UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

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

For the transition period from to

Commission file number: 001-34785

VRINGO, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**20-4988129** **(I.R.S. Employer Identification No.)**
18 East 16th Street, 7th Floor **New York, New York** **(Address of Principal Executive Offices)**	**10003** **(Zip Code)**

(646) 525-4319
(Registrant's Telephone Number, Including Area Code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

As of November 15, 2010, 5,109,407 shares of the registrant's common stock were outstanding.

VRINGO, INC.

Table of Contents

Table of Contents

Part I

FINANCIAL INFORMATION

Item 1. Financial Statements.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands except share and per share data)

	September 30, 2010 U.S.$	December 31, 2009 U.S.$
Current assets		
Cash and cash equivalents	**7,394**	744
Prepaid expenses and other current assets	**174**	46
Accounts receivable	**91**	2
Deferred stock issuance costs	**—**	100
Short-term deposit (restricted)	**20**	2,602
Deferred tax assets—short-term	**25**	24
Total current assets	**7,704**	3,518
Long-term deposit	**10**	12
Property and equipment, at cost, net of $372 and $306 accumulated depreciation as of September 30, 2010 and December 31, 2009, respectively	**181**	179
Deferred tax assets—long-term	**87**	80
Total assets	**7,982**	3,789

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

Table of Contents

Vringo, Inc. and Subsidiary
(a Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands except share and per share data)

	Note	September 30, 2010 U.S.$	December 31, 2009 U.S.$
Current liabilities			
Accounts payable and accrued expenses*		**524**	876
Accrued compensation		**342**	304
Current maturities of venture loan		**1,210**	557
Bridge notes	3	—	1,912
Total current liabilities		**2,076**	3,649
Long-term liabilities			
Accrued severance pay		**343**	334
Venture loan	5	**2,247**	3,146
Derivative liabilities on account of warrants	3,4	**3,240**	1,070
Total long-term liabilities		**5,830**	4,550
Commitments and contingencies	8		
Temporary equity			
Series B convertible and redeemable preferred stock, $0.01 par value per share; 4,900,000 authorized; 0 and 765,465 shares issued and outstanding as of September 30, 2010, December 31, 2009, respectively (liquidation preference of, and redeemable at, the greater of fair value or $15.831 per share, or $12.1 million, plus declared but unpaid dividends, if any)	6	—	11,968
Stockholders' equity (deficit)	7		
Common stock, $0.01 par value per share 28,000,000 and 14,000,000 authorized; 5,109,407 and 366,782 (post-split) issued and outstanding as of September 30, 2010 and December 31, 2009 respectively		**51**	22
Series A convertible preferred stock, $0.01 par value per share; 2,353,887 authorized; 0 and 392,314 (post-split) issued and outstanding as of September 30, 2010 and December 31, 2009, respectively (liquidation preference of $6.00 per share, or $2.35 million, plus declared but unpaid dividends, if any)		—	24
Additional paid-in capital		**29,591**	3,701
Deficit accumulated during development stage		**(29,566)**	(20,125)
Total stockholders' equity (deficit)		**76**	(16,378)
Total liabilities and stockholders' equity		**7,982**	3,789

* Amounts recorded as of September 30, 2010 and December 31, 2009 include $55 and $46 to a related party, respectively.

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

Vringo, Inc. and Subsidiary
(a Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands except share and per share data)

	Three months ended September 30,		Nine months ended September 30,		Cumulative from inception to September 30,
	2010	2009	2010	2009	2010
	U.S.$	U.S.$	U.S.$	U.S.$	U.S.$
Revenue	**54**	**9**	**128**	**9**	**148**
Costs and Expenses*					
Cost of revenue	**64**	17	**131**	17	**162**
Research and development	**630**	455	**1,736**	1,493	**10,120**
Sales and marketing	**475**	373	**1,515**	1,268	**8,039**
General and administrative	**558**	245	**1,413**	819	**5,843**
Total operating expenses	**1,727**	1,090	**4,795**	3,597	**24,164**
Operating loss	**(1,673)**	(1,081)	**(4,667)**	(3,588)	**(24,016)**
Non-operating income	**3**	17	**450**	32	**915**
Interest and amortization of debt discount expense	**(155)**	(149)	**(4,164)**	(470)	**(4,992)**
Non-operating expenses	**(993)**	(12)	**(1,008)**	(11)	**(1,106)**
Loss on extinguishment of debt	**—**	—	**—**	—	**(321)**
Loss before taxes on income	**(2,818)**	(1,225)	**(9,389)**	(4,037)	**(29,520)**
Income tax expense	**(14)**	(16)	**(52)**	(54)	**(46)**
Net loss for the period	**(2,832)**	(1,241)	**(9,441)**	(4,091)	**(29,566)**
Basic and diluted net loss per common share	**(0.50)**	(3.38)	**(4.14)**	(11.20)	**(44.24)**
Weighted average number of shares used in computing basic and dilutive net loss per common share	**5,574,992**	366,782	**2,276,447**	366,782	**668,308**

