

PUMATECH INC
Form S-4
October 22, 2003
Table of Contents

Index to Financial Statements

As filed with the Securities and Exchange Commission on October 22, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PUMATECH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

7372
(Primary Standard Industrial

77-0349154
(I.R.S. Employer

Classification Code Number)
2550 North First Street, Suite 500

Identification Number)

San Jose, California 95131

(408) 321-7650

(Address, Including Zip Code, and Telephone Number, Including Area Code, of

Registrant's Principal Executive Offices)

Woodson Hobbs

President and Chief Executive Officer

Pumatech, Inc.

2550 North First Street, Suite 500

San Jose, California 95131

(408) 321-7650

Edgar Filing: PUMATECH INC - Form S-4

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With Copies to:

Elias J. Blawie	Richard Mosher	John C. Yates
Thomas Tobiason	Keith Kitchen	Lauren Z. Burnham
Heller Ehrman White & McAuliffe LLP	Pumatech, Inc.	Morris, Manning & Martin, L.L.P.
2775 Sand Hill Road	2550 North First Street, Suite 500	1600 Atlanta Financial Center
Menlo Park, California 94025	San Jose, California 95131	3343 Peachtree Road, NE
(650) 233-8348	(408) 321-7650	Atlanta, Georgia 30326
		(404) 233-7000

Approximate date of commencement of proposed sale to the public: Upon consummation of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with general Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum Aggregate Offering Price (2)	Amount of registration fee
Common Stock, par value \$0.001 per share	19,800,000	N/A	\$33,569,782	\$2,716.00

- (1) Based upon the maximum number of shares of the Registrant's common stock, par value \$0.001 per share, that may be issued in connection with the merger.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rules 457(f)(2) under the Securities Act, based on the aggregate book value of all outstanding shares of Synchronologic capital stock on September 30, 2003, the latest practicable date prior to the filing of this Registration Statement.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

Index to Financial Statements

Pumatech, Inc.

2550 North First Street, Suite 500

San Jose, California 95131

, 2003

To the stockholders of Pumatech, Inc.:

You are cordially invited to attend the annual meeting of stockholders of Pumatech, Inc. which will be held on _____, December _____, 2003 at 9:00 a.m. local time, at the executive offices of Pumatech, 2550 North First Street, Suite 500, San Jose, California 95131.

The matters expected to be acted upon at the meeting, including a proposed merger that will cause Synchrologic, Inc. to become a wholly owned subsidiary of Pumatech, are described in the attached notice of annual meeting of stockholders and the accompanying joint proxy statement/prospectus.

We are proposing the merger because we believe that combining the people, products, expertise, distribution capabilities, financial assets and customer bases of the two companies will allow us to offer a more comprehensive suite of synchronization and systems management solutions to the enterprise, consumer and technology-licensing markets.

After careful consideration, the Pumatech board of directors has unanimously approved the merger with Synchrologic and has determined that the issuance of shares of Pumatech common stock in connection with the merger is in the best interests of Pumatech and its stockholders. The Pumatech board of directors has approved this issuance of shares of Pumatech common stock and recommends that you approve the issuance, as well as the other matters to be voted upon at the meeting.

Your vote is very important. Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card to us in the enclosed postage-paid envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the proposals submitted at the meeting. Returning the proxy card does not deprive you of your right to attend the meeting and to vote your shares in person.

We appreciate your cooperation in considering and acting on the matters presented.

Sincerely,

Woodson Hobbs

President and Chief Executive Officer

See the **Risk Factors** section beginning on page 24 of the joint proxy statement/prospectus for a discussion of the issues that should be considered by stockholders with respect to the merger.

Neither the Securities and Exchange Commission nor any state securities regulator has approved the Pumatech common stock to be issued in the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated _____, 2003, and was first mailed to Pumatech stockholders on or about _____, 2003.

Table of Contents

Index to Financial Statements

Pumatech, Inc.

2550 North First Street, Suite 500

San Jose, California 95131

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On December , 2003

To the stockholders of Pumatech, Inc.:

The annual meeting of stockholders of Pumatech, Inc. will be held on , December , 2003 at 9:00 a.m., local time, at the executive offices of Pumatech, 2550 North First Street, Suite 500, San Jose, California 95131 for the following purposes:

1. To consider and vote upon the issuance of shares of Pumatech common stock in the merger of Homerun Acquisition Corporation, a wholly owned subsidiary of Pumatech, with and into Synchrologic, Inc., resulting in Synchrologic becoming a wholly owned subsidiary of Pumatech. The merger agreement relating to the proposed merger is included as *Annex A* to the attached joint proxy statement/prospectus. In the merger, Pumatech will issue a maximum of 19,800,000 shares, and a minimum of 16,200,000 shares, of its common stock for all of the issued and outstanding shares of Synchrologic capital stock and each outstanding option to purchase shares of Synchrologic capital stock assumed by Pumatech and converted into an option to purchase shares of Pumatech common stock.
2. To consider and vote upon an amendment to Pumatech's certificate of incorporation to increase the number of authorized shares of common stock by 80,000,000 from 80,000,000 shares to 160,000,000 shares.
3. To elect four members of the Pumatech board of directors to hold office until the 2004 annual meeting of stockholders and until their respective successors are elected and qualified.
4. To ratify the appointment of PricewaterhouseCoopers LLP as Pumatech's independent accountants for the fiscal year ending July 31, 2004.
5. To transact any other business that may properly come before the Pumatech annual meeting or any adjournment or postponement of the meeting.

Edgar Filing: PUMATECH INC - Form S-4

Each of the foregoing items of business is more fully described in the attached joint proxy statement/prospectus, which we urge you to read carefully. The merger is discussed in the sections entitled "The Merger" and "The Merger Agreement." Information about the other proposals is given in the section entitled "Additional Matters Being Submitted to a Vote of Pumatech Stockholders Only."

Holders of record of Pumatech common stock at the close of business on _____, 2003, our record date, are entitled to notice of, and to vote at, the Pumatech annual meeting and any adjournment or postponement thereof. The merger cannot be completed unless the holders of a majority of the total voting power of the shares of Pumatech represented in person or by proxy at the meeting that are entitled to vote approve the issuance of Pumatech common stock in connection with the merger. The vote required for each of the other proposals is set forth in the section of the joint proxy statement/prospectus entitled "Pumatech Annual Stockholders Meeting."

All stockholders of Pumatech are invited to attend the meeting in person. However, to ensure your representation at the meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-paid envelope. You may revoke your proxy at any time before it is voted at the annual meeting in the manner described in the section of the joint proxy statement/prospectus entitled "Pumatech Annual Stockholders Meeting - How to Vote the Proxy." Any executed but unmarked proxy cards we receive will be voted in favor of the items of business listed above.

By Order of the Board of Directors,

Woodson Hobbs

President and Chief Executive Officer

San Jose, California

, 2003

Table of Contents

Index to Financial Statements

Synchrologic, Inc.

200 North Point Center East, Suite 600

Alpharetta, Georgia 30022

, 2003

To the shareholders of Synchrologic, Inc.:

We cordially invite you to attend the special meeting of shareholders of Synchrologic, Inc. to be held on _____, December _____, 2003 at [a.m./p.m.] local time, at the executive offices of Synchrologic, 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022.

Synchrologic's board of directors has unanimously approved a merger which will result in the acquisition of Synchrologic by Pumatech, Inc., a publicly-traded company headquartered in San Jose, California.

In the merger, each share of Synchrologic capital stock will be exchanged for the number of shares of Pumatech common stock equal to the applicable exchange ratio set forth in the merger agreement, unless you exercise dissenters rights under Georgia law.

Pumatech's common stock is traded on The Nasdaq National Market under the symbol PUMA, and on _____, 2003, Pumatech common stock closed at \$ _____ per share.

Your vote is very important. The merger cannot be completed unless:

the holders of a majority of Synchrologic's capital stock approve the merger agreement;

the holders of a majority of Synchrologic's preferred stock approve the merger agreement; and

the holders of a majority of Synchrologic's Series D convertible preferred stock approve the merger agreement.

Edgar Filing: PUMATECH INC - Form S-4

Moreover, the merger cannot be completed unless the foregoing shareholders also approve an amendment to the Synchrologic articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchrologic capital stock to the allocations for such classes and series set forth in the merger agreement. Only shareholders who hold shares of Synchrologic capital stock at the close of business on _____, 2003, our record date, will be entitled to vote at the special meeting.

After careful consideration, the Synchrologic board of directors has unanimously determined the merger with Pumatech to be in your best interests. The Synchrologic board of directors has approved the merger and the related amendment to Synchrologic's articles of incorporation and recommends that you approve the merger, as well as the amendment to Synchrologic's articles of incorporation.

The accompanying joint proxy statement/prospectus provides you with detailed information concerning Pumatech, Synchrologic and the merger. Please give all of the information contained in the joint proxy statement/prospectus your careful consideration. **In particular, you should carefully consider the discussion in the section entitled Risk Factors beginning on page 24.**

Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to us in the enclosed postage-paid envelope. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the proposals submitted at the special meeting. Returning the proxy card does not deprive you of your right to attend the special meeting and to vote your shares in person.

We appreciate your cooperation in considering and acting on the matters presented.

Sincerely,

Said Mohammadioun

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved the Pumatech common stock to be issued in the merger or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated _____, 2003, and was first mailed to Synchrologic shareholders on or about _____, 2003.

Table of Contents

Index to Financial Statements

Synchrologic, Inc.

200 North Point Center East, Suite 600

Alpharetta, Georgia 30022

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Be Held On _____, 2003

To the shareholders of Synchrologic, Inc.:

The special meeting of shareholders of Synchrologic, Inc. will be held on _____, December _____, 2003 at _____ [a.m./p.m.], local time, at the executive offices of Synchrologic, 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022 for the following purposes:

1. To consider and vote upon the proposed merger of Homerun Acquisition Corporation, a wholly owned subsidiary of Pumatech, with and into Synchrologic, resulting in Synchrologic becoming a wholly owned subsidiary of Pumatech. The merger agreement relating to the proposed merger is included as *Annex A* to the attached joint proxy statement/prospectus. In the merger, Pumatech will issue a maximum of 19,800,000 shares, and a minimum of 16,200,000 shares, of its common stock for all of the issued and outstanding shares of Synchrologic capital stock and each outstanding option to purchase shares of Synchrologic capital stock assumed by Pumatech and converted into an option to purchase shares of Pumatech common stock.
2. To consider and vote upon an amendment to Synchrologic's articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchrologic capital stock to the allocations for such classes and series set forth in the merger agreement.
3. To transact any other business that may properly come before the Synchrologic special meeting or any adjournment or postponement of the special meeting.

Each of the foregoing items of business is more fully described in the attached joint proxy statement/prospectus, which we urge you to read carefully. The merger is discussed in the sections entitled *The Merger* and *The Merger Agreement*. Information about the other proposal is given in the section entitled *Additional Matters Being Submitted to a Vote of Synchrologic Shareholders Only*.

Holders of record of Synchrologic capital stock at the close of business on _____, 2003, our record date, are entitled to notice of, and to vote at, the Synchrologic special meeting and any adjournment or postponement thereof.

Edgar Filing: PUMATECH INC - Form S-4

The merger cannot be completed unless:

the holders of a majority of Synchrologic s capital stock approve the merger agreement;

the holders of a majority of Synchrologic s preferred stock approve the merger agreement; and

the holders of a majority of Synchrologic s Series D convertible preferred stock approve the merger agreement.

Moreover, the merger cannot be completed unless the foregoing shareholders also approve an amendment to the Synchrologic articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchrologic capital stock to the allocations for such classes and series set forth in the merger agreement.

All shareholders of Synchrologic are invited to attend the special meeting in person. However, to ensure your representation at the special meeting, you are urged to complete, sign and return the enclosed proxy card as promptly as possible in the enclosed postage-paid envelope. You may revoke your proxy at any time before it is voted at the special meeting in the manner described in the section of the joint proxy statement/prospectus entitled Synchrologic Special Shareholders Meeting Voting of Proxies. Any executed but unmarked proxy cards we receive will be voted in favor of the items of business listed above.

By Order of the Board of Directors,

Said Mohammadioun

Chief Executive Officer

Atlanta, Georgia

, 2003

Table of ContentsIndex to Financial Statements

TABLE OF CONTENTS

	<u>Page</u>
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	2
<u>SUMMARY</u>	7
<u>PUMATECH SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	13
<u>SYNCHROLOGIC SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA</u>	15
<u>SUMMARY UNAUDITED COMBINED CONDENSED PRO FORMA FINANCIAL DATA</u>	17
<u>COMPARATIVE PER SHARE DATA</u>	19
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	21
<u>Market Price Data</u>	21
<u>Recent Share Prices</u>	21
<u>Dividend Information</u>	22
<u>Number of Stockholders</u>	22
<u>STATEMENTS REGARDING FORWARD-LOOKING INFORMATION</u>	23
<u>RISK FACTORS</u>	24
<u>Risks Related to the Merger</u>	24
<u>Risks Related to Pumatech's Business</u>	27
<u>Risks Related to Synchrologic's Business</u>	41
<u>PUMATECH'S ANNUAL STOCKHOLDERS MEETING</u>	49
<u>Date, Time and Place of the Annual Meeting</u>	49
<u>Matters to be Considered at the Annual Meeting</u>	49
<u>Board of Directors' Recommendations</u>	50
<u>Record Date</u>	50
<u>Quorum</u>	50
<u>Vote Required</u>	50
<u>Voting of Proxies</u>	51
<u>Solicitation of Proxies and Expenses</u>	51
<u>No Appraisal Rights</u>	51
<u>SYNCHROLOGIC'S SPECIAL SHAREHOLDERS MEETING</u>	52
<u>Date, Time and Place of the Special Meeting</u>	52
<u>Matters to be Considered at the Special Meeting</u>	52
<u>Board of Directors' Recommendations</u>	52
<u>Record Date</u>	53
<u>Quorum</u>	53
<u>Vote Required</u>	53
<u>Voting of Proxies</u>	54
<u>Solicitation of Proxies and Expenses</u>	54
<u>Dissenters' Rights</u>	54

Table of Contents**Index to Financial Statements**

	<u>Page</u>
<u>THE MERGER</u>	56
<u>Background of the Merger</u>	56
<u>Pumatech's Reasons for the Merger; Recommendation of Pumatech's Board of Directors</u>	58
<u>Synchrologic's Reasons for the Merger; Recommendation of Synchrologic's Board of Directors</u>	58
<u>Interests of Certain Persons in the Merger</u>	60
<u>Termination of Litigation Between Pumatech and Synchrologic</u>	61
<u>Completion and Effectiveness of the Merger</u>	61
<u>Structure of the Merger</u>	61
<u>Merger Consideration</u>	61
<u>Dissenters' Rights</u>	63
<u>Conversion of Synchrologic Options</u>	63
<u>Termination / Conversion of Synchrologic Warrants</u>	64
<u>Retention of a Portion of the Merger Consideration in Escrow</u>	64
<u>Procedures for Exchanging Synchrologic Stock Certificates for Pumatech Stock Certificates</u>	65
<u>Governmental and Regulatory Matters</u>	65
<u>Material United States Federal Income Tax Considerations</u>	65
<u>Accounting Treatment of the Merger</u>	67
<u>Listing of Pumatech Common Stock to be Issued in the Merger</u>	67
<u>Restriction on Resales of Pumatech Common Stock</u>	67
<u>THE MERGER AGREEMENT</u>	68
<u>Representations and Warranties</u>	68
<u>Pre-Closing Covenants of the Parties</u>	69
<u>Director and Officer Indemnification and Insurance</u>	71
<u>Conditions to Consummation of the Merger</u>	72
<u>Indemnification Provisions</u>	73
<u>No Solicitation</u>	74
<u>Amendments, Waivers and Termination of the Merger Agreement</u>	75
<u>Fees and Expenses</u>	75
<u>THE RELATED AGREEMENTS</u>	77
<u>The Voting Agreement</u>	77
<u>The Noncompetition Agreement</u>	77
<u>The Shareholders Agreement</u>	77
<u>The Distribution Agreement</u>	78
<u>The Escrow Agreement</u>	78
<u>UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS</u>	80
<u>DESCRIPTION OF PUMATECH STOCK</u>	95
<u>Common Stock</u>	95
<u>Preferred Stock</u>	95
<u>Transfer Agent</u>	95

Table of Contents

Index to Financial Statements

	<u>Page</u>
<u>COMPARISON OF RIGHTS OF HOLDERS OF PUMATECH COMMON STOCK AND SYNCHROLOGIC CAPITAL STOCK</u>	96
<u>INFORMATION REGARDING PUMATECH</u>	110
<u>BUSINESS OF SYNCHROLOGIC</u>	111
<u>Overview</u>	111
<u>Market Opportunity</u>	111
<u>Synchrologic's Strategy</u>	112
<u>Products</u>	113
<u>Technology</u>	114
<u>Sales and Marketing</u>	115
<u>Research and Development</u>	116
<u>Professional Services Group and Customer Support</u>	116
<u>Competition</u>	116
<u>Employees</u>	117
<u>Proprietary Technology and Intellectual Property</u>	117
<u>Properties</u>	117
<u>Legal Proceedings</u>	117
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SYNCHROLOGIC</u>	118
<u>Overview</u>	118
<u>Application of Critical Accounting Policies and Estimates</u>	118
<u>Comparison of Six Months Ended June 30, 2003 to Six Months Ended June 30, 2002</u>	121
<u>Comparison of Year Ended December 31, 2002 to Year Ended December 31, 2001</u>	123
<u>Comparison of Year Ended December 31, 2001 to Year Ended December 31, 2000</u>	126
<u>Liquidity and Capital Resources</u>	128
<u>Quantitative and Qualitative Disclosure Regarding Market Risk</u>	129
<u>Recent Accounting Pronouncements</u>	129
<u>SYNCHROLOGIC'S MANAGEMENT</u>	131
<u>SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT OF SYNCHROLOGIC</u>	132
<u>ADDITIONAL MATTERS BEING SUBMITTED TO A VOTE OF PUMATECH STOCKHOLDERS ONLY</u>	134
<u>Proposal No. 1 Issuance of Shares in the Merger</u>	134
<u>Proposal No. 2 Approval of Amendment to Certificate of Incorporation to Increase Number</u> <u>of Authorized Shares of Common Stock</u>	134
<u>Proposal No. 3 Election of Directors</u>	135
<u>Proposal No. 4 Ratification of Appointment of Independent Accountants</u>	137
<u>CORPORATE GOVERNANCE</u>	140
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	141
<u>EXECUTIVE COMPENSATION AND OTHER MATTERS</u>	143
<u>REPORT OF THE COMPENSATION COMMITTEE OF THE PUMATECH BOARD OF DIRECTORS ON EXECUTIVE COMPENSATION</u>	153
<u>REPORT OF THE AUDIT COMMITTEE OF THE PUMATECH BOARD OF DIRECTORS</u>	156
<u>COMPARISON OF STOCKHOLDER RETURN</u>	157

Table of Contents

Index to Financial Statements

	<u>Page</u>
<u>CERTAIN TRANSACTIONS</u>	158
<u>STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING</u>	159
<u>TRANSACTION OF OTHER BUSINESS</u>	159
<u>ADDITIONAL MATTERS BEING SUBMITTED TO A VOTE OF SYNCHROLOGIC SHAREHOLDERS ONLY</u>	160
<u>Proposal No. 1 Approval of the Merger and Merger Agreement</u>	160
<u>Proposal No. 2 Approval of Amendment to Articles of Incorporation</u>	160
<u>EXPERTS</u>	161
<u>LEGAL MATTERS</u>	161
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	162
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1

Annexes:

Annex A -	Agreement and Plan of Merger, dated as of September 14, 2003, by and among Pumatech, Inc., Homerun Acquisition Corporation and Synchrologic, Inc.
Annex B -	Voting Agreement
Annex C -	Noncompetition Agreement
Annex D -	Shareholders Agreement
Annex E -	Escrow Agreement
Annex F -	Article 13 of Georgia Business Corporation Code
Annex G -	Charter for the Audit Committee of Pumatech Inc.
Annex H -	Second Articles of Amendment to Third Amended and Restated Articles of Incorporation of Synchrologic, Inc.
Annex I -	Certificate of Amendment of Certificate of Incorporation of Pumatech, Inc.

Table of Contents

Index to Financial Statements

DOCUMENTS INCORPORATED BY REFERENCE

This joint proxy statement/prospectus incorporates by reference important business and financial information that is not presented in or delivered with this joint proxy statement/prospectus. You should rely only on the information contained in this joint proxy statement/prospectus or to which you have been referred. Neither Pumatech nor Synchrologic has authorized anyone to provide you with information that is different.

The Securities and Exchange Commission allows Pumatech to incorporate by reference information into this joint proxy statement/prospectus, which means important information may be disclosed to you by referring you to another document filed separately with the Securities and Exchange Commission. The information of Pumatech incorporated by reference is deemed to be part of this joint proxy statement/prospectus, except for information superseded by information in (or incorporated by reference in) this joint proxy statement/prospectus. The following documents, which have been previously filed by Pumatech with the Securities and Exchange Commission, are incorporated by reference into this joint proxy statement/prospectus:

1. Pumatech's Annual Report on Form 10-K for the fiscal year ended July 31, 2003 filed October 21, 2003 (File No. 000-21709);
2. Pumatech's Quarterly Reports on Form 10-Q for the fiscal quarter ended October 31, 2002 filed December 16, 2002, for the fiscal quarter ended January 31, 2003 filed March 5, 2003, and for the fiscal quarter ended April 30, 2003 filed June 13, 2003 (File No. 000-21709);
3. Pumatech's Current Reports on Form 8-K filed August 6, 2003 and October 2, 2003, and Pumatech's Current Report on Form 8-K/A filed September 9, 2003 (amending the Form 8-K filed April 11, 2003) (File No. 000-21709);
4. Pumatech's 425 reports filed September 15, 2003 pursuant to Rule 14a-12;
5. The description of Pumatech common stock set forth in the Registration Statement on Form 8-A filed November 8, 1996, including any amendments or reports filed for the purpose of updating such description; and
6. The description of Pumatech Preferred Stock Purchase Rights set forth in the Registration Statement on Form 8-A filed January 15, 2003, including any amendments or reports filed for the purpose of updating such description.

All documents filed by Pumatech under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act after the date of this joint proxy statement/prospectus and before the date of the special meeting of Synchrologic shareholders are incorporated by reference into and deemed to be a part of this joint proxy statement/prospectus from the date of filing of those documents.

Any statement contained in a document incorporated or deemed to be incorporated in this joint proxy statement/prospectus by reference will be deemed to be modified or superseded for purposes of this joint proxy statement/prospectus to the extent that a statement contained in this joint proxy statement/prospectus or any other subsequently filed document that is deemed to be incorporated in this joint proxy statement/prospectus by reference modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this joint proxy statement/prospectus.

Table of Contents

Index to Financial Statements

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are we proposing the merger?

A: We are proposing the merger because we believe that combining the people, products, expertise, distribution capabilities, financial assets and customer bases of the two companies will allow us to offer a more comprehensive suite of synchronization and systems management solutions to the enterprise, consumer and technology licensing markets. Synchrologic has strong, server-based enterprise solutions that Pumatech expects will provide key components of the synchronization offerings of the combined company. In particular, Pumatech intends to maintain and enhance Synchrologic's Mobile Suite platform, which provides server-based email and PIM (personal information management) synchronization, custom data synchronization, file synchronization, and systems management capabilities and is expected to form the cornerstone of the combined company's server-based enterprise synchronization and systems management offerings.

Q: What will happen in the merger?

A: Pumatech and Synchrologic have entered into a merger agreement that sets forth the terms and conditions of Pumatech's proposed acquisition of Synchrologic. In the merger, Synchrologic and Homerun Acquisition Corporation, a wholly owned subsidiary of Pumatech, will merge and the surviving corporation will become a wholly owned subsidiary of Pumatech. Following the merger, former Synchrologic shareholders and option holders will become stockholders and option holders of Pumatech, and will hold approximately 24% to 28% of the outstanding capital stock of Pumatech, based on the capitalization of Synchrologic and Pumatech as of October 20, 2003.

For a more complete description of the merger, see the section entitled "The Merger" beginning on page 56.

Q: What will Synchrologic shareholders receive in the merger?

A: If the merger is completed, each share of Synchrologic capital stock will be converted into the right to receive the number of shares of Pumatech common stock corresponding to the exchange ratio applicable to the class and series of Synchrologic capital stock being converted.

The total consideration shares, representing the total number of shares of Pumatech common stock to be issued in the merger, will be determined by dividing \$60,000,000 by the average closing price, which is the average of the closing sales prices for one share of Pumatech common stock as reported on The Nasdaq National Market for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger (which amount is subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger), provided that the number of shares of Pumatech common stock comprising the total consideration shares will not exceed 19,800,000 or be fewer than 16,200,000 (in each case subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger).

Each class and series of outstanding Synchrologic capital stock will be allocated the following number of shares expressed as a percentage of the total consideration shares:

Edgar Filing: PUMATECH INC - Form S-4

Class/Series of Synchrologic Capital Stock	Percentage of Total Consideration Shares
Common Stock (including options to purchase common stock)	25.348%
Series A Preferred Stock	4.173%
Series B Preferred Stock	11.647%
Series C Preferred Stock	10.833%
Series D Preferred Stock	47.999%

Table of Contents

Index to Financial Statements

The exchange ratio for each class and series of outstanding Synchrologic capital stock will be determined by dividing the number of shares of Pumatech common stock allocable to that class or series by the total number of shares of that class or series outstanding immediately prior to the effective time of the merger (including, in the case of the common stock exchange ratio, the number of shares of Synchrologic common stock subject to outstanding Synchrologic options assumed by Pumatech in the merger).

Q: Do the boards of directors of Pumatech and Synchrologic recommend voting in favor of the merger?

A: Yes. After careful consideration, the Synchrologic board of directors unanimously recommends that the Synchrologic shareholders vote in favor of the approval and adoption of the merger agreement and the merger, and the related amendment of Synchrologic's articles of incorporation. Likewise, after careful consideration, the Pumatech board of directors unanimously recommends that the Pumatech stockholders vote in favor of the issuance of Pumatech common stock in connection with the merger and the other proposals presented to the Pumatech stockholders for approval at the annual meeting.

For a more complete description of the recommendations of the boards of directors of both companies, see the sections entitled "The Merger Pumatech's Reasons for the Merger; Recommendation of Pumatech's Board of Directors" on page 58, "Additional Matters Being Submitted to a Vote of Pumatech Stockholders Only" on page 134, "The Merger Synchrologic's Reasons for the Merger; Recommendation of Synchrologic's Board of Directors" on page 58, and "Additional Matters Being Submitted to a Vote of Synchrologic Shareholders Only."

Q: Are there risks I should consider in deciding whether to vote for the merger?

A: Yes. For example, Pumatech and Synchrologic may not realize the anticipated benefits of the merger. Also, the value that Synchrologic shareholders will receive in the merger will decrease if the market price of Pumatech common stock decreases before or after the merger.

In evaluating the merger, you should also carefully consider these and other factors discussed in the section entitled "Risk Factors" on page 24.

Q: Other than the merger, am I being asked to vote on anything else?

A: Yes. If you are a Pumatech stockholder, the Pumatech board of directors is also asking you to consider and to vote upon (i) an amendment to Pumatech's certificate of incorporation to increase the number of authorized shares of common stock by 80,000,000 from 80,000,000 shares to 160,000,000 shares, (ii) the election of four members of the Pumatech board of directors to hold office until the 2004 annual meeting of stockholders and until their respective successors are elected and qualified, and (iii) the ratification of Pumatech's appointment of PricewaterhouseCoopers LLP as its independent accountants for the fiscal year ending July 31, 2004.

The Pumatech board of directors recommends that you vote in favor of the proposed amendment to Pumatech's certificate of incorporation, in favor of the election of each of the nominated directors and in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as Pumatech's independent accountants.

If you are a Synchrologic shareholder, the Synchrologic board of directors is also asking you to consider and to vote upon an amendment to the Synchrologic articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchrologic capital stock to the allocations for such classes and series set forth in the merger

agreement.

The Synchrologic board of directors recommends that you vote in favor of the proposed amendment to Synchrologic's articles of incorporation.

Table of Contents

Index to Financial Statements

Q: What do I need to do now?

A: We urge you to read this joint proxy statement/prospectus carefully, including its annexes, and to consider how the merger affects you. Then, please mail your completed, dated and signed proxy card in the enclosed postage-paid envelope as soon as possible so that your shares can be voted at your meeting. If you do not include instructions on how to vote your properly signed proxy, your shares will be voted FOR adoption and approval of the merger agreement and the merger and FOR the proposed amendment of the Synchronologic articles of incorporation, in the case of Synchronologic shareholders, or FOR approval of the issuance of shares of Pumatech common stock in connection with the merger and the other proposals presented to the Pumatech stockholders at the annual meeting, in the case of Pumatech stockholders.

Q: What happens if I do not return a proxy card or vote?

A: If you are a Synchronologic shareholder and you fail to respond, it will have the same effect as a vote against the merger and a vote against the amendment to Synchronologic's articles of incorporation that is necessary to complete the merger. If you are a Pumatech stockholder and you fail to respond, it will have the same effect as a vote against the amendment to Pumatech's certificate of incorporation that is necessary to complete the merger. If you respond and abstain from voting, your proxy will have the same effect as a vote against the merger. However, because only votes cast determine the outcome of the proposals presented to the Pumatech stockholders at the annual meeting other than the amendment to Pumatech's certificate of incorporation, your proxy will have no effect on these proposals.

Q: May I vote in person?

A: Yes. If you are a Pumatech stockholder, you may attend the annual meeting of Pumatech stockholders and vote your shares in person whether or not you sign and return your proxy card. If you are a Synchronologic shareholder, you may attend the special meeting of Synchronologic shareholders and vote your shares in person whether or not you sign and return your proxy card.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy card is voted at the annual meeting, in the case of Pumatech stockholders, or at the special meeting, in the case of Synchronologic shareholders. You can do this in one of three ways. First, you can send a written, dated notice to the secretary of Pumatech, in the case of Pumatech stockholders, or to the secretary of Synchronologic, in the case of Synchronologic shareholders, stating that you would like to revoke your proxy. Second, you can complete, date, and submit a new proxy card. Third, you can attend the annual meeting, in the case of Pumatech stockholders, or the special meeting, in the case of Synchronologic shareholders, and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions.

Q: If my Pumatech shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will not be able to vote your Pumatech shares with respect to the issuance of shares of Pumatech common stock in the merger unless you provide your broker with instructions on how to vote your shares. You should instruct your broker to vote your shares, following the procedure provided by your broker. Without instructions, your shares will not be voted and you will, in effect, be voting against the merger.

For a complete description of voting shares held in street name, see the section entitled Pumatech Annual Stockholders Meeting Voting of Proxies on page 51.

Table of Contents

Index to Financial Statements

Q: What vote is required to approve the merger?

A: The approval and adoption of the merger agreement and the merger will require the affirmative vote of the holders of:

a majority of the shares of Synchrologic capital stock outstanding on the record date;

a majority of the shares of Synchrologic preferred stock outstanding on the record date; and

a majority of the shares of Synchrologic Series D convertible preferred stock outstanding on the record date.

Moreover, the merger cannot be completed unless the foregoing shareholders also approve an amendment to the Synchrologic articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchrologic capital stock to the allocations for such classes and series set forth in the merger agreement.

In addition, the issuance of shares of Pumatech common stock in the merger will require the affirmative vote of the holders of a majority of the total voting power of the shares of Pumatech represented in person or by proxy at the Pumatech annual meeting and entitled to vote on the proposal.

If you are a Pumatech stockholder and you fail to respond, it will have the same effect as a vote against the amendment to Pumatech's certificate of incorporation that is necessary to complete the merger.

Q: What are the material United States federal income tax consequences of the merger to me?

A: Pumatech and Synchrologic intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. If the merger qualifies as a reorganization, Synchrologic shareholders generally will not recognize any gain or loss for federal income tax purposes upon the exchange of shares of Synchrologic capital stock for shares of Pumatech common stock, although Synchrologic shareholders will recognize taxable income with respect to any cash received in lieu of fractional shares of Pumatech common stock, or upon exercise of dissenters' rights.

However, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

For a more detailed description of the tax consequences of the merger, see the section entitled "The Merger – Material United States Federal Income Tax Considerations" on page 65.

Q: Should I send in my Synchrologic stock certificates now?

Edgar Filing: PUMATECH INC - Form S-4

A: No. After the merger is completed, you will receive written instructions from Pumatech explaining how to exchange the stock certificates representing your shares of Synchrologic capital stock for the merger consideration.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible. In addition to obtaining stockholder approval, we must satisfy all other closing conditions set forth in the merger agreement. We anticipate that the closing of the merger will occur in Synchrologic's fourth fiscal quarter of 2003 or first fiscal quarter of 2004, but we cannot predict the exact timing.

For a description of the conditions to completion of the merger, see the sections entitled "The Merger - Completion and Effectiveness of the Merger" on page 61 and "The Merger Agreement - Conditions to Consummation of the Merger" on page 72.

Table of Contents

Index to Financial Statements

Q: Am I entitled to dissenters' rights?

A: If you are a Synchrologic shareholder, under Georgia law, you are entitled to dissenters' rights in connection with the merger. For a summary of your dissenters' rights, see the section entitled "The Merger - Dissenters' Rights" on page 63.

If you are a Pumatech stockholder, under Delaware law, you are not entitled to any dissenters' or appraisal rights in connection with the merger.

Q: Who can help answer my questions?

A: If you are a Synchrologic shareholder and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Synchrologic, Inc.

200 North Point Center East, Suite 600

Alpharetta, Georgia 30022

Attention: Chief Financial Officer

Telephone: (770) 754-5600

If you are a Pumatech stockholder and would like additional copies, without charge, of this joint proxy statement/prospectus or if you have questions about the merger, including the procedures for voting your shares, you should contact:

Pumatech, Inc.

2550 North First Street, Suite 500

San Jose, California 95131

Attention: General Counsel

Telephone: (408) 321-7650

Synchrologic shareholders and Pumatech stockholders may also obtain additional information about Pumatech from the documents filed with the Securities and Exchange Commission or by following the instructions in the section entitled "Where You Can Find More Information" on page 162.

Table of Contents

Index to Financial Statements

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire joint proxy statement/prospectus and the documents to which we refer or incorporate by reference. The merger agreement is attached as Annex A to this joint proxy statement/prospectus. We encourage you to read the merger agreement as it is the legal document that governs the merger. We have included page references in parentheses to direct you to a more complete description of the topics presented in this summary.

The Companies (pages 111 and 118)

Pumatech, Inc.

2550 North First Street, Suite 500

San Jose, California 95131

Telephone: (408) 321-7650

Pumatech develops, markets and supports synchronization, mobile-application development, and mobile-application management/device management software that enables consumers, business professionals and information technology officers to extend the capabilities of enterprise groupware and vertical applications, handheld organizers/computers, and Web-enabled cellular phones, pagers and other wireless or wireline personal communications platforms.

Pumatech is a Delaware corporation. Pumatech's principal executive offices are located at 2550 North First Street, Suite 500, San Jose, California 95131. Pumatech's telephone number at that location is (408) 321-7650 and its website is located at www.pumatech.com. Information contained in the Pumatech website does not constitute part of this joint proxy statement/prospectus.

Pumatech is headquartered in San Jose, California and has approximately 127 employees as of September 30, 2003. Pumatech common stock has traded on The Nasdaq National Market under the symbol "PUMA" since its initial public offering in December 1996.

Synchrologic, Inc.

Edgar Filing: PUMATECH INC - Form S-4

200 North Point Center East, Suite 600

Alpharetta, Georgia 30022

Telephone: (770) 754-5600

Synchrologic develops, markets and supports comprehensive mobile and wireless infrastructure software for enterprises, software vendors and service providers to enable mobile users to access business applications, corporate groupware applications, and files on mobile computing devices such as laptops, handheld organizers/computers, and mobile phones. The Synchrologic software improves the productivity of business professionals who require access to current information, whether they are in or out of the office. In addition, Synchrologic s

Table of Contents

Index to Financial Statements

software helps corporate information technology professionals keep support costs down and remotely manage mobile devices, install software, track hardware and software assets, perform backup, and restore operations for data on these devices. The Synchronologic Mobile Suite provides enterprises with a comprehensive infrastructure solution for taking advantage of and managing the rapid adoption of mobile and wireless devices.

Synchronologic is headquartered in Alpharetta, Georgia and has approximately 82 full-time employees as of September 15, 2003.

The Merger (page 56)

Pumatech and Synchronologic have entered into a merger agreement that provides for the merger of Homerun Acquisition Corporation, a newly formed and wholly owned subsidiary of Pumatech, with Synchronologic. As a result of the merger, the surviving corporation will become a wholly owned subsidiary of Pumatech and Synchronologic shareholders will become Pumatech stockholders.

The merger agreement is attached to this joint proxy statement/prospectus as *Annex A*. We urge you to read the merger agreement carefully.

Stockholder Meetings (pages 52 and 49)

Synchronologic Special Meeting. Synchronologic will hold a special meeting of its shareholders on _____, December _____, 2003 at _____:00 [a.m./p.m.], Eastern Standard Time, at the executive offices of Synchronologic, 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022. At this meeting, Synchronologic shareholders will consider and vote on a proposal to approve and adopt the merger agreement and the merger. In addition, Synchronologic shareholders will consider and vote on a proposal to amend Synchronologic's articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock in the merger among the various classes and series of Synchronologic capital stock to the allocations for such classes and series set forth in the merger agreement.

Pumatech Annual Meeting. Pumatech will hold an annual meeting of its stockholders on _____, December _____, 2003 at 9:00 a.m., Pacific Time, at its executive offices at 2550 North First Street, Suite 500, San Jose, California 95131. At this meeting, Pumatech stockholders will be asked to approve the issuance of Pumatech common stock to the Synchronologic shareholders in connection with the merger and to approve the other proposals presented to the Pumatech stockholders, as discussed in the section entitled *Additional Matters Being Submitted to a Vote of Pumatech Stockholders Only*, beginning on page 134.

Vote Required to Approve the Merger (pages 50 and 53)

Pumatech Required Vote. Under the rules of The Nasdaq National Market, approval of the issuance of shares of Pumatech common stock to Synchronologic shareholders in connection with the merger requires the affirmative vote of holders of a majority of the shares of Pumatech common stock voting on this proposal. If you are a Pumatech stockholder and you fail to respond, it will have the same effect as a vote against

Edgar Filing: PUMATECH INC - Form S-4

the amendment to Pumatech's certificate of incorporation that is necessary to complete the merger.

Synchrologic Required Vote. Under applicable Georgia law and Synchrologic's articles of incorporation, approval and adoption of the merger agreement and the merger requires the affirmative vote of holders of:

a majority of the shares of Synchrologic capital stock outstanding on the record date;

a majority of the shares of Synchrologic preferred stock outstanding on the record date; and

a majority of the shares of Synchrologic Series D convertible preferred stock outstanding on the record date.

Table of Contents

Index to Financial Statements

Moreover, the merger cannot be completed unless the foregoing shareholders also approve an amendment to the Synchronologic articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchronologic capital stock to the allocations for such classes and series set forth in the merger agreement.

No Solicitation (page 74)

Until the merger is completed or the merger agreement is terminated, Synchronologic has agreed, with limited exceptions, not to take any action, directly or indirectly, with respect to an acquisition proposal, as described on page 74 of this joint proxy statement/prospectus.

If Synchronologic receives an unsolicited, written, bona fide acquisition proposal that the Synchronologic board of directors determines in good faith could lead to a superior proposal, as described on page 74 of this joint proxy statement/prospectus, Synchronologic may furnish non-public information regarding it and may enter into discussions with the person who has made the acquisition proposal if it provides written notice to Pumatech and follows other specified procedures described on page 74 of this joint proxy statement/prospectus.

Synchronologic has agreed to inform Pumatech promptly as to any acquisition proposal, or request for non-public information or inquiry that it reasonably believes could lead to an acquisition proposal. Synchronologic has agreed to inform Pumatech of the status and details of any acquisition proposal.

The Synchronologic board of directors may change its recommendation in favor of the merger if the Synchronologic board of directors determines in good faith, after consultation with legal counsel, that its failure to do so would result in a failure to satisfy its fiduciary duties to Synchronologic's shareholders under Georgia law.

For a more complete description of these limitations on Synchronologic's actions with respect to an acquisition proposal, please refer to the section entitled "The Merger Agreement - No Solicitation" on page 74, "Amendments, Waivers and Termination of the Merger Agreement" on page 75 and the corresponding sections of the merger agreement.

Interests of Certain Persons in the Merger (page 60)

Synchronologic shareholders considering the recommendation of the Synchronologic board of directors that you vote to approve and adopt the merger agreement and the merger, should be aware that some of the officers and directors of Synchronologic have interests in the merger that are different from, or in addition to, the interests of Synchronologic's shareholders generally. These interests relate to, among other things, voting agreements entered into by certain Synchronologic shareholders, employment arrangements offered to certain Synchronologic executive officers, the acceleration in full of all outstanding Synchronologic options, severance payments to certain Synchronologic executive officers and continuing indemnification obligations to executive officers, directors and employees of Synchronologic. As a result, certain officers and directors of Synchronologic may be more likely to vote to approve and adopt the merger agreement and the merger than Synchronologic's shareholders generally.

Conditions to the Merger (page 72)

Pumatech and Synchrologic will complete the merger only if the conditions specified in the merger agreement are either satisfied or waived, which include the following:

the merger agreement and the merger must be approved and adopted by the Synchrologic shareholders and the issuance of shares of Pumatech common stock in the merger must be approved by the Pumatech stockholders;

Table of Contents

Index to Financial Statements

Pumatech's registration statement, of which this joint proxy statement/prospectus is a part, must be effective, no stop order suspending its effectiveness may be in effect and no proceedings for suspending its effectiveness may be pending or threatened by the Securities and Exchange Commission;

no governmental entity will have enacted a law, regulation or order that has the effect of making the merger illegal or otherwise prohibiting the merger;

no governmental entity will have commenced any proceeding preventing the merger or restricting Pumatech's operation of Synchrologic after the merger;

the representations and warranties of each party in the merger agreement must be true and correct as of the date of the merger agreement, except, individually or in the aggregate, as does not constitute a material adverse effect on such party; and

the parties must have complied in all material respects with their respective agreements in the merger agreement.

The Voting Agreements

Several Synchrologic shareholders entered into voting agreements with Pumatech that require these shareholders to vote all of their shares of Synchrologic capital stock in favor of the approval and adoption of the merger agreement and the merger and grant Pumatech the irrevocable right to vote, with respect to the merger, their shares of Synchrologic capital stock at any meeting of Synchrologic shareholders held prior to the completion of the merger. These shareholders hold approximately 77.2% of the outstanding shares of Synchrologic's voting capital stock, approximately 76.3% of the outstanding shares of Synchrologic preferred stock and approximately 59.1% of the outstanding shares of Synchrologic Series D convertible preferred stock, in each case as of October 21, 2003. The voting agreement is attached to this joint proxy statement/prospectus as *Annex B*. We urge you to read it in its entirety.

For a more complete description of the voting agreement, please refer to the section entitled "The Related Agreements - The Voting Agreement" on page 77.

Termination of the Merger Agreement (page 75)

Pumatech, Homerun Acquisition Corporation and Synchrologic may mutually agree in writing to terminate the merger agreement at any time without completing the merger. In addition, either Pumatech or Synchrologic may terminate the merger agreement if:

the merger is not completed, without fault of the terminating party, by March 31, 2004;

a governmental authority has issued a final, non-appealable order, decree or ruling, or taken any other action, that would permanently prohibit the merger;

Edgar Filing: PUMATECH INC - Form S-4

the Synchrologic shareholders fail to approve and adopt the merger agreement and the merger, except that Synchrologic may not terminate the merger agreement if shareholder approval was not obtained because of Synchrologic's action or failure to act, which constitutes a breach of the merger agreement;

the Pumatech stockholders fail to approve the issuance of Pumatech common stock in connection with the merger, except that Pumatech may not terminate the merger agreement if stockholder approval was not obtained because of Pumatech's action or failure to act, which constitutes a breach of the merger agreement; or

the other party breaches any representation, warranty, covenant or agreement in the merger agreement such that the breaching party is unable to satisfy a condition to the merger, except that the other party cannot terminate the merger agreement if it is at that time in material breach or if the breaching party has cured the breach within 20 business days of written notice of the breach.

Table of Contents

Index to Financial Statements

Termination of the merger agreement will generally terminate the obligations of the parties to perform their obligations under the merger agreement, except that the parties must continue to comply with miscellaneous provisions that survive termination of the merger agreement, including those concerning mutual confidentiality and the payment of termination fees.

Termination Fee (page 75)

If Pumatech or Synchrologic terminates the merger agreement due to the failure of the Synchrologic shareholders to approve the merger and the Synchrologic board of directors withdraws, modifies or qualifies in any manner adverse to Pumatech its recommendation that the Synchrologic shareholders approve and adopt the merger agreement and the merger or takes any action not otherwise permitted by the merger agreement or makes any public statement or public disclosure adverse to Pumatech in connection with the Synchrologic special meeting, Synchrologic will be required to pay Pumatech, within 30 days, a termination fee of \$6,000,000 (part of which represents the fees and expenses incurred by Pumatech in connection with the litigation between Pumatech and Synchrologic that was dismissed pursuant to the merger agreement). If Pumatech or Synchrologic terminates the merger agreement due to the failure of the Pumatech stockholders to approve the issuance of Pumatech common stock in connection with the merger, Pumatech will be required to pay Synchrologic, within 30 days, a termination fee of \$3,000,000.

Restrictions on the Ability to Sell Pumatech Common Stock (page 67)

All shares of Pumatech common stock to be received by Synchrologic shareholders in connection with the merger will be freely transferable unless the holder is considered an affiliate of either Synchrologic or Pumatech under the Securities Act.

However, certain Synchrologic shareholders have entered into shareholders agreements with Pumatech, pursuant to which they have agreed to certain resale restrictions during the 240-day period following the completion of the merger with respect to the shares of Pumatech common stock they are entitled to receive as a result of the merger. Specifically, the Synchrologic shareholders that have entered into the shareholders agreements acknowledge and agree that 20% of the shares of Pumatech common stock they are entitled to receive in the merger will be released from the foregoing sales restrictions immediately following the effective time of the merger and 10% of the shares of Pumatech common stock they are entitled to receive in the merger will be released from the foregoing sales restrictions at the end of each 30-day period following the effective time of the merger.

Listing of Pumatech Common Stock to be Issued in the Merger (page 67)

Pumatech common stock is currently traded on The Nasdaq National Market under the symbol PUMA. Pumatech will list the shares of Pumatech common stock to be issued in the merger for trading on The Nasdaq National Market.

Accounting Treatment of the Merger (page 67)

Edgar Filing: PUMATECH INC - Form S-4

The merger will be treated as a purchase for accounting and financial reporting purposes under generally accepted accounting principles, which means that Synchrologic will be treated as a separate entity for periods prior to the closing of the merger, and thereafter as a wholly owned subsidiary of Pumatech.

Table of Contents

Index to Financial Statements

Synchrologic Shareholders' Dissenters' Rights (page 54)

Under Georgia law, Synchrologic shareholders are entitled to dissenters' rights with respect to the merger and, if the merger is completed, to receive payment in cash for the fair value of their shares of Synchrologic capital stock. In general, to preserve their dissenters' rights, Synchrologic shareholders who wish to exercise these rights must:

deliver a written demand for appraisal to Synchrologic before the time the vote is taken at the Synchrologic special meeting;

not vote their shares for approval and adoption of the merger agreement and the merger;

continuously hold their shares of Synchrologic capital stock from the date they make the demand for appraisal through the closing of the merger; and

comply with the other procedures set forth in Article 13 of the Georgia Business Corporation Code.

The text of Article 13 of the Georgia Business Corporation Code governing dissenters' rights is attached to this joint proxy statement/prospectus as *Annex G*. Your failure to comply with the procedures described in *Annex G* will result in the loss of your dissenters' rights. We urge you to read the text of Article 13 governing dissenters' rights carefully.

Market Price Information (page 21)

Shares of Pumatech common stock are listed on The Nasdaq National Market. On September 12, 2003, the last full trading day prior to the public announcement of the proposed merger, Pumatech's common stock closed at \$3.87 per share. On October 21, 2003, Pumatech's common stock closed at \$6.31 per share. We urge you to obtain current market quotations.

