due to Client's failure to provide notice as set forth in Section V, below.
(ix) downtime or degradation due to a failure of Client's data center (including, but not limited to, any failure related to power or cooling) not resulting from the act or omission of Synacor or its agents.

D. Due to the distributed architecture Synacor uses to deliver Email Services, it is likely that downtime (email system unavailability) or degradation may only affect a subset of the total user base. In the event of a failure of one or more mail-drop servers, downtime (system unavailability) will be calculated based on the affected Users as a percentage of the total User base. For example, if 10% of the User base was affected by the email system unavailability for 30 minutes, the official downtime would be 3 minutes.

E. Email Service Availability Credits. If Synacor fails to meet the monthly SLAs above for any month during the Term (inclusive of the Wind-Down Period), as identified in the automated monthly report given to Client, and if Client makes a request to Synacor within 30 days of the end of the month in which Synacor failed to meet the SLA, the Email Service Availability credits set forth below will be applied to Client's account for each instance of Synacor's failure to meet the required Email Service Availability. To the extent possible, the credits will be applied during the billing period following the month in which such failure occurs and shall be detailed as a separate line item on the invoice. For example, if SLA credits are due for failures that occurred in the month of September, such credits will be applied to the October billing period.

a. A credit of [*] of the monthly Email Fees identified in Attachment A in the applicable month, plus an additional [*] of such fees for every increment of [*] by which Email Service Availability fails to meet the required percentage, up to a maximum of [*] of the fees for Email Services which would otherwise have been payable by Client to Synacor for the applicable month.

b. Chronic Email Service Unavailability. Client shall receive the credits set forth in (a) above, and in addition shall have the right to terminate the Agreement upon 30 days written notice to Synacor, in the event that Email Services are unavailable for the duration of any of the following:
[*]

V. Client Changes and/or Actions

Prior to taking any of the actions identified below, and unless different (or no) notice requirements with respect to any such actions are agreed upon in a written implementation plan, Client shall give Synacor notice, as set forth below, with respect to the various actions set forth below:

ction / Change	*Required Notification*
ıddition, by the Client, of third-party Content or application to the ystem (for example, advertising or marketing promotions) that is not ɔutine or otherwise the subject of an ıtegration plan.	Client will provide full technical details of proposed change to Synacor 2 weeks prior to implementation.

nsertion, by the Client or its delegates, of ITML Content using Synacor's content publishing interfaces and APIs.	Client will notify Synacor at least [*] prior to insertion.
ddition of new cookies to portal or webmail domain or q.com domain or other domains managed by Synacor on behalf of the Client under his Agreement) by Client or third party acting on behalf of Client.	Client will notify Synacor at least [*] prior to implementation.
romotions or other marketing activities that Client reasonably elieves will increase Client Branded Portal usage by [*] or more.	Client will notify Synacor at least [*] prior to undertaking such promotions or marketing activities.
Material changes to Synacor-facing APIs and data exchange mechanisms.	Client will use reasonable efforts to notify Synacor at least [*] prior to implementation.
hanges to the hosting facilities (inclusive of managed network nfrastructure, and exclusive of a move of the data center which would equire more advanced notice) and/or bandwidth provided to Synacor ereunder.	Client will notify Synacor at least [*] prior to undertaking maintenance or testing that Client reasonably believes will impact Synacor's provision of the Services.
ending of mass emails by Client.	Client will notify Synacor at least [*] prior to mailings to [*] or more of HSI Subscribers.
hanges / configurations to name service, including MX record.	Client will notify Synacor at least [*] prior to implementation.

VI. Security

A. Synacor's security team proactively evaluates network security risk, inclusive of risk to the system and Services, develops and implements policies and incident prevention programs, educates management and staff about security policies, and handles computer security incidents.

B. ***System Intrusion .*** In the event of a system intrusion by an unauthorized person or malicious code, affected parties will be notified and a solution will be implemented. Notification of such events to Client by Synacor will occur upon confirmation by Synacor's security team that there was a bona fide intrusion event, but in no event later than 3 days after the event.

C. ***Network Security .*** Synacor will at all times during the Term maintain network firewalls, load balancers and intrusion detection devices to prevent, among other problems, unauthorized access to the network infrastructure and systems. Network attacks such as denial-of-service attacks are logged. Synacor will notify Client when such attacks are detected and collaborate with Client to assess the validity of such attacks. Synacor shall at all times during the Term encrypt data during the Client authentication process and Synacor shall update Client should changes occur to such process.

D. ***Physical Security.*** As between the parties, for [*] Client and for [*] and [*] Synacor, shall be responsible to ensure the physical security of the data center and the hardware and equipment dedicated to the Services and system. With regard to any failure to maintain security of the hardware in the respective data centers, the other party shall be entitled to relief from the applicable SLAs as outlined above.

E. ***Phishing Attacks/Attempts.*** In addition to the foregoing, Synacor shall promptly notify Client's security team, at a number or e-mail address (Client may request that these notifications occur via email) as provided by Client to Synacor, of all instances of phishing identified by Synacor and directed at Users.