* The amount recorded for the three and nine month periods ended September 30, 2010 and 2009 and the cumulative period from inception include $147, $297, $45, $120 and $843, respectively, to related parties.

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

Table of Contents

Vringo, Inc. and Subsidiary
(a Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common stock U.S.$	Series A convertible preferred stock U.S.$	Additional paid-in capital U.S.$	Accumulated deficit U.S.$	Total U.S.$
Balance as of January 9, 2006 (inception)	—	—	—	—	—
Issuance of common stock	*—	—	—	—	*—
Issuance of series A convertible preferred stock, net of issuance costs of $33	—	*—	2,321	—	2,321
Stock dividend	20	24	(44)	—	—
Grants of stock options, net of forfeitures—employees	—	—	7	—	7
Grants of stock options, net of forfeitures—non employees	—	—	4	—	4
Net loss for the period	—	—	—	(1,481)	(1,481)
Balance as of December 31, 2006	20	24	2,288	(1,481)	851
Issuance of common stock as part of conversion of convertible loan	2	—	138	—	140
Discounts to temporary equity	—	—	43	—	43
Amortization of discounts to temporary equity	—	—	(4)	—	(4)
Grants of stock options, net of forfeitures—employees	—	—	98	—	98
Grants of stock options, net of forfeitures—non employees	—	—	15	—	15
Net loss for the year	—	—	—	(5,163)	(5,163)
Balance as of December 31, 2007	22	24	2,578	(6,644)	(4,020)
Issuance of warrants	—	—	360	—	360
Amortization of discounts to temporary equity	—	—	(7)	—	(7)
Grants of stock options, net of forfeitures—employees	—	—	18	—	18
Grants of stock options, net of forfeitures—non employees	—	—	11	—	11
Net loss for the year	—	—	—	(7,332)	(7,332)

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

Vringo, Inc. and Subsidiary
(a Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common stock U.S.$	Series A convertible preferred stock U.S.$	Additional paid-in capital U.S.$	Accumulated deficit U.S.$	Total U.S.$
Balance as of December 31, 2008	22	24	2,960	(13,976)	(10,970)
Issuance of warrants	—	—	60	—	60
Loan modification	—	—	500	—	500
Amortization of discounts to temporary equity	—	—	(7)	—	(7)
Grants of stock options, net of forfeitures—employees	—	—	178	—	178
Grants of stock options, net of forfeiture—non employees	—	—	10	—	10
Net loss for the year	—	—	—	(6,149)	(6,149)
Balance as of December 31, 2009	22	24	3,701	(20,125)	(16,378)
Issuance of common stock, net of issuance costs of $1,768	**24**	**—**	**9,239**	**—**	**9,263**
Exchange of series A convertible preferred stock for common stock	**24**	**(24)**	**—**	**—**	**—**
Conversion of Bridge notes	**9**	**—**	**2,536**	**—**	**2,545**
Amortization of discounts to temporary equity	**—**	**—**	**(3)**	**—**	**(3)**
Grants of stock options, net of forfeitures—employees	**—**	**—**	**707**	**—**	**707**
Grants of stock options, net of forfeitures—non employees	**—**	**—**	**22**	**—**	**22**
Exercise of stock options	***—**	**—**	**11**	**—**	**11**
Grants of warrants to lead investors	**—**	**—**	**1,342**	**—**	**1,342**
Grants of warrants to charity	**—**	**—**	**37**	**—**	**37**
Stock dividend	**19**	**—**	**(19)**	**—**	**—**
Reverse stock split	**(93)**	**—**	**93**	**—**	**—**
Exchange of series B convertible preferred stock for common stock	**46**	**—**	**11,925**	**—**	**11,971**
Cashless exercise of warrants to charity	***—**	**—**	***—**		**—**
Net loss for the period	**—**	**—**	**—**	**(9,441)**	**(9,441)**
Balance as of September 30, 2010	**51**	**—**	**29,591**	**(29,566)**	**76**

* Consideration for less than $1.