Table of ContentsIndex to Financial Statements

PUMATECH, INC.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

You should read the following data in conjunction with Pumatech's historical consolidated financial statements and related notes and Pumatech's Management's Discussion and Analysis of Financial Condition and Results of Operations included in Pumatech's annual reports, quarterly reports and other information on file with the SEC or combined elsewhere in this joint proxy statement/prospectus. See "Where You Can Find More Information."

The consolidated statement of operations data for the fiscal years ended July 31, 2001, 2002 and 2003 and the consolidated balance sheet data as of July 31, 2002 and 2003 have been derived from audited consolidated financial statements of Pumatech incorporated by reference in this joint proxy statement/prospectus. The consolidated statement of operations data for the fiscal year ended July 31, 1999 and 2000 and the consolidated balance sheet data as of July 31, 1999, 2000 and 2001 are derived from Pumatech's audited financial statements not included or incorporated by reference in this joint proxy statement/prospectus.

Condensed Consolidated Statement of Operations Data (in thousands)

	Year Ended July 31,				
	1999	2000	2001	2002	2003
Revenue	\$ 20,543	\$ 30,512	\$ 38,202	\$ 22,940	\$ 24,860
Net loss	\$ (5,828)	\$ (22,199)	\$ (41,818)	\$ (34,518)	\$ (7,736)
Accretion of mandatorily redeemable convertible preferred stock to redemption value	(4,238)	(3,877)			
Net loss attributable to common stockholders	\$ (10,066)	\$ (26,076)	\$ (41,818)	\$ (34,518)	\$ (7,736)
Basic and diluted net loss per common share	\$ (0.34)	\$ (0.74)	\$ (0.96)	\$ (0.77)	\$ (0.17)

Condensed Consolidated Balance Sheet Data (in thousands)

	July 31,				
	1999	2000	2001	2002	2003

Edgar Filing: PUMATECH INC - Form S-4

Cash, cash equivalents and short-term investments	\$ 28,516	\$ 85,260	\$ 48,908	\$ 34,431	\$ 27,159
Working capital	24,896	80,317	44,489	28,099	25,173
Total assets	37,122	118,655	78,934	47,312	41,167
Long-term obligations		310		1,991	921
Total stockholders' equity	18,201	105,077	68,192	34,884	31,796

On September 17, 2003, Pumatech consummated the acquisition of substantially all of the assets of Spontaneous Technology, Inc. of Salt Lake City, Utah, a provider of enterprise secure Virtual Private Network (sVPN) software designed to extend existing corporate applications to most wireless devices.

The following summary statement of operations and balance sheet data for the fiscal years ended December 31, 2001 and 2002 have been derived from audited financial statements of Spontaneous Technology included in this joint proxy statement/prospectus.

The balance sheet data as of June 30, 2003 and the statement of operations data for the six months ended June 30, 2002 and 2003 has been derived from unaudited interim financial statements of Spontaneous Technology also included in this joint proxy statement/prospectus.

Table of Contents**Index to Financial Statements**

The information as of June 30, 2003 and for the six months ended June 30, 2002 and 2003 are unaudited and have been prepared on the same basis as Spontaneous Technology's annual financial statements. In the opinion of Spontaneous Technology's management, this unaudited information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. The results of operations for the six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2003, or any future period.

	Year Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
	2001	2002	2002	2003
			(unaudited)	
Statement of Operations Data (in thousands)				
Revenues	\$ 43	\$ 152	\$ 40	\$ 424
Loss from operations	(21,847)	(8,452)	(4,614)	(1,343)
Net loss	(21,858)	(8,443)	(4,669)	(1,751)

	December 31,		June 30,
	2001	2002	2003
			(unaudited)
Balance Sheet Data (in thousands)			
Cash and cash equivalents	\$ 2,638	\$ 450	\$ 341
Working capital (deficit)	442	(3,284)	(4,693)
Total assets	9,438	2,702	2,454
Shareholders' equity/(deficit)	(27,954)	(38,411)	(41,236)

Table of Contents

Index to Financial Statements

SYNCHROLOGIC, INC. SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The selected data presented below under the caption "Selected Historical Consolidated Financial Data of Synchrologic, Inc." for, and as of the end of, each of the years in the five-year period ended December 31, 2002 are derived from the consolidated financial statements of Synchrologic and its subsidiaries, which financial statements have been audited by KPMG LLP, independent accountants. The consolidated financial statements as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002, and the report thereon, are included elsewhere in this joint proxy statement/prospectus. The selected data presented below under the caption "Selected Historical Consolidated Financial Data of Synchrologic, Inc." for the six-month periods ended June 30, 2003 and 2002, and as of June 30, 2003, are derived from the unaudited consolidated financial statements of Synchrologic and its subsidiaries included elsewhere in this joint proxy statement/prospectus. You should read the following selected historical consolidated financial data in conjunction with "Information Regarding Synchrologic" Management's Discussion and Analysis of Financial Condition and Results of Operations and Synchrologic's consolidated financial statements and the related notes included elsewhere in this joint proxy statement/prospectus.

Table of Contents**Index to Financial Statements****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF SYNCHROLOGIC, INC.**

	Years ended December 31,					Six months ended June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(unaudited)						
Statement of Operations Data:							
Revenues:							
Software license fees	\$ 1,957,483	\$ 3,679,383	\$ 3,936,823	\$ 5,366,123	\$ 5,516,856	\$ 2,175,803	\$ 2,540,024
Services fees	405,763	656,557	1,423,536	1,893,529	4,493,882	1,752,271	3,209,685
Total revenues	2,363,246	4,335,940	5,360,359	7,259,652	10,010,738	3,928,074	5,749,709
Costs of revenues:							
Software license fees	1,257	10,976	49,797	51,366	49,583	26,851	26,858
Services fees	596,078	995,715	1,864,389	2,802,323	3,370,438	1,639,758	1,014,583
Total costs of revenues	597,335	1,006,691	1,914,186	2,853,689	3,420,021	1,666,609	1,041,441
Gross profit	1,765,911	3,329,249	3,446,173	4,405,963	6,590,717	2,261,465	4,708,268
Operating expenses	4,463,131	6,238,941	11,172,123	15,251,975	12,731,787	7,060,696	5,281,521
Loss from operations	(2,697,220)	(2,909,692)	(7,725,950)	(10,846,012)	(6,141,070)	(4,799,231)	(573,253)
Interest income (expense), net	73,444	102,704	221,320	457,852	(133,787)	(19,961)	(101,376)
Net loss	(2,623,776)	(2,806,988)	(7,504,630)	(10,388,160)	(6,274,857)	(4,819,192)	(674,629)
Deemed dividends on preferred stock	(5,458)	(8,280)	(122,916)	(352,189)	(352,189)	(176,094)	(176,094)
Net loss attributable to common stockholders	\$ (2,629,234)	\$ (2,815,268)	\$ (7,627,546)	\$ (10,740,349)	\$ (6,627,046)	\$ (4,995,286)	\$ (850,723)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.85)	\$ (0.90)	\$ (1.81)	\$ (2.22)	\$ (1.52)	\$ (1.14)	\$ (0.21)
Weighted average outstanding common shares used to compute net loss per share attributable to common stockholders	3,081,659	3,125,592	4,208,817	4,838,227	4,372,258	4,372,258	4,109,559
	December 31,					June 30,	
	1998	1999	2000	2001	2002	2003	
	(unaudited)						
Balance Sheet Data:							
Cash and cash equivalents	\$ 4,123,281	\$ 1,160,293	\$ 16,300,418	\$ 5,992,876	\$ 3,204,263	\$ 2,631,733	

Edgar Filing: PUMATECH INC - Form S-4

Working capital	3,955,861	1,250,321	16,282,636	5,775,927	1,292,308	320,542
Total assets	5,279,963	3,551,355	19,228,068	9,307,720	5,974,180	5,326,826
Outstanding borrowings under note payable to bank					817,000	817,000
Current portion of term loan payable to bank					767,536	868,515
Term loan payable to bank, excluding current portion					934,040	506,544
Mandatorily redeemable securities	9,664,790	9,673,071	30,076,424	30,428,613	30,780,802	30,956,897
Stockholders deficit	(5,262,678)	(8,065,018)	(12,856,240)	(23,639,069)	(29,972,772)	(30,805,409)

Table of Contents

Index to Financial Statements

SUMMARY UNAUDITED COMBINED CONDENSED PRO FORMA DATA

The following unaudited pro forma combined condensed financial statements have been prepared to give effect to the proposed merger of Pumatech and Synchrologic using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the merger had been completed as of August 1, 2002 for statement of operations purposes and as of July 31, 2003 for balance sheet purposes.

In addition, these unaudited pro forma combined condensed financial statements have been prepared to reflect Pumatech's acquisition of substantially all of the assets of Spontaneous Technology, Inc. on September 17, 2003 using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the Spontaneous Technology asset acquisition had been completed as of August 1, 2002 for statement of operations purposes and as of July 31, 2003 for balance sheet purposes. Pumatech's acquisition of Starfish Software on March 27, 2003 is also treated as having occurred on August 1, 2002.

Pumatech's fiscal year end is July 31, whereas Synchrologic's and Spontaneous Technology's fiscal year ends are December 31. The following pro forma combined condensed statement of operations data for the year ended July 31, 2003 combines the results of operations of Pumatech for the twelve months ended July 31, 2003 and Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003. Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003 were calculated by adding the results of operations for the twelve months ended December 31, 2002 to the results of operations for the six months ended June 30, 2003, and deducting the results of operations for the six months ended June 30, 2002. In addition, the following pro forma combined condensed statement of operations data for the year ended July 31, 2003 includes the results of operations of Starfish Software for the eight months ended February 28, 2003. Since the Starfish Software acquisition took place on March 27, 2003, four months of Starfish Software results are included in the consolidated Pumatech results for the year ended July 31, 2003. Starfish Software's results of operations for the eight months ended February 28, 2003 were calculated by deducting the results of operations for the six months ended June 30, 2002 from the results of operations for the twelve months ended December 31, 2002, and adding the results of operations for the two months ended February 28, 2003.

The unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the merger and the acquisition noted above occurred on August 1, 2002 for statement of operations purposes and as of July 31, 2003 for balance sheet purposes, nor are they necessarily indicative of the future financial position or results of operations.

These unaudited pro forma combined condensed financial statements are based upon the respective historical consolidated financial statements of Pumatech, Synchrologic, Spontaneous Technology and Starfish Software and should be read in conjunction with the historical consolidated financial statements of Pumatech, Synchrologic, Spontaneous Technology and Starfish Software and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Pumatech's annual reports, quarterly reports and other information on file with the SEC or contained elsewhere in this joint proxy statement/prospectus.

Table of Contents

Index to Financial Statements

UNAUDITED COMBINED CONDENSED PRO FORMA

STATEMENT OF OPERATIONS DATA

FOR THE YEAR ENDED JULY 31, 2003

(In thousands, except per share amounts)

Revenues	\$ 40,095
Net loss	(26,503)
Net loss per share - basic and diluted	(0.41)
Shares used in per share calculation - basic and diluted	63,916

UNAUDITED COMBINED CONDENSED PRO FORMA BALANCE SHEET DATA

AS OF JULY 31, 2003

(In thousands)

Cash, cash equivalents and short-term investments	\$ 30,132
Working capital	22,901
Total assets	118,915
Long-term obligations	1,427
Total stockholders' equity	101,423

Table of ContentsIndex to Financial Statements**COMPARATIVE PER SHARE DATA**

The following table presents Pumatech's, Synchronologic's and Spontaneous Technology's unaudited historical per share and combined pro forma per share data after giving effect to the Pumatech and Synchronologic merger and Pumatech's acquisition of Spontaneous Technology and Starfish Software using the purchase method of accounting. The pro forma data does not purport to be indicative of the results of future operations or the results that would have occurred had the merger and the acquisitions noted above been consummated at the beginning of the periods presented. The information set forth below should be read in conjunction with Pumatech's historical consolidated financial statements and notes incorporated by reference in this joint proxy statement/prospectus and Synchronologic's and Spontaneous Technology's historical consolidated financial statements and notes included elsewhere in this joint proxy statement/prospectus. The unaudited pro forma combined and unaudited pro forma equivalent per share data combine Pumatech's results of operations for the year ended July 31, 2003, Synchronologic's and Spontaneous Technology's results of operations for the 12 months ended June 30, 2003 and Starfish Software's results of operations for the eight months ended February 28, 2003 with Pumatech's financial position at July 31, 2003 and Synchronologic's and Spontaneous Technology's financial position at June 30, 2003. No cash dividends have ever been declared or paid on Pumatech's, Synchronologic's, Spontaneous Technology's or Starfish Software's common stock.

Comparative historical and pro forma per share data:

	<u>Pumatech</u>
	<u>Year Ended</u>
	<u>July 31, 2003</u>
Historical per common share data:	
Loss per share - basic and diluted	\$ (0.17)
Net book value per share(1)	\$ 0.69
	<u>Synchronologic</u>
	<u>12 months ended</u>
	<u>June 30, 2003</u>
Historical per common share data(2):	
Loss per share - basic and diluted	\$ (0.14)
Net book value per share(1)	\$ (1.98)
	<u>Spontaneous</u>
	<u>Technology</u>

	12 months ended
	June 30, 2003
	<u> </u>
Historical per common share data(2):	
Loss per share basic and diluted	\$ (0.10)
	<u> </u>
Net book value per share(1)	\$ (0.74)
	<u> </u>

Table of Contents**Index to Financial Statements**

	Combination
	Year Ended
	July 31, 2003
Pro forma combined per common share data:	
Loss per combined company's basic and diluted share(4)	\$ (0.41)
Loss per equivalent Synchrologic basic and diluted share(3)	\$ (0.43)
Loss per equivalent Spontaneous Technology basic and diluted share(3)	\$ (0.01)
Pro forma net book value per combined company's share(1)	\$ 1.59
Pro forma net book value per equivalent Synchrologic share(3)	\$ 1.65
Pro forma net book value per equivalent Spontaneous Technology share (3)	\$ 0.03

- (1) Pumatech's, Synchrologic's and Spontaneous Technology's historical net book value per share of common stock is computed by dividing stockholders' equity (deficit) at period end by the number of shares of common stock outstanding at the respective period end. The pro forma net book value per share of common stock of the combined company is computed by dividing the pro forma stockholders' equity by the pro forma number of shares of Pumatech's common stock outstanding at the respective period end, assuming the Synchrologic merger and Spontaneous Technology acquisition had occurred as of that date.
- (2) Prepared on an as converted basis for Synchrologic's and Spontaneous Technology's preferred stock.
- (3) The equivalent pro forma per share data is calculated by multiplying the respective pro forma share data by the pro forma exchange ratio for Synchrologic and Spontaneous Technology on an as converted basis, which is 1.039 and 0.020, respectively.
- (4) Shares used to calculate unaudited pro forma combined loss per basic and diluted shares were computed by adding 16,200,000 shares of Pumatech's common stock assumed to be issued at the closing of the proposed Synchrologic merger and 1,094,000 shares of Pumatech's common stock issued at the closing of the acquisition of Spontaneous Technology to Pumatech's weighted average shares outstanding.

Table of Contents**Index to Financial Statements****MARKET PRICE AND DIVIDEND INFORMATION****Market Price Data**

Pumatech common stock has been traded on The Nasdaq National Market under the symbol PUMA since Pumatech's initial public offering in December 1996. The following table presents the high and low sale prices per share of Pumatech common stock as reported on The Nasdaq National Market for the periods indicated. These prices are adjusted for the two-for-one stock split in the form of a stock dividend paid to Pumatech's stockholders on March 22, 2000.

	<u>High</u>	<u>Low</u>
Fiscal Year Ending July 31, 2004		
First Quarter (through October 20, 2003)	\$ 6.66	\$ 3.05
Fiscal Year Ended July 31, 2003		
First Quarter	\$ 0.49	\$ 0.22
Second Quarter	\$ 1.55	\$ 0.36
Third Quarter	\$ 3.30	\$ 1.13
Fourth Quarter	\$ 4.08	\$ 2.31
Fiscal Year Ended July 31, 2002		
First Quarter	\$ 2.65	\$ 1.11
Second Quarter	\$ 3.68	\$ 2.06
Third Quarter	\$ 2.09	\$ 0.99
Fourth Quarter	\$ 1.00	\$ 0.43
Fiscal Year Ended July 31, 2001		
First Quarter	\$ 26.63	\$ 12.25
Second Quarter	\$ 16.75	\$ 3.81
Third Quarter	\$ 9.25	\$ 2.54
Fourth Quarter	\$ 4.81	\$ 2.03
Fiscal Year Ended July 31, 2000		
First Quarter	\$ 18.50	\$ 2.19
Second Quarter	\$ 65.31	\$ 17.50
Third Quarter	\$ 98.00	\$ 22.88
Fourth Quarter	\$ 37.00	\$ 19.75
Fiscal Year Ended July 31, 1999		
First Quarter	\$ 2.81	\$ 0.97
Second Quarter	\$ 2.25	\$ 1.37
Third Quarter	\$ 2.69	\$ 1.88
Fourth Quarter	\$ 3.44	\$ 2.38
Fiscal Year Ended July 31, 1998		
First Quarter	\$ 4.19	\$ 2.78
Second Quarter	\$ 4.03	\$ 2.78
Third Quarter	\$ 3.66	\$ 2.81
Fourth Quarter	\$ 4.19	\$ 2.53
Fiscal Year Ended July 31, 1997		
Second Quarter (from December 5, 1996)	\$ 9.62	\$ 6.06
Third Quarter	\$ 8.12	\$ 2.87
Fourth Quarter	\$ 5.62	\$ 3.81

There has been no public market for the Synchrologic capital stock.

Recent Share Prices

The following table provides the closing prices per share of Pumatech common stock as reported on The Nasdaq National Market on September 12, 2003, the last full trading day preceding public announcement that Pumatech and Synchrologic had entered into the merger agreement, and , 2003, the last full trading day for which closing prices were available at the time of the printing of this joint proxy statement/prospectus.

Table of Contents**Index to Financial Statements**

Since Synchronologic capital stock is not traded in any established market, no equivalent market price data is available for Synchronologic. However, the following table sets forth the estimated exchange ratio for each outstanding class and series of Synchronologic capital stock and the estimated equivalent price per Synchronologic share, or the value Synchronologic shareholders will receive in the merger for each share of Synchronologic capital stock he, she or it owns. Although the final exchange ratios will not be determined until immediately prior to the effective time of the merger, the estimated equivalent prices per Synchronologic share at each of the referenced dates have been computed by multiplying the closing sales price per share of Pumatech common stock on that date by the applicable estimated exchange ratio. For a discussion of the assumptions made in calculating the estimated exchange ratios, see "The Merger" Merger Consideration.

Date/Class and Series of Synchronologic Capital Stock	Closing Sales Price Per Share of Pumatech Common Stock	Estimated Exchange Ratio	Equivalent Price Per Share of Synchronologic Capital Stock
September 12, 2003	\$3.87		
Common Stock		0.616567	\$ 2.39
Series A Preferred Stock		0.844583	\$ 3.27
Series B Preferred Stock		0.913746	\$ 3.54
Series C Preferred Stock		0.626266	\$ 2.42
Series D Preferred Stock		2.342925	\$ 9.07
[Date], 2003	\$		
Common Stock			
Series A Preferred Stock			
Series B Preferred Stock			
Series C Preferred Stock			
Series D Preferred Stock			

We urge you to obtain current market quotations for Pumatech common stock. We cannot predict the market prices for Pumatech common stock at any time before completion of the merger or the market price for Pumatech common stock after the completion of the merger. Because the market price of Pumatech common stock is subject to fluctuation, the market value of the shares of Pumatech common stock that holders of Synchronologic capital stock will receive in the merger may increase or decrease.

Dividend Information

Neither Pumatech nor Synchronologic has ever paid any cash dividends on their shares of capital stock. Under the merger agreement, each of Pumatech and Synchronologic has agreed not to pay cash dividends pending completion of the merger, without the written consent of the other. The Pumatech board of directors intends to retain all earnings for use in its business and has no present intention to pay cash dividends after the merger. If the merger is not completed, the Synchronologic board of directors intends to continue its policy of retaining all earnings for use in its business.

Number of Stockholders

Edgar Filing: PUMATECH INC - Form S-4

As of October 17, 2003, 49,672,461 shares of Pumatech common stock were held by approximately 446 stockholders of record. This does not reflect persons or entities who hold their stock in nominee or street name through various brokerage firms.

As of October 21, 2003, there were approximately 70 shareholders of record of Synchrologic capital stock.

Table of Contents

Index to Financial Statements

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This joint proxy statement/prospectus contains such forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may be made directly in this joint proxy statement/prospectus referring to Synchrologic and Pumatech, and they may also be made a part of this joint proxy statement/prospectus by reference to other documents filed with the Securities and Exchange Commission by Pumatech and incorporated by reference into this joint proxy statement/prospectus. These statements may include statements regarding the period following completion of the merger.

Words such as anticipate, believe, estimate, expect, intend, may, plan, project, seek, and words and terms of similar substance used with any discussion of future operating or financial performance, or expected strategic benefits, advantages and other effects of the merger identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the risks related to the businesses of Pumatech, Synchrologic and the combined company, the factors relating to the merger discussed under Risk Factors of this joint proxy statement/prospectus, among others, could cause actual results to differ materially from those described in the forward-looking statements. Neither Synchrologic nor Pumatech makes any representation as to whether any projected or estimated financial information contained in any forward-looking statements will be obtained and stockholders are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this joint proxy statement/prospectus or the date of the document incorporated by reference in this joint proxy statement/prospectus. Neither Synchrologic nor Pumatech is under any obligation, and each expressly disclaims any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please see the quarterly reports on Form 10-Q and the annual reports on Form 10-K that Pumatech has filed with the Securities and Exchange Commission.

Table of Contents

Index to Financial Statements

RISK FACTORS

The merger involves a high degree of risk. By voting in favor of the merger, Synchrologic shareholders will be choosing to invest in Pumatech common stock. An investment in Pumatech common stock involves a high degree of risk. In addition to the other information contained or incorporated by reference in this joint proxy statement/prospectus, Synchrologic shareholders should carefully consider the following risk factors in deciding whether to vote for the merger.

If any of the following risks actually occur, the business, financial condition or prospects of either or both of Pumatech and Synchrologic may be seriously harmed. In such case, the trading price of Pumatech common stock may decline, and you may lose all or part of your investment.

Risks Related to the Merger

Since the total number of shares of Pumatech common stock to be issued in the merger is subject to contractual limitations, the merger exchange ratios may not fully reflect changes in the market value of Pumatech common stock before the closing of the merger.

The total consideration shares, representing the aggregate number of shares of Pumatech common stock to be issued in the merger in exchange for all outstanding shares of Synchrologic capital stock (including shares of Pumatech common stock to be reserved for issuance upon the exercise of Synchrologic options assumed by Pumatech in the merger), will be determined based on the average closing price, which is the average of the closing sales prices for one share of Pumatech common stock as reported on The Nasdaq National Market for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger. However, the merger agreement provides that in no event will the total consideration shares exceed a maximum of 19,800,000 shares of Pumatech common stock or be less than a minimum of 16,200,000 shares of Pumatech common stock, subject to adjustments for transaction expenses. Therefore, the parties will not adjust the number of shares of Pumatech common stock comprising the total consideration shares beyond these limits even if the average closing price falls below the amount that would result in the number of shares of Pumatech common stock comprising the total consideration shares exceeding 19,800,000 or rises above the amount that would result in the number of shares of Pumatech common stock comprising the total consideration shares being fewer than 16,200,000, subject to adjustments for transaction expenses. As a result, the merger exchange ratios may not fully reflect changes in the market value of Pumatech common stock before the closing of the merger. Pumatech cannot predict the market price of Pumatech common stock at any time before or after the completion of the merger. **Pumatech encourages you to obtain current market quotations of Pumatech common stock.**

The number of shares of Pumatech common stock Synchrologic shareholders will receive in the merger will be decreased according to the amount of Synchrologic's transaction expenses.

If the merger is completed, Pumatech and Synchrologic have agreed to share equally the aggregate legal, accounting, investment banking, broker's and finder's fees incurred by Synchrologic and its shareholders in connection with the merger so long as such shared transaction expenses do not exceed a total of \$400,000. Any transaction expenses of Synchrologic and its shareholders in excess of \$400,000 will be paid by the shareholders of Synchrologic. Any portion of any transaction expenses to be paid by the Synchrologic shareholders will be treated as a reduction of the purchase price in determining the number of total consideration shares Synchrologic shareholders will receive in the merger. Thus, in the event that Synchrologic's transaction expenses total \$400,000 or less, the total number of shares of Pumatech common stock to be issued to the Synchrologic shareholders in the merger will be reduced by a number of shares equal to 50% of Synchrologic's transaction expenses.

Edgar Filing: PUMATECH INC - Form S-4

divided by the average closing price for Pumatech's common stock, which is the average of the closing sales prices on The Nasdaq National Market for one share of Pumatech common stock for the thirty day trading period ending on the last complete trading date immediately prior to the closing of the merger. In the event that Synchronologic's transaction expenses exceed \$400,000, the total number of shares of Pumatech common stock to be issued to the Synchronologic shareholders in the merger will be reduced as described in the preceding sentence

Table of Contents

Index to Financial Statements

and reduced further by the number of shares equal to 100% of the amount by which Synchrologic's transaction expenses exceed \$400,000 divided by the average closing price for Pumatech's common stock. Synchrologic cannot predict the total amount of expenses that will be incurred by Synchrologic and its shareholders in connection with the merger.

Pumatech will face technical, operational and strategic challenges that may prevent it from successfully integrating Synchrologic with Pumatech.

The integration of Pumatech and Synchrologic will be a time consuming and expensive process and may disrupt the combined company's operations if it is not completed in a timely and efficient manner. If this integration effort is not successful, the combined company's results of operations could be harmed, employee morale could decline, key employees could leave and customers could cancel existing orders or choose not to place new ones. In addition, Pumatech may not achieve any of the anticipated synergies or other benefits of the merger. Following the merger, Pumatech and Synchrologic must operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls and human resources practices. Pumatech and Synchrologic may encounter the following difficulties, costs and delays involved in integrating their operations:

potential incompatibility of business cultures;

potential difficulties in successfully integrating the management teams and employees of Pumatech and Synchrologic;

challenges in managing the combined company's growth and managing larger, more geographically dispersed operations;

perceived adverse changes in business focus;

failure of the combined company to manage successfully relationships with customers, suppliers and other important relationships;

possible difficulties convincing the combined company's customers to accept new services or to continue using the products and services of the combined company; and

loss of key employees and diversion of the attention of management from other ongoing business concerns.

The challenges of integrating the businesses of Pumatech and Synchrologic may be increased by ongoing efforts to integrate recent acquisitions by Pumatech.

Synchrologic executive officers, directors and employees have interests that are different from, or in addition to, those of the Synchrologic shareholders generally.

Edgar Filing: PUMATECH INC - Form S-4

The executive officers and directors of Synchrologic have interests in the merger that are different from, or are in addition to, those of Synchrologic shareholders generally. These include:

The Synchrologic stock options held by each of Synchrologic's directors, executive officers and employees will be assumed in the merger and will become fully accelerated and exercisable, in accordance with their terms, for shares of Pumatech common stock;

Some executive officers of Synchrologic will enter into employment agreements with Pumatech or will be otherwise employed by Pumatech following the merger; and

Directors and officers of Synchrologic have customary rights to indemnification against specified liabilities.

As a result, these executive officers, directors and employees could be more likely to vote to approve, and recommend the approval of, the merger and the merger agreement than if they did not hold these interests.

Table of Contents

Index to Financial Statements

The market price of Pumatech common stock is highly volatile, and if the merger's benefits do not meet the expectations of financial or industry analysts, the market price of Pumatech common stock may decline.

In the past, Pumatech common stock has experienced substantial price volatility. This volatility might occur in the future, which could cause the Pumatech common stock to be worth less after the merger than before the merger. Volatility can arise particularly in response to quarter-to-quarter variations in the actual or anticipated financial results of Pumatech, its customers or competitors, and announcements by Pumatech or its competitors regarding new product and service introductions. The market price of Pumatech common stock can also fluctuate in response to price and volume fluctuations in the stock market, particularly those that affect the market prices of technology stocks.

In addition, the market price of Pumatech common stock may decline as a result of the merger if:

the integration of Pumatech and Synchrologic is unsuccessful;

Pumatech does not achieve the perceived benefits of the merger as rapidly as, or to the extent, anticipated by financial or industry analysts; or

the effect of the merger on Pumatech's financial results is not consistent with the expectations of financial or industry analysts.

The business of Synchrologic could suffer in response to the announcement of the merger.

The announcement of the merger may have a negative impact on Synchrologic's ability to sell its products and services, attract and retain key management, development or other personnel, maintain and attract new customers, and maintain strategic relationships with third parties. For example, Synchrologic may experience cancellations or a decline in the rate of orders for its products or services or a deterioration in its customer relationships. In addition, Synchrologic's employees may experience uncertainty about their future role with Pumatech until Pumatech's plan for Synchrologic's employees is announced. If the merger is not completed, Synchrologic could be harmed by these adverse changes in its business or the expectation of these changes, and restoring Synchrologic's business to its pre-announcement value could take a long time and be costly, and may not occur.

Failure to complete the proposed merger could adversely affect Synchrologic's and Pumatech's future business and operations and Pumatech's stock price.

The merger is subject to the satisfaction of a number of closing conditions, including the approval by Synchrologic's shareholders and by Pumatech's stockholders, and we cannot assure you that the merger will be successfully completed. In the event that the merger is not completed, Synchrologic and Pumatech may be subject to a number of material risks, including the following:

Edgar Filing: PUMATECH INC - Form S-4

Synchrologic may be required to pay Pumatech a termination fee of \$6,000,000 or Pumatech may be required to pay Synchrologic a termination fee of \$3,000,000;

Costs related to the proposed merger, such as legal, accounting, and some advisory fees, must be paid, even if the merger is not completed; and

Restoring Synchrologic's business to its pre-announcement of merger value could take a substantial amount of time and resources, and may not occur.

If the merger is not completed and Synchrologic's board of directors determines to seek another business combination, Synchrologic may not be able to find a partner willing to pay an equivalent or more attractive price than that which would have been paid in the merger with Pumatech. Further, failure to complete the proposed merger could be perceived negatively by investors in Pumatech's common stock, which would have an adverse effect on Pumatech's stock price.

Table of Contents

Index to Financial Statements

The completion of the merger may result in dilution in future per share operating results to the stockholders of Pumatech and Synchrologic.

The completion of the merger will not necessarily result in improved per share operating results of the combined company or a financial condition superior to that which would have been achieved by either of the companies on a stand-alone basis. The merger could fail to produce the benefits that the companies anticipate, or could have other adverse effects that the companies currently do not foresee. In this event, the merger could result in a reduction of per-share earnings of the combined company as compared to the per-share earnings that would have been achieved if the merger had not occurred.

Risks Related to Pumatech's Business

If the merger is successfully completed, holders of Synchrologic capital stock will become holders of Pumatech common stock. Pumatech's business differs from Synchrologic's business, and Pumatech's results of operations, as well as the price of Pumatech common stock, may be affected by factors different than those affecting Synchrologic's results of operations and the value of Synchrologic's capital stock before the merger. In this section regarding Risks Related to Pumatech's Business, references to we, us and our refer to Pumatech and its subsidiaries.

We have historically incurred losses and these losses may continue in the future. We may not be able to sustain consistent future revenue growth on a quarterly or annual basis, or achieve or maintain profitability.

We have not been profitable since fiscal 1998. Although we have reported sequential revenue growth over the last four quarters, we cannot be certain that this growth will continue at the same rate, or that our revenues will not decline in the future. We have experienced losses of \$7.7 million, \$34.5 million and \$41.8 million for fiscal 2003, 2002 and 2001, respectively. At July 31, 2003, we had an accumulated deficit of \$121.7 million. To become profitable and sustain profitability, we will need to generate additional revenues to offset our expenses. We may not achieve or sustain our revenue or profit goals and our losses may continue in the future. Because the synchronization market is new and evolving, we cannot accurately predict either the future growth rate, if any, or the ultimate size of the market for our products and services. For example, while the market for smartphones and other wireless mobile devices has experienced growth recently, the market for traditional personal data assistants (PDA) has declined. This decline in traditional PDA sales had a direct impact on sales of our Intellisync products through the retail and online channels, where sales of our synchronization software typically occur at the same time a PDA is purchased, or shortly thereafter. This decline has had a negative impact on our revenues and we expect that the decline in this market may continue. The increase in demand for smartphones and other such devices may not offset the decline in traditional PDA sales. If we cannot achieve profitability or positive cash flows from operating activities, we may be unable to meet our working capital and other payment obligations, which would have a material adverse effect on our business, financial condition and results of operations and the price of our common stock.

Our quarterly revenues and operating results are subject to significant fluctuations, and our stock price may decline if we do not meet the expectations of investors and analysts.

Our quarterly revenues and operating results are difficult to predict and have and may in the future fluctuate significantly from quarter to quarter due to a number of factors, many of which are outside our control. These factors include, but are not limited to:

a decline in the market for traditional personal data assistants;

our need to realize our goals with respect to recent and potential future acquisitions;

our need and ability to generate and manage growth;

rapid evolution of technology;

Table of Contents

Index to Financial Statements

our evolving business model;

our reliance on international sales and growth

our ability to penetrate the European market;

a decline in gross margins;

the seasonal nature of the market;

changes in the market for synchronization;

introduction of new products and services by us or our competitors;

changes in our mix of sources of revenues;

the long-term effect of our reduction in operating expenses;

entrenched and substantial competition; and

continued difficult political and economic conditions.

Additionally, we generally derive our technology licensing revenues from multi-year contracts with customers that frequently include license fees, professional services fees, royalty payments and maintenance. We typically earn both the license fees and the professional services in the initial one or two quarters subsequent to the signing of a contract. We periodically have large professional services implementations that individually contribute as much as 5% or more to quarterly revenue. Combined with related license revenues, total revenue from individual customers in the initial quarters of a contract may exceed the revenues we earn during subsequent periods covered by the contract. To the extent that we do not secure additional contracts with the same customer or secure comparably sized commitments from other customers, we may not be able to achieve our revenue forecasts for future quarters.

There can be no assurance that we will generate sufficient revenue to meet expenses or to operate profitably in the future. Our losses today and the risk of future losses present significant risks to our stockholders. If we cannot achieve profitability or positive cash flows from operating activities, we may be unable to meet our working capital and other payment obligations, which would have a material adverse effect on our business, financial condition and results of operations and the price of our common stock.

Our market changes rapidly due to evolution in technology and industry standards. If we do not adapt to meet the sophisticated needs of our customers, our business and prospects will suffer.

Edgar Filing: PUMATECH INC - Form S-4

The market for our products and services is characterized by rapidly changing technology, evolving industry standards and frequent new product and service introductions. The traditional personal data assistant market, appears to be declining and may continue to do so, just as sales in competing markets, such as smartphones and other multi-function mobile phones may be increasing. Our future success will depend to a substantial degree on our ability to offer products and services that adapt to these changing markets, incorporate leading technology, address the increasingly sophisticated and varied needs of our current and prospective customers and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. Our rapidly evolving market makes it more likely that:

our technology or products may become obsolete upon the introduction of alternative technologies;

we may not have sufficient resources to develop or acquire new technologies or to introduce new products or services capable of competing with future technologies or service offerings; and

we may not be able to respond effectively to the technological requirements of the changing market.

To the extent we determine that new technologies and equipment are required to remain competitive, the development, acquisition and implementation of these technologies and equipment are likely to continue to

Table of Contents

Index to Financial Statements

require significant capital investment by us. Moreover, there can be no assurances that we can develop, market and deliver new products and technology on a timely basis. Sufficient capital may not be available for this purpose in the future, and even if it is available, investments in new technologies may not result in commercially viable technological processes and there may not be commercial applications for such technologies. If we do not develop, acquire and introduce new products and services and achieve market acceptance in a timely manner, our business and prospects may suffer.

Our recent and planned future acquisitions could require significant management attention and prove difficult to integrate with our business, which could distract our management, disrupt our business, dilute stockholder value and adversely affect our operating results.

As part of our strategy, we intend to continue to make investments in complementary companies, products or technologies. We recently acquired Starfish Software, Inc. (in March 2003) and substantially all of the assets of Loudfire, Inc. (in July 2003) and Spontaneous Technology, Inc. (in September 2003). We have also recently announced our intention to acquire Synchrologic, Inc. We may not realize benefits from any of these acquisitions, or from any acquisition we may have in the future. If we fail to integrate successfully our past and future acquisitions, or the technologies associated with such acquisitions, into our company, the revenue and operating results of the combined company could decline. Any integration process will require significant time and resources, and we may not be able to manage the process successfully. If our customers are uncertain about our ability to operate on a combined basis, they could delay or cancel orders for our products. We may not successfully be able to evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges. Acquisitions involve a number of difficulties and risks to our business, including, but not limited to, the following:

potential adverse effects on our operating results;

failure to integrate acquired technologies with our existing products and technologies;

failure to integrate management information systems, personnel, research and development and marketing, sales and support operations;

potential loss of key employees from the acquired company;

diversion of management's attention from other business concerns;

disruption of our ongoing business;

potential loss of the acquired company's customers;

failure to realize the potential financial or strategic benefits of the acquisition;

failure to develop further the acquired company's technology successfully, resulting in the impairment of amounts capitalized as intangible assets;

Edgar Filing: PUMATECH INC - Form S-4

unanticipated costs and liabilities;

incur amortization expenses related to intangible assets (other than goodwill); and

incur impairment charges under Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets.

Further, we have issued common stock and paid cash for recent acquisitions and may have to pay cash, incur debt or issue equity securities to pay for any future acquisition, each of which could affect the market price of our common stock. The sale of additional equity or convertible debt could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations.

Table of Contents

Index to Financial Statements

If we are unable to consummate the acquisition of Synchrologic or to make additional future acquisitions of mobile computing-related technology companies, we may be unable to compete successfully in the enterprise synchronization market.

Our business strategy is dependent upon making additional acquisitions of mobile computing-related technology companies. For example, our planned acquisition of Synchrologic is intended to be an important addition to our technological ability to serve enterprise customers. Future acquisition candidates may be few in number and may attract offers from companies with greater financial resources than us. We can provide no assurance that we will be able to locate other suitable acquisition targets or that we will be able to complete additional acquisitions. If we are unable to acquire Synchrologic and make additional future acquisitions of mobile computing-related technology companies or build similar technologies in-house, we may be unable to implement our business plan and our ability to compete in the enterprise synchronization market may be adversely affected.

Our investment in goodwill and other intangibles resulting from our acquisitions could become impaired.

As of July 31, 2003, our goodwill and other intangibles amounted to \$5,500,000, net of accumulated amortization and reflective of newly acquired intangibles from Starfish and Loudfire. We ceased to amortize our existing goodwill upon our adoption of SFAS No. 142 in the beginning of fiscal 2003. We will amortize approximately \$781,000, \$739,000, \$666,000 and \$548,000 of other intangibles in fiscal 2004, 2005, 2006 and 2007, respectively, based on the acquisitions completed as of July 31, 2003. We expect, however, that amortization expense will increase significantly as a result of the acquisition of various intangibles from Spontaneous Technology and the pending acquisition of Synchrologic in fiscal 2004. To the extent we do not generate sufficient cash flows to recover the net amount of any investment in goodwill and other intangibles recorded, the investment could be considered impaired and subject to earlier write-off. These impairments of goodwill or other intangible assets could have a negative impact on our results of operations in any given period.

Our business was harmed by the recent slowdown in the economy generally and in the information technology sector in particular. As a result, we have reduced our total operating expenses to a lower level in fiscal 2003 compared with those in fiscal 2002. Continued or worsened conditions may directly harm our business and could result in additional actions to reduce operating expenses, which could harm our business and future prospects further.

Our revenue declined sequentially in the six quarters before the first quarter of fiscal 2003, largely as a result of recent unfavorable economic conditions that caused our customers to delay, decrease or cancel corporate information technology spending. The sales of our products and services is largely dependent the state of the general economy and upon the condition of the mobile computing-synchronization markets. We may be unable to offset the harm caused by continued or increasing weakness in demand with additional reductions in operating expenses without significantly harming our business.

Our success and ability to compete depends upon our ability to secure and protect patents, trademarks and other proprietary rights.

Our success depends on our ability to protect our proprietary rights to the technologies used in our products and services. In the event that a third party breaches the confidentiality provisions or other obligations in one or more of our agreements or misappropriates or infringes on our intellectual property or the intellectual property licensed to us by third parties, our business would be seriously harmed. To protect our proprietary rights, we rely on a combination of trade secrets, confidentiality and other contractual provisions and agreements, and patent, copyright and trademark laws, which afford us only limited protection. Third parties may independently discover or invent competing

technologies or reverse engineer our trade secrets, software or other technology. Furthermore, laws in some countries may not protect our proprietary rights to the same extent as the laws of the United States. Therefore, the measures we take to protect our proprietary rights may not be adequate.

Table of Contents

Index to Financial Statements

Despite our efforts to protect our proprietary rights and technologies, unauthorized parties may attempt to copy aspects of our products or to obtain and use trade secrets or other information that we regard as proprietary. Policing unauthorized use of our products is difficult, and while we are unable to determine the extent to which piracy of our software products exists, software piracy can be expected to be a persistent problem. Embedded software products, like those we offer, can be especially susceptible to software piracy.

We are and may in the future be subject to litigation that could result in significant costs to us.

Litigation has been and may in the future be necessary to enforce our proprietary rights or to protect our trade secrets or trademarks. These legal proceedings may also divert our management's attention from growing our business. Failure to enforce and protect our intellectual property successfully would substantially harm our business.

For instance, on April 19, 2002, we filed a patent infringement suit against Extended Systems, Inc. in the United States District Court for the Northern District of California. In this suit, we allege that Extended System's server and desktop products infringe on eight of our synchronization-related patents. We are seeking an injunction against future sales of infringing server and desktop products, as well as monetary damages for past sales of the infringing products, of Extended Systems. Extended Systems has denied our charges, raised a number of affirmative defenses to our claims, and requested a declaration from the Court that our eight patents are invalid and not infringed. Litigation is inherently uncertain, and we may not prevail in our claims or defenses. In addition, our litigation against Extended Systems is expensive and time-consuming, and management has been and may in the future be required to spend significant time in the defense of the suit. We incurred approximately \$1,200,000 of legal costs relating to all litigation including against Extended Systems during fiscal 2003 and believe that we will continue to incur significant amount of legal costs during fiscal 2004 as a result of any on-going litigation. Extended Systems has no claims or counterclaims against us in this case. However, if we do not prevail in our claims, we might be forced to accept an unfavorable settlement or judgment which could require us to pay a substantial amount of Extended Systems' legal fees in settlement or upon the determination of these claims. An unfavorable settlement or judgment could also materially harm our ability to use existing intellectual property and severely harm our business as a result.

On December 5, 2002, we filed a patent infringement suit against Synchrologic, Inc. in the United States District Court for the Northern District of California, alleging that Synchrologic's server and desktop products infringe six of our synchronization-related patents. On September 14, 2003, we entered into a definitive agreement to acquire Synchrologic. Upon the execution of the definitive agreement, we and Synchrologic agreed to dismiss the litigation with prejudice as of September 17, 2003, thereby permanently ending this specific suit.

In order to protect our proprietary rights in the future, we may decide to sue additional parties. Any litigation, whether brought by or against us, could cause us to incur significant expenses and could divert a large amount of management time and effort. A claim by us against a third party could, in turn, cause a counterclaim by the third party against us, which could impair our intellectual property rights and harm our business.

If we are forced to defend against third-party infringement claims, whether they are with or without merit or are determined in our favor, we could face expensive and time-consuming litigation, which could distract technical and management personnel, or result in product shipment delays. If an infringement claim is determined against us, we may be required to pay monetary damages or ongoing royalties. Further, as a result of infringement claims either against us or against those who license technology to or from us, we may be required to develop non-infringing intellectual property or enter into costly royalty or licensing agreements. Such royalty or licensing agreements, if required, may be unavailable on terms that are acceptable to us, or at all. If a third party successfully asserts an infringement claim against us and we are required to pay monetary damages or royalties or we are unable to develop suitable non-infringing alternatives or license the infringed or similar intellectual property on reasonable terms on a timely basis, it could significantly harm our business.

Table of Contents

Index to Financial Statements

If our intellectual property were to be found to be infringing or otherwise invalid, our business would be harmed.

Our business is heavily dependent on our intellectual property. Our patents are an especially important part of our intellectual property and our business. Third parties may assert infringement or unfair competition claims against us. In the past, we have received notices from third parties alleging that our product offerings infringe proprietary rights held by them. We have also received a notice from a customer to which we may have indemnification obligations under some circumstances, informing us that it had received a notice from a third party alleging that the customer's product infringes the third party's proprietary rights. We or our customers may receive other similar notices from third parties in the future. We cannot predict whether third parties will assert claims of infringement against us, or whether any past, present or future claims will prevent us from offering products or operating our business as planned.

Due to the inherently uncertain nature of intellectual property protection and the extremely competitive area in which we operate our business, it is possible that some or all of our intellectual property could be found to be infringing on the intellectual property of others or that our patents could be determined to be invalid in the future, despite our efforts to ensure otherwise. Should some or all of our intellectual property be found to be infringing on the intellectual property of others, our business would be severely harmed because we would not be able to sell our products and we may incur fees, expenses or be forced to pay damage awards. In addition, our business would be harmed if our patents were determined to be invalid.

We face fierce competition in the market for mobile computing synchronization products and services, which could reduce our market share and revenues.

Our market contains few substantial barriers to entry. We believe we will face additional competition from existing competitors and new market entrants in the future. We currently face direct competition with respect to our Intellisync, Enterprise Intellisync, Synchrologic Mobile Suite, Intellisync goAnywhere, Satellite Forms, Intellisync: Phone Edition, TrueSync and Spontaneous Technology's secure Virtual Private Network (sVPN) products. Intellisync retail and enterprise products face competition from Sybase Inc.'s iAnywhere, Chapura, Inc.'s Pocket Mirror, Common Time's Cadenza mNotes, Extended Systems, Inc.'s OneBridge Mobile Groupware, IBM Corporation's Lotus Software EasySync Pro, Microsoft, Inc.'s ActiveSync, Palm Desktop from Palm and others. Satellite Forms faces competition from Adobe Systems, Inc., Aligo, Inc., AppForge, Inc., Covigo, Inc., iConverse, Inc., Metrowerks Code Warrior, mPortal, Inc., Pencil Corporation, Pendragon Software Corporation, Penright Corporation's MobileBuilder and others. Our server-based Mobile Suite software faces competition from Aether Systems, CommonTime, Extended Systems, FusionOne, Inc., InfoSpace, Inc., Infowave Software, JP Mobile, Inc., Microsoft, Openwave, Inc., Sybase, Inc., Synchrologic, Inc. (up until the closing date of the planned acquisition), Wireless Knowledge, Inc., XcelleNet, Inc. and others. Intellisync goAnywhere technology competes with offerings from Symantec Corporation (pcAnywhere) and Expertcity, Inc. (GoToMyPC) and others. Our Intellisync: Phone Edition faces competition from FutureDial, Inc.'s SnapSync and Susteen, Inc.'s DataPilot and others. In addition to direct competitors like these, we face indirect competition from existing and potential customers that may provide internally developed solutions to each of our technology licensing components. TrueSync and sVPN face competition from Visto Corporation, Seven Networks, Inc. and others.

In addition to direct competition noted above, we face indirect competition from existing and potential customers that may provide internally developed solutions for each of our technology licensing components. As a result, we must educate prospective customers as to the advantage of our products compared to internally developed solutions. We currently face limited direct competition from major applications and operating systems software vendors who may in the future choose to incorporate data synchronization functionality into their operating systems software, thereby potentially reducing the need for original equipment manufacturers to include our products in their notebook and desktop personal computers. For example, Microsoft's inclusion of certain features permitting data synchronization between computers utilizing the Windows 98, Windows 2000,

Table of Contents

Index to Financial Statements

Windows Me, Windows NT or Windows XP operating system may have the effect of reducing revenue from our software if users of these operating systems perceive that their data synchronization needs are adequately met by Microsoft.

Many of our competitors have substantially greater financial, technical and marketing resources, larger customer bases, longer operating histories, greater name recognition and more established relationships in the industry than we do. Our larger competitors may be able to provide customers with additional benefits in connection with their products and costs, including reduced communications costs. As a result, these companies may be able to price their products and services more competitively than we can and respond more quickly to new or emerging technologies and changes in customer requirements. If we are unable to compete successfully against our current or future competitors, we may lose market share, and our business and prospects would suffer.