VII. Maintenance Windows

A. Synacor may reserve one or more windows for weekly application revision/infrastructure maintenance, should the need for such maintenance arise. Typically Synacor conducts maintenance in a 4 hour window from 1:00am to 5:00 am Mountain Time every Monday ("Scheduled Maintenance Window") and will use commercially

reasonable efforts to perform such maintenance during times of least impact to Users. However, Synacor may move or add maintenance windows as necessary. In the event maintenance will be ne eded during the Scheduled Maintenance Window, Synacor will notify the Client no less than 2 business days prior to the window. In the event a maintenance window needs to be moved or added, Synacor will gain written approval from Client of the day and spec ified window of time for such maintenance prior to conducting such maintenance. If it is determined during the conduct of any maintenance that the maintenance will run over the allotted or agreed window, Client will be notified immediately via e-mail to [*] and via phone call to Technical Support Jeopardy Management at [*] and be asked to provide, at its reasonable discretion, approval for the extension, and receive regular updates until the maintenance is complete. During these maintenance windows and an y approved extensions thereof, the system and Services may be unavailable to Client and Client's Users. Scheduled Maintenance Windows and any approved extensions thereof are not counted against Portal or Email Availability percentages.

VIII. Emergency Maintenance Notification

A. In the event that maintenance is required outside of the Scheduled Maintenance Windows and it will adversely affect Client's Users, Synacor will notify Client about the emergency maintenance window as soon as Synacor determines such emergency maintenance window is needed. Notification will detail the expected degree of adverse effect on the applicable Service or availability thereof. Emergency maintenance windows are counted against Portal or Email Availability percentages (as applicable), unless Synacor and Client mutually agree otherwise in writing (email being sufficient for this purpose).

IX. Customer Support Procedures

A. Incident Management.

Tier 1 – Client will provide first level support to Users, consisting of: (i) handling questions from Users regarding customer/technical support, order processing, and use of the Service; and (ii) accepting and responding to problem calls from Users relating to the Service; (iii) supporting User devices and underlying Client systems and architecture; and (iv) providing notification to Synacor of changes, maintenance, and outages of underling systems that may affect Service.

Tier 2/Tier 3 – Synacor will provide second level support to Client, consisting of: (i) accepting and responding to problem escalations reported by representatives of Client with regard to problems that cannot be resolved by Client; (ii) resolving reported problems; (iii) providing notification to Client of changes, maintenance, and outages of underlying systems that may affect Service.

Synacor will provide Client the following:

(i) Technical support offered in English.

(ii) Email address for submitting 2 nd level support incidents to Synacor.

(iii) Phone support 24 hours a day, 7 days a week.

B. Priority. Client wi ll estimate the priority at the time the incident is reported. The priority can change at any time during the process. Incidents will be categorized by product category, with the following priorities definitions:

Priority 1 (P1) means that the system or Service is substantially non-operational such that it causes severe commercial impact and there are no known workarounds.

Priority 2 (P2) means a problem with the system or Service that causes significant commercial impact which cannot be resolved (temporarily) by workarounds.

Priority 3 (P3) means a non-critical problem or incident with the system or Service where Client is able to continue to utilize the system or Service and a workaround is not available.

Priority 4 (P4) means an incident that is not a P1, P2, or P3 incident, is non-critical, and for which an applicable workaround is available.

"Support Response Time" means the elapsed time between the incident escalation by Client and the time within which Synacor begins support as verified by a verbal or email confirmation to Client.

Standard Support Response Times are as follows:

Incident Priority	Initial Synacor Response	System Fix or Workaround Implemented
P1	[*]	[*]
P2	[*]	[*]
P3	[*]	[*]
P4	[*]	[*]

A chronic failure to meet these timeframes, other than P3 and P4 fix and workaround timeframes (with "chronic" defined as 5 failures in any 3-month rolling period), shall give rise to a Client right to terminate the Agreement on 30 days' written notice.

C. Synacor will be responsible for the contro l and management of incident calls and assignment of priority and escalation to resources within Synacor in its sole and absolute discretion. Client reserves the right to escalate as reasonably required should stated response times not be met or response is not detailed enough for Client to manage overall customer response (IVR, internal escalation, etc).

X. Escalation Path

A. The escalation process consists of the reporting, troubleshooting, diagnosis, and resolution processes. The table below sets forth the time within which a specified Synacor employee or agent will respond to contacts regarding any system or Service incidents, outages or failures or any support inquiries identified by either Client, Synacor or any Content Provider. All incidents are initially assigned to a Synacor support engineer to be addressed substantially in accordance with the Standard Support Response Times set forth above and will thereafter follow the escalation path set forth below; upon reasonable request by Client, Synacor will move an escalation from the Standard Support Response Times to the escalation path set forth below. However, Synacor may choose from time to time to handle issues outside of the escalation path indicated below if, in Synacor's reasonable judgment, such issues either need to be escalated more quickly or can be resolved without escalation, but in any such event Synacor's response time shall not exceed the response times set forth above.