Our business and prospects depend on, to a significant degree, demand for wireless and other mobile computing devices.

The use of wireless and other mobile computing devices for retrieving, sharing and transferring information among businesses, consumers, suppliers and partners has begun to develop only in recent years. Our success will depend in large part on continued growth in the use of wireless and other mobile computing devices including personal data assistants, handheld computers, smart phones, pagers and other mobile devices. In addition, our markets face critical unresolved issues concerning the commercial use of wireless and other mobile computing devices, including security, reliability, cost, ease of access and use, quality of service, regulatory initiatives and necessary increases in bandwidth availability. Demand for, and market acceptance of, wireless and other mobile computing devices which require our products and services are subject to a high level of uncertainty and are dependent on a number of factors, including:

the growth in access to, and market acceptance of, new interactive technologies;

growth in sales of handheld devices, smart phones and other mobile computing devices, supported by our software and growth in wireless network capabilities to match end-user demand and requirements;

emergence of a viable and sustainable market for wireless and mobile computing services;

our product and service differentiation and quality;

the development of technologies that facilitate interactive communication between organizations;

increases in bandwidth for data transmission;

our distribution and pricing strategies as compared with those of our competitors;

the effectiveness of our marketing strategy and efforts;

our industry reputation; and

general industry and economic conditions such as slowdowns in the computer or software markets or the economy in general.

If the market for wireless and other mobile computing devices as a commercial or business medium does not develop, or develops more slowly than expected, our business, results of operations and financial condition will be seriously harmed.

Even if the wireless and mobile computing services market does develop, our products and services may not achieve widespread market acceptance. If our target customers do not adopt, purchase and successfully deploy our other current and planned products and services, our revenue will not grow significantly and our business, results of operations and financial condition will be seriously harmed.

Table of Contents

Index to Financial Statements

If we fail to maintain our existing relationships or enter into new relationships with original equipment manufacturers, business development organizations and sales distribution channels, our brand awareness, the sales of our products and use of our services would suffer.

Our product and service offerings depend, in large part, on our ability to develop and maintain relationships with original equipment manufacturers and business development organizations that help distribute our products and promote our services. We depend on these relationships to:

distribute our products to purchasers of mobile devices;

increase the use of our technology licensing components;

build brand awareness through product marketing; and

market our products and services cooperatively.

If the products that these equipment manufacturers or business development organizations sell, or the operating systems upon which these products are based, were to lose popularity, or if any of these companies cease to use our product and service offerings in significant volumes, our product sales would decline and our business would suffer.

We have developed with sales distribution channels and other resellers that allow us to offer our products and services to a much larger customer base than we would otherwise be able to reach through our own direct sales and marketing efforts. Ingram Micro US is our largest distributor and accounted for 10%, 17% and 14% of our total revenue during fiscal 2003, 2002 and 2001, respectively. There are also a significant number of our customers that purchase our products and services through other resellers, and we anticipate they will continue to do so as we expand our product offerings. Because we often sell indirectly through these sales distribution channels and resellers, we cannot control our relationships with end customers. This may diminish our ability to sell our directly to our customers. Our sales, therefore, could also be negatively affected by disruptions in our relationships with resellers or disruptions in the relationships between our resellers and customers. Resellers may also choose not to emphasize our products to their customers. Any of these occurrences could diminish the effectiveness of our distribution channel and lead to decreased sales.

We are dependent on our international operations for a significant portion of our revenues.

International revenue, primarily from customers based in Japan and Europe, accounted for 36%, 31% and 26% of our revenue in fiscal 2003, 2002 and 2001, respectively. The increase in our international annual revenues from fiscal 2002 to fiscal 2003 accounted for 92% of our total annual revenue increase for fiscal 2003. In the future, we may further expand our international presence. As we continue to expand internationally, we are increasingly subject to risks of doing business internationally, including:

longer payment cycles and problems in collecting accounts receivable;

Edgar Filing: PUMATECH INC - Form S-4

seasonal reductions in business activity during the summer months in Europe and certain other parts of the world;

unexpected changes in regulatory requirements and tariffs;

export controls relating to encryption technology and other export restrictions;

reduced protection for intellectual property rights in some countries;

political and economic instability, including continuing military conflicts in the Middle East and potential health epidemics;

difficulties in staffing and managing international operations;

fluctuations in currency exchange rates, which we do not hedge against;

Table of Contents

Index to Financial Statements

potentially adverse tax consequences;

nonrefundable withholding taxes on royalty income from customers in certain countries, such as Japan and Taiwan;

an adverse effect on our provision for income taxes based on the amount and mix of income from international customers; and

exposure to risk of non-payment by customers in other countries with highly inflationary economies.

Our international sales growth will be limited if we, in the future, are unable to expand international sales channel management and support, customize products for local markets, and develop relationships with international service providers, distributors and device manufacturers. Even if we are able to expand international operations successfully, we cannot be certain that we will succeed in maintaining or expanding international market demand for our products.

Geographical expansion and growth, including the establishment of new sales or engineering operations, may negatively affect our engineering operations and cause us to incur significant additional costs and expenses.

We recently established an engineering facility in Sofia, Bulgaria and in the future we may further expand our engineering or sales operations to other geographical areas within the United States and internationally. Our expansion may cause us to incur various costs and expenses, and may place a significant strain upon our operating and financial systems and resources that could materially adversely affect our financial results following such an expansion. We also face significant business risks related to the difficulty in assimilating new operations and the diversion of management's attention from other business. Additionally, if we fail to align employee skills and populations with revenue and market requirements, it may have a material adverse impact on our business and operating results. Moreover, these newly established operations may not contribute significantly to our sales or earnings.

We may become dependent upon engineers and other development partners located in other countries.

We established a global software development program to assist us in the implementation of custom software and other technology applications. We have shifted the composition of our engineering team to include several international software development partners, the largest of which is Romania-based SoftVision, Inc. Our future engineering development efforts may depend on our ability to maintain strategic relationships with these international partners. Our business relationships often consist of cooperative engineering programs, joint business seminars and cooperation in product development. Many of these relationships may not be contractual and may depend on the continued voluntary cooperation. Divergence in strategy or change in focus by any of our partners may interfere with our ability to develop and support our products, which in turn could harm our business. Further, if our partners enter into strategic alliances with other companies, they could reduce their support of our products. We may jeopardize our existing relationships if we enter into alliances with competitors of our strategic partners. One or more of our partners may use the information they gain from their relationship with us to develop competing products. In addition, our operations could be adversely affected if any of these international partners is affected by volatile economic, political or military conditions in its country or by various restrictions imposed by its country regarding the transfer of technology, the mobile computing industry and business in general.

We are exposed to the risk of product returns and rotations from our distributors and value-added resellers, which are estimated and recorded by us as a reduction in sales.

Although we attempt to monitor and manage the volume of our sales to distributors and resellers, overstocking by our distributors and resellers or changes in their inventory level policies or practices may require us to accept returns above historical levels. In addition, the risk of product returns may increase if the demand for

Table of Contents

Index to Financial Statements

new products we introduce is lower than what we anticipate at the time of introduction. Although we believe that we provide an adequate allowance for sales returns, actual sales returns could exceed our estimated recorded allowance. Any product returns in excess of recorded allowances could result in a material adverse effect on net revenues and operating results. As we introduce more products, timing of sales to end users and returns to us of unsold products by distributors and resellers become more difficult to predict and could result in material fluctuations in quarterly operating results.

If we are unable to provide satisfactory and high quality services through our professional services group, customer satisfaction and demand for our products will suffer.

Many of our customers have been successful in implementing our various technology initiatives without further provision of technical service. However, we believe that building strong relationships with our customers, as well as future growth in our product sales, depends on our ability to provide our customers with professional services, including customer support, training, consulting and initial implementation and deployment of our products when necessary. We have an in-house professional services group and use international software development partners with a workforce that can perform these tasks and that also educates third-party systems integrators in the use of our products so that these systems integrators can provide these services to our customers. If we are unable to develop sufficient relationships with third-party systems integrators and other customers, unable to complete product implementations in a timely manner, or unable to provide customers with satisfactory and quality support, consulting, maintenance and other services, we could face customer dissatisfaction, damage to our reputation, decreased overall demand for our products and loss of revenue.

Future sales of our common stock, including the shares we intend to offer in connection with our proposed acquisition of Synchrologic, may depress our stock price.

If our current stockholders sell substantial amounts of common stock in the public market, the market price of our common stock could fall. In addition, these sales of common stock could impede our ability to raise funds at an advantageous price, or at all, through the sale of securities. We have recently issued shares of our common stock in connection with our acquisitions of the assets of Loudfire and Spontaneous Technology, and we intend to issue additional shares of our common stock in our proposed merger with Synchrologic.

As of September 30, 2003, we had approximately 49,648,504 shares of common stock outstanding. Assuming that that the maximum number of shares and options are issued and registered by us in connection with all of our recent acquisitions and our planned acquisition of Synchrologic, and assuming that all options to purchase common stock issuable under our stock plans are issued, an aggregate of approximately 28,432,000 additional shares of our common stock will become issued or issuable and freely tradeable within approximately 9 months following the closing of the proposed acquisition of Synchrologic, and an aggregate of 1,227,000 additional shares of our common stock will become issued or issuable and freely tradeable by the end of the 18 month period following such closing. Based on these assumptions, the following is an approximate list of the shares that could become freely tradeable and sold in the public market as a result of option exercises or stock issuances in connection with acquisitions during the first 9 months following the proposed acquisition:

3,643,000 shares immediately upon exercise of outstanding option grants;

1,121,000 additional shares on or about the effective date of the registration statements for the shares issuable in connection with the Spontaneous Technology and Loudfire transactions;

Edgar Filing: PUMATECH INC - Form S-4

3,786,000 additional shares on or about the closing of the proposed Synchrologic acquisition;

2,000,000 additional shares in each of the first 8 months following the closing of the proposed acquisition, such that an aggregate of approximately 16 million additional shares would become freely tradeable in the 8 month period following such acquisition; and

3,882,000 additional shares at the end of the 9th month following the proposed acquisition.

Table of Contents

Index to Financial Statements

We may incur significant stock-based compensation charges related to certain stock options and restricted stock in future periods.

Based on certain accounting standards involving stock compensation, we have incurred and will continue to incur noncash accounting charges related to stock options, including those associated with our cancellation/regrant programs and certain unvested, restricted shares exercised with a full recourse note. Those standards require us to remeasure compensation costs for such options each reporting period based on changes in the market value of the underlying common stock. Depending upon movements in the market value of our common stock, the variable accounting treatment of those stock options may result in significant additional non-cash compensation costs in future periods.

In addition, there has been increasing public debate about the proper accounting treatment for employee stock options. Although we are not currently required to record any compensation expense in connection with option grants that have an exercise price at or above fair market value, it is likely that future laws or regulations will require us to treat stock options as a compensation expense. Any such change in accounting treatment could result in our reporting increased operating expenses, which would decrease any reported net income or increase any reported net loss.

Geopolitical, economic and military conditions, including terrorist attacks and other acts of war, may materially and adversely affect the markets on which our common stock trades, the markets in which we operate, our operations and our profitability.

Terrorist attacks and other acts of war, and any response to them, may lead to armed hostilities and such developments would likely cause instability in financial markets. Armed hostilities and terrorism may directly impact our facilities, personnel and operations which are located in the United States and other countries, as well as those of our clients. Furthermore, severe terrorist attacks or acts of war may result in temporary halts of commercial activity in the affected regions, may harm our reseller relationships and may result in reduced demand for our products. These developments could have a material adverse effect on our business and the trading price of our common stock.

There are risks associated with our long-term investments that may adversely affect our results of operations.

Historically, we have made direct and indirect investments in privately held companies. We may continue to make strategic investments in the future. There can be no assurance that our investments will bring us a return on investment. In addition, because the strategic investments tend to be in small, start-up technology companies that are at risk for financial failure especially during an economic slowdown, there is a greater risk that the investments might be impaired. In fiscal 2003, for instance, we sold our limited partnership interest in a venture capital fund company at a loss. The sale of the interest allowed us to avoid commitments for further investments in equity instruments of various privately-held companies made through the venture capital fund, many of which had not generated adequate returns.

Our stock price has historically been and may continue to be volatile, which may cause you to lose money and could lead to costly litigation against us that could divert our resources.

Stock markets have recently experienced dramatic price and volume fluctuations, particularly for shares of technology companies. These fluctuations can be unrelated to the operating performance of these companies. Broad market fluctuations may reduce the market price of our common stock and cause you to lose some or all of your investment. These fluctuations may be exaggerated if the trading volume of our

Edgar Filing: PUMATECH INC - Form S-4

common stock is low. In addition, due to the technology-intensive nature and growth rate of our business and the mobile computing synchronization market, the market price of our common stock has in the past and may in the future rise and fall in response to:

quarterly variations in operating results;

seasonal fluctuations on product sales;

Table of Contents

Index to Financial Statements

- announcements of technological innovations;
- announcements of new software or services by us or our competitors;
- acquisitions or strategic alliances by us or by our competitors;
- changes in financial estimates by securities analysts; and
- other events beyond our control, including general market conditions.

The stock market has experienced significant price and volume fluctuations that have particularly affected the trading prices of equity securities of many high technology companies. These fluctuations have often been unrelated or disproportionate to the operating performance of these companies. Furthermore, our operating results and prospects from time to time may be below the expectations of public market analysts and investors. Any negative change in the public's perception of companies in the wireless communications market could depress our stock price regardless of our operating results.

Recently, companies experiencing high volatility or significant drops in their stock prices have faced securities class action lawsuits when the market price of a stock has been volatile. Holders of that stock have often instituted securities class action litigation against the company that issued the stock when such stock declines. If any of our stockholders brought such a lawsuit against us, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management. Further, any settlement of such a lawsuit could adversely affect us.

We depend on key employees in a competitive market for skilled personnel.

The success of our business will continue to depend upon certain key technical and senior management personnel, including our president and chief executive officer, Woodson Hobbs; senior vice president of sales and marketing, Clyde Foster; chief technology officer, John Stossel; vice president of finance and administration and chief accounting officer, J. Keith Kitchen; and senior vice president of products and services, Mehdi Maghsoodnia, many of whom would be extremely difficult to replace. Following our proposed acquisition of Synchrologic, we expect that Said Mohammadioun will become a key employee of Pumatech. Competition for such personnel is intense, and there can be no assurance that we will be able to retain our existing key managerial, technical, or sales and marketing personnel. The loss of these officers and other or key employees in the future might adversely affect our business and impede the achievement of our business objectives.

We believe our ability to achieve increased revenues and to develop successful new products and product enhancements will depend in part upon our ability to attract and retain highly skilled sales and marketing and qualified product development personnel. In addition, competition for employees in our industry and geographic location could be intense. We may not be able to continue to attract and retain skilled and experienced personnel on acceptable terms. Our ability to hire and retain such personnel will depend upon our ability to raise capital or achieve increased revenue levels to fund the costs associated with such personnel. Failure to attract and retain key personnel will adversely affect our business.

Increasing government regulation could cause demand for our products and services to grow more slowly or to decline.

We are subject not only to regulations applicable to businesses generally, but also to laws and regulations directly applicable to wireless and other mobile computing devices. One or more states or the federal government could enact regulations aimed at companies like us, which provide software that facilitates e-commerce and wireless communications. The likelihood of the enactment of regulation in these areas will increase as wireless and other mobile devices become more pervasive. Any legislation, regulation or taxation of electronic commerce could dampen the growth of wireless and other mobile computing devices. If a reduction in growth occurs as a result of these events, demand for our services, technologies and other products could decline significantly. The

Table of Contents

Index to Financial Statements

adoption of new laws or the application of existing laws may expose us to significant liabilities and additional operational requirements, which could decrease the demand for our services and increase our cost of doing business.

We are dependent on non-exclusive licenses for certain technology included in our products. We may be unable to license such technology or it may be subject to infringement claims by third parties.

We depend on development tools provided by a limited number of third-party vendors. Together with application developers, we rely primarily upon software development tools provided by companies in the PC and mobile computing device industries. If any of these companies fails to support or maintain these development tools, we will have to support the tools ourselves or transition to another vendor. Such maintenance or support of the tools or transition could be time consuming, could delay the product release and upgrade schedule and could delay the development and availability of third-party applications used in our products. If we fail to procure the needed software development tools or there is any delay in availability of third-party applications our ability to release, support and promote adoption of our products would be harmed.

Our commercial success will also depend in part on not infringing upon the proprietary rights of others and not breaching technology licenses that cover technology used in our products. It is uncertain whether any third-party patents will require us to develop alternative technologies or to alter our products or processes, obtain licenses or cease activities that infringe on a third-party's intellectual property rights. If any such licenses are required, we may not be able to obtain such licenses on commercially favorable terms, if at all. Our failure to obtain a license to any technology that we may require to commercialize our products and services could cause our business and prospects to suffer. Litigation may also be necessary to enforce any patents issued or licensed to us or to determine the scope and validity of third-party proprietary rights.

Our restructurings could result in customer and employee uncertainty and management distractions.

We have undergone a number of restructurings in fiscal 2003, 2002, and 2001 involving, among other things, a substantial reduction in our worldwide workforce. Such reductions could result in customers or prospective customers deciding to delay or cancel their purchases of our products and services due to perceived uncertainty caused by the restructurings. There can be no assurance that we will not reduce or otherwise adjust our workforce again in the future or that the related transition issues associated with such reductions will not adversely affect our operations or customer perceptions in the future. This uncertainty could result in a lack of focus and reduced productivity by our remaining employees, including those directly responsible for revenue generation, which in turn may affect our revenue in the future. In addition, employees directly affected by the reductions may seek future employment with our business partners, customers, or even our competitors. Although all employees are required to sign a confidentiality agreement with us at the time of hire, there can be no assurances that the confidential nature of our proprietary information will be maintained in the course of such future employment.

Our products may contain product errors that could subject us to product liability claims.

Our products may contain undetected errors or failures when first introduced or as new versions are released, which can result in loss of or delay in market acceptance and could adversely impact future operating results. We do not currently maintain product liability insurance. Although our license agreements contain provisions limiting our liability in the case of damages resulting from use of the software, in the event of such damages, we may be found liable, and in such event, such damages could materially affect our business, operating results and financial condition.

We may need to raise additional capital in the future resulting in dilution to our stockholders.

We may need to raise additional funds for our business operations and to execute our business strategy. We may seek to sell additional equity or debt securities or to obtain an additional credit facility. The sale of

Table of Contents

Index to Financial Statements

additional equity or convertible debt securities could result in additional dilution to our stockholders. If additional funds are raised through the issuance of debt securities, these securities could have rights that are senior to holders of common stock and could contain covenants that would restrict our operations. Any additional financing may not be available in amounts or on terms acceptable to us, if at all.

Foreign exchange fluctuations could decrease our revenues or cause us to lose money, especially since we do not hedge against currency fluctuations.

To date, the majority of our customers have paid for our products and services in United States dollars. For fiscal years 2003, 2002 and 2001, costs denominated in foreign currencies were nominal and we had minimal foreign currency losses during those periods. However, we believe that in the future an increasing portion of our costs will be denominated in foreign currencies as we increase operations in Europe and open offices in other countries. We currently do not engage in foreign exchange hedging activities and, although we have not yet experienced any material losses due to foreign currency fluctuation, a small portion of our international revenues are currently subject to the risks of foreign currency fluctuations, and these risks will increase as our international revenues increase.

System failures or accidental or intentional security breaches could disrupt our operations, cause us to incur significant expenses, expose us to liability and harm our reputation.

Our operations depend upon our ability to maintain and protect our computer systems and core business applications, which are located at our offices, as well as hosted by third-party vendors. Although we are taking various precautions to maintain and protect our systems, they could still be vulnerable to damage from break-ins, unauthorized access, vandalism, fire, floods, earthquakes, power loss, telecommunications failures and similar events. We also maintain insurance against break-in, unauthorized access, vandalism, fires, floods, earthquakes and general business interruptions. The amount of coverage, however, may not be adequate in any particular case, and will not likely compensate us for all the damages caused by these or similar events. In addition, while we put various security measures in place to detect any unauthorized access to our computers and computer networks, we may be unable to prevent computer programmers or hackers from penetrating our network security or creating viruses to sabotage or otherwise attack our computer networks from time to time. A breach of our security could seriously damage our reputation, which would harm our business. In addition, because a hacker who penetrates our network security could misappropriate proprietary information or cause interruptions in our services, we might be required to expend significant resources to protect against, or to alleviate, problems caused by hackers. We might also face liability to persons harmed by misappropriation of secure information if it is determined that we did not exercise sufficient care to protect our systems.

Future changes in accounting standards or our interpretation of current standards, particularly changes affecting revenue recognition, could cause unexpected revenue fluctuations.

Future changes in accounting standards or our interpretation of current standards, particularly those affecting revenue recognition, could require us to change our accounting policies. These changes could cause deferral of revenue recognized in current periods to subsequent periods or accelerate recognition of deferred revenue to current periods.

Corporate governance scandals and new legislation could increase the cost of our operations.

Edgar Filing: PUMATECH INC - Form S-4

As a result of recent corporate governance scandals and the legislative and litigation environment resulting from those scandals, the costs of being a public company in general are expected to increase in the near future. New legislation, such as the recently enacted Sarbanes-Oxley Act of 2002, will have the effect of increasing the burdens and potential liabilities of being a public reporting company. This and other proposed legislation may increase the fees of our professional advisors and our insurance premiums.

Table of Contents

Index to Financial Statements

Our certificate of incorporation, our bylaws, Delaware law and our stockholder rights plan contain provisions that could discourage a takeover.

Provisions of our certificate of incorporation, our bylaws, Delaware law and our stockholder rights plan contain provisions that may discourage, delay or prevent a merger or acquisition or other change of control that a stockholder may consider favorable.

Risks Related to Synchrologic's Business

If the merger is consummated, Synchrologic will constitute a meaningful part of Pumatech's business. If the merger is not completed, Synchrologic intends to continue as an independent private company. As a result, it is important for Synchrologic shareholders and Pumatech stockholders to consider the following ongoing risks related to Synchrologic's business. In this section regarding Risks Related to Synchrologic's Business, references to we, our and us refer to Synchrologic and its subsidiaries.

Synchrologic has a history of losses and may continue to generate losses in the future.

Synchrologic has a history of losses. Synchrologic's ability to attain profitability and positive cash flow from operations in future periods, will depend on a number of factors, including:

Synchrologic's ability to generate sufficient revenue and control expenses;

changes in customer demand for Synchrologic's products;

the timing of customer orders, which can be influenced by fiscal year-end buying patterns, seasonal trends or general economic conditions;

announcements or introductions of new products or services by Synchrologic's competitors;

delays in Synchrologic's development and introduction of new products and services;

changes in Synchrologic's pricing policies as a result of increased competition;

the mix of distribution channels through which Synchrologic sells its products;

the market acceptance of Synchrologic's new and enhanced products and the products of its customers that are original equipment manufacturers (OEMs); and

the emergence of new technologies or industry standards.

Synchrologic's business relies on enterprises implementing mobile applications and devices and may be harmed by declines in information technology spending.

The market for Synchrologic's products depends on economic conditions affecting the broader economic climate and spending on information technology, including mobile applications and devices. Downturns in the overall economy may cause enterprises to delay implementation of mobile device and application rollouts, reduce their overall information technology budgets or reduce or cancel orders for Synchrologic's products. Synchrologic's OEM customers may also limit development of new products that incorporate Synchrologic's products or reduce their level of purchases of Synchrologic's products in the face of slower information technology spending by their customers. The general weakening of the global economy and weakening of business conditions, particularly in the information technology, telecommunications, financial services and manufacturing industry sectors, have resulted in potential customers experiencing declines in their revenue and operations. In this environment, customers may experience financial difficulty or cease operations.

While Synchrologic's management believes it has adequately factored these conditions into the company's current revenue forecasts, if these conditions worsen or continue longer than expected, demand for Synchrologic's products may be reduced as a result of enterprises reducing information technology spending on

Table of Contents

Index to Financial Statements

its products and OEMs reducing their use of its products in their own products. As a result, Synchrologic's revenue may fail to increase or could decline, which would harm its operating results. If the current economic slowdown persists or worsens, Synchrologic also may be forced to reduce its operating expenses, which could result in additional charges incurred in connection with restructuring or other cost-cutting measures it may implement.

Synchrologic's quarterly and annual operating results may fluctuate significantly.

Synchrologic's operating results have fluctuated in the past and may continue to do so in the future. Synchrologic's revenue and operating results will vary from quarter to quarter due to inconsistency in the size and timing of sales and for many reasons beyond Synchrologic's control, including those described in this section. In addition, quarter-to-quarter variations in Synchrologic's revenue and operating results could create uncertainty about the direction or progress of its business. Any such decline would have an adverse impact on Synchrologic's operating results.

Synchrologic forecasts many of its operating expenses based on forecasted revenue, which is difficult to predict. If Synchrologic fails to predict revenue accurately in a particular period, it may be unable to adjust its expenditures in that period and its operating results would be harmed.

Synchrologic's quarterly revenue and operating results currently depend in large part on the volume and timing of orders received within the quarter and on the number of software seats licensed, which are difficult to forecast. Significant portions of Synchrologic's expenses are related to personnel and, therefore, are fixed in advance, based in large part on Synchrologic's forecast of future revenue. If revenue is below expectations in any given quarter, the adverse impact of the shortfall on Synchrologic's operating results may be magnified by its inability to adjust personnel and other expenditures to compensate for the shortfall.

The success of Synchrologic's business may depend on Synchrologic identifying and securing additional sources of financing, and these sources may not be available when needed or may not be available on favorable terms.

Synchrologic's management believes that the company's existing working capital, its borrowing capacity and the funds it expects to generate from its operations will be sufficient to fund the company's anticipated working capital, capital expenditure and debt service requirements for the next twelve months. Synchrologic cannot be certain, however, that its underlying assumed levels of revenues and expenses will be accurate. If Synchrologic operating results were to fail to meet Synchrologic's expectations or if accounts receivable or other assets were to require a greater use of cash than is currently anticipated, the company could be required to seek additional sources of liquidity. These sources of liquidity could include raising funds through private debt financing, borrowing against Synchrologic's existing line of credit or offering additional equity securities. If additional funds are raised through the issuance of equity securities, substantial dilution to Synchrologic's shareholders could result. In the event additional funds are required, adequate funds may not be available when needed or may not be available on favorable terms, which could have a negative effect on Synchrologic's business and results of operations.

If the markets for Synchrologic's products do not continue to grow or do not grow at expected rates, demand for Synchrologic's products would be reduced and Synchrologic's business would be harmed.

Edgar Filing: PUMATECH INC - Form S-4

The success of Synchrologic's products currently relies to a large degree on the increased use by individuals and enterprises of mobile devices, including personal digital assistants, cell phones, pagers and laptop and handheld computers, and on increased use of technologies with wireless applications. Even if markets for Synchrologic's products grow, Synchrologic's products may not be successful. Enterprises and OEMs may not develop sufficient confidence in mobile devices to deploy Synchrologic's products to a significant degree. Any inability to continue to penetrate the existing markets for mobile data management and wireless connectivity

Table of Contents

Index to Financial Statements

product solutions, the failure of current markets to grow, new markets to develop or these markets to be receptive to Synchrologic's products and technologies on which its products are based, could harm Synchrologic's business. The emergence of these markets will be affected by a number of factors beyond Synchrologic's control.

Synchrologic derives a large portion of its revenue from sales to large enterprises and the inability to complete such sales within a particular calendar quarter or year will significantly increase the variability of Synchrologic's revenues and could have a material adverse effect on its business.

Synchrologic has historically derived a significant portion of its revenue from the sale of products to large enterprises. The sales cycle for sales to large enterprises is significantly longer than that of smaller businesses and often requires extensive sales efforts throughout a potential customer's organization. These efforts often involve comprehensive technical evaluation which requires Synchrologic's sales and technical personnel to educate information technology professionals and other decision-makers in various functional and geographic areas of a customer's organization about the merits of Synchrologic's products. These efforts can result in a sales cycle that extends 90 days or more. Also, even after making a significant investment in time and expense in a particular organization, there can be no assurance that Synchrologic will be successful in securing a sale of our products. Further, Synchrologic's ability to complete sales to large organizations is subject to a number of factors over which Synchrologic has little or no control. These factors include:

limited access to key decision-makers of potential customers who have the authority to authorize the purchase of Synchrologic's products;

budgetary constraints and internal approval procedures;

long technical evaluation periods of Synchrologic's products;

competitive products; and

adverse macroeconomic conditions for technology spending and the economy as a whole.

The loss of any significant customer would have a material adverse effect on Synchrologic's results of operations and financial condition.

Synchrologic has derived and believes it will continue to derive a significant portion of its revenues from a limited number of customers. During the first six months of 2003, Synchrologic's three largest clients accounted for approximately 58% of revenues. In 2002, revenue from two customers represented approximately 37% of total revenues, respectively. The volume of sales to specific customers is likely to vary from year to year, and a major customer in one year may not provide the same level of revenues in any subsequent year. The loss of any significant customer would have a material adverse effect on Synchrologic's results of operations and financial condition.

Synchrologic depends on a number of key business relationships and if Synchrologic fails to maintain these relationships, or is unable to develop new relationships, its business would suffer.

An important element of Synchrologic's strategy is the development of key business relationships with other companies that are involved in product development, joint marketing and the development of mobile communication technologies. If Synchrologic fails to maintain its current relationships or is unable to develop new relationships, its business would suffer. Also, in order to meet Synchrologic's current or future obligations to OEMs, Synchrologic may be required to allocate additional internal resources to OEMs' product development projects, which may delay the completion dates of other current product development projects.

Synchrologic's existing key business relationships do not, and any future key business relationships may not, provide any exclusive rights to the company. Many of the companies with which Synchrologic has established and intends to establish key business relationships have multiple strategic relationships, and these

Table of Contents

Index to Financial Statements

companies may not regard their relationships with Synchrologic as significant. In most of these relationships, the other party may terminate the relationship with little notice. In addition, these companies may attempt to develop or acquire products that compete with Synchrologic's products. They may do so on their own or in collaboration with others, including Synchrologic's competitors. Further, Synchrologic's existing business relationships may interfere with its ability to enter into other business relationships.

Markets for Synchrologic's products are becoming increasingly competitive, which could result in lower prices for Synchrologic's products or a loss of market share.

Synchrologic may not compete successfully against current or future competitors, some of whom have longer operating histories, greater name recognition, more employees and significantly greater financial, technical, marketing, public relations and distribution resources. Increased competition may result in price reductions, reduced margins, loss of market share and a change in Synchrologic's business and marketing strategies, any of which could harm Synchrologic's business. The competitive environment may require Synchrologic to make changes in its products, pricing, licensing, services or marketing to maintain and extend the market acceptance of its products. Price concessions or the emergence of other pricing or distribution strategies by Synchrologic's competitors may cause Synchrologic's revenue to diminish.

Synchrologic competes with:

mobile infrastructure companies — Pumatech, Inc., Extended Systems, Inc., Sybase (iAnywhere), IBM, Microsoft, Aether Systems and Oracle;

email and PIM synchronization companies — Pumatech, Inc., Extended Systems, Inc., Research in Motion, Good Technologies, JP Mobile, Infowave, Seven and Visto;

mobile systems management companies — Xcellent, Inc., Mobile Automation and Altiris;

internal development of technology from enterprise customers; and

internal research and development departments of OEMs.

As the markets for mobile information management products grow, Synchrologic expects competition from existing competitors to intensify, and it expects new competitors, including OEMs to which it sells its products, to introduce products that compete with Synchrologic's products. Additionally, if existing or new competitors were to merge or form strategic alliances, Synchrologic's market share may be reduced or pressure may be put on the company to reduce prices resulting in reduced revenue and margins.

Synchrologic may not be able to develop or introduce new products successfully.

The markets for Synchrologic's products are characterized by:

rapidly changing technologies;

evolving industry standards;

frequent new product introductions; and

short product life cycles.

Any delays in the introduction or shipment of new or enhanced products, the inability of Synchrologic's products to achieve market acceptance or problems associated with new product transitions could harm Synchrologic's business. The product development process involves a number of risks. Development of new, technologically advanced products is a complex and uncertain process requiring high levels of innovation, as well as the accurate anticipation of technological and market trends. The introduction of new or enhanced products also requires Synchrologic to manage the transition from older products to minimize disruption in customer ordering patterns.

Table of Contents

Index to Financial Statements

Today there are no specific industry-wide standards and protocols upon which Synchrologic's products are or will be based that have achieved widespread acceptance.

Synchrologic has designed a number of its current and upcoming products to conform to industry standards and protocols, however, these industry standards have not gained widespread acceptance. The lack of industry-wide standards makes the development of products complex and subject to rapid change.

Even if accepted, industry-wide specifications may not be widely adopted, or competing specifications may emerge. In addition, technologies based on these standards and specifications may not be adopted as the standard or preferred technologies for wireless connectivity, thereby discouraging manufacturers of personal computers and mobile devices from bundling or integrating these technologies in their products.

If Synchrologic's customers do not adopt wireless technologies, demand for Synchrologic's products would be reduced and its business would be harmed.

Synchrologic's products support the exchange of data with mobile devices via wired and wireless connections. Synchrologic's future growth will depend, in part, on the adoption of wireless solutions by its customers. The adoption of wireless solutions is dependent upon the development of 2.5 generation or 3rd generation (2.5G or 3G) networks that are intended to support more complex applications and to provide end users with a more satisfying user experience than today's networks. If communication service providers delay their deployment of 2.5G or 3G networks or fail to roll these networks out successfully, Synchrologic's customers may not adopt wireless technologies, there could be less demand for Synchrologic's products and services and Synchrologic's business could be harmed. In addition, if communication service providers fail to continue to make investments in their networks or invest at a slower pace in the future, there may be less demand for Synchrologic's products and services and its business could suffer. In addition, if the carriers fail to provide a consistent level of service for data transmission, it would be difficult for Synchrologic to sell products based on wireless connectivity.

Synchrologic may not be able to protect adequately its patent, trademark, copyright or other intellectual property rights from competitors, and it may be required to use a significant amount of its resources to defend against infringement claims made by others.

Synchrologic's patents, trademarks or copyrights may be invalidated, circumvented or challenged, and the rights granted under these patents, trademarks and copyrights might not provide Synchrologic with any competitive advantage, which would harm Synchrologic's business. Any of Synchrologic's pending or future patent applications may not be issued with the scope of the claims it is seeking, if at all. In addition, others may develop technologies that are similar or superior to Synchrologic's technology, duplicate its technology or design around its patents. Further, effective intellectual property protection may be unavailable or limited in some countries outside of the United States.

Companies in the software industry frequently resort to litigation over intellectual property rights. If a court finds that Synchrologic has infringed on the intellectual property rights of any third party, Synchrologic could be subject to liabilities, which could harm its business. Third parties may assert infringement or unfair competition claims against us. In the past, we have received notices from third parties alleging that our product offerings infringe proprietary rights held by them. We cannot predict whether third parties will assert claims of infringement against us, or whether any past, present or future claims will prevent us from offering products or operating our business as planned. As a result, Synchrologic might be required to seek licenses from other companies or to refrain from using, manufacturing or selling specific products or using specific processes. Holders of patents and other intellectual property rights may not offer licenses to use their patents or other intellectual

property rights on acceptable terms, or at all. Failure to obtain these licenses on commercially reasonable terms or at all could harm Synchrologic's business.

Table of Contents

Index to Financial Statements

In order to protect Synchrologic's proprietary rights, Synchrologic may decide to sue third parties. Any litigation, whether brought by or against Synchrologic, could cause Synchrologic to incur significant expenses and could divert a large amount of management time and effort. A claim by Synchrologic against a third party could, in turn, cause a counterclaim by the third party against Synchrologic, which could impair Synchrologic's intellectual property rights and harm its business.

Synchrologic's business may be harmed due to risks associated with international sales and operations, which represent a portion of Synchrologic's revenue.

Approximately 15% of Synchrologic's revenue was generated from international sales in the first half of 2003. Synchrologic expects that international sales will continue to represent a significant portion of its revenue for the foreseeable future. International sales are subject to a number of risks, including:

changes in government regulations;

export license requirements;

tariffs, taxes and trade barriers;

fluctuations in currency exchange rates, which could cause Synchrologic's products to become relatively more expensive to customers in a particular country and lead to a reduction in sales in that country;

longer collection and payment cycles than those in the United States;

difficulty in staffing and managing international operations; and

political and economic instability, including the threat or occurrence of military and terrorist actions and enhanced national security measures.

Synchrologic depends on non-exclusive licenses for some of the technology it uses with its products.

Synchrologic licenses technology on a non-exclusive basis from several companies for use with its products and Synchrologic anticipates that it will continue to do so in the future. Synchrologic's inability to continue to license this technology, or to license other technology necessary for use with its products, could result in the loss of, or delays in the inclusion of, important features of its products or result in substantial increases in royalty payments that it would have to pay pursuant to alternative third-party licenses, any of which could harm Synchrologic's business. In addition, the effective implementation of Synchrologic's products depends upon the successful operation of licensed software in conjunction with its products. Any undetected errors in products resulting from this licensed software may prevent the implementation or impair the functionality of Synchrologic's products, delay new product introductions and injure Synchrologic's reputation.

Synchrologic's software products may contain defects for which Synchrologic may be liable.

The complex software products Synchrologic offers may contain errors when first introduced or as new versions are released. These errors could result in dissatisfied customers, product liability claims and the loss of or delay in market acceptance of new or enhanced products, any of which could harm Synchrologic's business. Testing of Synchrologic's products is particularly challenging because it is difficult to simulate the wide variety of environments in which Synchrologic's customers may deploy its products. For example, Synchrologic's mobile information management products are used in a wide variety of telecommunications environments. Changes in technology standards or an increase in the number of telecommunications technologies used in the marketplace may create compatibility issues with Synchrologic's products and its customers' environments. Accordingly, despite testing by Synchrologic and by current and potential customers, errors could be found after commencement of commercial shipment. A successful product liability claim brought against Synchrologic could cause Synchrologic to incur significant legal fees and damages, which would harm Synchrologic's business.

Table of Contents

Index to Financial Statements

If Synchrologic is unable to manage its growth effectively, its business will suffer.

Growth in Synchrologic's business may place a significant strain on its administrative, operational and financial resources and increase demands on its systems and controls, which could harm Synchrologic's business. Growth may also result in an increase in the scope of responsibility for management personnel. Synchrologic anticipates that its growth and expansion will require it to recruit, hire, train and retain new engineering, executive, sales and marketing, and administrative personnel. Difficulty in recruiting qualified personnel could require the company to incur significant costs to recruit personnel or could limit the company's ability to grow. In addition, in order for Synchrologic to manage its growth successfully, it will need to continue to expand and improve its operational, management and financial systems and controls. The failure to do so could harm Synchrologic's business.

The loss of key personnel, or Synchrologic's inability to attract and retain additional personnel, may harm Synchrologic's business.

Synchrologic's future success will depend on its ability to attract and retain experienced, highly qualified management, technical, research and development, and sales and marketing personnel. Competition for qualified personnel in the software industry is intense, and there is a risk that the company will have difficulty recruiting and retaining key employees. In addition, new employees generally require substantial training, which may require substantial resources and management attention. If Synchrologic loses the services of Said Mohammadioun or another key employee, or if one or more key employees decides to join a competitor or otherwise compete directly or indirectly with Synchrologic, Synchrologic's business could be harmed. Searching for replacements for key employees could divert management's time and result in increased operating expenses that may not be offset by either improved productivity or higher revenues. Any changes in management could be disruptive to Synchrologic's operations.

Some anti-takeover provisions contained in Synchrologic's articles of incorporation and bylaws, as well as provisions of Georgia law, could impair a takeover attempt.

Certain provisions of Synchrologic's articles of incorporation and bylaws could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by Synchrologic's board of directors. These include provisions:

authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to its common stock;

limiting the liability of, and providing indemnification to, directors and officers;

requiring advance notice of shareholder proposals for business to be conducted at meetings of shareholders and for nominations of candidates for election to Synchrologic's board of directors;

authorizing certain large shareholders to elect members of Synchrologic's board of directors; and

specifying that shareholders may take action only at a duly called annual or special meeting of shareowners.

These provisions, alone or together, may have the effect of delaying, preventing or making a merger or acquisition less desirable to a potential acquirer, even where shareholders may consider the acquisition or merger favorable. In addition, the issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control without further action by the shareholders. In addition, provisions of the Georgia Business Corporation Code also may delay, prevent or discourage someone from acquiring or merging with Synchrologic. The prevention or delay of a merger or acquisition could reduce Synchrologic's value or prevent its shareholders from realizing a premium on their investment.

Table of Contents

Index to Financial Statements

Any provision of Synchrologic's articles of incorporation or bylaws or Georgia law that has the effect of delaying or deterring a change in control could limit the opportunity for Synchrologic's shareholders to receive a premium for their shares of capital stock and also could affect the price that some investors are willing to pay for Synchrologic's capital stock.

Synchrologic's executive officers and directors control a significant amount of Synchrologic's capital stock.

Synchrologic's executive officers and directors beneficially own in the aggregate approximately 77.2% of Synchrologic's issued and outstanding voting capital stock. Accordingly, such shareholders will have sufficient voting power to substantially affect the outcome of all matters (including the election of directors and any merger, consolidation or sale of all or substantially all of the company's assets) submitted to the shareholders for approval. This may have the effect of making certain transactions more difficult or impossible, absent the support of such shareholders. Such transactions could include a proxy contest, mergers, or tender offers involving Synchrologic's capital stock that could give Synchrologic's shareholders the opportunity to realize a premium for their shares of Synchrologic's capital stock.

There is no public market for Synchrologic's capital stock.

There is no public market for Synchrologic's capital stock and there can be no assurance that one will ever develop. Synchrologic's capital stock was sold pursuant to certain exemptions from registration under both federal and state securities laws, and consequently any transfer of Synchrologic's capital stock by a shareholder may be made only if the securities are registered or if an exemption from registration is available for that particular transaction. Consequently, Synchrologic's shareholders may not be able to liquidate their investment in the event of an emergency or other circumstances. Synchrologic is under no obligation to register any of its securities in an initial public offering under the Securities Act or any state securities laws, or to make a market for its capital stock.

Table of Contents

Index to Financial Statements

PUMATECH S ANNUAL STOCKHOLDERS MEETING

Pumatech is furnishing this joint proxy statement/prospectus to its stockholders in order to provide them with important information regarding the merger and the other matters that are properly, or may come, before the Pumatech annual meeting in connection with the solicitation of proxies by Pumatech s board of directors for use at the Pumatech annual meeting and at any adjournment or postponement of the annual meeting. Pumatech first mailed this joint proxy statement/prospectus and the accompanying form of proxy to its stockholders on or about , 2003.

Date, Time and Place of the Annual Meeting

The annual meeting of the Pumatech stockholders will be held on , December , 2003 at 9:00 a.m., Pacific Time, at the executive offices of Pumatech located at 2550 North First Street, Suite 500, San Jose, California 95131.

Matters to be Considered at the Annual Meeting

At the annual meeting, Pumatech stockholders will be asked to consider and vote upon the following proposals:

1. To consider and vote upon the issuance of shares of Pumatech common stock in the merger of Homerun Acquisition Corporation, a wholly owned subsidiary of Pumatech, with and into Synchrologic, resulting in Synchrologic becoming a wholly owned subsidiary of Pumatech. The merger agreement relating to the proposed merger is included as *Annex A* to this joint proxy statement/prospectus. In the merger, Pumatech will issue a maximum of 19,800,000 shares, and a minimum of 16,200,000 shares, of its common stock for all of the issued and outstanding shares of Synchrologic capital stock and each outstanding option to purchase shares of Synchrologic capital stock assumed by Pumatech and converted into an option to purchase shares of Pumatech common stock.
2. To consider and vote upon an amendment to Pumatech s certificate of incorporation to increase the number of authorized shares of common stock by 80,000,000 from 80,000,000 shares to 160,000,000 shares.
3. To elect four members of the Pumatech board of directors to hold office until the 2004 annual meeting of stockholders and until their respective successors are elected and qualified.
4. To ratify the appointment of PricewaterhouseCoopers LLP as Pumatech s independent accountants for the fiscal year ending July 31, 2004.
5. To transact any other business that may properly come before the Pumatech annual meeting or any adjournment or postponement of the annual meeting.

Edgar Filing: PUMATECH INC - Form S-4

The Pumatech board of directors does not know of any matter that is not referred to in this joint proxy statement/prospectus to be presented for action at the annual meeting. As to any business that may properly come before the annual meeting or any adjournment or postponement of the annual meeting, however, it is intended that proxies, in the form enclosed with this joint proxy statement/prospectus, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

The merger is described in the section of this joint proxy statement/prospectus entitled "The Merger" and "The Merger Agreement." Other matters brought before the Pumatech annual meeting are described in the section of this joint proxy statement/prospectus entitled "Additional Matters Being Submitted to a Vote of Pumatech Stockholders Only."

Table of Contents

Index to Financial Statements

Board of Directors Recommendations

After careful consideration, the Pumatech board of directors unanimously recommends that Pumatech stockholders vote in favor of each of the proposals to be brought before the annual meeting of Pumatech stockholders.

Record Date

The record date for determining the Pumatech stockholders entitled to vote at the annual meeting is _____, 2003. Only holders of record of Pumatech common stock at the close of business on that date are entitled to vote at the annual meeting. As of the record date, there were _____ shares of Pumatech common stock issued and outstanding, held by approximately _____ stockholders of record. As of the record date, the directors and executive officers of Synchrologic and their affiliates held _____ outstanding shares of Pumatech common stock. Each share of Pumatech common stock issued and outstanding as of the record date entitles its holder to cast one vote at the annual meeting.

Quorum

In order to conduct business at the annual meeting, a quorum must be present. The required quorum for the transaction of business at the annual meeting is holders, present in person or by proxy, of a majority of the shares of Pumatech common stock issued and outstanding on the record date. Pumatech will treat shares of common stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the meeting for purposes of determining the existence of a quorum. If sufficient votes to constitute a quorum, to approve the issuance of shares of Pumatech common stock in the merger or to approve the proposed increase in the Company's authorized number of shares of Common Stock pursuant to the Company's Certificate of Incorporation are not received by the date of the annual meeting, the persons named as proxies may propose one or more adjournments of the annual meeting to permit further solicitation of proxies. Adjournment would require the affirmative vote of the holders of a majority of the outstanding Pumatech common stock present in person or represented by proxy at the annual meeting. The persons named as proxies would generally exercise their authority to vote in favor of adjournment.

Vote Required

Each share of Pumatech common stock issued and outstanding as of the record date entitles its holder to cast one vote at the annual meeting. Holders of Pumatech common stock are not entitled to cumulative voting. The inspector of elections appointed for the annual meeting will tabulate the votes. The votes required to approve each of the proposals to be brought before Pumatech's stockholders are as follows:

Issuance of Shares in Connection with the Merger. The holders of a majority of the shares of Pumatech common stock voting in person or by proxy at the annual meeting and entitled to vote on the proposal must vote in favor of issuing shares of Pumatech common stock in connection with the merger in order for Pumatech to issue the shares. If a broker or nominee holding shares of Pumatech common stock for the benefit of someone else indicates on a proxy that he or she does not have the authority to vote the shares on the issue of the issuance of Pumatech common stock in connection with the merger, these broker non-votes will not be counted as votes cast either for or against the merger proposal and therefore, such votes will have no effect on the voting results. Abstentions will be counted as votes against the issuance of shares in connection with the merger.

Amendment to Certificate of Incorporation. Approval of the amendment to Pumatech's certificate of incorporation requires the affirmative vote of a majority of the outstanding shares of Pumatech common stock. Abstentions and broker non-votes have the same effect as a vote against the proposal.

Election of Directors. The nominees must be approved by a plurality of the votes of the shares of Pumatech common stock present in person or represented by proxy at the annual meeting to be elected as directors of Pumatech. Abstentions or broker non-votes will not be counted as votes for or against any nominee or director.

Ratification of Independent Accountants. A majority of the shares of Pumatech common stock represented in person or by proxy at the annual meeting and entitled to vote on the proposal must vote in favor of

Table of Contents

Index to Financial Statements

ratifying the appointment of PricewaterhouseCoopers LLP as Pumatech's independent accountants for the fiscal year ending July 31, 2004. Abstentions will be treated as votes against this proposal and broker non-votes will have no effect on the voting results.