Escalation Levels	Escalation Response Time	Synacor (individual contacts and phone numbers may change from time to time upon written notice)
Level 1	Synacor Technical Support Agents available 24 hours per day, 7 days per week for portal issues. M-F for vendor issues, provided that severe incidents will be initially supported by Synacor and escalated to the relevant vendor during weekends as well.	Synacor TSS Team tss@synacor.com 1.866.535.8286
Level 2	Level 2 should be contacted if the issue is not answered within 15 minutes.	Support Supervisor
Level 3	Level 3 should be contacted if the issue is not answered within 15	Operations Suppor

	minutes from either Level 1 or Level 2.	Manager
Level 4	Level 4 should be contacted if the issue is not answered within 30 minutes from Level 1, Level 2 or Level 3.	Account Manager

SCHEDULE G
TO
MASTER SERVICES AGREEMENT

HOSTING SERVICES

1. General. This Schedule G shall apply solely with respect to hosting services and equipment provided by Client for either [*] or [*].

(a) All aspects of where the hosting of the Services will be provided and how the hosting of the Services will be provided shall be determined in Client's reasonable discretion, provided that Client will discuss any proposed changes thereto with Synacor to the extent such changes have the potential to impact delivery of the Services; Client may change the where or how of hosting on reasonable advance notice to Synacor. The hosting provided by Client includes a high-speed network connection to the Internet via an Ethernet LAN connection from the CPE to the Qwest Communications Corporation ("QCC") backbone through which Synacor will have continuous access, subject to the Hosting SLA set forth in Exhibit 1 to this Schedule G. Neither QC nor QCC exercises any control over Synacor's content (*e.g* ., text, data, images, sounds, programs, code, etc.) and other materials transmitted through the hosting services hereunder.

2. Hosting Terms.

(a) Premises.

(i) License Grant. Client hereby grants Synacor a limited, personal, non-exclusive, non-transferable license ("License") to, when invited by Client, access the area within a QCC CyberCenter (the "Premises") where the System and Services equipment and Software are hosted, as reasonably necessary in order to install, maintain and operate the System, Software and Services resident in or provided via equipment located in the Premises. Synacor, through its Authorized Representatives (with "Authorized Representative" meaning one of no more than 6 individuals (*e.g* ., employee, contractor, etc.) that Synacor designates in writing as having authority to access the Premises on Synacor's behalf), may, when permitted, access and use the Premises only for the foregoing purposes and to interconnect with QCC's network.

(ii) Dir ect Physical Access to Premises. Whenever accessing the Premises, Synacor and its Authorized Representatives will comply with the requirements of any lease, policies, rules and regulations of QCC or its lessor, including, but not limited to, the Qwest Standards for Facility Security and Rules of Conduct (the "Standards") to the extent provided to Synacor by Qwest. Such Standards are subject to change at QCC's sole discretion, and Qwest will provide Synacor with updates as changes are made. The following items are prohibited in the Premises: explosives, tobacco-related products, weapons, cameras (*e.g* ., video, web, etc.), video tape recorders, hazardous materials, flammable liquid or gases or similar materials, electro-magnetic devices, or other materials or equipment that QCC, at any time and at its sole discretion, deems prohibited. Only Authorized Representatives are permitted to access the Premises on Synacor's behalf. QCC, at its sole but reasonable discretion, may refuse to allow an Authorized Representative to enter the Premises. If refusal of Authorized Representative is unreasonable and is the cause of Service downtime or degradation, Synacor will not be liable for SLA credits under Schedule F to the extent of Client's cause of the downtime or degradation. Authorized Representatives entering the Premises may, at QCC's sole discretion, be required to be accompanied by an authorized employee or agent of QCC (the "Escort"). All of Synacor's work in the Premises will be performed in a safe and workmanlike manner. Synacor and its Authorized Representatives will not alter or tamper with any property or space within the CyberCenter. Synacor's work operations in the Premises may be suspended if, in Escort's sole discretion, any hazardous conditions arise or any unsafe or insecure practices are being conducted. In order to provide Synacor with physical access to the Premises and proximity to equipment owned by third parties, Synacor will at all times during which it or its agents access(es) the Premises, at its own cost and expense, carry and maintain the following insurance coverage with insurers having a minimum "Best's" rating of A VII (A-7): (a) commercial general liability insurance covering claims for bodily injury, death, personal injury, or property damage (including loss of use) occurring or arising out of the license, use or occupancy of the Premises by Synacor, including coverage for premises-operation, products/completed operations, and contractual liability with respect to the liability assumed by Synacor hereunder, with limits not less than $2,000,000 for each occurrence, $4,000,000 for general aggregate, $2,000,000 for products/completed

operations, and $2,000,000 for personal and advertising injury; (b) workers' compensation insurance with s tatutory limits as required in the state(s) of operation and providing coverage for any employee entering onto the Premises, even if not required by statute; (c) employer's liability or "Stop Gap" insurance with limits of not less than $100,000 each accide nt; and (d) comprehensive automobile liability insurance covering the ownership, operation, and maintenance of all owned, non-owned, and hired motor vehicles used in connection with travel to, from and around the CyberCenter and Premises, with limits of at least $1,000,000 per occurrence for bodily injury and property damage. The insurance limits required herein may be obtained through any combination of primary and excess or umbrella liability insurance. Synacor will forward to Client certificate(s) of s uch insurance upon the effectiveness of this Schedule and upon any renewal of such insurance during the term. The certificate(s) will provide that: (x) Client and QCC be named as additional insured; (y) 30 days prior written notice of cancellation, materi al change or exclusion to any required policy will be given to Client; and (z) coverage is primary and not excess of, or contributory with, any other valid and collectible insurance purchased or maintained by Client or QCC. If Client moves the hosting ser vices to a different facility, Synacor may be required to obtain different or additional insurance and/or to have additional parties named as additional insureds.

(iii) Remote Access. Subject to subsection (iv), below, Synacor will be given by Client the continuous ability to remotely access the System, Software and Services resident in or provided via equipment located in the Premises. Such remote access shall be conducted at all times in accordance with industry standard practices with regard to the safety, security and integrity of the System, Software and Services and all equipment in the Premises. Synacor's remote access may be suspended if, in Client's sole and reasonable discretion, any hazardous conditions arise or any unsafe or insecure practices are being conducted.

(iv) Synacor may not use any Client or QCC equipment or the Premises for any purposes other than as minimally necessary to do so in order to fulfill its obligations under the Agreement. SYNACOR UNDERSTANDS AND AGREES THAT, TO THE EXTENT IT DISTURBS, INTERRUPTS OR DAMAGES ANY QCC OR CLIENT EQUIPMENT OR PROPERTY IN THE PREMISES WHILE ACCESSING (DIRECTLY OR REMOTELY) THE PREMISES OR THE SOFTWARE OR SYSTEMS OR EQUIPMENT IN THE PREMISES UPON WHICH THE SERVICES RESIDE OR ARE PROVISIONED, SYNACOR SHALL HAVE FULL RESPONSIBILITY AND LIABILITY FOR SAME AND SHALL NOT BE RELIEVED OF ANY OBLIGATIONS IN THE AGREEMENT RELATED TO THE PERFORMANCE OF THE SERVICES, INCLUDING, BUT NOT LIMITED TO, THE OBLIGATIONS IN SCHEDULE F. Synacor will defend, indemnify, and hold harmless Client and QCC and their Affiliates and contractors from any third party Claims arising out of or related to any damages caused by Synacor, its Authorized Representatives, employees, agents or contractors to any part of the CyberCenter or the equipment, data or networks of Client, QCC or QCC's customers.

(b) Maintenance. QCC will conduct routine, scheduled maintenance within its CyberCenters, during which time the Premises and equipment, Software and Systems therein may be inaccessible by Synacor or unable to transmit or receive data. QCC or Client will notify Synacor at least 2 business days prior to such maintenance being performed, and of the potential implication or impact thereof. Client shall not be entitled to any credits under Schedule F to the extent any downtime or degradation of the Software, Systems, or Services occurs as a result of such maintenance. Client and/or QCC may periodically enter the Premises to conduct routine or emergency inspections of the space and all equipment located therein.

(c) Disclaimer of Warranties. CLIENT AND QCC DISCLAIM ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF TITLE, NONINFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, RELATED TO THE HOSTING AND OTHER SERVICES PROVIDED UNDER THIS SCHEDULE.

(d) Escalations. Initial hosting escalation calls/requests shall be made to QCC's First Touch Response ("FTR") desk at [*]. FTR will escalate as necessary with a QCC manager. [*] shou ld also be contacted or copied on all calls/requests. Additional escalation contacts may be provided by Client, as appropriate, at installation of Synacor software/equipment in the CyberCenter. When making escalation calls/requests, Synacor shall define the nature of the emergency in accordance with the following tables:

Table 1: Trouble Ticket Severity Level Definitions

everity	Description	Example
rouble	Entire CyberCenter affected	• Multiple network circuit outage • Router/switch problem • Network outage
rouble	• Multiple customers affected • Single customer server(s) inoperable • Web site inaccessible • QCC-managed firewall inoperable • Hacking issue All backups for all customers in one CyberCenter failed to start and/or complete.	• Multiple servers down for multiple customers • Server(s) down for single customer • Web site down • QCC-managed firewall down • Master backup servers down • Entire silo down
rouble	• Partial server outage • Single client hardware device impaired • Customer software application issue • Network latency • Customer firewall partially impaired • Scheduled backup failed within customer's defined backup window (single or multiple customers, but not all customers in CyberCenter) • QCC internal machine impairments or outages • HPOV configuration issues o QCC finds that it is monitoring an invalid IP o QCC finds that it is not monitoring all the IPs that belong to the customer (customer added one, but QCC didn't know that QCC needed to be monitoring because QCC wasn't notified)	• Hardware on server is inoperable (drive, CPU board or memory chip) • Third party software application issue (Cold Fusion, database or email issue, application release caused server impairment) • High disk usage • High CPU utilization • Web site accessible, but customer is having problems with their firewall. • QCC internal machines, such as jumpstarts, BUNS, syslogs are impaired or down completely • Received alarm on invalid or incorrect IP • Master server down when no backups are running.