Voting of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the Pumatech board of directors for use at the annual meeting. Pumatech stockholders should complete, date and sign the accompanying proxy and promptly return it in the enclosed envelope or otherwise mail it to Pumatech. All properly signed proxies that Pumatech receives prior to the vote being taken at the Pumatech annual meeting will be voted as indicated on the proxy unless the proxy is revoked at the annual meeting. A proxy may be revoked by:

a written, dated document delivered to Pumatech prior to the annual meeting stating that the proxy is revoked;

a subsequent proxy that is signed by the same person who signed the earlier proxy and is presented at or prior to the annual meeting;
or

attendance at the annual meeting and voting in person.

If a stockholder's shares are held of record in street name by a broker, bank or other nominee and the stockholder intends to vote the shares in person at the Pumatech annual meeting, the stockholder must bring to the meeting a letter from the broker, bank or other nominee confirming the stockholder's beneficial ownership of the shares to be voted.

If no voting direction is given on a properly signed proxy received by Pumatech, the proxy will be voted in favor of the issuance of Pumatech common stock in connection with the merger and all other proposals presented to the Pumatech stockholders.

Pumatech's board of directors does not know of any matters other than the issuance of Pumatech common stock in connection with the merger, the amendment of the certificate of incorporation, the election of directors and the ratification of the independent accountants of Pumatech to be presented for a vote at the Pumatech annual meeting. If any other matters are properly brought before the annual meeting, or any adjournment, the persons named in the proxies, acting under the proxy, will have discretion to vote on those matters in accordance with their best judgment, including adjournment of the annual meeting, provided that a proxy to vote against the issuance of shares of Pumatech common stock in connection with the merger will not be voted in favor of adjournment of the annual meeting.

Notices to the secretary of Pumatech should be addressed to Secretary, Pumatech, Inc., 2550 North First Street, Suite 500, San Jose, California 95131.

Solicitation of Proxies and Expenses

Pumatech will pay its own expenses for soliciting proxies. Pumatech has hired a proxy solicitation firm, InvestorCom, Inc., to assist in the solicitation of proxies from Pumatech stockholders. Pumatech estimates that InvestorCom will receive approximately \$50,000 in fees and expenses reimbursement for these services. In addition to solicitation by mail, directors, officers and employees of Pumatech may solicit proxies, without additional remuneration, by telephone, facsimile, electronic mail and in person. Pumatech will request brokers, nominees, fiduciaries and other custodians to forward proxy materials to beneficial owners of Pumatech common stock, and Pumatech will reimburse them for their reasonable out-of-pocket expenses.

No Appraisal Rights

Holders of Pumatech common stock are not entitled to dissenters' rights or appraisal rights with respect to the matters to be considered at the Pumatech annual meeting.

Table of Contents

Index to Financial Statements

SYNCHROLOGIC S SPECIAL SHAREHOLDERS MEETING

Synchrologic is furnishing this joint proxy statement/prospectus to its shareholders in order to provide them with important information regarding the merger, the amendment to Synchrologic s articles of incorporation and the other matters that may properly come before the Synchrologic special meeting in connection with the solicitation of proxies by Synchrologic s board of directors for use at the special meeting of the Synchrologic shareholders and at any adjournment or postponement of the meeting. Synchrologic first mailed this joint proxy statement/prospectus and the accompanying form of proxy to its shareholders on or about _____, 2003.

Date, Time and Place of the Special Meeting

A special meeting of the Synchrologic shareholders will be held on _____, December _____, 2003 at _____ [a.m./p.m.], local time, at the executive offices of Synchrologic located at 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022.

Matters to be Considered at the Special Meeting

At the special meeting, Synchrologic shareholders will be asked to consider and vote upon the following proposals:

1. To consider and vote upon the proposed merger of Homerun Acquisition Corporation, a wholly owned subsidiary of Pumatech, with and into Synchrologic, resulting in Synchrologic becoming a wholly owned subsidiary of Pumatech. The merger agreement relating to the proposed merger is included as *Annex A* to this joint proxy statement/prospectus. In the merger, Pumatech will issue a maximum of 19,800,000 shares, and a minimum of 16,200,000 shares, of its common stock for all of the issued and outstanding shares of Synchrologic capital stock and each outstanding option or warrant to purchase shares of Synchrologic capital stock assumed by Pumatech and converted into an option or warrant to purchase shares of Pumatech common stock.
2. To consider and vote upon an amendment to Synchrologic s articles of incorporation to conform the provisions in the articles of incorporation relating to the distribution of Pumatech common stock among the various classes and series of Synchrologic capital stock to the allocations for such classes and series set forth in the merger agreement.
3. To transact any other business that may properly come before the Synchrologic special meeting or any adjournment or postponement of the special meeting.

The Synchrologic board of directors does not know of any matter that is not referred to in this joint proxy statement/prospectus to be presented for action at the special meeting. As to any business that may properly come before the special meeting or any adjournment or postponement of the special meeting, however, it is intended that proxies, in the form enclosed with this joint proxy statement/prospectus, will be voted in respect thereof in accordance with the judgment of the persons voting such proxies.

Edgar Filing: PUMATECH INC - Form S-4

The merger is described in the section of this joint proxy statement/prospectus entitled "The Merger" and "The Merger Agreement." Other matters brought before the Synchrologic special meeting are described in the section of this joint proxy statement/prospectus entitled "Additional Matters Being Submitted to a Vote of Synchrologic Shareholders Only."

Board of Directors Recommendations

After careful consideration, the Synchrologic board of directors unanimously recommends that Synchrologic shareholders vote in favor of each of the proposals to be brought before the Synchrologic special meeting.

Table of Contents

Index to Financial Statements

Record Date

The record date for determining the Synchrologic shareholders entitled to vote at the special meeting is _____, 2003. Only holders of record of Synchrologic capital stock at the close of business on that date are entitled to vote at the special meeting. Each share of Synchrologic capital stock issued and outstanding as of the record date entitles its holder to cast one vote at the special meeting.

Quorum

In order to conduct business at the special meeting, a quorum must be present. The required quorum for the transaction of business at the special meeting is holders, present in person or by proxy, of a majority of the shares of Synchrologic capital stock of each voting group entitled to vote on the matter as of the record date. Because approval of the merger and the merger agreement, as well as approval of the amendment of Synchrologic's articles of incorporation, requires the affirmative vote of the holders of a majority of Synchrologic's capital stock, a majority of Synchrologic's preferred stock and a majority of Synchrologic's Series D convertible preferred stock, a majority of each of the shares of each of these three voting groups must be present at the special meeting in order for a quorum to be present. Synchrologic will treat shares of capital stock represented by a properly signed and returned proxy, including abstentions and broker non-votes, as present at the special meeting for purposes of determining the existence of a quorum. If sufficient votes to constitute a quorum for each voting group to approve and adopt the merger agreement and the merger and to approve the related amendment of Synchrologic's articles of incorporation, are not received by the date of the special meeting, the persons named as proxies may propose one or more adjournments of the special meeting to permit further solicitation of proxies. Adjournment would require the affirmative vote of the holders of a majority of the outstanding Synchrologic capital stock present in person or represented by proxy at the special meeting. The persons named as proxies would generally exercise their authority to vote in favor of adjournment.

Vote Required

Each share of Synchrologic capital stock issued and outstanding as of the record date entitles its holder to cast one vote at the special meeting. The inspector of elections appointed for the special meeting will tabulate the votes. The votes required to approve each of the proposals to be brought before Synchrologic's shareholders are as follows:

The Merger. The holders of a majority of the shares of Synchrologic's capital stock outstanding as of the record date must vote in favor of the merger and merger agreement in order for Synchrologic to complete the merger. In addition, the holders of a majority of the shares of Synchrologic's preferred stock outstanding as of the record date, and the holders of a majority of the shares of Synchrologic's Series D convertible preferred stock outstanding as of the record date, must vote in favor of the merger and merger agreement in order for Synchrologic to complete the merger.

Amendment to Articles of Incorporation. The holders of a majority of the shares of Synchrologic's capital stock outstanding as of the record date must vote in favor of the amendment of Synchrologic's articles of incorporation in order for the articles of incorporation to be amended. In addition, the holders of a majority of the shares of Synchrologic's preferred stock outstanding as of the record date, and the holders of a majority of the shares of Synchrologic's Series D convertible preferred stock outstanding as of the record date, must vote in favor of the amendment of Synchrologic's articles of incorporation in order for the articles of incorporation to be amended. Synchrologic's articles of incorporation must be amended in order for Synchrologic to complete the merger.

Table of Contents

Index to Financial Statements

Voting of Proxies

The proxy accompanying this joint proxy statement/prospectus is solicited on behalf of the Synchrologic board of directors for use at the special meeting. Synchrologic shareholders should complete, date and sign the accompanying proxy and promptly return it in the enclosed envelope or otherwise mail it to Synchrologic. All properly signed proxies that Synchrologic receives prior to the vote being taken at the Synchrologic special meeting will be voted as indicated on the proxy unless the proxy is revoked at the special meeting. A proxy may be revoked by:

a written, dated document delivered to Synchrologic prior to the special meeting stating that the proxy is revoked;

a subsequent proxy that is signed by the same person who signed the earlier proxy and is presented at or prior to the special meeting;
or

attendance at the special meeting and voting in person.

If no voting direction is given on a properly signed proxy received by Synchrologic, the proxy will be voted in favor of the merger and all other proposals presented to the Synchrologic shareholders.

Synchrologic's board of directors does not know of any matters other than the merger and the related amendment of Synchrologic's articles of incorporation to be presented for a vote at the Synchrologic special meeting. If any other matters are properly brought before the special meeting, or any adjournment, the persons named in the proxies, acting under the proxy, will have discretion to vote on those matters in accordance with their best judgment, including adjournment of the special meeting, provided that a proxy to vote against the merger will not be voted in favor of adjournment of the Synchrologic special meeting.

Notices to the secretary of Synchrologic should be addressed to Chief Financial Officer, Synchrologic, Inc., 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022.

Solicitation of Proxies and Expenses

Synchrologic will pay its own expenses for soliciting proxies. In addition to solicitation by mail, directors, officers and employees of Synchrologic may solicit proxies, without additional remuneration, by telephone, facsimile, electronic mail and in person.

Dissenters' Rights

Edgar Filing: PUMATECH INC - Form S-4

If the merger is consummated, Synchronologic shareholders who have not consented to the merger will have the right to dissent to the merger and obtain payment of the fair value of their shares of Synchronologic common or preferred stock. The rights of Synchronologic shareholders who desire to dissent from the merger are governed by the provisions of Sections 14-2-1301 et seq. of the Georgia Business Corporation Code. Pursuant to such provisions, if the merger is consummated, any shareholder of record of Synchronologic who objects to the merger and who fully complies with Sections 14-2-1301 et. seq. of the Georgia Business Corporation Code will be entitled to demand and receive payment in cash of an amount equal to the fair value of all, but not less than all, of his, her or its shares of Synchronologic common or preferred stock. A shareholder of record may assert dissenters' rights as to fewer than the shares registered in such shareholder's name only if he, she or it dissents with respect to all shares beneficially owned by any one beneficial owner and notifies Synchronologic in writing of the name and address of each person on whose behalf he, she or it asserts dissenters' rights. For the purpose of determining the amount to be received in connection with the exercise of statutory dissenters' rights under the Georgia Business Corporation Code, the fair value of a dissenting shareholder's Synchronologic common or preferred stock equals the value of the shares immediately before the effective date of the merger, excluding any appreciation or depreciation in anticipation of the merger.

Table of Contents

Index to Financial Statements

Any Synchronologic shareholder desiring to receive payment of the fair value of his, her or its Synchronologic common or preferred stock in accordance with the requirements of the Georgia Business Corporation Code:

must deliver to Synchronologic prior to the time the shareholder vote on the merger agreement is taken, a written notice of his, her or its intent to demand payment for his, her or its shares if such merger is consummated;

must not vote his, her or its shares in favor of the merger agreement; and

must demand payment.

A FILING OF THE WRITTEN NOTICE OF INTENT TO DISSENT WITH RESPECT TO THE MERGER SHOULD BE SENT TO: SYNCHROLOGIC, INC., 200 NORTH POINT CENTER EAST, SUITE 600, ALPHARETTA, GEORGIA 30022, ATTN: CHIEF FINANCIAL OFFICER. A VOTE AGAINST THE MERGER AGREEMENT ALONE WILL NOT SATISFY THE REQUIREMENTS FOR THE SEPARATE WRITTEN NOTICE OF INTENT TO DISSENT TO THE MERGER OR THE SEPARATE WRITTEN DEMAND FOR PAYMENT OF THE FAIR VALUE OF SHARES OF SYNCHROLOGIC COMMON OR PREFERRED STOCK, WHICH ARE REFERRED TO IN CONDITIONS (i) AND (iii) ABOVE. RATHER, A DISSENTING SHAREHOLDER MUST SEPARATELY COMPLY WITH ALL OF THOSE CONDITIONS.

Within ten (10) days of the later of the effective date or receipt of a payment demand by a shareholder in accordance with Synchronologic's dissenters' notice sent to those shareholders who notified Synchronologic of their intent to dissent, described in (i) above, Synchronologic must offer to pay to each dissenting shareholder the amount Synchronologic estimates to be the fair value of the dissenting shareholder's shares, plus accrued interest. Such notice and offer must be accompanied by: (i) Synchronologic's balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of the offer to pay the fair value of the dissenting shareholder's shares, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any; (ii) a statement of Synchronologic's estimate of the fair value of the shares; (iii) an explanation of how the interest was calculated; (iv) a statement of the dissenting shareholder's right to demand payment of a different amount under Section 14-2-1327 of the Georgia Business Corporation Code; and (v) a copy of the dissenters' rights provisions of the Georgia Business Corporation Code.

If Synchronologic does not complete the proposed merger within sixty (60) days after the date set for demanding payment and Synchronologic again proposes to effect the merger, it must send a new dissenter's notice in accordance with the Georgia Business Corporation Code and repeat the payment demand procedure.

A dissenting Synchronologic shareholder may notify Synchronologic in writing of his, her or its own estimate of the fair value of his, her or its shares and the amount of interest due, and demand payment of his, her or its estimate of the fair value if the shareholder believes the amount offered by Synchronologic is less than the fair value of his, her or its shares or that the interest due is incorrectly calculated. A dissenting shareholder waives his, her or its right to demand payment for the shares and is deemed to have accepted Synchronologic's offer unless he, she or it notifies Synchronologic of his, her or its demand in writing within thirty (30) days after the date that Synchronologic offers payment. If a demand for payment remains unsettled, Synchronologic must file an action in a court of competent jurisdiction in Fulton County, Georgia, requesting that the fair value of such shares be found and determined. Synchronologic must make all dissenting shareholders whose demands remain unsettled parties to the proceeding. If Synchronologic does not commence the proceeding within such sixty (60) day period, it shall be required to pay each dissenting shareholder whose demand remains unsettled the amount demanded by the dissenting shareholder.

Edgar Filing: PUMATECH INC - Form S-4

The foregoing does not purport to be a complete statement of the provisions of the Georgia Business Corporation Code relating to statutory dissenters' rights and is qualified in its entirety by reference to the dissenters' rights provisions of the Georgia Business Corporation Code, which is attached to this joint proxy statement/prospectus as *Annex G*.

Table of Contents

Index to Financial Statements

THE MERGER

This section of this joint proxy statement/prospectus describes the principal aspects of the proposed merger, including the merger agreement. While Pumatech and Synchrologic believe that this description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to Synchrologic shareholders and Pumatech stockholders. You can obtain a more complete understanding of the merger by reading the merger agreement, a copy of which is attached to this joint proxy statement/prospectus as Annex A. You are encouraged to read the merger agreement and the other annexes to this joint proxy statement/prospectus carefully and in their entirety.

Background of the Merger

Pumatech from time to time has evaluated entering into strategic relationships with, and strategic acquisitions of, companies with complementary businesses and technologies. Synchrologic has been growing its organization, customer base and revenue and has also, from time to time, considered strategic opportunities.

Given the complementary nature of the Pumatech and Synchrologic products and services, beginning in early September 2002, Woodson Hobbs, President and Chief Executive Officer of Pumatech, and Said Mohammadioun, Chairman of the Board of Directors and Chief Executive Officer of Synchrologic, began discussing their respective companies, strategies and products, as well as their participation in a common sector of the software industry.

On September 11, 2002, Mr. Hobbs, Mr. Mohammadioun and John Dancu, President and Chief Operating Officer of Synchrologic, met at Synchrologic's headquarters in Alpharetta, Georgia to discuss further mutual opportunities and whether a potential business combination between the parties would be beneficial.

Following that meeting, Mr. Hobbs and Mr. Mohammadioun corresponded several times by email and telephone to discuss the terms of a potential business combination of Pumatech and Synchrologic. As a result of those discussions, it was determined that a business combination was not practical at that time.

In November 2002, Mr. Hobbs notified Mr. Mohammadioun that Pumatech believed Synchrologic was violating one or more of Pumatech's patents. Throughout the remainder of November 2002, Mr. Hobbs and Mr. Mohammadioun corresponded several times by email and telephone to discuss the nature of and basis for Pumatech's infringement claim. Throughout these discussions, Mr. Mohammadioun reiterated Synchrologic's position that it had not violated any of Pumatech's patents.

On December 5, 2002, Pumatech filed a suit against Synchrologic to enforce its patents and to prevent the alleged infringement. On February 18, 2003, Synchrologic filed a counterclaim and a response to the suit. During the next four months, Pumatech and Synchrologic were involved in a number of legal activities as a result of Pumatech's suit.

Beginning in early April 2003, Mr. Hobbs and Mr. Mohammadioun resumed their discussion regarding a potential business combination between Pumatech and Synchrologic, notwithstanding the companies' pending patent litigation. Following these discussions, Mr. Hobbs and Mr. Mohammadioun agreed to meet in person.

On June 12, 2003, Mr. Hobbs, Michael Clair, Chairman of the Board of Directors of Pumatech, Keith Kitchen, Vice President of Finance and Administration of Pumatech, Clyde Foster, Senior Vice President of Sales and Marketing of Pumatech, and John Stossel, Chief Technology Officer of Pumatech, met with Mr. Mohammadioun, Mr. Dancu and Patrick Kerins, a director of Synchrologic, at Pumatech's headquarters in San Jose, California. Each party made a presentation about the history, performance, and capabilities of their respective companies. Following these presentations, the parties discussed the valuation of each company but were unable to agree upon mutually acceptable terms of a business combination at that meeting.

Table of Contents

Index to Financial Statements

During the first two weeks of August 2003, Mr. Hobbs and Mr. Mohammadioun had several telephone conversations to continue their discussion of a possible business combination or other strategic relationship between Pumatech and Synchronologic. On August 19, 2003, at a regularly scheduled meeting, the Synchronologic board of directors created a special committee to assist Synchronologic's management with examining potential strategic business relationships with Pumatech and other third parties. The special committee consisted of two of Synchronologic's independent directors, Mr. Kerins and Tasha Seitz.

On the evening of August 19, 2003, Mr. Hobbs and Clyde Foster, Pumatech's Senior Vice President of Sales and Marketing, met with Mr. Mohammadioun, Mr. Dancu and Mr. Kerins to discuss a possible business combination. Messrs. Hobbs, Foster, Mohammadioun, Dancu and Kerins met again the following day at Synchronologic's headquarters to discuss further the valuation of the two companies.

On August 25, 2003, the Pumatech board of directors met for a regularly scheduled meeting. At this meeting, the Pumatech board of directors discussed Pumatech's then current business strategies, its business model, strategic acquisitions and merger possibilities. The Pumatech board of directors also discussed the terms of a business combination with Synchronologic and noted the differences between the terms offered by Pumatech as compared to the terms offered by Synchronologic's management. Following these discussions, the Pumatech board of directors outlined the terms of a business combination with Synchronologic that it would consider favorable to the Pumatech stockholders and authorized Mr. Hobbs to negotiate further with Synchronologic.

On August 26, 2003, Mr. Hobbs met with Mr. Mohammadioun in Alpharetta, Georgia to discuss possible terms of a merger between Pumatech and Synchronologic. As a result of this negotiation, Mr. Hobbs and Mr. Mohammadioun outlined the basic terms of the proposed merger and agreed to present these terms to their respective boards of directors. During the next few days, each of Mr. Hobbs and Mr. Mohammadioun corresponded with their respective boards of directors regarding the terms of the proposed merger and obtained authorization to continue their negotiations on the terms outlined, complete their due diligence investigations of the other party and negotiate a definitive agreement.

On August 27, 2003, Venture Law Group, Pumatech's outside legal counsel distributed a draft merger agreement to Synchronologic and Synchronologic's outside legal counsel, Morris, Manning & Martin, LLP. On September 5, 2003, Mr. Hobbs, Richard Mosher, Pumatech's General Counsel, Mr. Kitchen and a representative of Venture Law Group met with Mr. Mohammadioun, Mr. Dancu and representatives of Morris, Manning & Martin, LLP in Atlanta, Georgia to negotiate further the merger agreement and related ancillary agreements. On September 11, 2003, the Pumatech board of directors and the Synchronologic board of directors received copies of the proposed merger agreement.

Due diligence meetings were held between various senior executives of both companies during the weeks of September 1, 2003 and September 8, 2003. During this period, Mr. Mosher and Mr. Kitchen conducted legal and financial due diligence of Synchronologic and Mr. Dancu and Douglas Hadaway, Synchronologic's Chief Financial Officer, conducted business and financial due diligence of Pumatech. In addition, Mr. Foster negotiated a distribution agreement with Synchronologic that would allow Pumatech to sublicense Synchronologic's products and services upon their execution of the merger agreement and the dismissal of Pumatech's lawsuit against Synchronologic.

On September 12, 2003, the Pumatech board of directors held a special meeting at which the proposed merger was discussed and considered. Mr. Hobbs and Pumatech's legal counsel reviewed in detail with the board of directors the terms of the merger agreement and the status of negotiations relating to those terms. Mr. Mohammadioun then joined the meeting by telephone to discuss the future of the combined company, as well as his role and commitment to the combined company, and to answer questions of the Pumatech board of directors. The board asked numerous questions of Mr. Mohammadioun who answered the questions and then left the meeting. After Mr. Mohammadioun left the meeting, the Pumatech board of directors discussed the merits of the transaction at length. After this discussion, the board unanimously voted to approve the merger agreement and the merger.

Table of Contents

Index to Financial Statements

On September 13, 2003, Synchrologic held an investors' meeting followed by a board of directors meeting. Mr. Hobbs attended part of the Synchrologic board meeting via teleconference to discuss the future of the combined company, as well as the role of the Synchrologic management team in the combined company, and to answer questions of the Synchrologic board of directors. Representatives from Morris, Manning & Martin, LLP then presented an extensive review of the terms of the proposed merger and merger agreement. Following these presentations, and after discussion, the Synchrologic board of directors unanimously voted to approve the merger agreement and the merger.

The definitive merger agreement was signed during the evening of September 14, 2003 and a joint press release was issued by Pumatech and Synchrologic announcing the signing of the merger agreement on September 15, 2003.

Pumatech's Reasons for the Merger; Recommendation of Pumatech's Board of Directors

Pumatech's board of directors and management believe that the merger will benefit Pumatech and its stockholders for the following reasons:

Extension of Product Line. The acquisition of Synchrologic will extend Pumatech's market presence in offering synchronization software, mobile-application development software and mobile-application management/device management software to consumers, business professionals and information technology officers. Synchrologic's products will provide complimentary functionality to Pumatech's already leading solutions in industries that are important to Pumatech. Pumatech believes that complimentary solutions will provide additional revenue opportunities from current customers.

Expansion of Customer Base; Licensing Opportunities. The merger of Pumatech and Synchrologic will provide Pumatech with access to Synchrologic's enterprise customers and application vendors. Pumatech believes that this access will provide additional revenue from these customers as it opens up sales channels for Pumatech's current product lines. In addition, the merger will provide significant opportunities for licensing the combined company's products and services.

Favorable Terms of the Merger Agreement. The terms of the merger agreement and related agreements, including price and structure, are considered by both the Pumatech board of directors and senior management to provide a fair and equitable basis for the merger.

After careful consideration, the Pumatech board of directors determined the merger agreement and the merger to be fair to and in the best interests of Pumatech and its stockholders. **The Pumatech board of directors unanimously recommends approval of the issuance of shares of Pumatech common stock in the merger as described in this joint proxy statement/prospectus.**

The Pumatech board of directors concluded that on balance the potential benefits of the merger outweighed the potential risks. The foregoing discussion of the information and factors considered by the Pumatech board of directors is not meant to be exhaustive. Given the complexity of the issue and the number of factors considered, the Pumatech board of directors did not attempt to quantify or otherwise assign relative weight to specific factors.

Synchrologic's Reasons for the Merger; Recommendation of Synchrologic's Board of Directors

At the meeting of the board of directors of Synchrologic on September 13, 2003, the directors unanimously concluded that the merger agreement and the merger are in the best interests of Synchrologic, its creditors and its shareholders. In addition, the Synchrologic board of directors determined to recommend that the shareholders adopt the merger agreement and approve the merger. In the course of reaching this decision, the board of directors of Synchrologic consulted with Synchrologic's senior management, a special committee of the board of directors created for the purpose of examining strategic business alternatives for Synchrologic and outside legal counsel, and reviewed a significant amount of information and considered a number of factors, including the following material factors:

the strategic and financial alternatives available to Synchrologic in the increasingly competitive environment of the synchronization and mobility enterprise market;

Table of Contents

Index to Financial Statements

the synergies between Synchrologic's product lines and distribution channels with those of Pumatech;

Synchrologic's relative market share in the synchronization and mobility enterprise market, as compared to Pumatech's market share in the same and similar markets;

the potential to enhance shareholder value through share ownership in a larger, more competitive company in the synchronization market;

the opportunities for growing Synchrologic's business that would be enhanced by combining Synchrologic's operations with complementary operations of another entity;

the amount and form of consideration to be received by Synchrologic's shareholders in the merger in comparison to other acquisition prices paid in similar software mergers and acquisition transactions;

information concerning the business, earnings, competitive position and prospects of Pumatech and Synchrologic, both individually and on a combined basis;

the possibilities, as alternatives to the merger, of continuing as a stand alone entity, seeking to engage in a combination with a company other than Pumatech or seeking to complete a private placement of Synchrologic stock;

the likely impact of the merger on Synchrologic's employees, customers and partners;

the expected effect of the merger on Synchrologic's existing relationships with third parties;

the dismissal of the litigation between Pumatech and Synchrologic;

the interests that certain executive officers and directors of Synchrologic may have with respect to the merger in addition to their interests as shareholders of Synchrologic generally as described in the section entitled "Interests of Certain Persons in the Merger" beginning on page 10 of this joint proxy statement/prospectus; and

the expectation that the merger will qualify as a reorganization for United States federal income tax purposes, in which case no gain will be recognized by Synchrologic shareholders as a result of the merger except to the extent of cash received for shares of Synchrologic common or preferred stock.

The foregoing discussion of the information and factors considered by the board of directors of Synchrologic is not intended to be exhaustive. In view of the wide variety of the material factors considered in connection with the evaluation of the merger and the complexity of these matters, the board of directors of Synchrologic did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to the various factors considered. In addition, the board of directors of Synchrologic did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of the board of directors of Synchrologic, but rather the board of directors of Synchrologic conducted an overall analysis of the factors described above, including discussions with and questioning of Synchrologic's senior management and legal advisors. In considering the factors described above, individual members of the board of directors of Synchrologic may have given different weight to different factors.

There can be no assurance that the potential synergies or opportunities considered by the board of directors of Synchrologic will be achieved through consummation of the merger. See Risk Factors beginning on page 24.

Synchrologic's board of directors has unanimously concluded that the merger is in the best interests of Synchrologic, its creditors and its shareholders and has unanimously approved the merger, the merger agreement and the associated transactions. Accordingly, the Synchrologic board of directors has declared advisable, and unanimously recommends, that Synchrologic shareholders vote FOR adoption of the merger agreement and approval of the merger.

In considering the recommendation of Synchrologic's board of directors, you should be aware that directors and officers of Synchrologic have interests in the merger that are different from, or are in addition to, those of Synchrologic's shareholders generally. See Interests of Certain Persons in the Merger beginning on page 60.

Table of Contents

Index to Financial Statements

Interests of Certain Persons in the Merger

In considering the recommendation of the Synchrologic board of directors regarding the merger, Synchrologic shareholders should be aware that some of Synchrologic's shareholders, directors and executive officers have interests in the merger that are different from, or in addition to, their interests as Synchrologic shareholders. These interests may create potential conflicts of interest. The Synchrologic board of directors was aware of these interests and took these interests into account in approving the merger and the transactions contemplated by the merger agreement.

Voting Agreement. Synchrologic shareholders representing approximately 77.2% of the outstanding shares of Synchrologic voting capital stock, approximately 76.3% of the outstanding shares of Synchrologic preferred stock and approximately 59.1% of the outstanding Synchrologic Series D convertible preferred stock have entered into a voting agreement and granted irrevocable proxies to Pumatech pursuant to which they have agreed to vote all of their shares of Synchrologic capital stock for which they exercise voting control in favor of the adoption of the merger and the merger agreement.

Board Seat. Said Mohammadioun, Chairman of the Board of Directors and Chief Executive Officer of Synchrologic, will be appointed to the Pumatech board of directors upon completion of the merger.

Employment Arrangements. Pumatech intends to offer Mr. Mohammadioun employment as a senior executive officer of Pumatech contingent and effective upon completion of the merger. In connection with his employment, Pumatech expects to offer Mr. Mohammadioun an employment arrangement whereby his annual base salary will be \$200,000, and he may be eligible to receive substantial performance based bonuses. Pumatech also expects that Mr. Mohammadioun's employment arrangement will provide that he be granted options to purchase approximately 200,000 shares of Pumatech common stock, subject to vesting at the end of 2 years.

Acceleration of Synchrologic Stock Options. As a result of the merger, each outstanding option to purchase shares of Synchrologic capital stock, including those held by officers and directors of Synchrologic, will accelerate, become fully vested and be assumed by Pumatech and converted into an option to purchase shares of Pumatech common stock.

Severance Arrangements. Neither John Dancu, Synchrologic's president and Chief Operating Officer, nor Douglas Hadaway, Synchrologic's Chief Financial Officer, will be retained by the surviving corporation following the completion of the merger. Accordingly, pursuant to their existing employment contracts, upon the completion of the merger, Mr. Dancu will receive a lump sum severance payment equal to 100% of his current base salary of \$190,000 and Mr. Hadaway will receive a lump sum severance payment equal to 100% of his current base salary of \$142,500.

Indemnification. The merger agreement provides that, upon the completion of the merger, Pumatech will cause the surviving corporation, to indemnify and hold harmless, the present and former officers, directors, employees and agents of Synchrologic in respect of acts and omissions occurring on or prior to the effective time of the merger to the same extent required or permitted pursuant to Synchrologic's articles of incorporation, bylaws and indemnification agreements in effect as of the date of the merger agreement.

Edgar Filing: PUMATECH INC - Form S-4

The merger agreement also provides that Synchrologic may purchase, prior to the effective time of the merger, a six-year tail directors and officers liability insurance policy covering those persons who, as of immediately prior to the effective time of the merger, are covered by the directors and officers liability insurance policy currently maintained by Synchrologic. Since the cost of this six-year tail policy will be deemed a transaction expense of Synchrologic for purposes of the merger consideration allocation calculations, it is possible that all or a portion of this policy will be borne by the Synchrologic shareholders. See The Merger Merger Consideration.

As a result of the interests described above, these executive officers and directors could be more likely to vote to approve, and recommend the approval of, the merger and the merger agreement, than if they did not hold these interests.

Table of Contents

Index to Financial Statements

Termination of Litigation Between Pumatech and Synchrologic

On December 5, 2002, Pumatech filed a patent infringement suit against Synchrologic in the United States District Court for the Northern District of California, alleging that Synchrologic's server and desktop products infringed six of Pumatech's synchronization-related patents. Pumatech sought an injunction against future sales of Synchrologic's allegedly infringing products, as well as damages for past sales of those products. On February 18, 2003, Synchrologic filed a response to the patent infringement suit denying the allegations, challenging the validity and enforceability of Pumatech's patents, and alleging that Pumatech's press releases regarding the suit constituted false advertising. At the time the merger agreement was executed, the parties were engaged in discovery, and were preparing briefs to the court regarding the proper interpretation of phrases in the claims of Pumatech's patents. Pursuant to the merger agreement, the parties dismissed their respective claims with prejudice.

Completion and Effectiveness of the Merger

The merger will be completed no later than the second business day after satisfaction or waiver of all of the conditions precedent for consummating the merger, including approval and adoption of the merger agreement and the merger by the shareholders of Synchrologic and approval of the issuance of shares of Pumatech common stock in connection with the merger by the stockholders of Pumatech. The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware and the Secretary of State of the State of Georgia.

Structure of the Merger

Homerun Acquisition Corporation, a newly formed and wholly owned subsidiary of Pumatech, will be merged with and into Synchrologic. As a result of the merger, the separate corporate existence of Homerun Acquisition Corporation will cease and Synchrologic will survive the merger as a wholly owned subsidiary of Pumatech.

Merger Consideration

Total Consideration Shares. The total consideration shares, representing the aggregate number of shares of Pumatech common stock to be issued in the merger in exchange for all outstanding shares of Synchrologic capital stock (including shares of Pumatech common stock to be reserved for issuance upon the exercise of Synchrologic options assumed by Pumatech in the merger) will be equal to (A) the quotient determined by *dividing* (x) \$60,000,000 *by* (y) the average closing price, which is the average of the closing sales prices for one share of Pumatech common stock as reported on The Nasdaq National Market for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger *less* (B) the number of shares of Pumatech common stock comprising the transaction expenses adjustment (as defined below). However, the merger agreement provides that in no event will the total consideration shares exceed the maximum consideration shares, comprised of 19,800,000 shares of Pumatech common stock less the transaction expenses adjustment, or be less than the minimum consideration shares, comprised of 16,200,000 shares of Pumatech common stock less the transaction expenses adjustment.

Edgar Filing: PUMATECH INC - Form S-4

The transaction expenses adjustment means the sum of (i) the number of shares of Pumatech common stock determined by *dividing* (A) the sum of (x) 50% of the transaction expenses incurred by Synchrologic or its shareholders in connection with the merger, including legal, accounting, investment banking, broker's and finder's fees and expenses, any cash payments to holders of Synchrologic warrants in consideration of the termination of their warrants prior to the effective time of the merger and the cost of any directors' and officers' insurance policy purchased by Synchrologic prior to the effective time of the merger, up to a maximum of \$400,000 *plus* (y) 100% of any transaction expenses incurred by Synchrologic or its shareholders in excess of \$400,000 *by* (B) the average closing price, *plus* (ii) the number of shares of Pumatech common stock issuable upon exercise in full of any Synchrologic warrants assumed by Pumatech in the merger.

Table of Contents**Index to Financial Statements**

Conversion of Synchrologic Capital Stock. Each class and series of outstanding Synchrologic capital stock will be allocated the following number of shares of Pumatech common stock expressed as a percentage of the total consideration shares:

<u>Class/Series of Synchrologic Capital Stock</u>	<u>Percentage of Total Consideration Shares</u>
Common Stock (including options to purchase common stock)	25.348%
Series A Preferred Stock	4.173%
Series B Preferred Stock	11.647%
Series C Preferred Stock	10.833%
Series D Preferred Stock	47.999%

The exchange ratio for each class and series of outstanding Synchrologic capital stock will be determined by dividing the number of shares of Pumatech common stock allocable to that class or series by the total number of shares of that class or series outstanding immediately prior to the effective time of the merger (including, in the case of the common stock exchange ratio, the number of shares of Synchrologic common stock subject to outstanding Synchrologic options assumed by Pumatech in the merger), as described in more detail below.

Common Stock Exchange Ratio. Each share of Synchrologic common stock issued and outstanding at the effective time of the merger will be converted automatically into the right to receive the number of shares of Pumatech common stock equal to the common stock exchange ratio, determined by *dividing* (A) 25.348% of the total consideration shares *by* (B) the number of shares of Synchrologic common stock issued and outstanding as of the effective time of the merger or subject to issuance upon the exercise in full of all Synchrologic options outstanding at the effective time of the merger.

Series A Exchange Ratio. Each share of Synchrologic Series A preferred stock issued and outstanding at the effective time of the merger will be converted automatically into the right to receive the number of shares of Pumatech common stock equal to the Series A exchange ratio, determined by *dividing* (A) 4.173% of the total consideration shares *by* (B) the number of shares of Synchrologic Series A preferred stock issued and outstanding as of the effective time of the merger.

Series B Exchange Ratio. Each share of Synchrologic Series B preferred stock issued and outstanding at the effective time of the merger will be converted automatically into the right to receive the number of shares of Pumatech common stock equal to the Series B exchange ratio, determined by *dividing* (A) 11.647% of the total consideration shares *by* (B) the number of shares of Synchrologic Series B preferred stock issued and outstanding as of the effective time of the merger.

Series C Exchange Ratio. Each share of Synchrologic Series C preferred stock issued and outstanding at the effective time of the merger will be converted automatically into the right to receive the number of shares of Pumatech common stock equal to the Series C exchange ratio, determined by *dividing* (A) 10.833% of the total consideration shares *by* (B) the number of shares of Synchrologic Series C preferred stock issued and outstanding as of the effective time of the merger.

Series D Exchange Ratio. Each share of Synchrologic Series D preferred stock issued and outstanding at the effective time of the merger will be converted automatically into the right to receive the number of shares of Pumatech common stock equal to the Series D exchange ratio,

Edgar Filing: PUMATECH INC - Form S-4

determined by *dividing* (A) 47.999% of the total consideration shares *by* (B) the number of shares of Synchrologic Series D preferred stock issued and outstanding as of the effective time of the merger.

Estimated Exchange Ratios. As of the date of the merger agreement, there were 4,973,397 shares of Synchrologic common stock outstanding, 797,872 shares of Synchrologic Series A preferred stock outstanding, 2,058,333 shares of Synchrologic Series B preferred stock outstanding, 2,793,296 shares of Synchrologic

Table of Contents

Index to Financial Statements

Series C preferred stock outstanding, 3,308,271 shares of Synchrologic Series D preferred stock outstanding, and 1,696,876 shares of Synchrologic common stock subject to outstanding Synchrologic options. Based on this capitalization, the following table sets forth the estimated exchange ratios for each class and series of outstanding Synchrologic capital stock on September 12, 2003, the last full trading day preceding public announcement that Pumatech and Synchrologic had entered into the merger agreement, and [Date], 2003, the last full trading day for which closing prices were available at the time of the printing of this joint proxy statement/prospectus, in each case assuming that:

the average stock price is equal to the applicable closing price per share of Pumatech common stock indicated in the table below;

the Synchrologic transaction expenses equal but do not exceed \$400,000; and

all outstanding Synchrologic warrants are terminated immediately prior to the completion of the merger.

Date/Class and Series of Synchrologic Capital Stock	Closing Sales Price Per Share of Pumatech Common Stock	Estimated Exchange Ratio
September 12, 2003 Common Stock	\$ 3.87	0.616567
Series A Preferred Stock		0.844583
Series B Preferred Stock		0.913746
Series C Preferred Stock		0.626266
Series D Preferred Stock		2.342925
[Date], 2003 Common Stock	\$	
Series A Preferred Stock		
Series B Preferred Stock		
Series C Preferred Stock		
Series B Preferred Stock		

The number of shares of Pumatech common stock issuable to you in the merger will be proportionately adjusted for any stock split, stock dividend, reorganization, recapitalization, reclassification or similar event with respect to Pumatech common stock or Synchrologic capital stock effected between the date of the merger agreement and the completion of the merger.

Pumatech will not issue certificates representing fractional shares of Pumatech common stock in connection with the merger. Instead, Synchrologic shareholders will receive cash, without interest, in lieu of a fraction of a share of Pumatech common stock.

Dissenters Rights

Holders of Synchrologic capital stock are entitled to dissenters rights under Article 13 of the Georgia Business Corporation Code. Holders of Pumatech common stock are not entitled to dissenters or appraisal rights. For a more complete description of the rights of dissenting shareholders, see Pumatech s Annual Stockholders Meeting No Appraisal Rights and Synchrologic s Special Shareholders Meeting Dissenters

Rights.

Conversion of Synchrologic Options

The merger agreement provides that each outstanding Synchrologic option, whether vested or unvested, will be assumed by Pumatech at the effective time of the merger and converted into a fully-vested option to purchase shares of Pumatech common stock. Each Synchrologic option will become exercisable for the same number of shares of Pumatech common stock (rounded down to the nearest whole share) as the holder of the Synchrologic

Table of Contents**Index to Financial Statements**

option would have been entitled to receive pursuant to the merger had he or she exercised the Synchronologic option in full immediately prior to the effective time of the merger, at a price per share (rounded up to the nearest whole cent) equal to the aggregate exercise price for the shares of Synchronologic common stock otherwise purchaseable pursuant to the assumed Synchronologic option divided by the number of shares of Pumatech common stock issuable upon the exercise in full of the assumed Synchronologic option after the effective time of the merger. As soon as practicable following the effective time of the merger and in any event no later than ten business days after the closing date of the merger, Pumatech has agreed to file a registration statement on Form S-8 registering the shares of Pumatech common stock issuable upon exercise of the assumed Synchronologic options. This registration statement will be kept effective for so long as any Synchronologic options assumed by Pumatech in the merger remain outstanding.

Termination / Conversion of Synchronologic Warrants

The merger agreement provides that each Synchronologic warrant that remains outstanding as of the effective time of the merger will be assumed by Pumatech at the effective time of the merger and converted into a fully-vested warrant to purchase shares of Pumatech common stock. However, each holder of a warrant to purchase shares of Synchronologic capital stock has entered into a warrant termination agreement with Synchronologic pursuant to which such holders agree to terminate their respective warrants immediately prior to the closing of the merger. Therefore, it is expected that no Synchronologic warrants will be assumed by Pumatech in the merger.

Retention of a Portion of the Merger Consideration in Escrow

Pumatech Indemnification Escrow. As soon as practicable after the effective time of the merger, certificates representing 7.5% of the total consideration shares will be withheld from the Synchronologic shareholders on a pro rata basis and deposited into an escrow fund to satisfy any valid indemnification claims made by Pumatech following the merger. No shares of Pumatech common stock to be reserved for issuance upon exercise of Synchronologic options and Synchronologic warrants assumed by Pumatech in the merger will be held in the escrow fund. The number of shares to be contributed to the escrow fund by each Synchronologic shareholder will be determined by *multiplying* (A) the total number of escrow shares *by* (B) a fraction, the numerator of which is the number of shares of Pumatech common stock issued in the merger to such Synchronologic shareholder and the denominator of which is the total number of shares of Pumatech common stock issued in the merger to all former Synchronologic shareholders. The escrow fund will terminate upon the first anniversary of the closing date of the merger and the remaining escrow shares, subject to the withholding of the number of escrow shares necessary to satisfy any unresolved claims made by Pumatech, will be distributed to the former Synchronologic shareholders in proportion to their respective original contributions to the escrow fund.

Dissenters Escrow. If, at the effective time of the merger, more than 10% of the issued and outstanding shares of Synchronologic capital stock is held by persons who have exercised, and not withdrawn, their dissenters' rights in accordance with Article 13 of the Georgia Business Corporation Code, then Pumatech will withhold from the Synchronologic shareholders on a pro rata basis, and deposit into a separate dissenters escrow, certificates representing the number of total consideration shares determined by *dividing* (A) 50% of the amount by which the aggregate transaction value of the shares of Synchronologic capital stock held by dissenting shareholders exceeds \$6,000,000 *by* (B) the average closing price. The aggregate transaction value of the shares of Synchronologic capital stock held by dissenting shareholders will be determined by *multiplying* (x) the aggregate number of shares of Pumatech common stock that would have been issued to the dissenting shareholders in the merger had their dissenters' rights not been exercised *by* (y) the average closing price. Upon the earlier of satisfaction in full of all the rights granted to the dissenting shareholders under Article 13 of the Georgia Business Corporation Code or the waiver or withdrawal of dissenters' rights by one or more holders of Synchronologic capital stock such that the number of dissenting shares is reduced to 10% or less of Synchronologic's outstanding capital stock as of the effective time of the merger, any shares of Pumatech common stock and/or any cash proceeds thereof remaining in the dissenters' escrow will be distributed to the former Synchronologic shareholders in proportion to their respective original contributions to the dissenters' escrow.

Table of Contents

Index to Financial Statements

Procedures for Exchanging Synchronologic Stock Certificates for Pumatech Stock Certificates

Promptly after the effective time of the merger, Pumatech will cause the bank or trust company designated by Pumatech to act as its exchange agent to send to each Synchronologic shareholder (1) a letter of transmittal and (2) instructions for the surrender of the certificates representing shares of Synchronologic capital stock in exchange for Pumatech common stock certificates representing the merger consideration, cash for fractional shares and cash for any dividends or other distributions that you may be entitled to receive under the merger agreement. **Synchronologic stock certificates should not be surrendered until the letter of transmittal is received from the exchange agent.**

Lost, stolen or destroyed certificates may be redeemed upon the making of an affidavit of that fact by the person claiming the loss. No dividends or other distributions payable to the holders of Pumatech common stock will be paid to Synchronologic shareholders until the merger is completed and such holders surrender the certificates representing their shares of Synchronologic capital stock. Pumatech does not anticipate paying any dividends with respect to its common stock.

Governmental and Regulatory Matters

Pumatech and Synchronologic have concluded that no federal or state regulatory requirements must be complied with nor are federal or state regulatory approvals required in connection with the merger, other than obtaining the required approval of the issuance of shares of Pumatech common stock in the merger by the Pumatech stockholders and the required approval and adoption of the merger agreement and the merger by Synchronologic shareholders, making the required filings in connection with the merger in the State of Delaware and the State of Georgia, and registering the shares of Pumatech common stock comprising the total consideration shares with the Securities and Exchange Commission.

Material United States Federal Income Tax Considerations

The following discussion summarizes the anticipated material United States federal income tax consequences of the merger that are generally applicable to holders of Synchronologic capital stock who exchange their stock in the merger for shares of Pumatech common stock. This discussion is based on the Internal Revenue Code of 1986, as amended, Treasury regulations, administrative rulings and court decisions in effect as of the date of this joint proxy statement/prospectus, all of which may change at any time, possibly with retroactive effect. The tax consequences of the merger to you may vary depending on your particular situation, and certain Synchronologic shareholders may be subject to special tax treatment not discussed below, including shareholders who are dealers in securities or foreign currency, foreign persons or entities, financial institutions, tax-exempt organizations, mutual funds, insurance companies, persons who acquired their shares in connection with stock option or stock purchase plans or in other compensatory transactions, persons who hold their shares as part of a hedge, straddle or conversion transaction, persons who do not hold their Synchronologic capital stock as capital assets, or persons who are subject to the alternative minimum tax provisions of the Internal Revenue Code. In addition, the following discussion does not address the tax consequences of other transactions effectuated prior to, concurrently, or after the merger, whether or not such transactions are in connection with the merger, including without limitation transactions in which shares of Synchronologic capital stock were or are acquired or shares of Pumatech common stock were or are disposed of. Furthermore, no foreign, state or local tax considerations are addressed. No ruling has been obtained from the Internal Revenue Service regarding the tax consequences of the merger, and the following discussion is not binding on the Internal Revenue Service. In addition, no opinions of counsel regarding the reorganization treatment of the merger have been requested or obtained. **Therefore, we urge you to consult your own tax advisor as to the specific federal, state, local and foreign consequences to you of the merger and related reporting obligations.**

Edgar Filing: PUMATECH INC - Form S-4

Synchrologic Shareholders. Each holder of Synchrologic capital stock who exchanges shares of Synchrologic capital stock solely for shares of Pumatech common stock in the merger should not recognize any taxable gain or loss with respect to the exchange.

Table of Contents

Index to Financial Statements

The aggregate tax basis of the Pumatech common stock received in the merger by each holder of Synchrologic capital stock, including any shares of Pumatech common stock held in the escrow fund and the dissenters' escrow pursuant to the terms of the merger agreement, should be equal to the aggregate tax basis of the Synchrologic capital stock surrendered in exchange for such Pumatech common stock.

The holding period for each share of Pumatech common stock received in the merger by each holder of Synchrologic capital stock, including any shares of Pumatech common stock held in the escrow fund and the dissenters' escrow pursuant to the terms of the merger agreement, should include the period during which the shares of Synchrologic capital stock surrendered in exchange therefor were held, provided that such shares of Synchrologic capital stock were held as capital assets at the time of the merger.

No income or gain should be recognized by holders of Synchrologic capital stock upon the distribution to them of the Pumatech common stock held in the escrow fund and the dissenters' escrow on their behalf. Synchrologic shareholders should consult their own tax advisors with respect to the tax consequences applicable to their individual situations in the event that shares of Pumatech common stock held in the escrow fund and the dissenters' escrow are returned to Pumatech.

A shareholder who receives, or is deemed to have received, any non-stock consideration or exercises dissenters' rights with respect to a share of Synchrologic capital stock should generally recognize capital gain or loss (if such share is held as a capital asset at the time of the merger) measured by the difference between the shareholder's basis in such share and the amount of cash received, provided that such payment is not either essentially equivalent to a dividend nor has the effect of the distribution of a dividend (see Sections 302 and 356(a) of the Internal Revenue Code; collectively a "dividend equivalent transaction"). For purposes of the foregoing, a sale of Synchrologic capital stock for cash pursuant to an exercise of dissenters' rights will generally not be a dividend equivalent transaction if immediately after such exercise, the shareholder exercising dissenters' rights does not own any shares of Synchrologic capital stock or Pumatech common stock (either actually or constructively within the meaning of Section 318 of the Internal Revenue Code). However, if a shareholder's sale for cash of Synchrologic capital stock pursuant to an exercise of dissenters' rights is a dividend equivalent transaction, then the shareholder may recognize income for federal income tax purposes in an amount equal to the entire amount of cash so received.

General Considerations. Notwithstanding the qualification of the merger as a reorganization, a recipient of Pumatech common stock would recognize income to the extent such shares were considered to be received in exchange for services or property (other than solely Synchrologic capital stock) or in the event a portion of the consideration deemed to have been received in the merger were considered to be currently taxable due to the character or structure of the transaction. All or any portion of such income may be taxable as ordinary income. Gain would also be recognized to the extent a Synchrologic shareholder is treated as receiving (directly or indirectly) consideration other than Pumatech common stock in exchange for such shareholder's Synchrologic capital stock.

No ruling from the Internal Revenue Service has been or will be sought with respect to any of the tax matters discussed in this joint proxy statement/prospectus and no opinions of counsel regarding the reorganization treatment of the merger have been requested or obtained. A successful challenge to the reorganization status of the merger by the Internal Revenue Service would result in a Synchrologic shareholder recognizing gain or loss with respect to each share of Synchrologic capital stock surrendered equal to the difference between the fair market value, as of the time of the merger, of the merger consideration received in exchange therefor and his, her or its basis in such Synchrologic capital stock. In this event, a Synchrologic shareholder's aggregate basis in the Pumatech common stock received in exchange would equal the fair market value of such shares, and his, her or its holding period for such shares would not include the period during which the shares of Synchrologic capital stock were held.

Edgar Filing: PUMATECH INC - Form S-4

Backup Withholding. Certain of the payments due to the Synchrologic shareholders under the merger agreement may be subject to information reporting to the Internal Revenue Service and to a 28% backup withholding tax. Backup withholding will not apply to a payment to you if you properly complete and sign the

Table of Contents

Index to Financial Statements

substitute Form W-9 which will be included as part of the letter of transmittal, or otherwise prove to Pumatech and Homerun Acquisition Corporation that you are exempt from backup withholding. If you are subject to the 28% backup withholding, the tax withheld will be credited against your federal income tax liability.

Accounting Treatment of the Merger

Pumatech intends to account for the merger as a purchase transaction for financial reporting and accounting purposes under generally accepted accounting principles. After the merger, the results of operations of Synchrologic will be included in the consolidated financial statements of Pumatech. The purchase price, which is equal to the total consideration shares, will be allocated based on the fair values of the Synchrologic assets acquired and the Synchrologic liabilities assumed. The amount of the purchase price in excess of the fair value of the net tangible assets of Synchrologic acquired will be recorded as goodwill and other intangible assets and will be amortized by charges to operations under generally accepted accounting principles. These allocations will be made based upon valuations and other studies that have not yet been finalized. However, for purposes of disclosing unaudited pro forma information in this joint proxy statement/prospectus, Pumatech has made a preliminary determination of the purchase price allocation, based upon current estimates and assumptions, which is subject to revision upon consummation of this merger.

Listing of Pumatech Common Stock to be Issued in the Merger

Pumatech will authorize for listing on The Nasdaq National Market the shares of Pumatech common stock to be issued, or required to be reserved for issuance, in connection with the merger.

Restriction on Resales of Pumatech Common Stock

The Pumatech common stock to be issued in the merger will be registered under the Securities Act, thereby allowing such shares to be freely transferable without restriction by all former holders of Synchrologic common stock who are not affiliates of Synchrologic at the time of the annual meeting and who do not become affiliates of Pumatech after the merger. Persons who may be deemed to be affiliates of Pumatech or Synchrologic generally include individuals or entities that control, are controlled by or are under common control with, Pumatech or Synchrologic, and may include some of their respective officers and directors, as well as their respective significant stockholders.

Shares of Pumatech common stock received by those shareholders of Synchrologic who are deemed to be affiliates of Synchrologic or Pumatech may not be sold except pursuant to an effective registration statement under the Securities Act covering the resale of those shares, an exemption under Rule 145 under the Securities Act or any other applicable exemption under the Securities Act. This joint proxy statement/prospectus does not cover the resale of any Pumatech common stock received by any person who may be deemed to be an affiliate of Pumatech or Synchrologic.

In addition, certain Synchrologic shareholders have entered into shareholders agreements with Pumatech, pursuant to which they have agreed, among other things not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares of Pumatech common stock he, she or it is entitled to receive as a result of the merger (excluding shares of Pumatech common stock issuable upon the exercise of Synchrologic options assumed by Pumatech in connection with the merger) until such shares of Pumatech common stock are

Edgar Filing: PUMATECH INC - Form S-4

released from certain sales restrictions. Specifically, the Synchrologic shareholders that have entered into the shareholders agreement acknowledge and agree that 20% of the shares of Pumatech common stock they are entitled to receive in the merger will be released from the foregoing sales restrictions immediately following the effective time of the merger and 10% of the shares of Pumatech common stock they are entitled to receive in the merger will be released from the foregoing sales restrictions at the end of each 30-day period following the effective time of the merger, with the effect that all such shares will be so released within 240 days of the effective time of the merger.

Table of Contents

Index to Financial Statements

THE MERGER AGREEMENT

The following is a brief summary of certain provisions of the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference. This summary does not purport to be complete and is qualified in its entirety by reference to the merger agreement. Copies of any exhibit or schedule to the merger agreement which is not attached to this joint statement/prospectus will be furnished without charge upon request made by any Synchrologic shareholder or Pumatech stockholder. Terms used and not otherwise defined in this section of the joint proxy statement/prospectus have the same meanings as in the merger agreement.

Representations and Warranties

The merger agreement contains customary representations and warranties of the parties regarding, among other things, such company s:

organization;

authority to enter into and perform its obligations under the merger agreement;

compliance of the merger and the transactions contemplated by the merger agreement with such company s certificate or articles of incorporation and bylaws and certain agreements and applicable law; and

the completeness and accuracy of the information relating to such company in this joint proxy statement/prospectus.

In addition, Synchrologic has made representations and warranties regarding, among other things:

its capital structure;

its financial statements and the absence of any undisclosed liabilities since July 31, 2003;

its timely filing of required tax returns and the inapplicability of certain provisions of the Internal Revenue Code;

the absence of certain changes or events since July 31, 2003;

its title to real and personal properties and assets and certain related matters;

its ownership of intellectual property and proprietary rights;

its employee benefit plans;

its bank accounts;

the enforceability of its material contracts and the absence of certain categories of contractual obligations;

its compliance with labor laws and the absence of any discrimination claims;

its compliance with applicable trade regulations;

the absence of insider transactions;

its employees, independent contractors and consultants and related agreements;

its insurance policies;

its accounts receivable;

the absence of litigation;

Table of Contents

Index to Financial Statements

its compliance with all material rules, orders and laws and possession of all required licenses and permits;

its compliance with environmental laws and regulations;

its books and records;

the absence of any obligation to pay brokers or finders fees in connection with the merger;

the approval of the merger agreement and the transactions contemplated thereby by the Synchrologic board of directors; and

the suspension of all negotiations and discussions regarding an acquisition transaction with parties other than Pumatech.

The representations and warranties of Synchrologic made pursuant to the merger agreement will survive the closing of the merger for a period of one year following the consummation of the merger.

Pumatech has also made representations and warranties regarding, among other things:

the valid issuance of the Pumatech common stock to be issued in the merger;

the completeness and accuracy of its filings with the Securities and Exchange Commission;

the interim operations of Homerun Acquisition Corporation;

the absence of certain changes or events since April 30, 2003;

the approval of the merger agreement and the transactions contemplated thereby by the Pumatech board of directors;

its capital structure;

the absence of any undisclosed liabilities since the date of its most recent filings with the Securities and Exchange Commission;

its ownership of intellectual property and proprietary rights;

its compliance with all material rules, orders and laws and possession of all required licenses and permits;

Edgar Filing: PUMATECH INC - Form S-4

its compliance with labor laws and the absence of any discrimination claims; its compliance with applicable trade regulations;

the absence of litigation;

its subsidiaries;

the enforceability of its material contracts;

its timely filing of required tax returns; and

its employee benefit plans.

The representations and warranties of Pumatech made pursuant to the merger agreement will survive the closing of the merger for a period of one year following the consummation of the merger.

Pre-Closing Covenants of the Parties

The merger agreement contains customary covenants requiring Synchrologic to conduct its business in the ordinary course consistent with past practice through the earlier of the termination of the merger agreement or the effective time of the merger and to preserve its existing business and employment relationships intact.

Table of Contents

Index to Financial Statements

Synchrologic has further agreed that, subject to certain exceptions or the prior written consent of Pumatech, it will not:

authorize or propose any amendments to its articles of incorporation or bylaws;

accelerate, amend or change the period of exercisability or the vesting schedule of restricted stock granted under its stock plans or authorize cash payments in exchange for any options granted under such plans;

declare or pay dividends or split, reclassify or acquire shares of its capital stock or any of its other securities;

issue, deliver or sell any shares of its capital stock or securities or other rights convertible into or exercisable for shares of its capital stock;

acquire any business or other entity or make any major purchase of assets;

incur any indebtedness for borrowed money or guaranty any such indebtedness;

increase the compensation or severance amounts payable to its officers and employees, or enter into or amend any employment agreement or benefit plan;

pay or agree to pay severance to any officer, director, employee or consultant;

voluntarily accelerate the vesting or any stock options;

lease, license, sell, transfer or encumber any assets, proprietary rights or other property associated with the business of Synchrologic;

change its accounting methods;

revalue any of its assets;

enter into any material contract outside the ordinary course of business consistent with past practices;

amend or modify any material contract;

amend its standard warranty terms;

authorize certain capital expenditures in excess of \$50,000 per quarter;

Edgar Filing: PUMATECH INC - Form S-4

make or rescind any tax election, settle any tax liability, or prepare any tax return in a manner inconsistent with past practices;

settle or compromise any litigation;

enter into any agreement outside the ordinary course of business consistent with past practices in which its obligations exceed \$50,000 over the noncancelable term of the contract;

terminate any material software development project; or

take, or agree in writing or otherwise to take, any of the actions described above.

Other covenants require Synchronologic to:

provide Pumatech with access to information;

use its reasonable commercial efforts to obtain all consents and authorizations of third parties, make all filings, and give all notices necessary to effect the transactions contemplated by the merger agreement and to cause all of the conditions precedent to the closing of the merger to be satisfied; and

refrain from soliciting, initiating, encouraging or facilitating negotiations with any third party other than Pumatech concerning any merger or other business combination and to notify Pumatech in the

Table of Contents

Index to Financial Statements

event any offer or indication of interest regarding such a transaction is received; provided, that, Synchrologic may consider any unsolicited acquisition proposal received from a third party which the Synchrologic board of directors believes, in good faith, may be superior to Pumatech's proposal.

The merger agreement contains customary covenants requiring Pumatech to conduct its business in the ordinary course consistent with past practice through the earlier of the termination of the merger agreement or the effective time of the merger and to preserve its existing business and employment relationships intact.

Pumatech has further agreed that, subject to certain exceptions or the prior written consent of Synchrologic, it will not:

authorize or propose any amendments to its certificate of incorporation or bylaws;

except in the ordinary course of business consistent with past practice, declare or pay dividends or split, reclassify or acquire shares of its capital stock or any of its other securities;

acquire any business or other entity or make any major purchase of assets with a value in excess of \$10,000,000;

change its accounting methods;

revalue any of its assets;

fail to file its tax returns when due or make or change any tax election, settle any tax liability, or reports any tax return in a manner inconsistent with past practices; or

sell all of its assets or enter into a merger where more than 30% of the Pumatech capital stock outstanding on the date of the merger agreement would be required to be issued.

Other covenants require Pumatech to:

reserve for issuance the common stock to be issued in the merger;

use its reasonable commercial efforts to obtain all consents and authorizations of third parties, make all filings, and give all notices necessary to effect the transactions contemplated by the merger agreement and to cause all of the conditions precedent to the closing of the merger to be satisfied;

assume the Synchrologic options;

assume the Synchronologic warrants;

provide Synchronologic employees with benefits no less favorable than those provided to Pumatech's similarly situated employees; and

provide Synchronologic with access to information.

Director and Officer Indemnification and Insurance

Pumatech has agreed to indemnify the officers, directors, employees and agents of Synchronologic, for a period of 6 years following the completion of the merger, with respect to acts taken prior to the effective time to the extent permitted by Synchronologic's articles of incorporation, bylaws and indemnification agreements in effect on the date of the merger agreement. In addition, for six years following the completion of the merger, Pumatech will not amend the articles of incorporation of Synchronologic in a manner that would expand potential liability to an indemnified person or limit or eliminate the right of indemnification to an indemnified person.

Table of Contents

Index to Financial Statements

Synchrologic may, at its option, purchase director's and officer's liability insurance with respect to matters occurring prior to the completion of the merger. However, the cost of any such insurance is subject to certain limitations and, in certain circumstances, may be recovered by Pumatech from the escrow fund.

Conditions to Consummation of the Merger

Conditions to Each Party's Obligations. The respective obligations of each party to the merger agreement to effect the merger is conditioned upon:

the approval of the merger agreement and the merger by the Synchrologic shareholders;

the approval of the issuance of the shares pursuant to the merger agreement and the merger by the Pumatech stockholders;

all necessary authorizations, consents, orders or approvals of, or declarations or filings with, or expiration of waiting periods imposed by, any governmental entity having been filed, occurred or obtained; and

the absence of restraining orders, injunctions or other orders or laws or certain other regulatory restraints preventing the consummation of the merger or restricting the conduct of the business following the merger or making the merger illegal.

Conditions to Obligations of Pumatech and Homerun Acquisition Corporation. The obligations of Pumatech and Homerun Acquisition Corporation to effect the merger are, among other things, subject to the satisfaction of each of the following additional conditions, unless waived in writing by Pumatech and Homerun Acquisition Corporation:

the representations and warranties of Synchrologic as set forth in the merger agreement shall have been true and correct individually and in the aggregate as of the date of the merger agreement except as does not constitute a material adverse effect and the chief executive officer and chief financial officer of Synchrologic shall have delivered a certificate stipulating the satisfaction of the condition;

Synchrologic shall have performed in all material respects all of its covenants and obligations under the merger agreement and the chief executive officer shall have delivered a certificate stipulating the satisfaction of the condition;

Pumatech shall have made all filings required under federal securities laws in connection with the merger and the issuance of the shares of Pumatech common stock in the merger and shall have received all permits or other authorizations necessary to issue shares of Pumatech common stock pursuant to the merger;

Synchrologic shall have delivered a schedule of holders of dissenting shares;

the escrow agreement shall have been executed and delivered by the escrow agent and the shareholders' agent;

the noncompetition agreements shall remain in full force and effect;

certain Synchrologic shareholders shall have executed and delivered shareholders agreements and such agreements shall remain in full force and effect;

Synchrologic's legal counsel shall have delivered a legal opinion as provided in the merger agreement;

Synchrologic shall have terminated the Third Amended and Restated Master Rights Agreement dated August 25, 2000; and

Synchrologic shall have delivered an itemized schedule of its aggregate transaction expenses.

Table of Contents

Index to Financial Statements

Conditions to Obligations of Synchrologic. The obligation of Synchrologic to effect the merger is, among other things, subject to the satisfaction of each of the following additional conditions, unless waived in writing by Synchrologic:

the representations and warranties of Pumatech and Homerun Acquisition Corporation as set forth in the merger agreement shall have been true and correct individually and in the aggregate as of the date of the merger agreement except as does not constitute a material adverse effect and the chief executive officer and chief financial officer of Pumatech shall have delivered a certificate stipulating the satisfaction of the condition;

Pumatech and Homerun Acquisition Corporation shall have performed in all material respects all of their covenants and obligations under the merger agreement and the chief financial officer of Pumatech shall have delivered a certificate stipulating the satisfaction of the condition;

the legal counsel of Pumatech and Homerun Acquisition Corporation shall have delivered a legal opinion as provided in the merger agreement;

Pumatech shall have appointed Said Mohammadioun to its board of directors; and

Pumatech shall have made all filings required under the federal securities laws in connection with the merger and the issuance of the shares of Pumatech common stock in the merger and shall have received all permits or other authorizations necessary to issue shares of Pumatech common stock pursuant to the merger.

Indemnification Provisions

Indemnification by Synchrologic Shareholders. By approving the merger agreement, Synchrologic shareholders are deemed to have agreed to indemnify and hold harmless Pumatech and the other indemnified parties against (1) any loss, expense, liability or other damage incurred by reason of the untruth, inaccuracy, breach or alleged breach by Synchrologic of any representation, warranty, covenant or agreement made by Synchrologic in the merger agreement or in certain certificates delivered pursuant to the merger agreement and (2) any excess transaction expenses incurred by Synchrologic and payable out of the escrow fund.

Indemnification by Pumatech. Under the merger agreement, Pumatech has agreed to indemnify and hold harmless the shareholders and affiliates of Synchrologic against any loss, expenses, liability or other damage incurred by reason of the untruth, inaccuracy, breach or alleged breach by Pumatech of any representation, warranty, covenant or agreement made by Pumatech in the merger agreement or in certain certificates delivered pursuant to the merger agreement.

Indemnification Limitations. The escrow fund is, in the absence of fraud or intentional misrepresentation on the part of Synchrologic, the sole and exclusive remedy to compensate Pumatech and the other indemnified parties for any valid indemnification claims, and the individual indemnification obligation of each Synchrologic shareholder is limited to his, her or its *pro rata* portion of the escrow fund. In addition, the indemnification obligations of Synchrologic shareholders are only triggered to the extent that the aggregate amount of Pumatech's damages exceed \$500,000, in which case the total amount of such damages may be recovered from the escrow fund.

Edgar Filing: PUMATECH INC - Form S-4

Absent fraud or intentional misrepresentation on the part of Pumatech, the sole and exclusive remedy to compensate the shareholders and affiliates of Synchrologic for any valid indemnification claims is limited to the aggregate cash value of the escrow shares initially placed in the escrow fund. In addition, the indemnification obligations of Pumatech are only triggered to the extent that the aggregate amount of Synchrologic's damages exceed \$500,000, in which case the total amount of such damages may be recovered.

Shareholders Agent. By approving the merger agreement, Synchrologic shareholders are deemed to have approved, among other things, the appointment of Grotech Advisory Services, Inc. as their shareholders' agent with authority to take, on their behalf, all actions required or permitted pursuant to the merger agreement and the escrow agreement with respect to the escrow fund. As such, the shareholders' agent will have full power to

Table of Contents

Index to Financial Statements

contest, agree to, and settle any indemnification claims made by Pumatech pursuant to the merger agreement and the escrow agreement, including the delivery of the escrow shares in satisfaction of any valid indemnification claims. The shareholders' agent will have no liability to Synchrologic shareholders for its actions or failures to act in such capacity absent gross negligence or bad faith. In addition, Synchrologic shareholders are obligated to indemnify the shareholders' agent, severally and *pro rata* based on their respective percentage interests in the escrow fund, for any losses, liabilities or expenses it incurs in performing its duties under the merger agreement and the escrow agreement. The shareholders' agent may not be removed unless two-thirds interest in the escrow fund agree to the removal and to the identity of a replacement shareholders' agent and provide 30-days' prior written notice to Pumatech of such removal and replacement.

No Solicitation

Until the merger is completed or the merger agreement is terminated, Synchrologic will not, and will not permit or cause any of its officers, directors, employees, investment bankers, consultants and other agents to:

solicit, initiate, encourage or facilitate the making of any acquisition proposal, as defined below;

engage in any discussions or negotiations with respect to any acquisition proposal; or

disclose any nonpublic information relating to Synchrologic, or afford access to the properties, books or records of Synchrologic, to any person that has made an acquisition proposal.

However, prior to the approval and adoption of the merger agreement and the merger by the Synchrologic shareholders, the merger agreement does not prohibit Synchrologic from entering into discussions or negotiations with, or providing any information to, any person or entity in connection with a bona fide acquisition proposal received from such person or entity that the Synchrologic board of directors, after consulting with its legal counsel, determines in good faith could lead to a superior proposal, as defined below, so long as Synchrologic first receives from such person or entity an executed confidentiality agreement with terms no less favorable to Synchrologic than those contained in the confidentiality agreement between Pumatech and Synchrologic.

In addition, Synchrologic has agreed to:

notify Pumatech in writing of its receipt of an acquisition proposal within 24 hours, which notice shall identify the person making the acquisition proposal and a summary of the proposed terms of the acquisition proposal and any modifications;

notify Pumatech in writing of any determination by the Synchrologic board of directors that an acquisition proposal is a superior proposal prior to so notifying the person making the acquisition proposal; and

provide Pumatech at least two business days' prior written notice of any meeting of the Synchrologic board of directors at which it is expected to consider and approve a superior proposal, together with a summary of the terms of the superior proposal that is being presented to the Synchrologic board of directors.

Edgar Filing: PUMATECH INC - Form S-4

The merger agreement defines an acquisition proposal as any bona fide offer or proposal for, or any indication of interest in, a merger or other business combination involving Synchrologic, the acquisition of a majority of the equity in, or all or substantially all of the assets of, Synchrologic, in one transaction or series of related transactions, or an exclusive license of a material portion of Synchrologic's proprietary rights, in each case other than the transactions contemplated by the merger agreement.

The merger agreement defines a superior proposal as any bona fide acquisition proposal on terms that the Synchrologic board of directors determines in its good faith judgment, taking into account all the terms and conditions of the acquisition proposal, are more favorable to the Synchrologic shareholders than the merger agreement and the merger taken as a whole.

Table of Contents

Index to Financial Statements

The Synchrologic board of directors may change its recommendation in favor of the merger if the Synchrologic board of directors determines in good faith, after consultation with legal counsel, that its failure to do so would result in a failure to satisfy its fiduciary duties to Synchrologic's shareholders under Georgia law.

Amendments, Waivers and Termination of the Merger Agreement

Amendments. The merger agreement may only be amended by a written instrument signed by each of the parties to it, except that no amendment shall be made to the merger agreement which by law requires further shareholder approval unless such further approval has been obtained.

Waivers. At any time prior to the effective time, each of the parties to the merger agreement may, to the extent legally allowed;

extend the time for the performance of any obligation or other act of the other parties to the merger agreement;

waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered pursuant to the merger agreement; and

waive compliance by the other party with any agreement or condition contained in the merger agreement.

Agreements to extensions or waivers must be in writing and signed by the relevant party.

Termination of the Merger Agreement. The merger agreement may be terminated at any time prior to the effective time of the merger by:

the mutual written consent of Pumatech and Synchrologic;

by either party if any permanent injunction or other order of a court or other competent authority preventing the consummation of the merger shall have become final and nonappealable;

by either party if the other party is in material breach of any representation, warranty or covenant of such other party and such breach shall not have been cured within five business days following receipt of written notice of such breach (but only if the party giving notice is not at that time in breach of the merger agreement);

by either party if the merger has not been consummated by March 31, 2004, by reason of the failure of any condition precedent specified in the merger agreement (unless such failure results primarily from the terminating party's breach);

Edgar Filing: PUMATECH INC - Form S-4

by either party if the required approvals of Synchrologic shareholders shall not have been obtained (except that Synchrologic may not terminate if the failure results from Synchrologic's breach); and

by either party if the required approvals of Pumatech stockholders shall not have been obtained (except that Pumatech may not terminate if the failure results from Pumatech's breach).

In the event the merger agreement is terminated by either party due to the failure to obtain the required approvals of Synchrologic shareholders and Synchrologic's board shall have changed its recommendation that the shareholders vote in favor of approval of the merger agreement and the merger, Synchrologic will pay to Pumatech an amount equal to \$6 million. In the event the merger agreement is terminated by either party due to the failure to obtain approvals of Pumatech stockholders, Pumatech will pay to Synchrologic an amount equal to \$3 million.

Fees and Expenses

The merger agreement provides that, in general, each party will bear its own fees and expenses incurred in connection with the merger agreement and the transaction contemplated thereby, whether or not the merger is

Table of Contents

Index to Financial Statements

consummated. If the merger is completed, Pumatech and the shareholders of Synchrologic will each bear half of the aggregate legal, accounting, investment banking, broker's and finder's fees incurred, or to be incurred, by Synchrologic or its shareholders in connection with the merger up to a maximum amount of \$400,000. Any transaction expenses of Synchrologic or its shareholders in excess of \$400,000 shall be paid by the shareholders of Synchrologic. Any portion of any transaction expenses to be paid by the Synchrologic shareholders will be treated as a reduction of the purchase price in determining the number of total consideration shares. Half of the transaction fees and expenses incurred by Synchrologic after the effective time which are (1) in excess of the aggregate transaction expenses set forth on the itemized schedule delivered to Pumatech at closing of the merger but (2) less than \$400,000 when aggregated with all other transaction expenses of Synchrologic and its shareholders, shall be paid by the shareholders of Synchrologic and recoverable by Pumatech from the escrow fund. All of the transaction fees and expenses incurred by Synchrologic after the effective time which are both (1) in excess of the aggregate transaction expenses set forth on the itemized schedule delivered to Pumatech at the closing of the merger and (2) in excess of \$400,000 when aggregated with all other transaction expenses of Synchrologic and its shareholders, shall be paid by the shareholders of Synchrologic and shall be recoverable by Pumatech from the escrow fund.

Table of Contents

Index to Financial Statements

THE RELATED AGREEMENTS

The following are brief summaries of certain provisions of each of the related agreements referenced in the merger agreement, copies of which are attached as Annexes B through F, respectively, and are incorporated by reference. These summaries do not purport to be complete and are qualified in their entirety by reference to the applicable agreement.

The Voting Agreement

Concurrently with the execution of the merger agreement, certain Synchrologic shareholders entered into voting agreements in the form attached as *Annex B*. Each of the parties to the voting agreements has agreed to vote all of his, her or its shares of Synchrologic capital stock in favor of the merger and any matter that could reasonably be expected to facilitate the merger, in favor of any modification, amendments to or restatements of Synchrologic's articles of incorporation that are necessary or advisable to effectuate the merger and in favor of the termination of the Third Amended and Restated Master Rights Agreement dated as of August 25, 2000, and has granted a proxy to Pumatech to such effect. In addition, the parties to the voting agreement have agreed (i) not to transfer or dispose of any shares of Synchrologic capital stock between the date of execution of the merger agreement and the earlier to occur of the effective time of the merger, the termination of the merger agreement in accordance with its terms or the date on which the Synchrologic board of directors changes its recommendation in favor of the merger and (ii) that any additional shares of Synchrologic capital stock acquired by them will be subject to the terms of the voting agreement.

The Noncompetition Agreement

Concurrently with the execution of the merger agreement, certain individuals who possess confidential and proprietary information of Synchrologic have entered into noncompetition agreements in the form attached as *Annex C*. Pursuant to the noncompetition agreements, these individuals have agreed, for a period beginning at the effective time of the merger and ending on the later of the second anniversary of the effective time of the merger or one year after the termination of the individual's employment with Pumatech, not to (i) participate in certain restricted businesses subject to certain exceptions, (ii) solicit employees or customers of Pumatech or (iii) interfere with Pumatech's businesses.

The Shareholders Agreement

Concurrently with the execution of the merger agreement, certain Synchrologic shareholders entered into shareholders agreements in the form attached as *Annex D*. Pursuant to the shareholders agreements, each Synchrologic shareholder party thereto acknowledged Pumatech's reliance on the representations, warranties and covenants of such shareholder and the availability of certain public information about Pumatech. In addition, each Synchrologic shareholder party to the shareholders agreements agreed to:

the contribution of a *pro rata* portion of the shares of Pumatech common stock they are entitled to receive in the merger to the escrow fund;

Edgar Filing: PUMATECH INC - Form S-4

the use of such shares in accordance with the merger agreement and the escrow agreement; and

the appointment of Grotech Advisory Services, Inc. as the shareholders' agent for the purpose of, without limitation, performing certain duties with respect to the escrow fund. Each Synchrologic shareholder party to the shareholders' agreement also agreed that he, she or it would not sell the shares of Pumatech common stock received by such Synchrologic shareholder in the merger (exclusive of shares received in respect of Synchrologic options), provided that 20% of the shares received by such Synchrologic shareholder in the merger would be immediately released from this restriction upon the effective time of the merger and that 10% of the shares received by such Synchrologic shareholder in the merger would be released from this restriction at the end of each 30-day period following the effective time of the merger.

Table of Contents

Index to Financial Statements

The Distribution Agreement

Concurrently with the execution of the merger agreement, Synchrologic and Pumatech entered into a distribution agreement in the form attached to Pumatech's Annual Report on Form 10-K for the fiscal year ended July 31, 2003. Under the distribution agreement, Synchrologic granted to Pumatech a perpetual license to certain software products. Pumatech may market and distribute the licensed software programs under Pumatech-owned trademark and/or service marks, provided Pumatech includes proper attribution to Synchrologic. Pumatech shall be responsible for all direct customer support of the software licensed by Pumatech and/or its resellers and distributors. Synchrologic will provide technical support directly to Pumatech. Pumatech's license rights to the software are not contingent upon the merger.

The Escrow Agreement

Overview. In order to give Pumatech liquidity in satisfying any indemnification claims by Pumatech against the Synchrologic shareholders and to compensate Pumatech for certain payments which may be made in respect of dissenting shares, the merger agreement requires that Pumatech, U.S. Bank Trust, National Association, as the escrow agent, and Grotech Advisory Services, Inc., as the shareholders' agent, execute and deliver the escrow agreement in the form attached as *Annex F*, pursuant to which the escrow shares and the dissenters' escrow shares will be placed in escrow with the escrow agent to secure certain obligations of the Synchrologic shareholders to indemnify Pumatech. See *The Merger Agreement Indemnification Provisions*.

Deposit of Escrow Shares and Dissenters' Escrow Shares. As soon as practicable after the effective time of the merger, Pumatech shall deliver, on behalf of the Synchrologic shareholders, certificates representing the escrow shares and the dissenters' escrow shares issued in the name of the escrow agent. The escrow shares will be held on behalf of the former Synchrologic shareholders in accordance with their respective percentage interests in the escrow fund. Each Synchrologic shareholder will have voting rights with respect to his, her or its escrow shares and dissenters' escrow shares so long as such shares are held in the escrow fund.

Notification of Claims. Pumatech may make a claim for indemnification pursuant to the merger agreement and the escrow agreement by submitting a written certificate executed by an authorized officer of Pumatech, which shall set forth the basis for the claim and the amount thereof, to the escrow agent and the shareholders' agent. Claims for indemnification shall not be valid unless an officer's certificate is delivered by Pumatech to the escrow agent on or before the end of the escrow period, which is the date one year from the effective time of the merger. Within 30 days after delivery of an officer's certificate, the shareholders' agent shall return a written response either authorizing the release of escrow shares in satisfaction of the indemnification claim or disputing the claim, in whole or in part. In the case of a dispute, Pumatech shall have 30 days following the date that is the first anniversary following the effective time of the merger to respond to the objection of the shareholders' agent and Pumatech and the shareholders' agent shall attempt in good faith for 30 days thereafter to resolve the claim. If the parties agree on the amount of the disputed claim, a memorandum of such agreement shall be signed by both parties and delivered to the escrow agent. If no agreement can be reached within such 30-day period, Pumatech or the shareholders' agent may, by written notice to the other, demand arbitration of the dispute to be conducted in accordance with the provisions set forth in the merger agreement.

Liquidation and Release of Dissenters' Escrow Shares. After payment of \$6,000,000 in aggregate cash consideration to holders of dissenting shares, Pumatech may, at its sole discretion, liquidate the dissenters' escrow shares to pay the holders of dissenting shares the fair market value of their shares in accordance with Georgia law. Upon the earlier of (i) the satisfaction in full of all dissenters' rights under Georgia law or (ii) waiver or withdrawal of dissenters' rights by one or more Synchrologic shareholders such that the total number of dissenting shares is equal to less than 10% of the outstanding shares of Synchrologic at the effective time of the merger, any dissenters' escrow shares remaining in the escrow fund shall be released to the Synchrologic shareholders based on their respective percentage interests in the escrow fund.

Table of Contents

Index to Financial Statements

Release of Escrow Shares. The escrow fund shall be maintained by the escrow agent for a period of one year following the effective time, at which time any escrow shares remaining in the escrow fund, less the number of escrow shares necessary to satisfy any unresolved indemnification claims noticed pursuant to the delivery of an officer's certificate prior to the expiration of the one year escrow period and as determined in the reasonable judgment of Pumatech and the shareholders' agent, shall be released to the Synchrologic shareholders based on their respective percentage interests in the escrow fund. For purposes of satisfying indemnification claims, the escrow shares shall have a value per share equal to the average closing price, which is the average of the closing sales prices for one share of Pumatech common stock as reported on The Nasdaq National Market for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger.

Table of Contents

Index to Financial Statements

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following unaudited pro forma combined condensed financial statements have been prepared to give effect to the proposed merger of Pumatech and Synchrologic using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the merger had been completed as of August 1, 2002 for statement of operations purposes and as of July 31, 2003 for balance sheet purposes.

In addition, these unaudited pro forma combined condensed financial statements have been prepared to reflect Pumatech's acquisition of substantially all of the assets of Spontaneous Technology, Inc. on September 17, 2003 using the purchase method of accounting and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined condensed financial statements. These pro forma statements were prepared as if the Spontaneous Technology acquisition had been completed as of August 1, 2002 for statement of operations purposes and as of July 31, 2003 for balance sheet purposes. Pumatech's acquisition of Starfish Software, Inc. on March 27, 2003 is also treated as having occurred on August 1, 2002.

Pumatech's fiscal year end is July 31, whereas Synchrologic's and Spontaneous Technology's fiscal year ends are December 31. The following pro forma combined condensed statement of operations data for the year ended July 31, 2003 combines the results of operations of Pumatech for the twelve months ended July 31, 2003 and Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003. Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003 were calculated by adding the results of operations for the twelve months ended December 31, 2002 to the results of operations for the six months ended June 30, 2003, and deducting the results of operations for the six months ended June 30, 2002. In addition, the following pro forma combined condensed statement of operations data for the year ended July 31, 2003 includes the results of operations of Starfish Software for the eight months ended February 28, 2003. Since the acquisition of Starfish Software took place on March 27, 2003, four months of Starfish Software results are included in the consolidated Pumatech results for the year ended July 31, 2003. Starfish Software's results of operations for the eight months ended February 28, 2003 were calculated by deducting the results of operations for the six months ended June 30, 2002 from the results of operations for the twelve months ended December 31, 2002, and adding the results of operations for the two months ended February 28, 2003.

The unaudited pro forma combined condensed financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial position or results of operations that would have actually been reported had the merger and the acquisition noted above occurred on August 1, 2002 for statement of operations purposes and as of July 31, 2003 for balance sheet purposes, nor are they necessarily indicative of the future financial position or results of operations.

The unaudited pro forma combined condensed financial statements include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to the acquired assets and assumed liabilities of Synchrologic. The final allocation of the purchase price will be determined after the completion of the merger and will be based upon actual net tangible and intangible assets acquired as well as liabilities assumed. The preliminary purchase price allocation for Synchrologic is subject to revision as more detailed analysis is completed and additional information on the fair values of Synchrologic's assets and liabilities becomes available. Any change in the fair value of the net assets of Synchrologic will change the amount of the purchase price allocable to goodwill. Additionally, changes in Synchrologic's purchase consideration through the date the merger is completed will change the amount of goodwill recorded. The final purchase price is dependent on the actual number of shares of Pumatech common stock exchanged and actual direct merger costs incurred. The following factors will impact the actual number of shares issued at closing: (a) the average closing price of Pumatech's stock during the 30-day trading period ending on the last trading day immediately preceding the acquisition closing date, and (b) the total amount of transaction costs incurred by Synchrologic. Final purchase accounting adjustments may differ materially from the pro forma adjustments presented here (See Note 6).

Table of Contents

Index to Financial Statements

The unaudited pro forma combined condensed financial statements also include adjustments, which are based upon preliminary estimates, to reflect the allocation of the purchase price to the acquired assets and assumed liabilities of Spontaneous Technology. The final allocation of the purchase price will be determined as more detailed analysis is completed and additional information on the fair values of Spontaneous Technology's assets and liabilities becomes available and any contingent consideration associated with the acquisition is resolved. Any change in the fair value of the net assets of Spontaneous Technology, as well as any changes to the total purchase price paid by Pumatech, will change the amount of the purchase price allocable to goodwill. Due to the uncertainty associated with the final purchase consideration, final purchase accounting adjustments may differ materially from the pro forma adjustments presented here.

In addition, the unaudited pro forma combined condensed statement of operations also includes the results of Starfish Software, a business that Pumatech acquired in March 2003, for the eight months ended February 28, 2003.

These unaudited pro forma combined condensed financial statements are based upon the respective historical consolidated financial statements of Pumatech, Synchrologic, Spontaneous Technology and Starfish Software and should be read in conjunction with the historical consolidated financial statements of Pumatech, Synchrologic, Spontaneous Technology and Starfish Software and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Pumatech's annual reports, quarterly reports and other information on file with the SEC or contained elsewhere in this joint proxy statement/prospectus.

Table of ContentsIndex to Financial Statements

UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEETS

(In thousands)

	Historical		Pro Forma		Historical		Pro Forma	
	Pumatech Year ended July 31, 2003	Spontec Year ended June 30, 2003	Adjustments	Combined	Synchrologic Year ended June 30, 2003	Adjustments	Combined	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 7,842	\$ 341	\$	\$ 8,183	\$ 2,632	\$	\$ 10,815	
Short-term investments in marketable securities	19,317			19,317			19,317	
Accounts receivable, net	5,469	8		5,477	2,145		7,622	
Inventories	113			113			113	
Prepaid expenses and other current assets	882	5		887	212		1,099	
Total current assets	33,623	354		33,977	4,989		38,966	
Restricted investments	296			296			296	
Property and equipment, net	1,153	18		1,171	338		1,509	
Goodwill	2,731	1,830	1,121(b)	5,682		52,242(a)	57,924	
Intangible assets, net	2,734		1,556(b)	4,290		15,300(a)	19,590	
Other assets	630	252	(252)(b)	630			630	
Total assets	\$ 41,167	\$ 2,454	\$ 2,425	\$ 46,046	\$ 5,327	\$ 67,542	\$ 118,915	
LIABILITIES, MANDATORILY REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY								
Current liabilities:								
Borrowings	\$	\$ 2,250	\$ (2,250)(d)	\$	\$ 1,686	\$	\$ 1,686	
Accounts payable	2,619	618		3,237	233		3,470	
Accrued expenses and other current liabilities	3,816	377	300(c)	4,493	1,356	1,295(c)	7,144	
Deferred revenue	2,015	1,802	(1,300)(f)	2,517	1,394	(146)(e)	3,765	
Total current liabilities	8,450	5,047	(3,250)	10,247	4,669	1,149	16,065	
Long-term debt					506		506	
Other long-term liabilities	921			921			921	
Mandatorily redeemable convertible preferred stock:		38,643	(38,643)(g)(d)		30,957	(30,957)(g)		
Stockholders' equity:								
Common stock	48	28	(27)(g)	49	4,705	(4,690)(g)	64	
Additional paid-in capital	153,986	14,283	(10,733)(g)	157,536	151	68,801(g)	226,488	
Treasury stock					(2,293)	2,293(g)		
Receivable from stockholder	(112)			(112)			(112)	

Edgar Filing: PUMATECH INC - Form S-4

Accumulated deficit	(121,661)	(55,547)	55,078(g)	(122,130)	(33,368)	30,946(g)	(124,552)
Deferred compensation, net	(459)			(459)			(459)
Accumulated other comprehensive income	(6)			(6)			(6)
Total stockholders equity	31,796	(41,236)	44,318	34,878	(30,805)	97,350	101,423
Total liabilities, mandatorily redeemable preferred stock and stockholders equity	\$ 41,167	\$ 2,454	\$ 2,425	\$ 46,046	\$ 5,327	\$ 67,542	\$ 118,915

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial statements.

Table of ContentsIndex to Financial Statements

UNAUDITED PRO FORMA COMBINED CONDENSED

STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

	Historical		Pro Forma		Historical	Pro Forma		
	Pumatech Year ended July 31, 2003	Starfish Eight Months Ended February 28, 2003(1)	Spontec Year ended June 30, 2003(2)	Adjustments	Combined	Synchrologic Year-ended June 30, 2003(2)	Adjustments	Combined
Revenues								
License revenue	\$ 19,169	\$ 662	\$ 149	\$	\$ 19,980	\$ 5,881	\$	\$ 25,861
License revenue - related party		1,019			1,019			1,019
Service revenue	5,691	836	387		6,914	5,951		12,865
Service revenue - related party		350			350			350
Total revenues	24,860	2,867	536		28,263	11,832		40,095
Costs and expenses:								
Cost of revenue	4,094	849	399		5,342	2,795		8,137
Cost of revenue - related party		960			960			960
Sales and marketing	11,468	1,450	495		13,413	3,943		17,356
General and administrative	5,793	2,802	3,565		12,160	2,252		14,412
Research and development	7,389	1,694	1,258		10,341	4,758		15,099
In-process research and development	406			(406)(k)				
Amortization of intangibles	709			681(i)(j)	1,390		3,400(h)	4,790
Restructuring and other charges	795	2,506			3,301			3,301
Total operating expenses	30,654	10,261	5,717	275	46,907	13,748	3,400	64,055
Loss from operations	(5,794)	(7,394)	(5,181)	(275)	(18,644)	(1,916)	(3,400)	(23,960)
Interest income, net	803		(618)	(42)(l)	143	(215)		(72)
Impairment of investments	(2,394)				(2,394)			(2,394)
Other income, net	(65)		274		209			209
	(1,656)		(344)	(42)	(2,042)	(215)		(2,257)

Edgar Filing: PUMATECH INC - Form S-4

Loss before taxes	(7,450)	(7,394)	(5,525)	(317)	20,686	(2,131)	(3,400)	(26,217)
Provision for taxes	286				286			286
Net Loss	\$ (7,736)	\$ (7,394)	\$ (5,525)	\$ (317)	\$ (20,972)	\$ (2,131)	\$ (3,400)	\$ (26,503)
Net loss per share - Basic and Diluted	46,622			1,094(m)	47,716		16,200(m)	63,916
Shares used in per share calculation - Basic and Diluted	\$ (0.17)			\$ (0.29)	\$ (0.44)		\$ (0.21)	\$ (0.41)

- (1) Starfish Software's results of operations for the eight months ended February 28, 2003 were calculated by deducting the results of operations for the six months ended June 30, 2002 from the results of operations for the twelve months ended December 31, 2002, and adding the results of operations for the two months ended February 28, 2003.
- (2) Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003 were calculated by adding the results of operations for the twelve months ended December 31, 2002 to the results of operations for the six months ended June 30, 2003 and deducting the six months ended June 30, 2002.

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial statements.

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

The unaudited pro forma combined condensed financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and certain footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

1. BASIS OF PRO FORMA PRESENTATION

On September 14, 2003, Pumatech entered into a merger agreement to purchase all of the issued and outstanding stock of Synchrologic whereby each share of Synchrologic capital stock will be converted into the right to receive the number of shares of Pumatech common stock corresponding to the exchange ratio applicable to the class and series of Synchrologic capital stock being converted. The total number of shares of Pumatech common stock to be issued in the merger will be determined by dividing \$60,000,000 by the average closing price of the shares of Pumatech common stock for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger (which amount is subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger), provided that the number of shares of Pumatech common stock issued in the merger shall not exceed 19,800,000 or be fewer than 16,200,000 (in each case subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger).

Pumatech anticipates completing the proposed merger with Synchrologic by the end of 2003. The actual number of shares of Pumatech common stock to be issued will be determined on the effective date of the merger based on the conditions above. The merger has not been consummated as of the date of the preparation of these pro forma financial statements and there can be no assurances that the merger will be consummated in the future.

On September 17, 2003, Pumatech consummated the acquisition of substantially all of the assets of Spontaneous Technology. Under the terms of the parties' asset purchase agreement, Pumatech issued a total of 1,094,000 shares of Pumatech common stock. Additionally, depending upon Pumatech's revenues associated with sales of Pumatech's products, including certain technology of Spontaneous Technology, during the period ending September 30, 2004, Pumatech may be required to issue to Spontaneous Technology additional shares of Pumatech common stock having a value of up to \$7,000,000.

On March 27, 2003, Pumatech acquired Starfish Software for a purchase price of approximately \$1,800,000 for the Starfish Software common stock outstanding upon the effective date of the acquisition.

The unaudited pro forma combined condensed balance sheet as of July 31, 2003 was prepared by combining the historical audited consolidated condensed balance sheet data as of July 31, 2003 for Pumatech and the historical unaudited condensed balance sheet data as of June 30, 2003 for Synchrologic and Spontaneous Technology as if the merger and acquisition had been consummated on that date.

Edgar Filing: PUMATECH INC - Form S-4

The unaudited pro forma combined condensed statement of operations for the year ended July 31, 2003 combines the results of operations of Pumatech for the year ended July 31, 2003 and the results of operations of Synchrologic and Spontaneous Technology for the 12 months ended June 30, 2003, to give effect to the merger and acquisition as if the merger and acquisition had occurred on August 1, 2002. Additionally, the unaudited pro forma combined condensed statement of operations for the year ended July 31, 2003 reflects the March 27, 2003 acquisition of Starfish Software as if it had occurred on August 1, 2002. The unaudited pro forma combined condensed statement of operations for the year ended July 31, 2003 combines the results of operations of Pumatech for the year ended July 31, 2003 and Starfish Software's results of operations for the eight months

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

ended February 28, 2003. Since the acquisition of Starfish Software took place on March 27, 2003, four months of Starfish Software results are included in the consolidated Pumatech results for the year ended July 31, 2003.

Synchrologic's and Spontaneous Technology's results of operations for the twelve months ended June 30, 2003 were calculated by adding the results of operations for the twelve months ended December 31, 2002 to the results of operations for the six months ended June 30, 2003, and deducting the results of operations for the six months ended June 30, 2002.

Certain reclassifications have been made to conform Synchrologic's, Spontaneous Technology's and Starfish Software's historical amounts to Pumatech's financial statement presentation.

2. PURCHASE PRICE SYNCHROLOGIC, INC.

The following represents the preliminary allocation of the purchase price over the historical net book values of the acquired assets and assumed liabilities of Synchrologic as of June 30, 2003, and is for illustrative purposes only. Actual fair values will be based on financial information as of the acquisition date.

On September 14, 2003, Pumatech entered into a merger agreement to purchase all of the issued and outstanding stock of Synchrologic whereby each share of Synchrologic capital stock will be converted into the right to receive the number of shares of Pumatech common stock corresponding to the exchange ratio applicable to the class and series of Synchrologic capital stock being converted. The total number of shares of Pumatech common stock to be issued in the merger will be determined by dividing \$60,000,000 by the average closing price of the shares of Pumatech common stock for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger (which amount is subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger), provided that the number of shares of Pumatech common stock shares issued in the merger shall not exceed 19,800,000 or be fewer than 16,200,000 which includes the assumed common stock options (in each case subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger). Pumatech expects to issue approximately 15,170,000 shares of Pumatech common stock and options to purchase approximately 1,030,000 shares of Pumatech common stock in the merger. The actual number of shares of Pumatech common stock and options to be issued will be determined on the effective date of the merger. Pumatech will account for the merger as a purchase.