Table 2: Request, Informational, and Question Ticket Types and Severity Levels

Request, Informational, and Question tickets are all coded as severity 4. All service requests are coded as Requests; Informational Tickets are company records of events that serve to inform the organization of non-service impacting issues. Table 2 shows examples of each ticket type. Although NTM allows users to open Question tickets, Hosting Operations does not recognize them and all customer questions or requests for information should be opened as Request tickets.

Ticket Type	Example
everity 4 – Informational	• Scheduled backup failed on first or second attempt, but the re-scheduled backup was completed within the customer's defined backup window • Alarm created by monitoring applications, but there was no problem found after troubleshooting. • Server inoperable due to maintenance work performed by customer • Server removed or uninstalled by Qwest or QCC • Customer contacts FTR to inform that they are performing maintenance on their Basic or Enhanced machine • CyberCenter contacts FTR to inform of customer escort
everity 4 – Request	• All service requests such as the following: o Reboot on a machine that is operable o Restore (data, web page, application) o Run backup o New IP address o Modification of HOT data o After Action Report o CyberCenter or CyberCentral tour
)uestion	• All Question tickets should be opened as Request tickets

Exhibit 1
To
Schedule G
of the
Master Services Agreement

Hosting and Network SLA

1. Definitions. Unless defined herein, capitalized terms will have the definitions assigned to them in the Agreement or as defined in an applicable Schedule thereto .

2. Hosting SLA. The Service Level Agreements ("SLAs") applicable to the hosting services obtained by Client are as set forth below. Client will provide Synacor with dedicated bandwidth to access the hosting facilities provided by Client and Client's equipment therein dedicated to the Synacor Services (as described in this Schedule) with 99.9% average service availability (uptime) measured during each calendar month (the "Hosting SLA").

3. Service Credit Exceptions; Maximum Credits. Service credits will not be available in cases where the Hosting SLA is not met as a result of: (i) the negligence, acts, or omissions of Synacor, its authorized representatives, employees, contractors, or agents , including, without limitation, any breach of the obligations of Synacor under the Agreement; (ii) the failure or malfunction of equipment, applications or systems not owned, leased, licensed, or operated by Client; (iii) scheduled maintenance, alteration, or implementation (provided that Client provides prior notice as required by the Agreement); or (iv) the inability of Synacor to access Client's equipment or the dedicated bandwidth used to access the hosting facility attributable to problems with the Synacor APIs, internal systems, software, hardware not hosted within the Client obtained hosting facilities, third party attacks of any kind, or internet failure. The Hosting SLAs only apply to dedicated bandwidth and hosting services obtained by Client for the hosting of Client equipment dedicated to the Client Branded Portal and e-mail Service. Accordingly, Synacor is solely responsible for administering and managing all aspects of its application(s). There are no SLAs associated with the availability (or unavailability), administration, or management of Synacor's applications, database tables, or other internal features. Synacor's remedies for any and all claims relating to the hosting services provided by Client will be limited to those set forth in this Hosting SLA.

4. Credits. If Client fails to meet the Hosting SLAs, as measured by Synacor or QCC, Synacor shall be entitled to a service credit in the amount of: [*] . Additionally, Synacor shall be relieved of its obligation to pay credits under Schedule F to the extent such obligation would otherwise result from Client's failure to meet the Hosting SLAs.

5. Credit Requests. To receive Hosting SLA credits, Synacor must request such credit from Client (based upon monthly reporting to be provided by Client during the monthly service quality meetings) within 30 calendar days from the date the relevant Hosting SLA goal was not met. A credit will be applied only to the month in which the event giving rise to the credit occurred. Outages spanning month-end will be handled as a single outage and credited appropriately.

SCHEDULE H
TO
MASTER SERVICES AGREEMENT

User Experience

[*]

The Parties will maintain a persistent visible feedback mechanism on centurylink.net. Client will [*] perform the initial feedback review and analysis. The Parties will evaluate these feedback analyses monthly, and identify and appropriately prioritize projects for improving the products.

[*]. Synacor and Client will actively track and report to each other customer experience enhancements. [*] the parties will review customer experience projects implemented [*]. Projects should be associated with corresponding customer feedback [*] when applicable.

Synacor and Client will incorporate customer experience and retention metrics in a standard scorecard that will be reviewed [*].