The unaudited pro forma combined condensed financial statements reflect an estimated purchase price of approximately \$69,617,000. The preliminary fair market value of Pumatech's common stock to be issued in the merger was determined using the five-trading-day average price surrounding the date the acquisition was announced of \$4.26 per share, less estimated registration costs. The expected number of shares to be issued was then determined in accordance with the minimum number of shares to be issued in accordance with the terms of the merger agreement without assuming an adjustment for transaction costs.

Edgar Filing: PUMATECH INC - Form S-4

The preliminary fair market value of Pumatech stock options to be issued in the merger was determined using the Black-Scholes option pricing model. The following assumptions were used to perform the calculations: fair value of Pumatech's common stock of \$4.26, expected life of 3.9 years, risk-free interest rate of 3.4%, expected volatility of 132% and no expected dividend yield. The final purchase price is dependent on the actual number of shares of Pumatech common stock issued and actual direct merger costs incurred. The following factors will impact the actual number of shares of Pumatech common stock issued at closing: (a) the average closing price of Pumatech's common stock during the 30-day trading period ending on the last trading day immediately preceding the merger closing date, and (b) the total amount of transaction costs incurred (See

Table of Contents**Index to Financial Statements****NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED****FINANCIAL STATEMENTS (Continued)**

Note 6). The final purchase price will be determined upon completion of the merger. The estimated total purchase price of the proposed Synchrologic merger is as follows (in thousands):

Value of Pumatech common stock to be issued	\$ 64,684
Value of Pumatech options to be issued	4,283
Estimated direct merger costs	650
	<hr/>
Total estimated purchase price	\$ 69,617
	<hr/>

Under the purchase method of accounting, the total estimated purchase price is allocated to Synchrologic's net tangible and intangible assets based upon their estimated fair value as of the date of completion of the merger. Based upon the estimated purchase price and the preliminary valuation, the preliminary purchase price allocation, which is subject to change based on Pumatech's final analysis, is as follows (in thousands):

Tangible assets acquired	\$ 5,328
Liabilities assumed	(5,030)
Accrued restructuring charge	(645)
In-process research and development	2,422
Developed technology	10,493
Patents	1,320
Customer base	3,487
Goodwill	52,242
	<hr/>
	\$ 69,617
	<hr/>

The restructuring charges of \$645,000 relate primarily to severance related to a reduction in workforce, including two executives of Synchrologic and additional employees.

The allocation of purchase price was based on a preliminary valuation of assets to be acquired and liabilities to be assumed determined with the assistance of an independent appraiser. This allocation was generally based on the fair value of these assets determined using the income approach.

A preliminary estimate of \$1,320,000 has been allocated to patents, an intangible asset with an estimated useful life of 54 months, and a preliminary estimate of \$10,493,000 has been allocated to developed technology, an intangible asset with an estimated useful life of 54 months. In addition, a preliminary estimate of \$3,487,000 has been allocated to customer base, an intangible asset with an estimated useful life of 54 months, and was valued using the relief from royalty method.

As of the expected closing date of the merger, technological feasibility of the in-process technology had not been established and the technology had no alternative future use. Accordingly, Pumatech expects to expense the in-process research and development at the date of the merger.

The amount of the purchase price allocated to in-process research and technology was based on established valuation techniques used in the high-technology software industry. The fair value assigned to the acquired in-process research and development was determined using the income approach, which discounts expected future cash flows to present value. The key assumptions used in the valuation include, among others, expected completion date of the in-process projects identified as of the acquisition date, estimated costs to complete the projects, revenue contributions and expense projections assuming the resulting product has entered the market, and discount rate based on the risks associated with the development life cycle of the in-process technology acquired. The discount rate used in the present value calculations are normally obtained from a weighted-average

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

cost of capital analysis, adjusted upward to account for the inherent uncertainties surrounding the successful development of the in-process research and development, the expected profitability levels of such technology, and the uncertainty of technological advances that could potentially impact the estimates. Pumatech assumes the pricing model for the resulting product of the acquired in process research and technology to be standard within its industry. Pumatech, however, did not take into consideration any consequential amount of expense reductions from integrating the acquired in-process technology with other existing in-process or completed technology. Therefore, the valuation assumptions do not include significant anticipated cost savings.

The key assumptions underlying the valuation of acquired in-process research and development from Synchrologic are as follows:

Project names: Version upgrade of Data Sync, File Sync, E-mail accelerator and Systems Management products

Percent completed as of acquisition date: 60%-70%

Estimated costs to complete technology at acquisition date: \$3,000,000

Risk-adjusted discount rate: 22%

First period expected revenue: calendar year 2004

The in-process research and development of \$2,422,000 is charged to operations on the acquisition date. The in-process research and development charge has not been included in the accompanying unaudited pro forma combined condensed statement of operations as it represents a non-recurring charge directly related to the acquisition.

A preliminary estimate of \$52,242,000 has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized but will be tested for impairment at least annually. The preliminary purchase price allocation for Synchrologic is subject to revision as more detailed analysis is completed and additional information on the fair values of Synchrologic's assets and liabilities becomes available. Any change in the fair value of the net assets of Synchrologic will change the amount of the purchase price allocable to goodwill. Additionally, changes in the total purchase consideration will also change the amount of goodwill recorded. Final purchase accounting adjustments may therefore differ materially from the pro forma adjustments presented here.

Other than the distribution agreement entered into by Pumatech and Synchrologic concurrently with their execution of the merger agreement, there were no historical transactions between Pumatech and Synchrologic.

The pro forma adjustments do not reflect any integration adjustments such as restructuring costs to be incurred in connection with the merger or operating efficiencies and cost savings that may be achieved with respect to the combined entity as these costs are not directly attributable to the merger agreement.

3. PURCHASE PRICE SPONTANEOUS TECHNOLOGY, INC.

On September 17, 2003, Pumatech consummated the acquisition of substantially all of the assets of Spontaneous Technology, Inc. of Salt Lake City, Utah, a provider of enterprise secure Virtual Private Network (sVPN) software designed to extend existing corporate applications to most wireless devices. The following represents the preliminary allocation of the purchase price over the historical net book values of the acquired assets and assumed liabilities of Spontaneous Technology as of June 30, 2003, and is for illustrative purposes

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

only. Actual fair values will be determined as more detailed analysis is completed and additional information on the fair values of Spontaneous Technology's assets and liabilities becomes available.

The unaudited pro forma combined condensed financial statements reflect an estimated purchase price of approximately \$3,851,000, consisting of (a) a total of 1,094,000 shares of Pumatech common stock valued at \$3,551,000 (using a fair value per share of \$3.25) and (b) estimated direct transaction costs of \$300,000. The preliminary fair market value of Pumatech's common stock issued in the acquisition was determined using the five-trading-day average price surrounding the date the acquisition was announced of \$3.25 per share, less estimated registration costs. The number of shares of Pumatech common stock issued was determined using the average price of Pumatech's common stock for ten consecutive trading days ended three business days prior to the date of acquisition. Additionally, depending upon Pumatech's revenues associated with sales of Pumatech's products, including certain technology of Spontaneous Technology, during the period ending September 30, 2004, Pumatech may be required to issue additional shares of Pumatech common stock to Spontaneous Technology having a value of up to \$7,000,000. The unaudited pro forma combined condensed financial statements do not reflect any of this contingent consideration. The final purchase price will be determined at the end of the period ending September 30, 2004 based on the following terms included in the acquisition agreement:

The number of shares to be issued, or the adjusted earnout amount, is the lesser of:

- (a) incremental earnout revenue minus incremental seller royalties, and
- (b) \$7,000,000 minus incremental seller royalties.

The incremental earnout revenue is the greater of:

- (a) four times the sum of the following revenue during the six months ending September 30, 2004:
 - (1) 100% of the revenue derived from licensing or selling Spontaneous Technology's products;
 - (2) 100% of the revenue derived from licensing or selling Spontaneous Technology's product features based exclusively upon its intellectual property that are offered as optional add-on functionality for Pumatech's products and for which a stated additional fee is charged;
 - (3) 20% of the total revenue derived from licensing or selling of products that incorporate both Pumatech's and Spontaneous Technology's intellectual property but for which no separate customer pricing exists for the portion of the product based on Spontaneous Technology's intellectual property;

and,

(b) eight times the sum of revenue (1), (2) and (3), as described above, during the three months ending September 30, 2004.

The incremental seller royalties is the aggregate amount of royalties paid or payable by Pumatech to third parties for third-party technology included in Spontaneous Technology's products during the one-year period following the date of the acquisition.

Pumatech did not acquire certain assets nor assume certain liabilities pursuant to the acquisition agreement.

Table of ContentsIndex to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

Under the purchase method of accounting, the total estimated purchase price was allocated to Spontaneous Technology's net tangible and intangible assets based upon their estimated fair value as of the acquisition date. Based upon the estimated purchase price of the acquisition and review of the net assets acquired and net liabilities assumed, the preliminary purchase price allocation, is as follows (in thousands):

Tangible assets acquired	\$ 372
Liabilities assumed	(1,497)
In-process research and development	469
Developed technology	889
Patents	168
Customer base	499
Goodwill	2,951
	<u> </u>
	<u>\$ 3,851</u>

The allocation of purchase price was based on a preliminary valuation of assets to be acquired and liabilities to be assumed determined with the assistance of an independent appraiser. This allocation was generally based on the fair value of these assets determined using the income approach.

A preliminary estimate of \$168,000 has been allocated to patents, an intangible asset with an estimated useful life of 48 months, and a preliminary estimate of \$889,000 has been allocated to developed technology, an intangible asset with an estimated useful life of 48 months. In addition, a preliminary estimate of \$499,000 has been allocated to customer base, an intangible asset with an estimated useful life of 48 months, and was valued using the relief from royalty method.

As of the acquisition date, technological feasibility of the in-process technology had not been established and the technology had no alternative future use. Accordingly, Pumatech expensed the in-process research and development at the date of the acquisition.

The amount of the purchase price allocated to in-process research and technology was based on established valuation techniques used in the high-technology software industry. The fair value assigned to the acquired in-process research and development was determined using the income approach, which discounts expected future cash flows to present value. The key assumptions used in the valuation include, among others, expected completion date of the in-process projects identified as of the acquisition date, estimated costs to complete the projects, revenue contributions and expense projections assuming the resulting product has entered the market, and discount rate based on the risks associated with the development life cycle of the in-process technology acquired. The discount rate used in the present value calculations are normally obtained from a weighted-average cost of capital analysis, adjusted upward to account for the inherent uncertainties surrounding the successful development of the in-process research and development, the expected profitability levels of such technology, and the uncertainty of technological advances that could potentially impact the estimates. Pumatech assumes the pricing model for the resulting product of the acquired in process research and technology to be standard within its industry. Pumatech, however, did not take into consideration any consequential amount of expense reductions from integrating the acquired in-process technology with other existing in-process or completed technology.

Edgar Filing: PUMATECH INC - Form S-4

Therefore, the valuation assumptions do not include significant anticipated cost savings.

The key assumptions underlying the valuation of acquired in-process research and development from Spontaneous Technology are as follows (in thousands):

Project names: Version upgrade of Spontaneous Technology's secure Virtual Private Network (sVPN)

Percent completed as of acquisition date: 60%

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

Estimated costs to complete technology at acquisition date: \$625,000

Risk-adjusted discount rate: 22%

First period expected revenue: calendar year 2004

The in-process research and development of \$469,000 is charged to operations on the acquisition date. The in-process research and development charge has not been included in the accompanying unaudited pro forma condensed combined statement of operations as it represents a non-recurring charge directly related to the acquisition.

A preliminary estimate of \$2,951,000 has been allocated to goodwill. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. In accordance with Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*, goodwill will not be amortized but will be tested for impairment at least annually. The preliminary purchase price allocation for Spontaneous Technology is subject to revision as more detailed analysis is completed and additional information on the fair values of Spontaneous Technology's assets and liabilities becomes available. Any change in the fair value of the net assets of Spontaneous Technology will change the amount of the purchase price allocable to goodwill. Final purchase accounting adjustments may therefore differ materially from the pro forma adjustments presented here.

There were no historical transactions between Pumatech and Spontaneous Technology.

4. PURCHASE PRICE STARFISH SOFTWARE, INC.

On March 27, 2003, Pumatech acquired Starfish Software, Inc. for a purchase price of approximately \$1.8 million for the Starfish common stock outstanding upon the effective date of the acquisition.

The unaudited pro forma combined condensed statement of operations for the year ended July 31, 2003 is presented as if the transaction had been consummated on August 1, 2002. The unaudited pro forma combined statement of operations for the year ended July 31, 2003 combines the results of operations of Pumatech for the year ended July 31, 2003 and Starfish Software's results of operations for the eight months ended February 28, 2003. Since the acquisition took place on March 27, 2003, four months of Starfish Software results are included in the consolidated Pumatech results for the year ended July 31, 2003.

The unaudited pro forma combined condensed financial statements reflect an estimated purchase price of approximately \$1.8 million. Under the terms of the stock purchase agreement, Pumatech initially paid a total of \$1,501,000 in cash, subject to further adjustment based on actual working capital as of the closing date. Pumatech further paid \$178,000 based on subsequent adjustments made to Starfish Software's working capital.

Table of Contents**Index to Financial Statements****NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED****FINANCIAL STATEMENTS (Continued)**

The Starfish Software acquisition has been accounted for as a purchase business combination. The purchase price of \$1,831,000 (including acquisition costs of \$152,000) was assigned to the fair value of the assets acquired, including the following (in thousands):

Tangible assets acquired	\$ 1,133
Liabilities assumed	(986)
In-process research and development	406
Developed technology	675
Patents	202
Trademarks	52
Customer base	278
Existing contracts	71
	<hr/>
	\$ 1,831
	<hr/>

The allocation of purchase price was based on the valuation of assets acquired and liabilities assumed determined with the assistance of an independent appraiser. This allocation was generally based on the fair value of these assets determined using the income approach.

Of the total purchase price, \$1,278,000 was allocated to amortizable intangibles included in the above list. The amortizable intangible assets are being amortized using the straight-line method over the estimated useful life of the respective assets of nine months to four years.

As of the acquisition date, technological feasibility of the in-process technology had not been established and the technology had no alternative future use. Accordingly, Pumatech expensed the in-process research and development at the date of the acquisition.

The amount of the purchase price allocated to in-process research and technology was based on established valuation techniques used in the high-technology software industry. The fair value assigned to the acquired in-process research and development was determined using the income approach, which discounts expected future cash flows to present value. The key assumptions used in the valuation include, among others, expected completion date of the in-process projects identified as of the acquisition date, estimated costs to complete the projects, revenue contributions and expense projections assuming the resulting product have entered the market, and discount rate based on the risks associated with the development life cycle of the in-process technology acquired. The discount rate used in the present value calculations are normally obtained from a weighted-average cost of capital analysis, adjusted upward to account for the inherent uncertainties surrounding the successful development of the in-process research and development, the expected profitability levels of such technology, and the uncertainty of technological advances that could potentially impact the estimates. Pumatech assumes the pricing model for the resulting product of the acquired in-process research and technology to be standard within its industry. Pumatech, however, did not take into consideration any consequential amount of expense reductions from integrating the acquired in-process technology with other existing in-process or completed technology. Therefore, the valuation assumptions do not include significant anticipated cost savings.

Edgar Filing: PUMATECH INC - Form S-4

The key assumptions underlying the valuation of acquired in-process research and development from Starfish Software are as follows:

Project name: Mercury platform technology

Percent completed as of acquisition date: 70%

Estimated costs to complete technology at acquisition date: \$375,000

Table of Contents

Index to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

Risk-adjusted discount rate: 30%

First period expected revenue: calendar year 2004

Subsequent to the acquisition of Starfish Software, there have been no significant developments related to the current status of the acquired in-process research and development project that would result in material changes to the assumptions.

The in-process research and development of \$406,000 is charged to operations on the acquisition date. The in-process research and development charge has not been included in the accompanying unaudited pro forma condensed combined statement of operations as it represents a non-recurring charge directly related to the acquisition.

There were no historical transactions between Pumatech and Starfish Software.

5. PRO FORMA ADJUSTMENTS

The accompanying unaudited pro forma combined condensed financial statements have been prepared assuming the transactions described above were completed on July 31, 2003 for balance sheet purposes and as of August 1, 2002 for statement of operations purposes.

The unaudited pro forma combined condensed balance sheet gives effect to the following pro forma adjustments:

- (a) Represents the recognition of the customer contract intangible asset of \$3,487,000, the patent intangible asset of \$1,320,000, developed technology intangible asset of \$10,493,000 and goodwill of \$52,242,000 created in the acquisition of Synchrologic.
- (b) Represents the elimination of existing goodwill (\$1,830,000) and other assets (\$252,000) and recognition of the customer contract intangible asset of \$499,000, the patent intangible asset of \$168,000, the developed technology asset of \$889,000 and goodwill of \$2,951,000 created in the acquisition of Spontaneous Technology.
- (c) Represents the following adjustments to accounts payable and accrued expenses (in thousands):

Edgar Filing: PUMATECH INC - Form S-4

Accrual for Pumatech's Synchrologic transaction costs	\$ 650
Accrual for Pumatech's Spontaneous Technology transaction costs	\$ 300
Accrual for Pumatech's restructuring costs	\$ 645
	\$ 1,595
	\$ 1,595

- (d) Represents an adjustment to convert the historical convertible debt of Spontaneous Technology to preferred stock upon acquisition (\$2,250,000).

- (e) Represents the adjustment of Synchrologic's deferred revenue to estimated fair value.

- (f) Represents the adjustment of Spontaneous Technology's deferred revenue to estimated fair value and a write off of deferred revenue where no legal performance obligations exist post-closing, including amounts deferred under SOP 97-2.

Table of ContentsIndex to Financial Statements

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

FINANCIAL STATEMENTS (Continued)

(g) Represents the following adjustments to stockholders' equity (in thousands):

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	Total
Mandatorily redeemable convertible preferred stock	\$ (30,957)	\$ 2,250	\$ (40,893)	\$	\$	\$	\$	\$ (69,600)
Common stock	(4,705)		(28)	15	1			(4,717)
Additional paid-in capital	(151)		(14,283)	68,952	3,550			58,068
Treasury stock	2,293							2,293
Accumulated comprehensive income								
Accumulated deficit	33,368		55,547			(2,422)	(469)	86,024
Total stockholders' equity	\$ (152)	\$ 2,250	\$ 343	\$ 68,967	\$ 3,551	\$ (2,422)	\$ (469)	\$ 72,068

(1) To eliminate the historical stockholders' equity of Synchrologic.

(2) To convert the historical debt of Spontaneous Technology to preferred stock upon acquisition.

(3) To eliminate the historical shareholders' equity of Spontaneous Technology.

(4) Represents the estimated value of Pumatech's common stock and common stock options to be issued in the acquisition of Synchrologic, less expected registration costs.

(5) Represents the estimated value of Pumatech's common stock to be issued in the acquisition of Spontaneous Technology, less expected registration costs.

(6) Represents the elimination of in-process research and development on the acquisition of Synchrologic of \$2,422,000.

(7) Represents the elimination of in-process research and development on the acquisition of Spontaneous Technology of \$469,000.

The unaudited pro forma combined condensed statement of operations give effect to the following pro forma adjustments:

(h) Represents (i) the amortization of the Synchrologic customer contract intangible resulting from the proposed acquisition, over an estimated useful life of 54 months, (ii) the amortization of the Synchrologic patent intangible resulting from the proposed acquisition, over an estimated useful life of 54 months, and (iii) the amortization of the Synchrologic developed technology intangible resulting from the proposed acquisition, over an estimated useful life of 54 months.

(i) Represents (i) the amortization of the Spontaneous Technology customer contract intangible resulting from the proposed acquisition, over an estimated useful life of 48 months, (ii) the amortization of the Spontaneous Technology patent intangible resulting from the proposed acquisition, over an estimated useful life of 48 months, and (iii) the amortization of the Synchrologic developed technology intangible resulting from the proposed acquisition, over an estimated useful life of 48 months.

(j) Represents the amortization of the Starfish Software customer contract, trademark, developed technology and patent intangible assets resulting from the acquisition. The weighted average life of amortizable intangible assets approximates 4 years.

Edgar Filing: PUMATECH INC - Form S-4

- (k) To reflect the elimination of in-process research and development arising on the acquisition of Starfish Software.
- (l) To reflect the decrease in interest income related to the cash payment for the acquisition of Starfish Software of \$1.7 million.

Table of Contents**Index to Financial Statements****NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED CONSOLIDATED****FINANCIAL STATEMENTS (Continued)**

- (m) Represents the shares of Pumatech common stock associated with the Synchrologic merger and the acquisition of Spontaneous Technology as described above as if they were outstanding as of August 1, 2002 as follows (in thousands):

Common stock issued in connection with Synchrologic merger	16,200
Common stock issued in connection with Spontaneous Technology acquisition	1,094
	<u>17,094</u>

6. SENSITIVITY ANALYSIS

The transactions presented above are based on assumptions that are reasonable as of the date of this joint proxy statement/prospectus, namely Pumatech will issue 15,170,000 shares of common stock, at a fair value of \$4.26 per share, as equity consideration to be paid by Pumatech in connection with the Synchrologic merger in addition to options to purchase approximately 1,030,000 shares of Pumatech's common stock. The actual number of shares of Pumatech common stock to be issued in the merger will be determined by dividing \$60,000,000 by the average closing price of the shares of Pumatech common stock for the thirty consecutive trading days ending on the last complete trading day immediately preceding the closing date of the merger (which amount is subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger), provided that the number of shares of Pumatech common stock shares shall not exceed 19,800,000 or be fewer than 16,200,000 (in each case subject to adjustment based on the transaction expenses incurred by Synchrologic in connection with the merger).

To assist in evaluating the effects of the transaction described above and its effect on Pumatech's on-going statements of operations, the following information is presented.

Pumatech has assumed in the accompanying unaudited pro forma combined condensed financial statements that 15,170,000 shares of the Pumatech common stock (or approximately 24% of Pumatech's fully-diluted capital stock as of closing) are issued in connection with the Synchrologic merger based on providing \$60,000,000 of equity consideration.

The following represents how changes in the fair value of Pumatech common stock at the time of the closing of the merger would impact intangible assets created in the merger and pro forma net loss per share for the year ended July 31, 2003 given the minimum and maximum limits on the number of shares to be issued:

<u>Number of shares of Pumatech common stock issued (1)</u>	Synchrologic	Impact on	Pro forma net loss per
	post- merger share	intangible assets	share for the
		created in the	

Edgar Filing: PUMATECH INC - Form S-4

	<u>ownership</u>	<u>merger(2)</u>	<u>year ended July 31, 2003</u>
		(in thousands)	
15,200,000	24.14%	\$	\$ (0.41)
15,700,000	24.74%	\$ 2,260	\$ (0.41)
16,200,000	25.33%	\$ 4,392	\$ (0.41)
16,700,000	25.91%	\$ 6,524	\$ (0.40)
17,200,000	26.48%	\$ 8,656	\$ (0.40)
17,700,000	27.04%	\$ 10,788	\$ (0.40)
18,200,000	27.60%	\$ 12,920	\$ (0.39)
18,700,000	28.14%	\$ 15,052	\$ (0.39)

(1) excludes shares issued in exchange for options

(2) based on the 5 day average of the share price at the time the acquisition was announced, \$4.26 per share

Table of Contents

Index to Financial Statements

DESCRIPTION OF PUMATECH STOCK

As of October 17, 2003, the authorized capital stock of Pumatech consists of 80,000,000 shares of common stock, \$0.001 par value, of which approximately 49,672,461 shares were outstanding and 2,000,000 shares of preferred stock, \$0.001 par value, of which none was issued or outstanding.

Common Stock

The holders of Pumatech common stock are entitled to one vote per share on all matters to be voted upon by the stockholders and do not have cumulative voting rights. The holders of outstanding shares of Pumatech common stock are entitled to receive dividends out of assets legally available at times and in amounts as the Pumatech board of directors may determine from time to time. Upon the liquidation, dissolution or winding up of Pumatech, the holders of Pumatech common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock, if any, then outstanding. The Pumatech common stock has no preemptive or conversion rights and is not subject to redemption. All outstanding shares of Pumatech common stock are fully paid and nonassessable, and the shares of Pumatech common stock to be issued upon completion of the merger will be fully paid and nonassessable.

Preferred Stock

Under the terms of the Pumatech certificate of incorporation, the Pumatech board of directors is authorized, subject to any limitations prescribed by law, to issue the Pumatech preferred stock in one or more series. Each series shall have the rights, preferences, privileges and restrictions, such as dividend rights, dividend rates, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences and the right to increase or decrease the number of shares of any series, as the Pumatech board of directors shall determine. The Pumatech board of directors may issue preferred stock with voting or conversion rights that may have the effect of delaying, deferring or preventing a change of control of Pumatech and could adversely affect the market price of the Pumatech common stock and the voting and other rights of the holders of Pumatech common stock. Pumatech currently has no plans to issue any of the preferred stock.

Rights Agreement

On January 10, 2003, Pumatech's board of directors declared a dividend of one stock purchase right for each outstanding share of Pumatech common stock. The stock purchase rights will become exercisable only upon the occurrence of certain events as described in the Rights Agreement filed as an Exhibit to Pumatech's Current Report on Form 8-K filed by Pumatech dated January 15, 2003, including the acquisition of 15% of Pumatech's outstanding common stock by a person or group. Pumatech expects that stock purchase rights will be issued with each share of common stock issued as part of the merger. Each stock purchase right entitles the registered holder, other than an acquiring person, under specified circumstances, to purchase from Pumatech one one-thousandth of a share of Series A Participating Preferred Stock of Pumatech, at a price of \$10.00 per one one-thousandth of a Preferred Share, subject to adjustment. In addition, each stock purchase right entitles the registered holder, other than an acquiring person, under specified circumstances, to purchase from Pumatech that number of shares of Pumatech's common stock having a market value of two times the exercise price of the stock purchase right. Subject to certain limitations, the terms of the stock purchase rights may be amended by a resolution of the Pumatech's board of directors without the consent of the holders of the stock purchase rights.

Transfer Agent

The transfer agent and registrar for the Pumatech common stock is Computershare Investor Services LLC.

Table of ContentsIndex to Financial Statements

**COMPARISON OF RIGHTS OF HOLDERS OF PUMATECH COMMON STOCK AND
SYNCHROLOGIC CAPITAL STOCK**

This section of the proxy statement/prospectus describes certain differences between Synchrologic common stock and Pumatech common stock. While Pumatech and Synchrologic believe that the description covers the material differences between the two, this summary may not contain all of the information that is important to Synchrologic stockholders, including the certificate of incorporation and bylaws of Pumatech and the articles of incorporation and bylaws of Synchrologic. Synchrologic shareholders should read this entire document and the other documents referred to carefully for a more complete understanding of the differences between Synchrologic's capital stock and Pumatech's common stock.

Synchrologic's articles of incorporation and bylaws currently govern the rights of shareholders of Synchrologic. After the completion of the Synchrologic merger, Synchrologic's common shareholders will become stockholders of Pumatech. As a result, former Synchrologic shareholders' rights will be governed by Pumatech's certificate of incorporation and bylaws. Furthermore, because Pumatech is a Delaware corporation, after the Synchrologic merger former Synchrologic shareholders' rights will be governed by the Delaware General Corporation Law, or the DGCL, rather than by Georgia law. The following paragraphs summarize certain differences between the rights of Pumatech stockholders and Synchrologic shareholders under the certificate of incorporation and bylaws of Pumatech and articles of incorporation and bylaws of Synchrologic, and under Delaware and Georgia law, as applicable.

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Common Stock	One class is issued and outstanding.	One class is issued and outstanding. Holders are entitled to one vote per share.
Preferred Stock	The Pumatech certificate of incorporation authorizes the board of directors to issue shares of preferred stock in series, to fix, increase, or decrease the number of shares comprising any such series, and to determine the designation, privileges, preferences, rights and restrictions imposed upon any wholly unissued series of Preferred shares. The Pumatech certificate of incorporation authorizes the board of directors to provide for the rights and terms of redemption of the shares of any series. The Pumatech certificate of incorporation reserves for issuance 2,000,000 shares of preferred stock.	The Synchrologic articles of incorporation authorize the board of directors to issue shares of preferred stock in one or more series and to set the designations, preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption thereof. The Synchrologic articles of incorporation provide that Synchrologic's Preferred Stock consists of one series designated Series A Convertible Preferred Stock, one series designated Series B Convertible Preferred Stock, one series designated Series C Convertible Preferred Stock, and one series designated Series D Convertible Preferred Stock. The number of shares of Series A Convertible Preferred Stock which the Corporation is authorized to issue is 1,000,000, the number of shares of Series B

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Special meeting of stockholders	<p>Under Delaware law, a special meeting of stockholders may be called by the board of directors or any other person authorized to do so in the certificate of incorporation or the bylaws. Pumatech's bylaws authorize the board of directors, or the holders of not less than 10% of all shares entitled to cast votes at the meeting, voting together as a single class, to call a special meeting of stockholders.</p>	<p>Convertible Preferred Stock which the Corporation is authorized to issue is 3,000,000, the number of shares of Series C Convertible Preferred Stock which the Corporation is authorized to issue is 3,000,000 and the number of shares of Series D Convertible Preferred Stock which the Corporation is authorized to issue 4,000,000. Holders of Preferred Stock shall have the number of votes per share (rounded down to the nearest whole share) equivalent to the number of shares of Common Stock into which a share of Preferred Stock is then convertible, determined by reference to the Conversion Price in effect at the record date of the determination of holders of shares entitled to vote on a matter. Holders of Preferred Shares also have certain voting rights related to the election of certain directors as well as class votes with respect to certain corporate actions of Synchronologic.</p> <p>Under Georgia law, a special meeting of shareholders may be called by the board of directors or any other person authorized to do so in the articles of incorporation or the bylaws. In addition, Georgia law provides that a special meeting of shareholders may also be called by the holders of at least 25%, or such greater or lesser percentages as the articles of incorporation or bylaws provide, of all votes entitled to be cast on any issue proposed to be considered at a special meeting. Synchronologic's bylaws allow the Synchronologic board of directors, the chairman of the board, and the president to call special meetings of shareholders, and provide that a special meeting of shareholders shall be called by the corporation upon written</p>

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Action by written consent lieu of a stockholders meeting	Under Delaware law, stockholders may take action by written consent in lieu of voting at a stockholders meeting, although Delaware law permits a corporation, pursuant to a provision in such corporation's certificate of incorporation, to eliminate the ability of stockholders to act by written consent. Pumatech's certificate of incorporation eliminates the ability of stockholders to act by written consent.	request of the holders of shares representing not less than 25% of the votes entitled to be cast on each issue proposed to be considered at the special meeting. Under Georgia law, shareholders may take action by written consent in lieu of voting at a shareholders meeting. Under Georgia law, all actions taken by written consent must be unanimous unless the articles of incorporation provide otherwise. Synchrologic's articles differ from Georgia law in that action by majority written consent may be taken by holders who would be entitled to vote at a meeting and who hold such an amount of shares that constitute voting power to cast not less than the minimum number of votes that would be necessary to authorize or take action at a meeting at which all shareholders entitled to vote were present and voted.
Voting by written ballot	Under Delaware law, the right to vote by written ballot may be restricted if so provided in the certificate of incorporation. Pumatech's certificate of incorporation states that Pumatech's directors need not be elected by written ballot.	Georgia law does not contain a provision regarding voting by written ballot and the Synchrologic articles and bylaws do not specify any rules for accepting voice or ballot votes.
Record date for determining stockholders	The Pumatech bylaws provide that the board of directors may fix a record date that: shall not be more than 60 days, nor less than 10 days, before the date of the meeting or other action.	The Synchrologic bylaws provide that the board of directors may fix a record date that in the case of determination of the shareholders entitled to vote at any meeting of shareholders or adjournment of any meeting or for any other purpose shall not be more than 70 days before the date of the meeting or action requiring a determination.

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Advance notice provisions for board nomination and other stockholders business special meetings	The Pumatech bylaws provide for the same requirements for raising business at special meetings of stockholders as for raising business at annual meetings.	The Synchrologic bylaws provide that, at special meetings of shareholders, the only business that can be conducted will be the items of business set forth in the notice of the special meeting.
Advance notice provisions for board nomination and other stockholders business annual meetings	<p>Any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if timely notice of such stockholder's intent to make such nomination or nominations has been given in writing to Pumatech's secretary. To be timely, a stockholder proposal to be presented at an annual meeting shall be received at Pumatech's principal executive offices not less than 120 calendar days in advance of the date that Pumatech's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date the annual meeting has been changed by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement, or in the event of a nomination for director to be elected at a special meeting, notice by the stockholders to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.</p> <p>The Pumatech bylaws provide that only such business shall be conducted as shall have been properly brought before the</p>	The Synchrologic articles and bylaws do not specifically provide for requirements related to nominations of persons for election of directors. However, Synchrologic articles provide that the holders of Synchrologic's Series A Preferred Stock and Series B Preferred Stock (the Series A/B Preferred stock,) voting separately as a single class (with each share being entitled to that number of votes per share, rounded to the nearest whole share, equivalent to the number of shares of Common Stock into which a share of Series A/B Preferred Stock is convertible), and to the exclusion of all other classes of capital stock of the Corporation, shall be entitled to elect two (2) directors of the Corporation. Grotech Partners IV, L.P. and Grotech Partners V, L.P. (collectively, Grotech), for so long as Grotech is a holder of Series C Preferred Stock (including Common Stock acquired (i) upon the conversion of, (ii) in connection with any stock split or combination of, or (iii) upon the distribution of dividends issued with respect to, shares of Series C Preferred Stock), shall have the right to nominate and elect one member of the board of directors. JK&B Capital III, L.P., JK&B Capital III QIP, L.P. and JK&B Capital III,

Table of Contents**Index to Financial Statements**

PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
<p>meeting. To be properly brought before a meeting, business must be (a) specified in the notice of meeting given by or at the direction of the board of directors, (b) properly brought before the meeting by or at the direction of the board of directors, (c) properly brought before an annual meeting by a stockholder, or (d) properly brought before a special meeting by a stockholder, but if, and only if, the notice of a special meeting provides for business to be brought before the meeting by stockholders. For business to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of Pumatech. To be timely, a stockholder proposal to be presented at an annual meeting shall be received at Pumatech's principal executive offices not less than 120 calendar days in advance of the date that Pumatech's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than 30 calendar days from the date contemplated at the time of the previous year's proxy statement, or in the event of a special meeting, notice by the stockholders to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made.</p>	<p>Civil Law Partnership (collectively, JK&B), for so long as JK&B is a holder of no less than 25% of the Series D Shares originally issued to it (including Common Stock acquired (i) upon the conversion of, (ii) in connection with any stock split or combination of, or (iii) upon the distribution of dividends issued with respect to, shares of Series D Preferred Stock), shall have the right to nominate, elect and replace one member of the board of directors. The remaining members of the board of directors shall be elected by a plurality of the votes of the holders of the preferred stock and the common stock voting together as one class (with each share of preferred stock being entitled to that number of votes per share, rounded to the nearest whole share, equivalent to the number of shares of common stock into which a share or preferred stock is convertible.)</p>

Table of Contents**Index to Financial Statements**

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Number of directors	The Pumatech bylaws provide that the board of directors shall initially consist of 4 members and thereafter, shall be fixed by the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors.	The Synchrologic bylaws provide that the number of the board of directors shall consist of no less than one and no more than nine individuals. Currently, the board of directors consists of 6 members.
Classified Board of Directors	Delaware law provides that a corporation's board of directors may be divided into various classes with staggered terms of office. The board of directors of Pumatech consists of only one class, which is elected annually. Pumatech directors are elected to a term of one year and until their successors are elected and qualified.	Georgia law provides that a corporation's board of directors may be divided into various classes with staggered terms of office. The board of directors of Synchrologic consists of only one class, which is elected annually. Synchrologic directors are elected to a term of one year and until their successors are elected and qualified.
Removal of directors	Under Delaware law, except as otherwise provided in the corporation's certificate of incorporation, a director of a corporation that has a classified board of directors may be removed only with cause. Although the Pumatech board of directors do not have a classified board, the preferred shareholders rights with respect to election of directors limit the ability to remove certain directors.	Under Georgia law, except as otherwise provided in the corporation's articles of incorporation, a director of a corporation without a classified board of directors may be removed with or without cause. Although the Synchrologic board of directors do not have a classified board, the preferred shareholders rights with respect to election of directors limit the ability to remove certain directors.
Board of director vacancies	Under Delaware law, vacancies and newly created directorships may be filled by a majority of the directors then in office, even though less than a quorum, unless otherwise provided in the certificate of incorporation or bylaws. The Pumatech certificate of incorporation and bylaws provide that vacancies on the board of directors may be filled only by a majority vote of the directors then in office, though less than a quorum, or if the director was removed by the stockholders, such vacancy shall be filled by the	Under Georgia law, unless the articles of incorporation or a bylaw adopted by the shareholders provides otherwise, vacancies and newly created directorships may be filled by the shareholders, by the board of directors, or by a majority of the directors remaining in office, even if such directors constitute less than a quorum. Synchrologic's bylaws provide that a vacancy may be filled by the affirmative vote of a majority of the remaining directors, even if less than a quorum provided, however, that if a vacancy occurs

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Notice of special meetings of the Board of Directors	<p>stockholders at a special meeting of the stockholders called for that purpose. Directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders.</p> <p>The Pumatech bylaws provide that special meetings of the board of directors may be called by one-third of the directors then in office or by the chief executive officer and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each special meeting shall be given to each director by whom it is not waived by mailing written notice not fewer than five (5) days before the meeting or by delivering the same via telegraph, facsimile, personally or via another form of electronic transmission not fewer than twenty-four (24) hours before the meeting, or such shorter period as may be deemed reasonable under the circumstances. The time when such notice shall be deemed to be given shall be the time such notice is received, if hand delivered, or the time such notice is dispatched, if delivered through the mails or by telegram, mailgram, facsimile or other electronic transmission.</p>	<p>for a director elected by a group of preferred shareholders, only the group of shareholders are entitled to fill that vacancy.</p> <p>The Synchrologic bylaws provide that special meetings may be called with at least 2 days notice by the chairman of the board, the president or by the written request of two directors.</p>
Indemnification	<p>The Pumatech bylaws provide that each person shall be indemnified to the fullest extent authorized by law against any action, proceeding or suit brought against such a person by reason of the fact that he or she is or was a legal representative, director, officer, or employee of the corporation or serves or served in such capacity at any other enterprise at the request of the corporation. The Pumatech bylaws provide that the</p>	<p>The Synchrologic bylaws provide that the corporation indemnifies any director of the corporation who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, because he or she is or was a director, officer, employee or agent of the corporation, against any judgment,</p>

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
	<p>corporation indemnifies each such person against expenses, liability and loss (including attorneys fees, fines, ERISA excise taxes or penalties, and settlements) reasonably incurred by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of his or her heirs, executors and administrators.</p>	<p>settlement, penalty, fine or reasonable expenses (including but not limited to attorneys fees and disbursements, court costs and expert witness fees) incurred by such director; provided, however, that no indemnification is made for (a) any action by a director if the director did not conduct himself in good faith and that the director reasonably believed that his conduct was in the best interests of Synchronologic; (b) in connection with a proceeding by or in right of Synchronologic; or (c) any transaction for which the director received an improper personal benefit. The Synchronologic bylaws provide that payment of expenses in advance of the final disposition of an action shall be authorized by the board of directors in some circumstances, and may be authorized by the board of directors in other circumstances, upon receipt of an affirmation by the director or officer that he or she has met the applicable standard of conduct and has agreed to repay the corporation any advances made.</p>
Limitations on liability	<p>The Pumatech certificate of incorporation limits or eliminates, to the fullest extent permitted by Delaware law, the personal liability of a director to Pumatech or its stockholders for monetary damages for breach of fiduciary duty as a director. Under Delaware law, such provision may not eliminate or limit director monetary liability for:</p> <p style="padding-left: 40px;">breaches of the director's duty of loyalty to the corporation or its shareholders</p> <p style="padding-left: 40px;">acts or omissions not in good faith involving intentional misconduct or knowing violations of law</p>	<p>The Synchronologic articles of incorporation eliminate a director's personal liability for monetary damages to Synchronologic or any of its shareholders for any breach of duties of such position, except that such liability is not eliminated for:</p> <p style="padding-left: 40px;">any appropriation, in violation of such director's duties, of any business opportunity of Synchronologic</p> <p style="padding-left: 40px;">acts or omission which involve intentional misconduct or a knowing violation of law</p> <p style="padding-left: 40px;">unlawful distributions, or</p>

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
	<p>the payment of unlawful dividends or unlawful stock repurchases or redemptions, or</p> <p>any transaction in which the director received an improper personal benefit.</p>	<p>any transaction from which the director received an improper personal benefit.</p> <p>Synchrologic's articles of incorporation provide that if at any time Georgia law is amended to further eliminate or limit the liability of a director, then the liability of each director of Synchrologic shall be eliminated or limited to the fullest extent permitted thereby.</p>
Stockholder approval of certain business combinations	<p>Under Delaware law, business combinations by corporations with interested stockholders are subject to a moratorium of three or five years, respectively, unless specified conditions are met. The prohibited transactions include, a merger with, disposition of assets to, or the issuance of stock to, the interested stockholder, or certain transactions that have the effect of increasing the proportionate share of the outstanding securities held by the interested shareholder. Under Delaware law, an interested stockholder may avoid the prohibition against effecting certain significant transactions with the corporation if the board of directors, prior to the time such stockholder becomes an interested stockholder, approves such transaction or the transaction by which such stockholder becomes an interested stockholder or if at or subsequent to such time the board of directors and the stockholders approve such transaction. These provisions of Delaware law apply to a Delaware corporation unless the corporation opts out of the provisions in its certificate of incorporation or bylaws. Pumatech has not opted out of these provisions in its certificate of incorporation or bylaws and</p>	<p>Under Georgia law, a resident domestic corporation shall not engage in any business combination with any interested shareholder for a period of five years following the time that such shareholder became an interested shareholder, unless specified conditions are met. The prohibited transactions include a merger with, disposition of assets to, or the issuance of stock to, the interested shareholder, or certain transactions that have the effect of increasing the proportionate share of the outstanding securities held by the interested shareholder. Under Georgia law, an interested shareholder may avoid the prohibition against effecting certain significant transactions with the corporation if the board of directors, prior to the time such shareholder becomes an interested shareholder, approves the transaction by which such shareholder becomes an interested shareholder. These provisions of Georgia law do not apply to a Georgia corporation unless it has affirmatively elected in its bylaws to be governed by them, and the Synchrologic bylaws do not contain a provision electing to be governed by these provisions of Georgia law. Georgia law also</p>

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
	consequently is subject to these provisions.	contains a provision concerning fair price requirements. These provisions provide that, in addition to any other vote otherwise required by law or the articles of incorporation, a business combination shall be (i) unanimously approved by all of the directors who are not affiliates or associates of an interested shareholder, provided that these continuing directors constitute at least three members of the board of directors at the time of such approval; or (ii) recommended by at least two-thirds of the continuing directors and approved by a majority of the votes entitled to be cast by the holders of the voting shares, other than voting shares beneficially owned by the interested shareholder who is, or whose affiliate is, a party to the business combination. The Synchrologic bylaws contain a provision electing to be governed by these fair price requirements.
Par value, dividends and repurchases of shares	The concepts of par value, capital and surplus are retained under Delaware law. Delaware law permits a corporation to declare and pay dividends out of surplus or, if there is no surplus, out of the net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets. In addition, Delaware law generally provides that a corporation may redeem or repurchase its shares only if such	Georgia law dispenses with the concept of par value of shares for most purposes as well as statutory definitions of capital, surplus and the like. Under Georgia law, a corporation may make distributions to its shareholders subject to any restrictions imposed in the corporation's articles of incorporation, except that no distribution may be made if as a result the corporation would not be able to pay its debts as they become due in the usual course of business or its total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon

Table of Contents

Index to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
	<p>redemption or repurchase would not impair the capital of the corporation. Notwithstanding the foregoing, a Delaware corporation may redeem or repurchase shares having a preference upon the distribution of any of its assets if such shares will be retired upon acquisition, and provided that, after the reduction in capital made in connection with such retirement of shares, the corporation's remaining assets are sufficient to pay any debts not otherwise provided for.</p>	<p>dissolution of shareholders whose preferential rights are superior to those receiving the distribution. A Georgia corporation may acquire its own shares and shares so acquired will constitute authorized but unissued shares, unless the articles of incorporation provide that such shares become treasury shares or prohibit the reissuance of reacquired shares. If such reissuance is prohibited, the number of authorized shares will be reduced by the number of shares reacquired.</p>
Dissenters' or appraisal rights	<p>Such rights are not available with respect to a merger or consolidation by a corporation the shares of which are either listed on a national securities exchange or held of record by more than 2,000 stockholders if such stockholders are required to receive only shares of the surviving corporation, shares of any other corporation which are either listed on a national securities exchange or</p>	<p>Same.</p>
Description of Common Stock	<p>held of record by more than 2,000 holders, cash in lieu of fractional shares or a combination of the foregoing.</p> <p>Pumatech has the authority to issue 80,000,000 shares of common stock, par value \$.001 per share. Following the approval of the proposal to amend Pumatech's certificate of incorporation, Pumatech will have the authority to issue 160,000,000 shares of common stock, par value \$.001 per share.</p>	<p>The holders of Synchrologic common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. There are no cumulative voting rights and each share has no par value. Subject to preferences that may be applicable to any outstanding shares of preferred stock, the holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of funds legally available for the payment of dividends. In the event of a liquidation, dissolution or winding liquidation preferences of any</p>

Table of ContentsIndex to Financial Statements

	PUMATECH (DELAWARE)	SYNCHROLOGIC (GEORGIA)
Description of Preferred Stock	<p>Pursuant to Pumatech's certificate of incorporation, Pumatech has the authority to issue 2,000,000 shares of preferred stock, par value \$.001 per share. The board of directors is authorized to determine, alter or eliminate any or all of the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of preferred shares, and to fix, increase or decrease the number of shares comprising any such series and the designation thereof, or any</p> <p>of them, and to provide for the rights and terms of redemption or conversion of the shares of any such series. In connection with the adoption of the Preferred Shares Rights Agreement, on January 10, 2003, Pumatech's Board of Directors approved a resolution creating a series of shares of Preferred Stock designated as Series A Participating Preferred Stock, initially consisting of 1,000,000 shares, par value \$0.001 per share. Each share of Series A Participating Preferred Stock is entitled to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. No shares of Series A Participating Preferred Stock are currently issued and outstanding. Please refer to the Form 8-A filed by Pumatech on January 15, 2003 for additional information regarding the Preferred Shares Rights Agreement and the Series A Participating Preferred Stock.</p>	<p>outstanding shares of preferred stock. Holders of common stock have no preemptive rights or rights to convert their common stock into any other securities pursuant to the articles and bylaws. There are no redemption or sinking fund provisions applicable to the common stock.</p> <p>Pursuant to Synchrologic's articles of incorporation, the board of directors has the authority, without further action by the shareholders, to issue up to 14,000,000 shares of preferred stock, no par value per share, in one or more series and to fix the designations, powers, preferences, privileges and relative, participating, optional or special rights and the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights,</p> <p>voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the common stock. Synchrologic's preferred stock consists of one series designated Series A Convertible Preferred Stock, one series designated Series B Convertible Preferred Stock, one series designated Series C Convertible Preferred Stock, and one series designated Series D Convertible Preferred Stock. Synchrologic is authorized to issue 1,000,000 shares of Series A Convertible Preferred Stock, 3,000,000 shares of Series B Convertible Preferred Stock, 3,000,000 shares of Series C Convertible Preferred Stock and 4,000,000 shares of Series D Convertible Preferred Stock. Holders of preferred stock shall have the number of votes per share (rounded down to the nearest whole share) equivalent to the number of shares of common stock</p>

Table of Contents

Index to Financial Statements

PUMATECH
(DELAWARE)

SYNCHROLOGIC
(GEORGIA)

into which a share of preferred stock is then convertible, determined by reference to the conversion price in effect at the record date of the determination of holders of shares entitled to vote on a matter. Holders of preferred shares also have certain voting rights related to the election of certain directors as well as class votes with respect to certain corporate actions of Synchrologic. All shares of Synchrologic preferred stock have certain rights and preferences including dividend rights, liquidation rights, redemption rights and voting rights more particularly set forth in the articles. The board of directors, subject to approval of the preferred shareholders, can issue preferred stock with voting, conversion or other rights that could adversely

affect the voting power and other rights of the holders of common stock. Additional shares of preferred stock could thus be issued quickly with terms calculated to delay or prevent a change of control of Synchrologic or make removal of management more difficult. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of the common stock and may adversely affect the voting and other rights of the holders of common stock. There are four classes of preferred stock outstanding, Series A, B, C and D convertible preferred stock.