SCHEDULE I1
TO
MASTER SERVICES AGREEMENT

List of Competitors

[*]

SCHEDULE I2
TO
MASTER SERVICES AGREEMENT

List of Competitors

Suppress ads and paid search results from the following Client competitors:

[*]

EXHIBIT A

SUPPLIER ACKNOWLEDGEMENT AND CERTIFICATION
CORPORATE ETHICS AND COMPLIANCE PROGRAM

CenturyLink has adopted various policies and procedures that govern CenturyLink and its employees' interaction with its contractors and vendors. The general intent of these policies is to ensure that all our vendors are treated fairly and equally and that CenturyLink receives the most competitive bids for the products and services it purchases, without the inappropriate influence of either personal or financial relationships.

As a vendor partner, you play an important role in helping us assure compliance with these policies. CenturyLink's corporate compliance policies can be fairly summed up by two simple propositions: (i) no CenturyLink employee should seek or accept, and no vendor should offer or be put at any competitive disadvantage by failing to offer, any compensation or other material benefit or favor and (ii) no CenturyLink employee should have any interest, whether directly or through family or business relationships, in any work any vendor performs on behalf of CenturyLink without having first fully disclosed and received approval of such interest from CenturyLink Corporate Ethics and Compliance. The policies themselves are detailed in the Code of Conduct, which can be obtained on-line at http://www.centurylink.com/static/PDF/AboutUs/Governance/Code_of_Conduct.pdf (If you do not have access to the Internet, a hard copy of the CenturyLink Code of Conduct can be obtained from CenturyLink upon written request).

WE EXPECT OUR EMPLOYEES TO CONDUCT THEMSELVES WITH THE HIGHEST DEGREE OF HONESTY AND INTEGRITY. IF YOU SUSPECT ANY VIOLATIONS OF THESE PRINCIPLES YOU SHOULD IMMEDIATELY CONTACT THE CENTURYLINK INTEGRITY LINE AT [*] **. YOUR COMMUNICATION WILL BE TREATED CONFIDENTIALLY.**

To further assist CenturyLink in its monitoring of its compliance programs, the undersigned contractor (" **Supplier** ") hereby: (i) acknowledges that it has obtained a copy of CenturyLink's Code of Conduct and Supplier Code of Conduct located at url; http://www.centurylink.com/aboutus/docs/CenturyLink_Supplier_Code_of_Conduct.pdf, (ii) agrees to conduct its affairs with CenturyLink in full conformity with the terms and principles of the Supplier Code of Conduct, (iii) agrees to refrain from soliciting or encouraging any other person to violate the terms or principles of CenturyLink's Code of Conduct or Supplier Code of Conduct, and (iv) agrees that it will promptly report to CenturyLink's Integrity Line any violation of CenturyLink's compliance policies of which it may become aware.

Supplier also understands that it is a violation of CenturyLink policies for any CenturyLink employee or any person who is affiliated with any CenturyLink employee through family or business relationships to conduct business with CenturyLink, or have any direct or indirect economic interest in any work performed on behalf of CenturyLink, without having received explicit approval from CenturyLink Corporate Ethics and Compliance to have such interest.

We appreciate your assistance in helping us achieve CenturyLink's objectives, and we greatly appreciate your assistance in helping us ensure the quality and effectiveness of our Compliance Programs. If you have any questions about this form or the information which it requests, please feel free to contact members of the Ethics and Compliance team by contacting the CenturyLink Integrity Line at [*] .

Exhibit 10.4

SIXTH A MENDMENT
TO
LOAN AND SECURITY AGREEMENT

This Sixth Amendment to Loan and Security Agreement (this " **Amendment** ") is entered into this 30th day of March, 2017, by and among: (a) **SILICON VALLEY BANK** (" **Bank** ") and (b) (i) **SYNACOR, INC.** , a Delaware corporation (" **Synacor** "), (ii) **NTV INTERNET HOLDINGS, LLC** , a Delaware limited liability company (" **NTV** "), and (iii) **SYNC HOLDINGS, LLC** , a Delaware limited liability company (" **Sync** ", and together with Synacor and NTV, individually and collectively, jointly and severally, the " **Borrower** ").

RECITALS

A. Bank and Borrower have entered into that certain Loan and Security Agreement dated as of September 27, 2013 (the " **Loan and Security Agreement** "), as amended by that certain First Amendment to Loan and Security Agreement dated as of October 28, 2014, by and among Borrower and Bank, as amended by that certain Joinder to Loan and Security Agreement dated as of April 13, 2015, by and among Borrower and Bank, as amended by that certain Joinder to Loan and Security Agreement dated as of September 25, 2015, by and among Borrower and Bank, as amended by that certain Second Amendment to Loan and Security Agreement dated as of September 25, 2015, by and among Borrower and Bank, as further amended by that certain Third Amendment to Loan and Security Agreement dated as of October 28, 2015, by and among Borrower and Bank, as further amended by that certain Consent and Fourth Amendment to Loan and Security Agreement dated as of February 25, 2016, by and among Borrower and Bank, and as further amended by that certain Fifth Amendment to Loan and Security Agreement dated as of November 8, 2016, among Borrower and Bank (as amended, and as the same may from time to time be further amended, modified, supplemented, restated or amended and restated, the " **Loan Agreement** ").

B. Bank has extended credit to Borrower for the purposes permitted in the Loan Agreement.

C. Borrower has requested that Bank amend the Loan Agreement to make certain revisions thereto as set forth herein.

D. Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

Amendments to Loan Agreement.

Section 6.7(d) (Free Cash Flow) . The Loan Agreement shall be amended by deleting Section 6.7(d) thereof in its entirety and inserting in lieu thereof the following:

> " (d) Free Cash Flow . Measured as of the end of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2016 and continuing with each fiscal quarter thereafter, on a trailing six-month basis, Free Cash Flow of at least: (i) for the six-month period ending on December 31, 2016, ($4,750,000), (ii) for the six-month period ending on March 31, 2017, ($7,500,000), (iii) for the six-month period ending on June 30, 2017, ($7,000,000), (iv) for the six-month period ending on September 30, 2017, ($500,000), (v) for the six-month period ending on December 31, 2017, $500,000, and (vi) for the six-month period ending on March 31, 2018, and

each subsequent six-month period thereafter ending on the last day of a fiscal quarter of Borrower, $1,000,000."

Exhibit E (Compliance Certificate). The Compliance Certificate appearing as Exhibit E to the Loan Agreement is amended in its entirety and replaced with the Compliance Certificate in the form of Schedule 1 attached hereto.

Limitation of Amendments.

The amendments set forth in Section 2 above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

Representations and Warranties. To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

The organizational documents of Borrower delivered to Bank on the Effective Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

Ratification of Intellectual Property Security Agreement . Synacor hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of a certain Intellectual Property Security Agreement dated as of

September 27, 2013, be tween Synacor and Bank, as amended by that certain First Amendment to Intellectual Property Security Agreement dated as of September 25, 2015, by and between Synacor and Bank, and as further amended by that certain Second Amendment to Intellectual Property Security Agreement dated as of April 29, 2016, by and between Synacor and Bank (as amended, the " **Synacor IPSA** ") and acknowledges, confirms and agrees that the Synacor IPSA (a) contains an accurate and complete listing of all Intellectual Property Collater al, as defined in the Synacor IPSA, as of the date of this Amendment, and (b) shall remain in full force and effect. NTV hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of a certain Intellectual Property Security Agreem ent dated as of April 13, 2015, between NTV and Bank (the " **NTV IPSA** ") and acknowledges, confirms and agrees that the NTV IPSA (a) contains an accurate and complete listing of all Intellectual Property Collateral, as defined in the NTV IPSA, and (b) shall r emain in full force and effect. Sync hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of a certain Intellectual Property Security Agreement dated as of September 25, 2015, between Sync and Bank (the " **Sync IPSA** ") and ackn owledges, confirms and agrees that the Sync IPSA (a) contains an accurate and complete listing of all Intellectual Property Collateral, as defined in the Sync IPSA, and (b) shall remain in full force and effect.

Ratification of Perfection Certificate . Synacor hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Synacor dated as of September 25, 2015, as delivered to Bank, and acknowledges, confirms and agrees the disclosures and information Synacor provided to Bank in said Perfection Certificate have not changed, as of the date hereof. NTV hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of NTV dated as of April 13, 2015, as delivered to Bank, and acknowledges, confirms and agrees the disclosures and information NTV provided to Bank in said Perfection Certificate have not changed, as of the date hereof. Sync hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Sync dated as of September 25, 2015, as delivered to Bank, and acknowledges, confirms and agrees the disclosures and information Sync provided to Bank in said Perfection Certificate have not changed, as of the date hereof.

Integration . This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

Effectiveness . This Amendment shall be deemed effective upon (a) the due execution and delivery to Bank of this Amendment by each party hereto, and (b) Borrower's payment to Bank of (i) a fully-earned, non-refundable amendment fee in an amount equal to Thirty Thousand Dollars ($30,000.00), and (ii) Bank's legal fees and expenses incurred in connection with this Amendment.

[Signature page follows.]

In Witness Whereof, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

BANK

SILICON VALLEY BANK

By: /s/ Frank Groccia
Name: Frank Groccia
Title: Vice President

BORROWER

SYNACOR, INC.

By: /s/ William J. Stuart
Name: William J. Stuart
Title: Chief Financial Officer

NTV INTERNET HOLDINGS, LLC

By: /s/ William J. Stuart
Name: William J. Stuart
Title: Manager

SYNC HOLDINGS, LLC

By: /s/ William J. Stuart
Name: William J. Stuart
Title: Manager

SCHEDULE I

EXHIBIT E

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK Date:
FROM: SYNACOR, INC., NTV INTERNET HOLDINGS, LLC and SYNC HOLDINGS, LLC

The undersigned authorized officer of SYNACOR, INC., NTV INTERNET HOLDINGS, LLC and SYNC HOLDINGS, LLC ("Borrower") certifies that under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (as amended, the "Agreement"):

(1) Borrower is in complete compliance for the period ending _____ with all required covenants except as noted below; (2) there are no Events of Default; (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement; and (5) no Liens have been levied or claims made against Borrower relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

se indicate compliance status by circling Yes/No under "Complies" column.