Table of Contents

Index to Financial Statements

	PUMATECH	SYNCHROLOGIC
	(DELAWARE)	(GEORGIA)
	<hr/>	<hr/>
Stockholder derivative suits	Under Delaware law, a stockholder may only bring a derivative action on behalf of the corporation if the stockholder was a stockholder at the time of the transaction in question or his or her stock thereafter devolved upon him or her by operation of law.	Under Georgia law, a shareholder may not commence or maintain a derivative proceeding unless the shareholder was a shareholder of the corporation at the time of the act or omission complained of or became a shareholder through transfer by operation of law from one who was a shareholder at that time. In addition, Georgia law requires that the shareholder fairly and adequately represent the interests of the corporation in enforcing the rights of the corporation.

Table of Contents

Index to Financial Statements

INFORMATION REGARDING PUMATECH

The following is a brief description of the business of Pumatech. Additional information regarding Pumatech is contained in its filings with the Securities and Exchange Commission. For information on how you can obtain copies of such filings, please see the section entitled "Where You Can Find More Information" on page of this joint proxy statement/prospectus. In this section regarding "Information Regarding Pumatech," references to "we," "us" and "our" refer to Pumatech and its subsidiaries.

Pumatech, Inc. develops, markets and supports synchronization, mobile-application development, and mobile-application management/device management software that enables consumers, business professionals and information technology professionals to extend the capabilities of enterprise groupware and vertical applications, handheld organizers/computers, Web-enabled cellular phones, pagers and other wireless or wireline personal communications platforms. Designed to connect people with essential information, anytime and anywhere, our product family includes the following offerings:

Intellisync[®], Enterprise Intellisync[®], Enterprise Intellisync Server and Satellite Forms[®] software;

TrueSync[®] software developed by our new wholly owned subsidiary, Starfish Software, Inc.;

Intellisync for Oracle software;

Intellisync goAnywhere (formerly known as LoudPC) software recently acquired from Loudfire, Inc.;

our technology licensing software: the Intellisync Software Development Kit (Intellisync SDK) and our new Application Data Synchronization platform; and

Synchrologic Mobile Suite enterprise server platform, resulting from the definitive merger agreement signed by Pumatech to acquire Synchrologic, Inc. A licensing agreement gives us the ability to sell Synchrologic's Mobile Suite beginning September 14, 2003. Should the acquisition fail to occur, the licensing will continue through the end of the three-year term of the agreement.

Pumatech was incorporated in California in August 1993 as Puma Technology, Inc. and we reincorporated in Delaware in November 1996. Our principal executive offices are located at 2550 North First Street, Suite 500, San Jose, California 95131, and our Web address is www.pumatech.com. The information posted on the Web address is not incorporated into this registration statement.

Table of Contents

Index to Financial Statements

BUSINESS OF SYNCHROLOGIC

Overview

Synchrologic, Inc. develops, markets and supports comprehensive mobile and wireless infrastructure software for enterprises, software vendors and service providers to enable mobile users to access business applications, corporate groupware applications, and files on mobile computing devices such as laptops, handheld organizers/computers, and mobile phones. Synchrologic's software improves the productivity of business professionals who require access to current information, whether they are in or out of the office. In addition, Synchrologic also helps corporate IT professionals keep support costs down and remotely manage mobile devices, install software, track hardware and software assets and perform backup, and restore operations for data on these devices. Synchrologic's core product, Synchrologic Mobile Suite, provides enterprises with a comprehensive infrastructure solution for taking advantage of and managing the adoption of mobile and wireless devices.

Synchrologic was incorporated in Georgia in September 1995. Its principal offices are located at 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022, and its web address is www.synchrologic.com. The information posted on the website is not to be deemed filed with or incorporated into this joint proxy statement/prospectus.

Synchrologic licenses and markets its software products to companies through a direct sales force, original equipment manufacturers (OEMs), and reseller partners. Professional services organizations, wireless operators, and business development partners also work with Synchrologic to identify prospective customers and sell to corporations. Synchrologic sells its products to Global 2000 and other large enterprises including 3M, Bang & Olufsen, Ecolab, Fidelity Investments, Kimberly-Clark, Pfizer and Standard & Poor's.

Market Opportunity

Recent advancements in portable computing technologies (processors, displays, batteries) and investments in next generation wireless networks have accelerated the proliferation of mobile computing devices. The increased productivity of workers with anytime, anywhere access to business data and applications fuels competitive advantage for corporations. The trend toward portable computing, as well as the compounding diversity and complexity of this growing mobile market, are driving the need for corporations to adopt mobile infrastructure solutions to extend their corporate data, in a secure and managed way, to mobile devices.

The popularity of mobile devices is growing. According to Gartner Group, the growth of sales of notebook computers outpaces that of desktop PCs, and this trend is expected to continue. The world's leading manufacturers of computing hardware are making handheld computers and data-capable mobile phones, including Hewlett-Packard, Dell, Samsung, Nokia, Palm, Handspring, Kyocera, Sony, Sony Ericsson, Motorola, and Toshiba. Investments by Microsoft, Symbian, Palm, Nokia and Intel fuel a very competitive market in mobile operating systems and platforms, resulting in a diversity of devices built on Microsoft Windows Mobile (Pocket PC and Smartphone), Symbian OS, and Palm operating systems.

Edgar Filing: PUMATECH INC - Form S-4

Wireless operators are also a driver of mobile device and wireless data adoption. Having recently rolled out their 2.5G wireless data networks, and with the investments they are making in next-generation 3G technology and spectrum, the wireless operators are becoming active in promoting wireless data usage and solutions. The involvement of the wireless operator is important to grow this market for several reasons. First, the wireless operators run the public wireless networks people will use to connect to the Internet. The quality of service and support they provide will underpin the success of any wireless data solution. Second, the wireless operators are likely to serve as the distribution channel of the mobile devices to end users. Third, the wireless operators are highly motivated to get a financial return on their investments and may apply marketing resources to accelerate wireless data adoption.

Table of Contents

Index to Financial Statements

Mobile infrastructure solutions are important in solving many of the challenges of the mobile and wireless market for several reasons:

Providing Access to Various Backend Information The data and applications that mobile business professionals need are often based on Microsoft Exchange, Lotus Domino, Oracle, IBM DB2, Microsoft SQL Server, Sybase or other corporate information systems. Providing a method to access these disparate corporate information backend systems reduces IT complexity and enables more business solutions.

Lessening Corporations' Risks in the Mobile Device Market The rate of technological innovation in the mobile device market is rapid. There is diversity in the underlying technology standards, with devices being marketed by vendors such as Nokia, Hewlett-Packard, Sony, Dell, and Samsung, some based on different mobile operating systems. Unlike other computing devices, small mobile devices tend to illicit personal preferences and are often replaced frequently, making corporate standardization difficult.

Improving IT Efficiency and End-User Experience As the market matures, corporations' desires for providing applications and data to these devices should grow. As opposed to a piecemeal approach for mobile solutions, corporations that adopt a mobile infrastructure can achieve benefits for both their IT staff and end-users. First, a solution built on an adaptable infrastructure can be extended, still maintaining consistent security policies, network integration, integrated logging and troubleshooting. End users appreciate an extensible client, a single network logon, single communications session and a familiar client user interface.

Synchrologic's Strategy

Synchrologic's strategy is to be a leading provider of mobile and wireless infrastructure software by leveraging its engineering, technology and domain expertise and executing on a plan to broaden Pumatech's market reach through distribution agreements and partnerships with leading industry vendors. Synchrologic's strategy includes the following key elements:

Extend Technology and Product Leadership. Synchrologic believes it currently has and is developing one of the broadest and most comprehensive mobile and wireless infrastructure solutions for the enterprise. Synchrologic intends to continue to invest in research and development and remain involved with new and developing industry standards. It also intends to increase performance, functionality and ease of use of its Mobile Suite by supporting new mobile devices and developing new ways its products can be brought to market and supported by service or strategic partners.

Expand Direct and Indirect Sales Force and Increase Marketing Efforts. Synchrologic believes that because it provides solutions to larger enterprises, its product sales benefit from a multiplier effect as Synchrologic's customers expose more of their departments and business partners to Synchrologic's solution. Additionally, because customers can easily extend the functionality they support within Synchrologic's Mobile Suite by purchasing more server components, Synchrologic believes it is positioned to gain additional sales to existing customers. Synchrologic's strategy includes furthering sales growth by expanding its sales force and increasing its marketing efforts.

Maintain and Strengthen Strategic Relationships. Synchrologic has strategic relationships with leading systems integration companies including HP Services and Accenture. It also has strategic relationships with a number of wireless operators including Verizon Wireless, T-Mobile and Vodafone, and relationships with Microsoft, Handspring, Symbian, NEC and Samsung. Synchrologic plans to continue building these relationships as well as forming new partnerships to increase visibility and distribution of its Mobile Suite solution.

Strengthen and Build Service and Support Revenues. Synchrologic provides valuable market and technical expertise in enterprise mobile computing to its customers. Due to environmental customization, special

Table of Contents

Index to Financial Statements

security and firewall policies, and the fast-paced, dynamic nature of the mobile computing market, customers also find Synchrologic's assistance during the sales and implementation process to be valuable. Especially in the case of a mobile application project, customers typically will hire Synchrologic to consult during the planning and development of the project. Synchrologic plans to increase the number and type of services it provides to accommodate an increased demand for these services.

Products

Synchrologic develops, markets and supports comprehensive mobile and wireless infrastructure software for enterprises, software vendors and service providers to enable mobile users to access business applications, corporate groupware applications, and files on mobile computing devices such as laptops, handheld organizers/computers, and mobile phones. Synchrologic Mobile Suite is one of the most comprehensive, integrated mobile infrastructure solution for enterprises. Customers can install all of these components for a complete solution, or they can license and install individual component solutions, maintaining the ability to add capabilities to their infrastructure at a later date. These component products are:

Synchrologic Email Accelerator;

Synchrologic Data Sync;

Synchrologic Systems Management; and

Synchrologic File Sync.

Synchrologic Email Accelerator is a corporate server sync solution to mobilize corporate email and PIM information. The product can be deployed behind the firewall or as a hosted solution and is recognized as a leader in this market by industry analysts such as Gartner Group and Meta Group. Synchrologic Email Accelerator features include:

support for Microsoft Exchange or Lotus Domino servers for mobile access (POP/IMAP too);

high quality synchronization (including meeting requests, Global Address List sync, etc.);

innovative push synchronization to mobile devices over Wide Area Wireless, Wi-Fi, dialup or broadband connections;

capacity to provide a behind the firewall solution, a hosted enterprise offering, or an individual user service-based offering;

provision of a single solution for Pocket PC, Palm, PC, SyncML, WAP, and Web access of this information; and

provision of a platform for context-based extension of information delivery to mobile workers.

Synchrologic Data Sync enables enterprises to share up-to-date corporate data for line-of-business applications with devices used by their mobile workforce, customers, and partners. Sales, field service, financial, order entry, inventory, work ticket, and other applications can be extended to mobile users. Synchrologic offers two types of data synchronization: basic data synchronization and advanced data synchronization. In cases where the mobile application has basic requirements such as typical data collection, inventory or inspection applications and is deployed to handheld computers running Windows Mobile (Pocket PC) or Palm OS®, Synchrologic offers RealSync Server. This product enables an application developer to accomplish offline access and to sync the application. In cases where the laptop-based application has complex requirements such as complex data models with deep hierarchies and many dependencies, change capture capabilities for when data is shared with non-mobile LAN-connected workers, data sharing and partitioning controlled by graphically-defined rules, Synchrologic offers Synchrologic Data Sync. This product can support advanced data synchronization requirements, scale to meet the demanding situations, and provides robust optimization, troubleshooting and administrative tools.

Table of Contents**Index to Financial Statements**

Synchrologic Systems Management helps corporate IT departments keep down the cost of supporting and maintaining mobile devices such as laptop PCs, Windows Mobile (Pocket PC) and Palm OS-based devices. Synchrologic Systems Management features include:

device hardware and software inventory tracking, presenting useful system administration reports and alerts;

extensible capabilities for the installation of software, configuration of devices, and enforcement of security settings on devices;

theft/loss protection feature that can, in the event of a lost or stolen device, erase sensitive corporate data from the handheld device; and

full device backup and restoration to protect against device failure or loss.

Synchrologic File Sync helps mobile workers be more productive with disconnected access to locally stored copies of files and web pages on their mobile devices. Synchrologic File Sync automatically updates forms, price lists, presentations, budgets and other corporate information on mobile devices such as PCs, Windows Mobile (Pocket PC) and Palm OS-based devices. Synchrologic File Sync features include:

automated services for tracking updates to files or web pages on corporate servers

management of delivery of files and/or web pages to users

optimization of the updating and delivery of file-based content through byte-level differencing and compression

optimization of mobile connection by compensating for occasional connections, low bandwidth, and frequent line drops.

The following table summarizes Synchrologic's product offerings:

Product Name	Description	Introduction Date
Synchrologic Mobile Suite	Includes data sync, file sync, systems management and email/PIM sync	October 1999
Synchrologic Email Accelerator	Provides push email & PIM to mobile devices	June 2002
Synchrologic Data Sync	Sync server for relational databases to laptops	April 1997
Synchrologic Systems Management	Device management and software distribution	October 1999
Synchrologic File Sync	Mobile distribution and collection of files	October 1999
Synchrologic RealSync Server	Sync server for handheld applications	August 1999

Technology

Synchrologic products are generally distinguished by their quality synchronization, administration capabilities and enterprise scalability. Built on a Windows 2000 server platform, the products have appropriate APIs for customer extensions. All server components share a common communications infrastructure (Mobile Gateway), a common Admin Console (MMC-based), and a common plug-in client interface on the mobile

Table of Contents

Index to Financial Statements

device. Synchrologic supports Pocket PC, Palm and PC mobile devices, and intends to add support for Symbian-based devices in the fourth quarter of 2003.

The following technologies are foundation elements, common to all Synchrologic Mobile Suite products.

Synchrologic Mobile Gateway is the shared communications and transport server in the Mobile Suite. With this common layer in place, Synchrologic services are wirelessly optimized and offer operational efficiencies not possible with separate transport protocols. Synchrologic Mobile Gateway features include:

authentication support for NTLM, LDAP, ActiveDirectory, Lotus Domino, or Synchrologic authentication. Support for SecurID two-factor authentication;

encryption built-in support for FIPS-validated AES, Triple DES or SSL encryption;

compression, message queuing, and checkpoint restart all information transferred is compressed, queued and intelligently restarted from last byte transferred in the event of a line drop;

bandwidth throttling, serialization, protocol optimization advanced techniques to manage and optimized the communications session are supported;

logging logging services are comprehensive and are integrated with the Mobile Suite server logging services; and

alerts Synchrologic servers utilize a common alerting mechanism to issue alerts to users and administrators mobile devices.

Synchrologic Admin Console is the single interface in which Synchrologic products display their administrative settings and controls. Admin Console features include:

familiar MMC-based console supports same plug-in architecture as other popular enterprise server products;

powerful profiles feature consistently supported feature that enables administrators to control the default and enforced settings on users devices; and

API extensibility supports APIs that enable other functional expansion of the Mobile Suite.

Synchrologic Client is the shared application that contains the single user interface on the mobile device for all Synchrologic Mobile Suite products. Synchrologic Client features include:

session initiation provides client management of network and SMS push capabilities; provides bandwidth-sensitive automatic interval sync mechanism; easy-to-use controls for user initiation of a sync session;

device functions based on the capabilities of specific devices, the Synchronologic Client provides battery monitoring, connection management, background operations, and end-user notification services;

network setup manages the user connection information, server addressing and proxy server settings;

logging provides common logging mechanisms; and

plug-in APIs supports APIs that enable other functional expansion of the Mobile Suite.

Sales and Marketing

Synchronologic targets sales efforts at the Global 2000 and other large enterprises that have a demand for wireless and mobile data solutions. Synchronologic markets its Mobile Suite through a direct sales force, OEM and reseller channels. Its sales force consists of ten professionals located in Georgia, Texas, Chicago, London, England and Milan, Italy. Synchronologic intends to increase this number significantly, particularly inside sales professionals focused on the Synchronologic Email Accelerator and Synchronologic Systems Management products.

Table of Contents

Index to Financial Statements

Synchrologic manages a content-rich web site to facilitate the sale and support of its products. Additionally, Synchrologic engages in electronic marketing through email, newsletter and white paper postings to drive awareness and sales leads. Over the past five years, Synchrologic has built a substantial database of users who have opted in to receive information about enterprise mobile computing. Synchrologic participates at a number of industry conferences and trade shows both independently and with strategic partners. It works with a number of strategic partners, including wireless operators, device manufacturers, or systems integrators. Synchrologic trains certain strategic partners' sales forces and participates with them in joint marketing programs. As of September 15, 2003, Synchrologic had 2 marketing professionals.

Research and Development

Synchrologic is committed to technical excellence and product innovation. Its development organization is staffed with experienced software developers and technical product managers. As of September 15, 2003, Synchrologic employed 37 full-time employees in research and development, quality assurance, product management, and product documentation. In developing new products or enhancements, Synchrologic works with current and prospective customers, as well as industry experts, to ensure that its products address current problems and emerging requirements. Synchrologic's product development is conducted in its Atlanta headquarters.

Professional Services Group and Customer Support

Synchrologic provides pre- and post-sales consulting as well as technical customer support. Generally, Synchrologic's pre-sales professionals assist customers in the product evaluation, installation, configuration, and deployment stages of working with Synchrologic's solutions. These services are often on a paid-engagement basis. Synchrologic's post-sales consulting professionals assist customers with business application and design, installation, configuration and integration with their backend data systems in mobile application data sync projects. These engagements are on a paid-engagement basis. Synchrologic also provides telephone, email and chat-based support to customers.

As of September 15, 2003, Synchrologic employed 17 pre- and post-sales consultants and 5 full-time technical support employees. Synchrologic expects to increase these resources in the future.

Competition

The market for Synchrologic's products and services is evolving rapidly and is highly competitive. Synchrologic believes that this market is likely to become more competitive as the demand for wireless and mobile data solutions continues to increase. Many of Synchrologic's current and potential competitors are larger and have substantially greater financial and technical resources than Synchrologic. In addition, it is possible that other vendors may develop and market solutions that compete with Synchrologic's products in the future. Synchrologic is subject to current and potential competition from:

mobile infrastructure companies Pumatech, Inc., Extended Systems, Inc., Sybase (iAnywhere), IBM, Microsoft, Aether Systems and Oracle;

Edgar Filing: PUMATECH INC - Form S-4

email and PIM synchronization companies Pumatech, Inc., Extended Systems, Inc., Research In Motion, Good Technologies, JP Mobile, Infowave, Seven and Visto;

mobile systems management companies Xcellenet, Inc., Mobile Automation and Altiris;

internal development of technology from enterprise customers; and

internal research and development departments of OEMs.

Table of Contents

Index to Financial Statements

Employees

As of September 15, 2003, Synchrologic had a total of 82 full-time employees. Of Synchrologic's full-time employees, 13 were in sales and marketing, 37 were in product development and quality assurance, 22 were in consulting and support, and 10 in finance, administration and IT services. In addition, Synchrologic employs 16 part-time co-ops as part of a program with a major university's computer science department. Synchrologic's future success will depend in part on its ability to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense. Synchrologic's employees are not represented by any collective bargaining unit, and Synchrologic has never experienced a work stoppage. Synchrologic believes relations with its employees are good.

Proprietary Technology and Intellectual Property

Synchrologic relies on a combination of copyright, trademark, patent, and trade secret laws, confidentiality agreements, and contractual provisions to protect its intellectual property. Synchrologic currently holds one patent, and it has a number of patent applications in process. However, Synchrologic believes that these laws and agreements afford the company only limited protection. Despite Synchrologic's efforts to protect its intellectual property, unauthorized parties may infringe upon Synchrologic's proprietary rights. In addition, the laws of some countries do not provide as much protection of Synchrologic's proprietary rights as do the laws of the United States. Synchrologic currently holds trademarks in the United States for the following names: Synchrologic, Email Accelerator, ReadySync, SyncXpress, and Mobile Outlook.

Properties

Synchrologic's principal administrative, sales, marketing, customer support and research and development facility is located at its headquarters in Alpharetta, Georgia. Synchrologic currently occupies approximately 22,000 square feet in this facility under an operating lease which expires in December 2004. Synchrologic believes that this facility should be adequate for its needs for at least the next twelve months. Synchrologic believes that suitable additional facilities will be available as needed on commercially reasonable terms should it need them. Synchrologic also has a sales office in Milan, Italy which it occupies under an operating lease on a month-to-month basis.

Legal Proceedings

From time to time, Synchrologic may be involved in litigation relating to claims arising out of its operations in the normal course of business. As of the date of this joint proxy statement/prospectus, Synchrologic is not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on Synchrologic's business, financial condition, operating results or cash flow.

Table of Contents

Index to Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF SYNCHROLOGIC

The following discussion and analysis of Synchrologic's financial condition and results of operations should be read in conjunction with, and are derived from, Synchrologic's consolidated financial statements and accompanying notes appearing on pages F-2 through F-34, as well as the other information included in this joint proxy statement/prospectus. In addition to historical information, this discussion and analysis includes forward-looking statements that are based on current expectations. Forward-looking statements involve risks, uncertainties and assumptions, which could cause actual results to differ materially from current expectations as set forth in the following discussion and analysis. See [Statements Regarding Forward-Looking Information](#) beginning on page 23.

The term "Synchrologic" is used to refer to the business of Synchrologic, Inc. and its subsidiaries.

Overview

Synchrologic develops, markets and supports comprehensive mobile and wireless infrastructure software for enterprises, software vendors and service providers to enable mobile users to access business applications, corporate groupware applications, and files on mobile computing devices such as laptops, handheld organizers/computers, and mobile phones. The Synchrologic software improves the productivity of business professionals who require access to current information, whether they are in or out of the office. In addition, the Synchrologic software helps corporate IT professionals keep support costs down and remotely manage mobile devices, install software, track hardware and software assets and perform backup, and restore operations on valuable data on these devices. The Synchrologic Mobile Suite (defined below) provides enterprises with a comprehensive infrastructure solution for taking advantage of and managing the rapid adoption of mobile and wireless devices.

Synchrologic currently markets four core software products that can be purchased together, as its [Mobile Suite](#), or in any combination. Synchrologic's products are as follows:

[Synchrologic Email Accelerator](#) provides a centrally managed, server-based mechanism for synchronizing email and PIM to mobile computing devices over wireless or wire line connections;

[Synchrologic Data Sync](#) synchronizes enterprise business application data, such as Customer Relationship Management and specialized industry applications, residing on enterprise servers to mobile computing devices;

[Synchrologic File Sync](#) updates electronic versions of a user's portfolio of documents, such as sales literature, policies and procedures and operational reports, on the user's mobile device. Working files can also be backed up from the mobile device to the server at the same time; and

[Synchrologic Systems Management](#) offers information technology staff remote management capabilities of mobile devices including software installation and upgrade capability, device configuration, backup and hardware and software asset inventory.

Synchrologic markets its software to business and governmental organizations, value added resellers and to software application vendors who integrate Synchrologic's software into their products for license to end users (OEM). Synchrologic operates its business in one industry segment: synchronization software and services.

Application of Critical Accounting Policies and Estimates

Synchrologic's Management's Discussion and Analysis of Financial Condition and Results of Operations discusses Synchrologic's consolidated financial statements appearing on pages F-2 through F-34, which have been prepared using accounting principles generally accepted in the United States of America. The preparation of these financial statements requires Synchrologic to make numerous estimates and assumptions that affect the

Table of Contents

Index to Financial Statements

reported amounts of assets and liabilities and the disclosure of contingent liabilities at the financial statement date and the reported amounts of revenues and expenses for the reporting periods. On an ongoing basis, Synchrologic evaluates its estimates and judgments, including those related to revenue recognition, valuation allowances and accrued liabilities. Synchrologic bases its estimates and assumptions on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates and assumptions.

Revenue Recognition. Synchrologic derives revenue from licensing the right to use its software (license revenue) and from consulting, maintenance and support services for Synchrologic's software products (services revenue).

Synchrologic's software is typically licensed to end users under a perpetual license for which it receives a one-time license fee. Synchrologic's OEM customers generally pay a royalty for the software they license from Synchrologic to integrate into their products. Synchrologic generally licenses its software on a per user or per device basis.

Services revenue consists of fees from professional services for training and consulting, as well as maintenance and support services. Fees for professional services for training and consulting are generally based upon agreed upon hourly rates and include reimbursement by customers for out of pocket costs incurred by Synchrologic in delivering such services. Synchrologic's consulting services are generally not essential to the functionality of its software, as Synchrologic's products are delivered fully functional and implementation generally does not require significant modification or alteration. Accordingly, revenue from consulting services is generally accounted for separately from license fee revenue and is recognized as the services are performed. Fees from maintenance and customer support are generally prepaid under twelve month arrangements with customers. Maintenance, which includes updates and upgrades of Synchrologic's software, and customer support fees are recognized as revenue ratably over the period of the service arrangement.

Synchrologic recognizes revenue in accordance with American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) No. 97-2, Software Revenue Recognition and SOP No. 98-9, Modifications of 97-2 with Respect to Certain Transactions, and associated interpretations. License fees are recognized as revenue when the license agreement is signed, the license fees are fixed and determinable, delivery of the software has occurred, and collectibility of fees is considered probable. Revenue is deferred when an arrangement calls for future delivery of products or services for which Synchrologic has not established vendor-specific objective evidence to allocate a portion of the fee to the undelivered element. In such cases, revenue is recognized when the undelivered elements or services are delivered or performed or vendor-specific objective evidence exists. When undelivered elements consist of development services for features or functionality that are essential to the operation of Synchrologic's software, associated fees are recognized using the percentage-of-completion method of accounting. Royalty revenue from OEM's is generally recognized when reported to Synchrologic by the OEM's and all applicable revenue recognition criteria have been met. Synchrologic often requires payment of a nonrefundable royalty fee in arrangements with OEM's. In such cases, revenue is recognized when the license agreement is signed, the license fees are fixed and determinable, delivery of the software has occurred, and collectibility of the fees is considered probable. Revenue from arrangements with OEM's which involve significant future obligations of Synchrologic are generally recognized as such obligations are fulfilled and associated fees are earned and payable.

When arrangements with customers involve a combination of software and service elements, the associated elements are unbundled and fees are allocated to individual elements based upon vendor specific objective evidence of fair value and recognized as revenue in accordance with the practices set forth above. Deferred revenue in Synchrologic's consolidated balance sheets represents payments received from customers or billings invoiced to customers in advance of revenue recognition.

Table of Contents

Index to Financial Statements

Allowance for Doubtful Accounts. Synchrologic maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Synchrologic records the provision for doubtful accounts in general and administrative expenses. The amount of its reserve is based on historical experience and analysis of specific accounts outstanding including the age of individual accounts receivable, customer creditworthiness, changes in customer payment trends and current economic trends. If any of these factors deteriorate, Synchrologic would be required to provide additional allowances, which would increase operating expenses.

Research and Development and Software Development Costs. Under Statement of Financial Accounting Standards (SFAS) No. 86, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed, capitalization of software development costs begins upon establishing technological feasibility of a product. Establishing technological feasibility, and the ongoing assessment of the recoverability of these costs, requires considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future gross product revenues, estimated economic life and changes in software and hardware technology. To date, research and development costs incurred subsequent to establishing technological feasibility of Synchrologic's software products have not been material and Synchrologic has expensed all research and development costs as incurred.

Stock-Based Compensation. Synchrologic applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations including Financial Accounting Standards Board (FASB) Interpretation No. 44, Accounting for Certain Transactions Involving Stock-Based Compensation an Interpretation of APB Opinion No. 25, issued in March 2000, to account for its fixed-plan stock options. Under this method, compensation expense is recorded on the date of grant only if the then current market price of the underlying stock exceeds the exercise price. SFAS No. 123, Accounting for Stock-Based Compensation, established accounting and disclosure requirements using a fair value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, Synchrologic has elected to continue applying the intrinsic value-based method of accounting described above and adopt the disclosure-only requirements of SFAS No. 123.

Income Taxes. Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. In assessing the realization of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Based upon the uncertainty surrounding the realization of potential benefits associated with the Company's operating loss carryforwards, management has recorded a valuation allowance to reduce the asset to zero.

Table of Contents**Index to Financial Statements****Comparison of Six Months Ended June 30, 2003 to Six Months Ended June 30, 2002*****Results of Operations***

	Six Months Ended June 30,			
	Percent		Percent	
	of		of	
	2003	Revenues	2002	Revenues
Revenues:				
Software license fees	\$ 2,540,024	44.2%	\$ 2,175,803	55.4%
Services fees	3,209,685	55.8	1,752,271	44.6
Total revenues	5,749,709	100.0	3,928,074	100.0
Costs of revenues:				
Software license fees	26,858	.5	26,851	.7
Services fees	1,014,583	17.6	1,639,758	41.7
Total cost of revenues	1,041,441	18.1	1,666,609	42.4
Gross profit	4,708,268	81.9	2,261,465	57.6
Operating expenses:				
Research and development	2,170,523	37.8	2,860,779	72.9
Sales and marketing	1,881,126	32.7	3,008,843	76.6
General and administrative	1,229,872	21.4	1,191,074	30.3
Total operating expenses	5,281,521	91.9	7,060,696	179.8
Loss from operations	(573,253)	(10.0)	(4,799,231)	(122.2)
Interest expense	(114,413)	(1.9)	(54,930)	(1.4)
Interest income	13,037	.2	34,969	.9
Net loss	\$ (674,629)	(11.7)%	\$ (4,819,192)	(122.7)%

Revenues. Total revenues increased 46.4% in the first half of 2003 as compared to the same period of 2002. Software license fees increased 16.7% when comparing these periods, principally due to increased sales of newer products including Synchrologic Email Accelerator (SEA) and Synchrologic Systems Management (SSM). SEA was first released for general availability in the market in mid year 2002, and made a positive contribution to revenues in 2003. In addition, Synchrologic was able to secure additional OEM purchases in the first six months of 2003 for both SEA and SSM. Sales of Synchrologic Data Sync (SDS) declined slightly when comparing the first six months of 2003 with the first six months of 2002 as continued weakness in the economy has lengthened sales cycles and large-scale deployments of that product.

Services fees, which include fees for consulting (principally fine tuning the operation of Synchrologic's software), training and maintenance and support, increased in 2003 by 83.2%. The majority of the increase was from higher consulting services fees. In late June 2002, Synchrologic entered into a one-year agreement with a customer to provide dedicated consultants to manage the operations of an installation of its SDS product at the customer's location. Based on the overall success of the arrangement, Synchrologic extended this agreement for an additional 18 months beginning in July 2003. Synchrologic's consulting revenues also increased from implementation assistance for other new and ongoing deployments of its SDS product during the first half of 2003. Also contributing to the increase in services fees in the first half of 2003, was revenue from maintenance and support services which grew as a result of increased license revenues.

Costs of Revenues. Costs of revenues from software license fees consist primarily of royalties paid to third parties for software and content Synchrologic licenses for inclusion in its products. These costs declined as a percent of revenue in the first half of 2003 as Synchrologic reduced the amount of certain third party software and content included in its software.

Table of Contents**Index to Financial Statements**

Costs of revenues services fees consists primarily of compensation and related costs associated with consulting, customer support and training services and associated overhead. These costs decreased in the first six months of 2003 to \$1,014,583, or 17.6% of revenue, from \$1,639,758, or 41.7% of revenues, in the first six months of 2002. This decrease is mainly due to a reduction in Synchrologic's consulting headcount and a 10% salary reduction program Synchrologic implemented in October 2002 for most of its employees. Synchrologic's utilization of consultants improved in the latter half of 2002 and first half of 2003 as a result of Synchrologic's ability to provide dedicated consultants to longer-term engagements in support of deployments of its SDS product. Synchrologic also reduced travel and other costs for consultants over this period by hiring locally-based staff for dedicated projects.

Gross Profit. Declines in costs of revenues, coupled with increases in corresponding software license and services fees revenues, in the first half of 2003, as compared with the first half of 2002, resulted in improvements in Synchrologic's gross profit margin in the first half of 2003. Accordingly, Synchrologic's gross profit increased to \$4,708,268 in the first half of 2003 from \$2,261,465 in the first half of 2002, and its gross profit margin improved to 81.9% of revenues in the first half of 2003 from 57.6% of revenues in the comparable period in 2002.

Research and Development. Research and development expenses consists mainly of compensation and related costs associated with the development of new products, the enhancement of existing products, quality assurance and testing. These costs decreased to \$2,170,523, or 37.8% of revenue, in the first six months of 2003 as compared with \$2,860,779, or 72.9% of revenue, in the first six months of 2002. These costs declined as Synchrologic lowered headcount in development and quality assurance functions in the latter half of 2002 and reduced the base salary for most research and development employees through the salary reduction plan described above. These actions were part of ongoing company-wide cost reduction initiatives taken in response to continuing unfavorable economic conditions. Synchrologic also decreased its utilization of independent contractors for software development in the first six months of 2003 which also contributed to cost declines in that period. These incremental development resources were utilized principally in connection with development of Synchrologic's SEA product and were no longer needed after release of this product to the market in mid year 2002.

Sales and Marketing. Sales and marketing expenses consist mainly of compensation and other personnel costs, including commissions, travel and the cost associated with marketing programs, including trade shows, seminars and promotions, as well as associated overhead. Sales and marketing costs decreased to \$1,881,126, or 32.7% of revenue, in the first six months of 2003 from \$3,008,843, or 76.6% of revenue, in the first six months of 2002. These costs declined in the first six months of 2003 in connection with the reorganization of Synchrologic's sales force and associated headcount reductions. The reorganization was designed to flatten the reporting structure and improve operational productivity of the sales organization. Synchrologic also reduced headcount in its marketing organization and decreased its spending on marketing programs during the latter part of 2002 and throughout the first half of 2003. In addition, Synchrologic reduced the base salary of most sales and marketing staff through the salary reduction plan implemented in October 2002.

General and Administrative. General and administrative expenses increased to \$1,229,872 in the first half of 2003 from \$1,191,074 in the same period in 2002, but decreased as a percent of revenues to 21.4% in the first half of 2003 from 30.3% in the same period in 2002. The increase in general and administrative costs results principally from legal fees of \$536,086 incurred in defense of a patent infringement lawsuit filed against Synchrologic by Pumatech in December 2002. Also, certain of Synchrologic's executive officers elected a voluntary pay reduction in June 2001 and were paid nominal salaries in exchange for the grant of stock options. The voluntary pay reduction program ended in June 2002 and associated salaries were reinstated which increased compensation expense for the six months ended June 30, 2003 as compared to the same period in 2002. The increase in general and administrative costs caused by these factors was offset in part by a reduction in administrative headcount, the implementation of the salary reduction plan for most executive and administrative staff in October 2002 and reductions in other general and administrative costs from ongoing cost reduction

Table of Contents**Index to Financial Statements**

activities. In addition, Synchrologic recorded an expense of \$299,500 in the period ended June 30, 2002 as a result of forgiving the interest on a stock subscription receivable due from one of Synchrologic's executive officers. Synchrologic recorded no similar expense in the six months ended June 30, 2003.

Interest Expense. Interest expense increased to \$114,413 in the period ended June 30, 2003 from \$54,930 in the period ended June 30, 2002. Synchrologic's interest expense results from borrowings under a credit facility entered into with a bank in April 2002. The credit facility provides for borrowings of up to \$4.25 million and is comprised of a \$1.75 million term loan with a 33 month maturity and \$2.5 million under a revolving loan with a 12 month maturity. Synchrologic borrowed the entire term loan amount of \$1.75 million at closing in April 2002 and \$817,000 under the revolving loan in the latter half of 2002. Interest expense increased in the first six months of 2003 as compared to the first six months of 2002 because these borrowings were outstanding for all six months in the 2003 period. Synchrologic renewed its revolving loan with the bank for an additional twelve month period in April 2003.

Interest Income. Interest income decreased in the period ended June 30, 2003 to \$13,037 from \$34,969 in the period ended June 30, 2002 due to lower average cash balances and decreasing interest rates during the first half of 2003 as compared with the same period in 2002.

Income Taxes. Synchrologic recorded no income tax provision or benefit in the six month periods ended June 30, 2003 and 2002. Although Synchrologic had operating loss carryforwards available to offset future taxable income at both June 30, 2003 and June 30, 2002, given the uncertainty surrounding utilization of these carryforwards, Synchrologic has maintained a valuation allowance against these potential future tax benefits which reduces the deferred income tax asset to zero.

Comparison of Year Ended December 31, 2002 to Year Ended December 31, 2001**Results of Operations**

	Years Ended December 31,			
	2002	Percent of Revenues	2001	Percent of Revenues
Revenues:				
Software license fees	\$ 5,516,856	55.1%	\$ 5,366,123	73.9%
Services fees	4,493,882	44.9	1,893,529	26.1
Total revenues	10,010,738	100.0	7,259,652	100.0
Costs of revenues:				
Software license fees	49,583	.5	51,366	.7

Edgar Filing: PUMATECH INC - Form S-4

Services fees	3,370,438	33.7	2,802,323	38.6
Total costs of revenues	3,420,021	34.2	2,853,689	39.3
Gross profit	6,590,717	65.8	4,405,963	60.7
Operating expenses:				
Research and development	5,448,085	54.4	6,427,854	88.6
Sales and marketing	5,070,326	50.7	7,115,106	98.0
General and administrative	2,213,376	22.1	1,709,015	23.5
Total operating expenses	12,731,787	127.2	15,251,975	210.1
Loss from operations	(6,141,070)	(61.4)	(10,846,012)	(149.4)
Interest expense	(179,454)	(1.8)	(637)	
Interest income	45,667	.5	458,489	6.3
Net loss	\$ (6,274,857)	(62.7)%	\$ (10,388,160)	(143.1)%

Table of Contents**Index to Financial Statements**

Revenues. Total revenues increased 37.9% to \$10,010,738 in the year ended December 31, 2002 from \$7,259,652 in the year ended December 31, 2001. Software license fees increased 2.8% to \$5,516,856 in the year ended December 31, 2002 as compared to \$5,366,123 in the year ended December 31, 2001. License revenues from Synchrologic's SDS, SFS and SSM products grew in fiscal year 2002 over fiscal year 2001. The launch of a new product, SEA, in mid-year 2002 also contributed to year over year revenue growth.

Services revenue increased 137.3% to \$4,493,882 in the year ended December 31, 2002 from \$1,893,529 in the year ended December 31, 2001. The majority of the increase was driven by consulting services provided in connection with deployments of Synchrologic's SDS product. In addition, in June 2002 Synchrologic entered into a one-year agreement with a customer to provide dedicated consultants to manage post-implementation operation of its SDS product at the customer's location.

Costs of Revenues. Costs of revenues from software license fees, which consists primarily of royalties, and cost of product media and packaging, decreased \$1,783 in the year ended December 31, 2002 as compared with the year ended December 31, 2001. These costs declined in fiscal year 2002 as Synchrologic reduced the amount of third party software and services included in its products.

Costs of services fees revenue increased in fiscal year 2002 to \$3,370,438 from \$2,802,323 in fiscal year 2001, but decreased as percent of revenue to 33.7% in fiscal year 2002 from 38.6% of revenue in fiscal year 2001. Total costs rose in fiscal year 2002 mainly due to increased headcount and higher commissions on increased consulting revenues. Synchrologic added consulting headcount in late 2001 to staff its European operations and to support increasing demand for its consulting services. However, costs of services fees revenue decreased as a percentage of revenue in fiscal year 2002 as compared with fiscal year 2001 as Synchrologic improved the utilization of its consultants in connection with deployments of its SDS product throughout 2002. A significant factor in improved consultant utilization in fiscal year 2002, and as mentioned in Revenues above, was Synchrologic's arrangement with a customer to provide dedicated consultants to manage day-to-day operation of its SDS software at the customer's facilities. Cost increases from higher commissions and hiring in 2002 were offset in part by the salary reduction plan implemented in October 2002.

Gross Profit. The better utilization of Synchrologic's consulting resources, coupled with increasing revenues, resulted in an increase in Synchrologic's gross profit to \$6,590,717, or a 65.8% gross profit margin, in 2002, as compared with gross profit of \$4,405,963, or a 60.7% gross profit margin, in 2001.

Research and Development. Research and development costs decreased to \$5,448,085, or 54.4% of revenue, in fiscal year 2002, as compared with \$6,427,854, or 88.6% of revenue, in fiscal year 2001. Synchrologic reduced headcount in its development, quality assurance and product management functions in the latter half of 2001 and throughout 2002 as it responded to continuing unfavorable economic conditions. Synchrologic also incurred significant costs in 2001 to initially localize some of its products for distribution in Europe. Localization costs were not significant in 2002. In addition, Synchrologic began to reduce its utilization of independent contractors for software development in the latter half of 2001. Synchrologic utilized incremental development resources throughout 2001 and during the first half of 2002 as it developed its new SEA product, which was released for general availability in mid-year 2002.

Sales and Marketing. Sales and marketing costs decreased to \$5,070,326, or 50.7% of revenue, in fiscal year 2002, from \$7,115,106, or 98.0% of revenue, in fiscal year 2001. Throughout the last half of 2001 and all of 2002, Synchrologic reduced its sales and marketing costs. Synchrologic reduced its spending on marketing programs, including trade shows, seminars and promotions, by approximately \$1.2 million in 2002 as compared with 2001. Synchrologic also eliminated certain marketing positions and centralized its worldwide marketing function in the United States. Additionally, in the last half of 2002, Synchrologic reorganized its sales organization by flattening the organization's reporting structure. This action involved eliminating certain positions in Synchrologic's sales organization. Synchrologic also reduced the base salary of

affected sales and marketing staff through the salary reduction plan implemented in October 2002.

Table of Contents

Index to Financial Statements

General and Administrative. General and administrative expenses increased to \$2,213,376 in the year ended December 31, 2002 from \$1,709,015 in the year ended December 31, 2001, but decreased as a percent of revenues to 22.1% in fiscal year 2002 from 23.5% in fiscal year 2001. The majority of the increase in total general and administrative expenses resulted from an expense of \$299,500 Synchrologic recorded in 2002 to reflect interest it forgave on a stock subscription receivable due from one of Synchrologic's executive officers. Synchrologic also increased its provision for uncollectible accounts in fiscal year 2002 in correlation with its increase in revenues and to provide for several specific credit risks. In addition, legal and accounting fees increased in fiscal year 2002 as compared with fiscal year 2001 mainly due to the initial organization and ongoing administrative costs of Synchrologic's European subsidiaries. These increases were offset in part by a reduction in Synchrologic's administrative headcount in fiscal year 2002, as the company eliminated certain positions from its European operations by centralizing these administration functions in the United States and the salary reduction plan implemented in October 2002.

Interest Expense. Interest expense increased to \$179,454 in fiscal year 2002 from \$637 in fiscal year 2001. Synchrologic incurred interest expense in 2002 for borrowings under a credit facility with a bank, which it entered into in April 2002. The credit facility provides for borrowings of up to \$4.25 million comprised of a term loan component of \$1.75 million and \$2.5 million under a revolving loan. Synchrologic borrowed the entire term loan amount of \$1.75 million at closing in April 2002. In addition, Synchrologic borrowed \$817,000 under the revolving loan component during the last half of 2002.

Interest Income. Interest income decreased in the year ended December 31, 2002 to \$45,667 from \$458,489 in the year ended December 31, 2001 due to lower average cash balances during fiscal year 2002 as compared with fiscal year 2001 and falling interest rates. The higher average cash balances in 2001 resulted from net proceeds received of approximately \$18.8 million upon completion of Synchrologic's Series D convertible preferred stock financing in August 2000.

Income Taxes. Synchrologic recorded no income tax provision or benefit for the years ended December 31, 2002 and 2001. Although Synchrologic has operating loss carryforwards available to offset future taxable income, given the uncertainty surrounding utilization of these potential future tax benefits, Synchrologic maintains a valuation allowance which reduces the associated deferred income tax asset to zero.

Table of Contents**Index to Financial Statements****Comparison of Year Ended December 31, 2001 to Year Ended December 31, 2000*****Results of Operations***

	Years Ended December 31,			
	2001	Percent of Revenues	2000	Percent of Revenues
Revenues:				
Software license fees	\$ 5,366,123	73.9%	\$ 3,936,823	73.4%
Services fees	1,893,529	26.1	1,423,536	26.6
Total revenues	7,259,652	100.0	5,360,359	100.0
Costs of revenues:				
Software license fees	51,366	.7	49,797	.9
Services fees	2,802,323	38.6	1,864,389	34.8
Total costs of revenues	2,853,689	39.3	1,914,186	35.7
Gross profit	4,405,963	60.7	3,446,173	64.3
Operating expenses:				
Research and development	6,427,854	88.6	4,680,920	87.3
Sales and marketing	7,115,106	98.0	5,016,647	93.6
General and administrative	1,709,015	23.5	1,474,556	27.5
Total operating expenses	15,251,975	210.1	11,172,123	208.4
Loss from operations	(10,846,012)	(149.4)	(7,725,950)	(144.1)
Interest expense	(637)	0.0	(245,131)	(4.6)
Interest income	458,489	6.3	466,451	8.7
Net loss	\$ (10,388,160)	(143.1)%	\$ (7,504,630)	(140.0)%

Revenues. Total revenues increased to \$7,259,652 in the year ended December 31, 2001 from \$5,360,359 in the year ended December 31, 2000 for a 35.4% year over year increase. Software license fees grew to \$5,366,123 in fiscal year 2001 from \$3,936,823 in fiscal year 2000, or a 36.3% year over year increase. In 2001, Synchrologic began to derive revenue from an expanded product offering consisting of both new and enhanced products. In 1999, Synchrologic began an initiative to complement its legacy data synchronization product with other internally developed products designed to address the comprehensive set of issues faced by an enterprise when embracing mobile computing. This initiative involved significant enhancements to existing products and culminated in the suite of products Synchrologic first began marketing in late 1999 as the Synchrologic iMobile Suite, including iMobile File Distribution (predecessor to Synchrologic File Sync), iMobile Software

Edgar Filing: PUMATECH INC - Form S-4

Distribution (predecessor to Synchrologic Systems Management) and iMobile Data Sync (predecessor to Synchrologic Data Sync). In addition, in late 2000 Synchrologic launched its first server-based email and PIM synchronization product, RealSync Server. Revenues from each of the company's products increased in 2001 as market penetration improved. Prior to 2001, the majority of Synchrologic's license revenue was derived from the sale of its iMobile Data Synchronization product.

Revenue from services fees rose to \$1,893,529 in fiscal year 2001 from \$1,423,536 in fiscal year 2000, an increase of 33.0%. Revenue from maintenance and support and consulting services grew in 2001. The increase in maintenance and support services revenue correlated with growth in software license fee revenue. Most of Synchrologic's customers elect to purchase maintenance and support services on an annual basis and the majority of its customers elect to renew these arrangements annually. Growth in Synchrologic's consulting revenues in 2001 was attributable to implementation services associated with the iMobile Data Sync product which experienced considerable growth in fiscal year 2001.

Table of Contents**Index to Financial Statements**

Costs of Revenues. Costs of revenues from software license fees increased to \$51,366 in the year ended December 31, 2001 from \$49,797 in the year ended December 31, 2000. This increase was less than the growth in Synchronologic's software license fee revenue, as the mix of Synchronologic's license revenues shifted to products requiring less third party software.

Costs of services fees revenue increased in fiscal year 2001 to \$2,802,323, or 38.6% of revenue, from \$1,864,389, or 34.8% of revenue, in fiscal year 2000. The increase was mainly due to additional consulting headcount and associated personnel costs. Synchronologic added consultants in late 2000 and throughout 2001 largely to staff its newly established European operations. It also hired a manager to lead its customer support organization in 2000.