porting Covenants	**Required**	**Complies**
nthly financial statements and Compliance Certificate	Monthly within 45 days	Yes No
nual financial statement (CPA Audited), if not otherwise blicly available	FYE within 120 days	Yes No
rrowing Base Certificate and A/R & A/P Agings	Monthly within 45 days	Yes No

e following Intellectual Property was registered (or a registration application submitted) after the Effective Date (if no istrations, state "None")

_____

_____

ancial Covenants	**Required**	**Actual**	**Complies**
intain at all times:			
uidity Coverage (tested on a monthly basis)	*	____:1.0	Yes No
iling 6 Month Free Cash Flow (tested on a quarterly basis):	**	$_____	Yes No

*See Section 6.7(c) of the Agreement.
**See Section 6.7(d) of the Agreement.

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

Other Matters

ve there been any amendments of or other changes to the capitalization table of Borrower
to the Operating Documents of Borrower or any of its Subsidiaries? If yes, provide copies Yes No
ny such amendments or changes with this Compliance Certificate.

Performance Pricing*		**Applies**
uidity Coverage Ratio > 2.75 to 1.0	Prime + 1.0% or LIBOR plus 3.50%	Yes No
uidity Coverage Ratio ≤ 2.75 to 1.0	Prime + 1.50% or LIBOR plus 4.0%	Yes No

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

SYNACOR, INC.

By:
Name:
Title:

NTV INTERNET HOLDINGS, LLC

By:
Name:
Title:

SYNC HOLDINGS, LLC

By:
Name:
Title:

BANK USE ONLY

Received by: _____
AUTHORIZED SIGNER
Date: _____

Verified: _____
AUTHORIZED SIGNER
Date: _____

Compliance Status: Yes No

Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: _____

I. **Liquidity Coverage Ratio** (Section 6.7(c)) (tested monthly)

Required: (a) for the period commenci ng on October 31, 2016, and continuing through and including January 31, 2017, 2:0 to 1.0, (b) for the period commencing on February 1, 2017 and continuing through and including April 30, 2017, 1.50 to 1.0, and (c) on May 31, 2017, and at all times thereafter, 2.0 to 1.0

Actual: ___ to 1.0

A.	The aggregate amount of unrestricted cash and Cash Equivalents held at such time by Borrower in Deposit Accounts or Securities Accounts in the name of Borrower maintained with Bank or subject to Control Agreements in favor of Bank	$_____
B.	Aggregate outstanding Eligible Accounts (as set forth in Borrowing Base Certificate)	$_____
C.	Line A plus line B	$_____
D.	Aggregate value of all outstanding obligations and liabilities of Borrower to Bank	$_____
E.	Liquidity Coverage Ratio (Line C divided by Line D)	___:1.0

Is Line E equal to or greater than the applicable ratio above?

No, not in compliance Yes, in compliance

II. **Free Cash Flow** (Section 6.7(d)) (tested quarterly)

Required: (a) for the six-month period ending on December 31, 2016, ($4,750,000), (b) for the six-month period ending on March 31, 2017, ($7,500,000), (c) for the six-month period ending on June 30, 2017, ($7,000,000), (d) for the six-month period ending on September 30, 2017, ($500,000), (e) for the six-month period ending on December 31, 2017, $500,000, and (f) for the six-month period ending on March 31, 2018, and each subsequent six-month period thereafter ending on the last day of a fiscal quarter of Borrower, $1,000,000

Actual: $_____

A.	Net Income	$_____
B.	Interest Expense	$_____
C.	To the extent deducted in the calculation of Net Income, depreciation and amortization expense	$_____
D.	Income tax expense	$_____
E.	Stock compensation	$_____
F.	Non-cash items and one-time expenses approved by Bank, in its sole discretion	$_____
G.	EBITDA (Sum of lines A through F)	$_____

H.	Capital Expenditures	$_____
I.	Capitalized Software Expenses	$_____
J.	Cash Taxes	$_____
K.	Free Cash Flow (line G minus line H minus line I minus line J)	$_____

Is line G equal to or greater than the applicable amount above?

No, not in compliance Yes, in compliance _____ N/A [not quarter-end]

Exhibit 31.1

Certifications

I, Himesh Bhise, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synacor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2017

/s/ Himesh Bhise
Chief Executive Officer

Exhibit 31.2

Certifications

I, William J. Stuart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synacor, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2017

/s/ William J. Stuart
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Himesh Bhise, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Synacor, Inc. on Form 10-Q for the quarterly period ended March 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Synacor, Inc.

May 15, 2017

/s/ Himesh Bhise
Himesh Bhise
President and Chief Executive Officer
(Principal Executive Officer)

I, William J. Stuart, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Synacor, Inc. on Form 10-Q for the quarterly period ended March 31, 2017 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Synacor, Inc.

May 15, 2017

/s/ William J. Stuart
William J. Stuart
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Synacor, Inc. and will be retained by Synacor, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. This certification "accompanies" the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.