Gross Profit. Synchronologic's total cost of revenues increased as a percentage of revenue in fiscal year 2001 to 39.3% as compared with 35.7% in fiscal year 2000. This increase resulted principally from lower company-wide utilization of consultants as Synchronologic's newly hired European consultants were not as fully-utilized as the United States consultants for most of 2001. Accordingly, although gross profit increased to \$4,405,963 in fiscal year 2001 from \$3,446,173 in fiscal year 2000 due to higher revenue from license fees, the gross profit margin declined to 60.7% in fiscal year 2001 from 64.3% in fiscal year 2000 largely due to the underutilization of consultants described above.

Research and Development. Research and development costs increased to \$6,427,854, or 88.6% of revenue, in fiscal year 2001, as compared with \$4,680,920, or 87.3% of revenue, in fiscal year 2000. The increase in research and development costs results from Synchronologic's strategy to broaden its product offerings with internally developed technology and products. Compensation and related personnel costs in these areas were higher in fiscal year 2001 as compared with fiscal year 2000, as the company increased the headcount of its development and quality assurance staff throughout the latter part of 2000 and first half of 2001. Synchronologic also incurred significant costs in 2001 to initially localize some of its products for distribution in Europe.

Sales and Marketing. Sales and marketing costs increased to 7,115,106, or 98.0% of revenue, in fiscal year 2001, from \$5,016,647, or 93.6% of revenue, in fiscal year 2000. Synchronologic increased headcount in both its marketing and sales organizations in 2001, the most significant of which was the staffing of sales representatives in Synchronologic's newly established European offices. In addition, Synchronologic hired additional sales headcount domestically to increase its focus on OEM and reseller channels. Synchronologic also increased spending in 2001 on marketing programs as part of efforts to increase the awareness of its products.

General and Administrative. General and administrative expenses increased to \$1,709,015 in the year ended December 31, 2001 from \$1,474,556 in the year ended December 31, 2000, but decreased as a percent of revenues to 23.5% in fiscal year 2001 from 27.5% in fiscal year 2000. The increase in general and administrative costs in fiscal year 2001 resulted mainly from the full year effect of hiring activity which occurred in late 2000. Synchronologic also experienced increases in legal and accounting fees in 2001 primarily due to the initial organization and ongoing administration of the company's European subsidiaries in Germany and Italy, both of which were legally established in 2001. These increases were offset in part by voluntary salary reductions begun in June 2001 by certain members of executive management. The participants voluntarily took salary reductions for a one-year period and received stock options in the company granted with exercise prices determined based upon market rates and a vesting period correlating with the salary reduction period.

Interest Expense. Interest expense was \$637 in fiscal year 2001 as compared with \$245,131 in fiscal year 2000. Interest expense in fiscal year 2000 resulted from \$2.0 million of convertible subordinated notes issued by the company to two shareholders as a bridge loan in connection with the Series D convertible preferred stock financing which closed in August 2000. The notes were subsequently converted into Series D convertible preferred stock by the note holders. Synchronologic also recognized interest expense of \$204,141 in fiscal year 2000 to reflect the fair value associated with the issuance of warrants to purchase 45,112 shares of Synchronologic's common stock to the holders of the convertible

subordinated notes as part of the bridge loan.

Table of Contents**Index to Financial Statements**

Interest Income. Interest income decreased in fiscal year 2001 to \$458,489 from \$466,451 in fiscal year 2000 due to lower average cash balances during fiscal year 2001 as compared with fiscal year 2000 and falling interest rates. The higher average cash balances in fiscal year 2000 resulted from the net proceeds the company received of approximately \$18.8 million upon completion of its Series D convertible preferred stock financing in August 2000.

Income Taxes. Synchrologic recorded no income tax provision or benefit for the years ended December 31, 2001 and 2000. Although Synchrologic has operating loss carryforwards available to offset future taxable income, given the uncertainty surrounding utilization of these potential future tax benefits, Synchrologic maintains a valuation allowance which reduces the associated deferred income tax asset to zero.

Liquidity and Capital Resources

Since its inception, Synchrologic has financed its operations primarily from the private sale of common and mandatorily redeemable securities. Through June 30, 2003, Synchrologic has raised approximately \$34 million from the sale of its Series A, B, C and D convertible preferred stock and common stock. Synchrologic's last round of equity financing, Series D convertible preferred stock, was completed in August 2000 with net proceeds of approximately \$18.8 million. Synchrologic's principal sources of liquidity as of June 30, 2003 were cash and cash equivalents of \$2,631,733 and a bank credit facility.

Synchrologic's bank credit facility provides borrowings of up to \$4.25 million consisting of a \$1.75 million term loan and a \$2.5 million revolving loan. Borrowings under the revolving loan are generally limited to 80% of accounts receivable less than 90 days aged from invoice date and are subject to certain concentration limits. At June 30, 2003, borrowings of \$817,000 were outstanding under the revolving loan and Synchrologic had additional borrowing capacity of approximately \$626,000.

Borrowings under the term note bear interest at a fixed rate of 8% per annum with principal and interest payable monthly through the maturity date of January 5, 2005. Interest on borrowings under the revolving loan is payable monthly at a variable rate of interest based on the lender's prime rate plus 75 basis points. Synchrologic's interest rate under the revolving loan was 5.00% at June 30, 2003. Substantially all of Synchrologic's assets secure borrowings under the bank credit facility. Additionally, the company must comply with certain financial and other covenants. As of June 30, 2003, Synchrologic was in compliance with all such covenants. The revolving loan matures on April 1, 2004.

The following table describes Synchrologic's future commitments to settle non-cancellable contractual obligations in cash for the six months ended December 31, 2003 and the years ended December 31, 2004 and 2005 as of June 30, 2003:

	2003	2004	2005	Total
Operating leases	\$ 233,950	\$ 481,850	\$	\$ 715,800
Term loan	425,603	903,840	78,624	1,408,067
Revolving loan		817,000		817,000
Totals	\$ 659,553	\$ 2,202,690	\$ 78,624	\$ 2,940,867

Synchrologic's articles of incorporation confer various preferential rights to the holders of the company's Series A, B, C and D convertible preferred stock. In particular, at any time after August 25, 2005 a majority of the holders of the company's Series D convertible preferred stock can call for redemption of all of the then outstanding shares of the company's preferred stock in the amount of the original purchase price paid for such shares plus all declared but unpaid dividends. As of June 30, 2003, the aggregate redemption value of Synchrologic's preferred stock was \$31,720,000.

Synchrologic has generated historical operating losses and incurred net losses of \$674,629 for the six months ended June 30, 2003 and \$6,274,857 for the year ended December 31, 2002. Despite historical operating

Table of Contents**Index to Financial Statements**

losses, Synchrologic believes that its existing cash balances, together with its bank credit facility and expected cash generated from operating activities, will be sufficient to fund its anticipated operating cash, capital expenditure and debt service requirements for the next twelve months. Synchrologic's belief is based upon improving operating results achieved during the latter part of 2002 and first half of 2003. It is also based upon certain estimates and assumptions about the company's future operations that depend upon the achievement of certain revenue and expense levels and maintaining continued compliance with restrictive covenants under its bank credit facility. If these operating assumptions are not achieved, Synchrologic will be required to obtain additional cash to fund its operations within the next twelve months. This will require Synchrologic to sell additional equity securities or seek additional debt financing and may require the company to modify or replace its current bank credit facility and restructure existing agreements with the holders of its outstanding shares of preferred stock. There can be no guarantee that Synchrologic will be successful in securing additional cash on favorable terms or at all.

Quantitative and Qualitative Disclosure Regarding Market Risk

Synchrologic's primary exposure to market risk for changes in interest rates relates primarily to the amount of interest expense it pays for borrowings under its revolving loan. Such borrowings bear interest at a rate based upon the lender's prime rate, which is variable. At June 30, 2003, Synchrologic had borrowings outstanding under the revolving loan in the amount of \$817,000 at an interest rate of 5%. A 10% increase in interest rates would increase Synchrologic's annual interest expense by approximately \$4,085 based upon the amount of borrowings outstanding under the revolving loan at June 30, 2003.

Synchrologic conducts business on a global basis in international currencies and it is exposed to beneficial and adverse changes in foreign currency exchange rates. Through June 30, 2003, Synchrologic has used no foreign currency exchange contracts to minimize this risk. The Company's cross-border revenue transactions have not been significant to date and therefore the Company's exposure to changes in foreign currency exchange rates has not been significant.

Recent Accounting Pronouncements

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which addresses financial accounting and reporting for restructuring and similar costs. SFAS No. 146 supersedes previous accounting guidance, principally Emerging Issues Task Force (EITF) Issue No. 94-3. SFAS No. 146 is effective for restructuring activities initiated after December 31, 2002. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF Issue No. 94-3, a liability for an exit cost was recognized at the date of the commitment to an exit plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. The Company adopted the provisions of SFAS No. 146 effective January 1, 2003. The adoption of this standard did not have any impact on the Company's consolidated financial statements.

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45 (FIN No. 45), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN No. 45 requires that a guarantor recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee or indemnification. FIN No. 45 also requires additional disclosure by a guarantor in its interim and annual financial statements about its obligations under certain guarantees and indemnifications. The initial recognition and measurement provisions of FIN No. 45 are applicable for guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN No. 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. Synchrologic adopted the recognition and measurement provisions of FIN No. 45 prospectively and the adoption did not have an impact on Synchrologic's consolidated financial statements.

Edgar Filing: PUMATECH INC - Form S-4

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on Issue No. 00-21, Revenue Arrangements with Multiple Deliverables. EITF Issue No. 00-21 provides guidance on how to

Table of Contents

Index to Financial Statements

account for arrangements that involve the delivery or performance of multiple products, services and/or rights to use assets. The provisions of EITF Issue No. 00-21 will apply to revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Synchrologic does not expect the adoption of EITF Issue No. 00-21 to have a material impact on its financial position or results of operations.

In December 2002, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 148 Accounting for Stock-Based Compensation Transition and Disclosure. SFAS No. 148 amended SFAS No. 123, Accounting for Stock-Based Compensation, to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. It also requires additional disclosures about the effects on reported net income of an entity s accounting policy with respect to stock-based employee compensation. Synchrologic has elected to adopt the transition and disclosure requirements of SFAS No. 148 which are effective for fiscal years ending after December 15, 2002 and has elected to continue to account for employee stock options under Accounting Principles Board (APB) Opinion No. 25. The interim disclosure requirements are effective for interim periods commencing after December 15, 2002.

In January 2003, the FASB issued Interpretation No. 46 (FIN No. 46), Consolidation of Variable Interest Entities, and Interpretation of ARB No. 51. FIN No. 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN No. 46 is effective immediately for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN No. 46 must be applied for the first interim or annual period beginning after June 15, 2003. Synchrologic does not expect adoption of FIN No. 46 to have any impact on its financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 requires that certain financial instruments that are settled in cash, including certain types of mandatorily redeemable securities, be classified as liabilities rather than as equity or temporary equity. SFAS No. 150 becomes effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period after June 15, 2003 except for private companies like Synchrologic in which the effective date is January 1, 2004. Synchrologic has not determined the impact of SFAS No. 150 on its 2004 consolidated financial statements.

Table of ContentsIndex to Financial Statements

SYNCHROLOGIC S MANAGEMENT

Synchrologic s executive officers and key employees, and their respective ages, as of October 21, 2003 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Said Mohammadioun	56	Chief Executive Officer and Chairman of the Board
John Dancu	44	President and Chief Operating Officer
Douglas Hadaway	41	Chief Financial Officer
Kenneth Barwick	55	Senior Vice President of Sales
William Jones	39	Vice President of Product Management
Kyle Truax	41	Vice President of Professional Services and Customer Support

Said Mohammadioun. Mr. Mohammadioun joined Synchrologic in October 1996 as Synchrologic s Chief Executive Officer. He has also been Chairman of Synchrologic s Board of Directors since October 1995. From 1990 to 1995, he was a vice-president at Lotus Development Corporation, responsible for several product divisions, including word processing, graphics, and advanced spreadsheets. From 1983 to 1990, he was the Chief Executive Officer of Samna Corporation, a word-processing software company founded by Mr. Mohammadioun in 1983. Samna was sold to Lotus Development Corporation in 1990.

John Dancu. Mr. Dancu joined Synchrologic in May 2000 as its President and Chief Operating Officer. He is also a member of Synchrologic s Board of Directors. Prior to joining Synchrologic, Mr. Dancu was President and Chief Operating Officer of Netzip, Inc, a provider of download management software for the Internet from August 1999 to (March) 2000. Netzip was acquired by RealNetworks, Inc. in January 2000. From 1995 through 1999, Mr. Dancu was Chief Operating Officer and Chief Financial Officer of K&G Men s Center, a national men s apparel retail company.

Douglas Hadaway. Mr. Hadaway joined Synchrologic as its Chief Financial Officer in July 2000. Previously, he served as Chief Financial Officer for Link2Gov, Corp., an Internet enabler for government technology solutions from March 2000 to July 2000, and, prior to such time, Mr. Hadaway served as Chief Financial Officer of Netzip, Inc., a leading developer of Internet utility software, which was acquired by RealNetworks, Inc., from September 1999 to March 2000. From 1996 to 1999, Mr. Hadaway served in finance and strategy roles for Premiere Technologies, Inc., a provider of enhanced telecommunication services.

Kenneth Barwick. Mr. Barwick joined Synchrologic in May 2003 as Senior Vice President of Sales. From September 1998 to September 2000 and from March 2002 to May 2003, he was a partner of Greyhare Partners, an Atlanta based management consulting firm focused on management consulting services and interim operational leadership. From September 2000 to March 2002, he was the president and Chief Executive Officer of RedCelsius, Inc., a customer relationship management software company. From January 1997 to August 1998, he was a Senior Vice President at Firstwave Technologies, Inc., a publicly traded provider of customer relationship software.

William Jones. Mr. Jones joined Synchrologic as Vice President of Products and Marketing in February 1997. He most recently serves as Vice President of Product Management. From 1994 to 1997, Mr. Jones was the Senior Director of Product Management and Design for Lotus Development Corporation, a business software provider and a division of IBM since 1995.

Kyle Truax. Mr. Truax joined Synchronologic as the Vice President of Professional Services and Customer Support in August 1998. From December 1990 to August 1998, Mr. Truax was a Regional Director of Systems Engineering at Informix Software, Inc., a database and information management solutions provider.

Table of Contents**Index to Financial Statements****SECURITY OWNERSHIP OF PRINCIPAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT OF SYNCHROLOGIC**

The following table provides information regarding the beneficial ownership of Synchrologic's capital stock as of October 21, 2003 by:

each person known by Synchrologic to be the beneficial owner of more than 5% of any class of Synchrologic capital stock;

each director of Synchrologic;

Synchrologic's chief executive officer and its two other executive officers; and

all current executive officers and directors of Synchrologic as a group.

The percentage of beneficial ownership for the following table is based on 4,973,397 shares of common stock, 797,872 shares of Series A convertible preferred stock, 2,058,333 shares of Series B convertible preferred stock, 2,793,296 shares of Series C convertible preferred stock and 3,308,271 shares of Series D convertible preferred stock outstanding as of October 21, 2003. Beneficial ownership is determined according to the rules of the Securities and Exchange Commission. Except as indicated in the footnotes and subject to community property laws, where applicable, the persons named below have sole voting and investment power with respect to all shares beneficially owned by them. Shares of Synchrologic common stock that are subject to options or warrants that may be exercised within 60 days after October 21, 2003 are deemed outstanding for the purposes of computing the percentage ownership of the person holding these options.

Unless otherwise noted below, the address of each person listed in the table is c/o Synchrologic Inc., 200 North Point Center East, Suite 600, Alpharetta, Georgia 30022.

Shares Beneficially Owned

Name of Beneficial Owner	Shares Beneficially Owned									
	Common Stock		Series A Preferred Stock		Series B Preferred Stock		Series C Preferred Stock		Series D Preferred Stock	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Said Mohammadioun (1)	3,198,333	64.1%	53,191	6.7%	183,333	8.9%	57,661	2.1%		*
John Dancu (2)	1,012,801	18.9%		*		*		*		*
Douglas Hadaway (3)	157,500	3.1%		*		*		*	7,519	*
Charles Johnson (4)	30,789	*	106,383	13.3%	750,000	36.4%	214,869	7.7%	107,420	3.2%
Patrick Kerins (5)	29,323	*		*		*	1,933,820	69.2%	485,209	14.7%
William Lyman (6)		*	531,915	66.7%	833,333	40.5%	214,869	7.7%	150,376	4.5%
Tasha Seitz (7)		*		*		*		*	1,203,007	36.4%
Financial Technology Ventures (Q), L.P. (8)		*		*		*		*	751,880	22.7%

Edgar Filing: PUMATECH INC - Form S-4

All executive officers and directors as a group (7 persons) (9)	4,428,746	80.8%	691,489	86.7%	1,766,666	85.8%	2,421,219	86.7%	1,953,531	59.1%
---	-----------	-------	---------	-------	-----------	-------	-----------	-------	-----------	-------

* Less than 1.0%.

- (1) Includes 100,000 shares of common stock held in an irrevocable trust for the benefit of certain members of Mr. Mohammadioun's family, as to which Mr. Mohammadioun disclaims beneficial ownership. Also includes 12,500 shares of common stock issuable upon the exercise of vested options.
- (2) Includes 375,001 shares of common stock issuable upon the exercise of vested options.
- (3) Includes 57,500 shares of common stock issuable upon the exercise of vested options.
- (4) Includes 15,000 shares of common stock issuable upon the exercise of vested options. Also includes 15,789 shares of common stock issuable upon the exercise of a vested warrant held by Noro-Moseley Partners III, L.P., and 106,383 shares of Series A convertible preferred stock, 750,000 shares of Series B convertible preferred stock, 214,869 shares of Series C convertible preferred stock and 107,420 shares of

Table of Contents**Index to Financial Statements**

- Series D convertible preferred stock held by Noro-Moseley Partners III, L.P. Mr. Johnson is a principal of the general partner of Noro-Moseley Partners III, L.P. The address for Noro-Moseley Partners III, L.P. is 9 North Parkway Square, 4200 Northside Parkway, N.W., Atlanta, Georgia 30327.
- (5) Includes 29,323 shares of common stock issuable upon the exercise of a vested warrant held by Grotech Partners V, L.P. Also includes 966,910 shares of Series C convertible preferred stock held by Grotech Partners IV, L.P. Also includes 966,910 shares of Series C convertible preferred stock and 485,209 shares of Series D convertible preferred stock held by Grotech Partners V, L.P. Mr. Kerins is a principal of each of the general partners of Grotech Partners IV, L.P. and Grotech Partners V, L.P. The address for Grotech Partners IV, L.P. and Grotech Partners V, L.P. is 9690 Deereco Road, Suite 800, Timonium, Maryland 21093.
- (6) Includes 415,771 shares of Series A convertible preferred stock, 632,721 shares of Series B convertible preferred stock and 158,811 shares of Series C convertible preferred stock held by Alliance Technology Ventures, L.P.; 83,939 shares of Series A convertible preferred stock, 149,900 shares of Series B convertible preferred stock and 44,027 shares of Series C convertible preferred stock held by ATV/GP Parallel Fund, LP; and 32,205 shares of Series A convertible preferred stock, 50,712 shares of series B convertible preferred stock and 12,031 shares of Series C convertible preferred stock held by ATV/MFJ Parallel Fund, LP. Also includes 147,368 shares of Series D convertible preferred stock held by Alliance Technology Ventures II, L.P. and 3,008 shares of Series D convertible preferred stock held by ATV-II Affiliates Fund, L.P. Mr. Lyman is a principal of the management company associated with each of the general partners of Alliance Technology Ventures, L.P., ATV/GP Parallel Fund, L.P., ATV/MFJ Parallel Fund, LP, Alliance Technology Ventures II, L.P. and ATV-II Affiliates Fund, L.P. The address for each such fund is 8995 Westside Parkway, Suite 200, Alpharetta, Georgia 30004.
- (7) Includes 60,150 shares of Series D convertible preferred stock held by JK&B Capital III QIP, LP, 12,030 shares of Series D convertible preferred stock held by JK&B Capital III, Civil Law Partnership and 1,130,827 shares of Series D convertible preferred stock held by JK&B Capital III, LP. Ms. Seitz is a principal of each of the general partners of JK&B Capital III QIP, LP, JK&B Capital III Civil Law Partnership and JK&B Capital III, LP. The address for each such fund is 180 N. Stetson Ave., Suite 4500, Chicago, Illinois 60601. Ms. Seitz, a principal of JK&B Capital, LLC, the general partner of JK&B Capital III, LP, JK&B Capital III QIP, LP, and JK&B Capital III, Civil Law Partnership, disclaims beneficial ownership of such shares except to the extent of her pecuniary interest therein.
- (8) Includes 26,842 shares of Series D convertible preferred stock held by Financial Technology Ventures, L.P., an affiliated fund. The address for Financial Technology Ventures (Q), L.P. and Financial Technology Ventures, L.P. is 601 California Street, Suite 2200, San Francisco, California 94108.
- (9) Includes 100,000 shares of common stock held in an irrevocable trust for the benefit of certain members of Mr. Mohammadioun's family, as to which Mr. Mohammadioun disclaims beneficial ownership. Also includes a total of 445,001 and 45,112 shares of common stock issuable upon the exercise of vested options and warrants, respectively.

Table of Contents

Index to Financial Statements

ADDITIONAL MATTERS BEING SUBMITTED TO A VOTE OF PUMATECH STOCKHOLDERS

ONLY

Proposal No. 1 Issuance of Shares in the Merger

Please refer to the section entitled "The Merger."

Proposal No. 2 Approval of Amendment to Certificate of Incorporation to Increase the Number of Authorized Shares of Common Stock

To provide Pumatech with sufficient shares of common stock to pursue the merger described above in Proposal No. 1, to permit the issuance of shares of common stock in any similar future transactions and to permit the possible issuance of additional shares of common stock upon exercise of the stock purchase rights described in the Pumatech Annual Report on Form 10-K for the fiscal year ended July 31, 2003, the Pumatech board of directors adopted a resolution, subject to stockholder approval, to amend Pumatech's certificate of incorporation to increase the number of authorized shares of Pumatech common stock from 80,000,000 shares to 160,000,000 shares. Except for the merger described in Proposal No. 1, and the possible issuance of shares of common stock upon exercise of the stock purchase rights, Pumatech has no current plans, arrangements, agreements or understandings for the issuance or use of the additional shares of common stock proposed to be authorized, although Pumatech is actively exploring additional acquisitions as part of its business strategy, which may include terms obligating us to issue additional shares of common stock as compensation, and Pumatech may also consider issuing shares of common stock in a future capital raising transaction should market conditions be favorable.

If this proposal is approved by the Pumatech stockholders, then the additional common stock will become part of the existing class of common stock, and the additional shares, when issued, will have the same rights and privileges as the shares of common stock that Pumatech stockholders currently own.

The increase in the authorized common stock will not have any immediate effect on the rights of existing stockholders. The authorized shares of common stock in excess of those issued and outstanding or reserved for issuance under Pumatech's equity compensation plans will be available for issuance at such times and for such corporate purposes as Pumatech's board of directors may deem advisable without additional approval of the Pumatech stockholders, except as required by applicable law or the rules of The Nasdaq National Market. Upon issuance, such shares will have the same rights, preferences and privileges as the shares of common stock currently issued and outstanding. Holders of common stock have no preemptive rights.

Future issuances of Pumatech common stock could have the effect of diluting the voting rights of Pumatech's existing stockholders and could have the effect of diluting earnings per share and book value per share of Pumatech's existing stockholders. In addition, although Pumatech has no present intention to issue shares of common stock in the future in order to make acquisition of control of Pumatech more difficult, future issuances of common stock, with the exception of stock splits effected as dividends, could have that effect. For example, the acquisition of shares of Pumatech common stock by an entity in order to acquire control of Pumatech might be discouraged through the public or private issuance of additional shares of common stock, since such issuance would dilute the stock ownership of the acquiring entity. Common stock could also be issued to existing stockholders as a result of the exercise of stock purchase rights, as a dividend or privately placed with purchasers

Edgar Filing: PUMATECH INC - Form S-4

that might side with Pumatech's board of directors in opposing a takeover bid, thus discouraging such bid, even if such bid provides for a premium to the then current market price for shares of Pumatech common stock and even if such bid is favored by a majority of Pumatech's independent stockholders. The Pumatech board of directors did not propose this amendment specifically for the purpose of discouraging mergers, tender offers, proxy contests, or other changes in control, although the possible issuance of common stock upon exercise of stock purchase rights may have the effect of discouraging such potential changes of control of Pumatech.

The form of certificate of amendment to Pumatech's certificate of incorporation is provided in *Annex I* to this joint proxy statement/prospectus.

Table of Contents**Index to Financial Statements**

If this proposal is approved by the Pumatech stockholders, the additional shares of common stock will become authorized and issuable upon the filing of a certificate of amendment as required by Delaware law, which Pumatech intends to file and record as promptly as practicable after the annual meeting. The board of directors may abandon or delay the amendment at any time before or after the annual meeting and prior to the effective date of the amendment if for any reason it deems it advisable to do so.

Vote Required and Board of Directors Recommendation

The affirmative vote of the holders of a majority of the outstanding shares of Pumatech common stock is required to approve the proposed amendment to Pumatech's certificate of incorporation. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not be counted as having been voted on the proposal, and therefore will have the same effect as a no vote. If there are not sufficient votes to approve the proposal at the time of the annual meeting, the annual meeting may be adjourned in order to permit further solicitation of proxies by the board of directors. However, no proxy voted against the proposal will be voted in favor of an adjournment or postponement of the annual meeting to solicit additional votes in favor of the proposals.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE AMENDMENT TO PUMATECH'S CERTIFICATE OF INCORPORATION DESCRIBED ABOVE.**Proposal No. 3 Election of Directors**

Four directors are to be elected at the annual meeting. If elected, the nominees will serve as directors until Pumatech's annual meeting of stockholders in 2004 and until their successors are elected and qualified. The board of directors has the authority pursuant to Pumatech's bylaws to increase or decrease the size of the board of directors or fill any vacancies which may exist between annual meetings as qualified candidates are identified and agree to serve.

Management's nominees for election to the Pumatech board of directors, and certain information with respect to their age and background, are set forth below. Management knows of no reason why any nominee should be unable or unwilling to serve. However, if any nominee(s) should for any reason be unable or unwilling to serve, the proxies will be voted for such substitute nominees as management may designate.

If a quorum is present and voting, the nominees for directors receiving the highest number of votes will be elected as directors. Abstentions and shares held by brokers that are present, but not voted because the brokers were prohibited from exercising discretionary authority, i.e. broker non-votes, will be counted as present for purposes of determining if a quorum is present.

<u>Name</u>	<u>Position with Pumatech</u>	<u>Age</u>	<u>Director Since</u>
Woodson Hobbs (1)	President, Chief Executive Officer and Director	56	2002
Michael M. Clair (2)(3)		55	1994

Edgar Filing: PUMATECH INC - Form S-4

Michael J. Praisner (2)(3)	Chairman of the Board, Chairman of Compensation Committee, Director	57	2001
Kirsten Berg-Painter (2)(3)	Chairman of Audit Committee, Director	43	2001
	Director		

-
- (1) Member of stock option committee
 - (2) Member of audit committee
 - (3) Member of compensation committee

Table of Contents**Index to Financial Statements**

Mr. Hobbs became the president and chief executive officer of Pumatech in June 2002. He has also served as a director of Pumatech since joining the company. Prior to joining Pumatech, Mr. Hobbs served as a consulting executive for the venture capital community, and as a strategic systems consultant to large corporations. From 1995 to 2002, Mr. Hobbs held the position of interim chief executive officer at the following companies: FaceTime Communications, a provider of instant messaging network-independent business solutions; Tradenable, Inc., an online escrow service company; BigBook, Inc., a pioneer in the online yellow pages industry; and I/PRO Corporation, a leader in quantitative measurement of Web site usage. From 1993 to 1994, Mr. Hobbs served as chief executive officer of Tesseract Corporation, a human resources outsourcing and software company. Mr. Hobbs spent the early part of his career with Charles Schwab Corporation, a securities brokerage and financial service company, as chief information officer and with Service Bureau, a division of International Business Machines Corporation, the world's largest information technology company, as one of the developers and the director of operations of Online Focus, an online credit union system that ultimately served over 20 million members.

Mr. Clair became a director of Pumatech in December 1994 and has served as chairman of the board of Pumatech since March 1995. Since June 1995, Mr. Clair has served as an independent financial consultant. Mr. Clair was a founder of SynOptics Communications (now Nortel Networks), a computer networking company, and from January 1987 to November 1992, served as vice president of sales and marketing and then as senior vice president of sales and customer service of SynOptics. Mr. Clair has more than 30 years of experience in data processing, data and voice communications and local area networking, as well as various wireless technologies. He spent the early part of his career with Tymshare, Inc., a computer time-sharing company, and ROLM, a manufacturer of digital PBX equipment, in a variety of sales and marketing positions. He holds a BS degree in business and an MBA degree from the University of Buffalo. Mr. Clair is the chairman of the board of Cranite Systems, Inc.

Mr. Praisner became a director of Pumatech in April 2001. Prior to his retirement, from April 1998 to October 1999, Mr. Praisner served as vice president of finance and administration and chief financial officer of Beyond.com Corporation, an online software resale company. From 1995 to 1997, Mr. Praisner served as vice president, finance and administration, chief financial officer, and secretary of Silicon Storage Technology, Inc., a supplier of flash memory devices. From 1994 to 1995, Mr. Praisner served as vice president, finance and chief financial officer of MicroModule Systems, Inc., a manufacturer of multichip modules for computer and telecommunications applications. From 1992 to 1993, Mr. Praisner served as vice president, finance and chief financial officer of Electronics for Imaging, Inc., a manufacturer of color desktop publishing computer systems. During part of 1991, Mr. Praisner served as vice president, finance and chief financial officer of Digital Link Corp., a computer communications equipment company. From 1989 to 1991, Mr. Praisner served as corporate controller of Applied Materials Inc., a manufacturer of semiconductor wafer fabrication equipment. He holds a BA degree in liberal arts and MBA degree from Southern Methodist University and is a Certified Public Accountant.

Ms. Berg-Painter became a director of Pumatech in August 2001. Since November 2000, Ms. Berg-Painter has served as an independent marketing consultant. From July 1998 to October 2000, Ms. Berg-Painter served as senior vice president of worldwide marketing at Clarify, Inc., an enterprise CRM (customer relationship management) company. From 1989 to 1998, Ms. Berg-Painter served in various capacities with Aspect Communications Corporation, a provider of customer relationship portals, last serving as general manager and vice president of one of its product divisions. Previously, Ms. Berg-Painter served as director of product marketing for AST Research, Inc., a personal computer manufacturer; and as director of marketing for Syntellect, Inc., a provider of call-center technology and hosted service solutions. Ms. Berg-Painter began her career at IBM where she held various systems engineering and marketing positions. She holds a BA degree in business and economics from University of California, Los Angeles and attended business school at Norges Handelshøyskole in Bergen, Norway.

Table of Contents

Index to Financial Statements

Board Meetings and Committees

During the fiscal year ended July 31, 2003, the Pumatech board of directors held six meetings. No directors attended fewer than 75% of the total number of meetings of the board of directors or committees of the board of directors held in the fiscal year ended July 31, 2003 which such directors were eligible to attend.

The board of directors has an audit committee, a compensation committee and a stock option committee.

The audit committee's functions are: (i) to monitor the corporate financial reporting and the internal and external audits of Pumatech; (ii) to provide to the board of directors the results of its examinations and recommendations derived therefrom; (iii) to outline to the board of directors improvements made, or to be made, in internal accounting controls; (iv) to appoint, compensate and oversee Pumatech's independent accountants; (v) to supervise the finance function of Pumatech (which will include, among other matters, Pumatech's investment activities); (vi) to engage and compensate independent counsel and other advisors as it deems necessary to carry out its duties; (vii) to the extent permitted under applicable laws, rules and regulations, and Pumatech's bylaws and certificate of incorporation, delegate to one or more members of the audit committee the authority to grant pre-approvals of audit services and non-audit services provided such decisions are presented to the full audit committee at regularly scheduled meetings; and (viii) to provide the board of directors such additional information and materials as it may deem necessary to make the board of directors aware of significant financial matters which require the attention of the board of directors. The audit committee undertakes those specific duties and other responsibilities listed in the audit committee's charter, included as *Annex G* to this joint proxy statement/prospectus, and such other duties as the board of directors from time to time may prescribe. See also Report of the Audit Committee of the Board of Directors. During the fiscal year ended July 31, 2003, the audit committee, members of which consisted of Ms. Berg-Painter and Messrs. Clair and Praisner, held four meetings. The Pumatech board of directors has determined that Michael J. Praisner is the audit committee's financial expert, as defined under Section 407 of the Sarbanes-Oxley Act of 2002 and the rules promulgated by the Securities and Exchange Commission in furtherance of Section 407. Mr. Praisner is independent of Pumatech's management.

The compensation committee's function is to review and establish salary levels for executive officers, including the chief executive officer, and certain other management employees and to grant stock options. The members of the compensation committee are Ms. Berg-Painter and Messrs. Clair and Praisner. During the fiscal year ended July 31, 2003, the compensation committee held three meetings.

The stock option committee consisted of Mr. Hobbs for the fiscal year ended July 31, 2003. The stock option committee held no meetings during the fiscal year and typically takes action by written consent. This committee is primarily responsible for approving all stock option grants of 50,000 shares or fewer to new and continuing employees (other than executive officers). Mr. Hobbs will continue to serve as the sole member of the stock option committee for the fiscal year ending July 31, 2004.

Vote Required and Board of Directors Recommendation

If a quorum representing a majority of all outstanding shares of common stock is present and voting, either in person or by proxy, the four nominees for director receiving the highest number of for votes will be elected. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum. Abstentions and broker non-votes, on the other hand, will have no effect on the outcome of the vote.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEES NAMED ABOVE.

Proposal No. 4 Ratification of Appointment of Independent Accountants

The audit committee of the board of directors of Pumatech has selected PricewaterhouseCoopers LLP as independent accountants to audit the financial statements of Pumatech for the fiscal year ending July 31, 2004.

Table of Contents**Index to Financial Statements**

PricewaterhouseCoopers LLP has acted as Pumatech's independent accountants since Pumatech's inception. A representative of PricewaterhouseCoopers LLP is expected to be present at the annual meeting with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions.

Neither Pumatech's bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as Pumatech's independent accountants. However, the board of directors is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee and the board of directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee and the board of directors in their discretion may direct the appointment of different independent accountants at any time during the year if they determine that such a change would be in the best interests of Pumatech and its stockholders.

Principal Accountant Fees and Services

Aggregate fees for professional services rendered for Pumatech by PricewaterhouseCoopers LLP for fiscal years ended July 31, 2003 and 2002, were:

	Fiscal 2003	Fiscal 2002
Audit	\$ 274,963	\$ 289,500
Audit related	265,445	60,104
Tax	85,188	27,671
All Other	0	0
Total	\$ 625,596	\$ 377,275

The audit fees for the years ended July 31, 2003 and 2002, respectively, consist of the aggregate fees billed for professional services rendered for the audits and interim reviews of the consolidated financial statements of Pumatech, the issuance of consents and assistance with review of documents filed with the Securities and Exchange Commission.

The audit related fees as of the years ended July 31, 2003 and 2002, respectively, consist of the aggregate fees billed for professional services rendered for assurance and related services that were reasonably related to the performance of the audit or review of Pumatech's financial statements and were not otherwise included in audit fees. Included in such audit related fees were fees incurred in connection with the auditors' review of financial information included in Pumatech's filed registration statements, due diligence and audits related to mergers and acquisitions and accounting consultations.

Tax fees as of the years ended July 31, 2003 and 2002, respectively, consist of the aggregate fees billed for services related to tax compliance, including the preparation of tax returns.

Edgar Filing: PUMATECH INC - Form S-4

All other fees as of the years ended July 31, 2003 and 2002, respectively, consist of the aggregate fees billed for products and services provided by the auditors and not otherwise included in audit fees, audit related fees or tax fees.

Audit Committee Pre-Approval Policies and Procedures

The audit committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent accountants. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is often subject to a specific budget. The independent accountants and management are required to periodically report to the audit committee regarding the extent of

Table of Contents

Index to Financial Statements

services provided by the independent accountants in accordance with this pre-approval, and the fees for the services performed to date. The audit committee may also pre-approve particular services on a case-by-case basis.

Vote Required and Board of Directors Recommendation

The affirmative vote of a majority of the votes cast at the annual meeting, at which a quorum representing a majority of all outstanding shares of common stock of Pumatech is present and voting, either in person or by proxy, is required for approval of this proposal. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum, but will not be counted as having been voted on the proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS PUMATECH S INDEPENDENT ACCOUNTANTS FOR THE FISCAL YEAR ENDING JULY 31, 2004.

Table of Contents

Index to Financial Statements

CORPORATE GOVERNANCE

Pumatech maintains a corporate governance page on its website which includes key information about its corporate governance initiatives, including Pumatech's corporate governance policies, code of business conduct and corporate governance, and charters for the committees of the board of directors. The corporate governance page can be found at www.pumatech.com, by clicking on About Pumatech, then on Corporate Governance.

Pumatech's policies and practices reflect corporate governance initiatives that it believes are compliant with the listing requirements of Nasdaq and the corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

The board of directors has adopted clear corporate governance policies;

A majority of the board members are independent of Pumatech and its management;

All members of the key board committees—the audit committee and the compensation committee—are independent;

The independent members of the board of directors meet regularly without the presence of management;

Pumatech has a clear code of business conduct and corporate governance that is monitored by management and is annually affirmed by its employees;

The charters of the board committees clearly establish their respective roles and responsibilities;

Pumatech has an ethics hotline available to all employees, and Pumatech's audit committee has procedures in place for the anonymous submission of employee complaints on accounting, internal controls, or auditing matters; and

Pumatech has adopted a code of ethics that applies to its principal executive officer and all members of its finance department, including the principal financial officer and principal accounting officer.

Table of Contents**Index to Financial Statements****STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information, as of September 30, 2003, with respect to the beneficial ownership of Pumatech's common stock by (i) each director and director nominee of Pumatech, (ii) each of the executive officers of Pumatech named in the Summary Compensation Table included in this joint proxy statement/prospectus, (iii) all directors and executive officers of Pumatech as a group and (iv) each person known by Pumatech to own more than 5% of Pumatech's common stock. Except as otherwise indicated, Pumatech believes that the beneficial owners of the Pumatech common stock listed in the following table, based on information furnished by such owners, have sole investment and voting power with respect to such shares.

Name and Address of Beneficial Owner (1)	Shares of common stock	
	Beneficially Owned (1)	
	Number of	
	Shares Owned	Percent
Husic Capital Management	3,298,123(2)	6.21%
Woodson Hobbs	1,821,100(3)(4)	3.43%
Michael M. Clair	726,574(3)(5)	1.37%
Clyde Foster	729,099(3)(6)	1.37%
John W. Stossel	635,983(3)	1.20%
J. Keith Kitchen	524,994(3)	*
David Bechtel	171,379(3)	*
Michael J. Praisner	87,200(3)	*
Kirsten Berg-Painter	69,700(3)	*
Said Mohammadioun	(7)	
All directors and executive officers as a group (12 persons) (3)(4)	5,396,946(8)	10.16%

* Represents less than 1%.

- (1) Percentage ownership is based on 53,141,100 shares of common stock outstanding as of September 30, 2003. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or will become exercisable within 60 days after September 30, 2003 are deemed outstanding, while such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Options granted under Pumatech's Amended and Restated 1993 Stock Option Plan (the "Option Plan") are fully exercisable from the date of grant, subject to Pumatech's right to repurchase any unvested shares at the original exercise price upon termination of employment. Unless otherwise indicated in the footnotes below, the persons and entities named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Unless otherwise indicated, the address of each of the individuals listed in the table is: c/o Pumatech, Inc., 2550 North First Street, Suite 500, San Jose, California 95131.
- (2) Based on a Schedule 13F filed with the Securities and Exchange Commission on August 6, 2003, which indicates that Husic Capital Management has sole voting and dispositive power for all of those shares. The address of Husic Capital Management is 555 California Street, Suite 2900, San Francisco, California 94104.
- (3) Includes the following numbers of shares subject to options which are exercisable within 60 days of September 30, 2003: Mr. Hobbs, 975,000; Mr. Clair, 230,600; Mr. Foster, 600,000; Mr. Stossel, 475,000; Mr. Kitchen, 333,066; Mr. Bechtel, 142,863; Mr. Praisner, 87,200; and Ms. Berg-Painter, 69,700.
- (4) Includes (i) 54,400 shares registered in the name of the Alexander McNeilly Trust, of which Mr. Hobbs is a trustee, (ii) 137,500 shares registered in the name of the Brooke Hobbs Trust, of which Mr. Hobbs is a trustee, and (iii) 129,200 shares registered in the name of the Natasha Hobbs 1993 Trust, of which Mr. Hobbs is a trustee.

Edgar Filing: PUMATECH INC - Form S-4

- (5) Includes (i) 60,000 shares held by the MacLean-Clair Family Limited Partnership, of which Mr. Clair is a general partner, (ii) 32,000 shares registered in the names of children of Mr. Clair and (iii) 403,974 shares registered in the name of Audrey MacLean and Michael M. Clair, as Trustees, or their successors, of the

Table of Contents

Index to Financial Statements

- Audrey MacLean and Michael Clair Trust Agreement UAD 12/1/90. The 60,000 shares held by the MacLean-Clair Family Limited Partnership can be voted and disposed of only by Mr. Clair and Audrey MacLean acting together.
- (6) Includes 113,699 shares registered in the name of the Foster Family Living Trust, of which Mr. Foster is a trustee.
 - (7) Pumatech expects that, following the merger, Mr. Mohammadioun will become a director and an executive officer of Pumatech. Please refer to the caption *Interests of Certain Persons in the Merger - Employment Arrangements* for additional information on Mr. Mohammadioun's employment arrangement.
 - (8) Includes 3,492,596 shares subject to options which are exercisable within 60 days of September 30, 2003, by any of Pumatech's directors or executive officers.

Table of ContentsIndex to Financial Statements**EXECUTIVE COMPENSATION AND OTHER MATTERS**

The following table sets forth information concerning the compensation of: (i) each person who served as chief executive officer of Pumatech during the year ended July 31, 2003; (ii) the four most highly compensated executive officers of Pumatech as of July 31, 2003 whose total salary and bonus for the fiscal year ended July 31, 2003 exceeded \$100,000; and (iii) one additional individual for whom disclosure would have been made under sub-section (ii) above but for the fact that such individual was no longer serving as an executive officer of Pumatech as of July 31, 2003. The information set forth below reflects compensation for the indicated individuals for services in all capacities to Pumatech, during the fiscal years ended July 31, 2003, 2002 and 2001:

Summary Compensation Table

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Annual Compensation</u>			<u>Other Annual Compensation</u>	<u>Long Term Compensation Awards Securities Underlying Options (#)</u>
		<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Compensation (\$)</u>		
Woodson Hobbs	2003	\$ 306,250(6)	\$	\$		
President and Chief Executive Officer	2002	38,654	200,000		1,500,000	
	2001					
David Bechtel (1)	2003	147,500			75,000	
Vice President of Professional Services	2002	141,679			25,000(7)	
	2001	104,558	12,729		25,000(7)	
Clyde Foster (2)	2003	214,615	156,478		400,000	
Senior Vice President of Sales and Marketing	2002					
	2001					
J. Keith Kitchen (3)	2003	169,413			150,000	
Vice President of Finance and Administration and Chief Accounting Officer	2002	134,462				
	2001	137,085	5,794		29,500(8)	
John W. Stossel (4)	2003	202,500			50,000	

Edgar Filing: PUMATECH INC - Form S-4

Chief Technology Officer	2002	183,333		225,000
	2001	255,000	90,000	150,000(8)
Said Mohammadioun (5)	2003			
	2002			
	2001			

-
- (1) **Mr. Bechtel** became vice president of services of Pumatech in July 2002 to lead Pumatech's professional services, customer support and information technology teams. Mr. Bechtel also served in various engineering positions at Pumatech including vice president of engineering and director of professional services since joining Pumatech in October 2000. Prior to joining Pumatech, Mr. Bechtel had more than 12 years of experience in the areas of software development, professional services, quality assurance and operational management. From August 1995 to October 2000, Mr. Bechtel served in various engineering capacities with The Windward Group, a professional service organization later acquired by Vanteon Corporation, a provider of hardware and embedded system design services. The Windward Group was acquired by Pumatech in October 2000. Mr. Bechtel also previously held engineering positions at Mountain Network Solutions, Inc., a tape-drive manufacturer. Mr. Bechtel is 38 years old.
- (2) **Mr. Foster** became the senior vice president of sales and marketing of Pumatech in September 2002. From July 1999 to September 2002, Mr. Foster served as president and chief executive officer of eConvergent, Inc., a software development company. Prior to founding eConvergent, Mr. Foster served in a variety of

Table of Contents**Index to Financial Statements**

- management positions at Aspect Communications Corporation, a provider of business communications solutions, from April 1996 to June 1999, last serving as a corporate officer and vice president of its Global Solutions Services Division. Previously, Mr. Foster held a variety of sales and professional services management positions during his 14 years at IBM. Mr. Foster holds a BS degree in Mathematics from North Carolina State University. Mr. Foster is 42 years old.
- (3) **Mr. Kitchen** became the vice president of finance and administration and chief accounting officer of Pumatech in August 2002. Mr. Kitchen previously served as corporate controller since joining Pumatech in February 2000 with Pumatech's acquisition of NetMind Technologies, Inc., a venture-funded Internet software company. Mr. Kitchen joined NetMind in January 1999 as its controller and later became its vice president of finance and administration from July 1999 to February 2000. Mr. Kitchen also served in a variety of financial management positions at Intellect Electronics, Inc., a provider of electronic commerce and smart card solutions, from March 1997 to December 1998, and at Bausch & Lomb, Inc., a global technology based healthcare company, from July 1990 to March 1997. Previously, Mr. Kitchen served as certified public accountant with Ernst & Young LLP, a professional services organization. Mr. Kitchen holds a bachelor of science in business administration degree from Bucknell University and is a graduate of Northwestern University's Kellogg Graduate School of Management. Mr. Kitchen is 40 years old.
- (4) **Mr. Stossel** became chief technology officer of Pumatech in April 2003. Mr. Stossel most recently served as vice president of professional services from July 2000 to February 2002 and also as vice president of engineering from February 2002 to April 2003. From February 1999 to July 2000, Mr. Stossel served as founder and president of Dry Creek Software LLC, a mobile computing professional services firm he founded in February 1999 which was acquired by Pumatech in July 2000. Prior to founding Dry Creek, Mr. Stossel served as vice president of engineering of Pumatech from July 1997 to January 1999. Mr. Stossel was also founder and chief executive officer from January 1994 to July 1997 of RealWorld Solutions, a software development company. RealWorld was acquired by Pumatech in July 1997. Previously, Mr. Stossel held a variety of management and engineering positions at Apple Computer, Inc., a personal computing company, and Charles Schwab & Co., Inc., an online brokerage firm. Mr. Stossel is a dual-degree graduate of the University of Pennsylvania and holds a BS degree in Economics from the Wharton School along with a BAS concentrating in Electrical Engineering. Mr. Stossel is 40 years old.
- (5) Pumatech expects that, following the merger, Mr. Mohammadioun will become a director and an executive officer of Pumatech. Please refer to the caption *Interests of Certain Persons in the Merger – Employment Arrangements* for additional information on Mr. Mohammadioun's employment arrangement.
- (6) Includes effect of a retroactive increase, as approved by the compensation committee, in Mr. Hobbs' annual base salary from \$300,000 to \$350,000 effective June 14, 2003.
- (7) Represents shares for options previously granted in fiscal year 2001 which were cancelled and replaced pursuant to the April 2002 regrant program.
- (8) Represents shares for options previously granted in fiscal year 2000 which were cancelled and replaced pursuant to the July 2001 regrant program.

Table of Contents

Index to Financial Statements

Stock Options Granted in Fiscal Year 2003

The following table provides the specified information concerning grants of options to purchase Pumatech's common stock made during the fiscal year ended July 31, 2003 to the persons named in the Summary Compensation Table:

Option Grants In Last Fiscal Year

Name	Number of Securities Underlying Options Granted (#)(1)	% of Total Options Granted to Employees in Fiscal Year (3)	Exercise Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (4)	
					5% (\$)	10% (\$)
Woodson Hobbs		0.00				
David Bechtel						