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

Vringo, Inc. and Subsidiary
(a Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine months ended September 30,		Cumulative from inception to September 30,
	2010	2009	2010
	U.S.$	U.S.$	U.S.$
Cash flows from operating activities			
Net loss	**(9,441)**	(4,091)	**(29,566)**
Adjustments to reconcile net cash flows used in operating activities:			
Items not affecting cash flows			
Depreciation	**66**	87	**372**
Increase in deferred tax assets	**(3)**	(14)	**(107)**
Accrued severance pay	**—**	104	**327**
Share-based payment expenses	**2,108**	108	**2,510**
Non cash interest expense	**2,457**	—	**2,702**
Fair value adjustment of warrants	**518**	—	**518**
Amortization of loan warrants	**—**	121	**—**
Loss on extinguishment of debt	**—**	—	**321**
Exchange rate (gains) losses	**(26)**	(19)	**41**
Changes in current assets and liabilities			
Increase in receivables, prepaid expenses and other current assets	**(116)**	(14)	**(267)**
Increase (decrease) in payables and accruals	**(297)**	86	**853**
Net cash used in operating activities	**(4,734)**	(3,632)	**(22,296)**
Cash flows from investing activities			
Acquisition of property and equipment	**(68)**	(29)	**(553)**
Decrease in short-term deposits (restricted)	**2,582**	—	**2,582**
Investment in long-term deposits	**—**	—	**(12)**
Decrease in lease deposits	**3**	—	**3**
Investment in short-term deposits (restricted)	**—**	—	**(2,602)**
Net cash provided by (used in) investing activities	**2,517**	(29)	**(582)**

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

Vringo, Inc. and Subsidiary
(a Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine months ended September 30, 2010 U.S.$	Nine months ended September 30, 2009 U.S.$	Cumulative from inception to September 30, 2010 U.S.$
Cash flows from financing activities			
Receipt of a venture loan	**—**	—	**5,000**
Repayment on account of venture loan	**(418)**	(524)	**(1,217)**
Issuance of common stock and warrants, net	**9,263**	—	**9,263**
Issuance of warrants	**—**	—	**1,070**
Receipt of convertible loans	**—**	—	**3,976**
Issuance of convertible preferred stock	**—**	—	**12,195**
Change in deferred issuance cost	**—**	(87)	**—**
Exercise of common stock options	**11**	—	**11**
Net cash provided by (used in) financing activities	**8,856**	(611)	**30,298**
Effect of exchange rate changes on cash and cash equivalents	**11**	22	**(26)**
Increase (decrease) in cash and cash equivalents	**6,650**	(4,250)	**7,394**
Cash and cash equivalents at beginning of period	**744**	6,004	**—**
Cash and cash equivalents at end of period	**7,394**	1,754	**7,394**
Supplemental disclosure of cash flows information			
Interest paid	**348**	352	**904**
Non-cash transactions			
Conversion of convertible loan into convertible preferred stock	**—**	—	**1,964**
Extinguishment of debt	**—**	—	**321**
Discount to the series B convertible preferred stock	**—**	—	**43**
Allocation of fair value of loan warrants	**—**	213	**334**
Allocation of fair value to conversion warrants	**1,564**	—	**1,564**
Amortization of discount to temporary equity	**3**	5	**21**
Conversion of bridge notes into common stock	**2,545**	—	**2,545**
Exchange of series B convertible preferred stock for common stock	**11,971**	—	**11,971**
Exchange of series A convertible preferred stock for common stock	**24**	—	**24**
Stock dividend granted	**19**	—	**19**
Reverse stock split	**93**	—	**93**

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

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—General

Vringo, Inc. (the “Parent”) was incorporated in Delaware on January 9, 2006 and commenced operations during the first quarter of 2006. The Parent formed a wholly-owned subsidiary, Vringo (Israel) Ltd. (the “Subsidiary”) in March 2006, primarily for the purpose of providing research and development services, as detailed in the intercompany service agreement. The Parent and the Subsidiary are collectively referred to herein as the Company.

The Company is engaged in developing software for mobile phones. The Company provides a comprehensive platform allowing users to create, download and share video ringtones. The Company’s proprietary ringtone platform includes social networking capability and integration with web systems.

In June 2010, the Company completed an initial public offering (IPO) of 2,392,000 units, each containing one share of common stock and two warrants, at an issue price of $4.60 per unit. Each warrant in the IPO unit is exercisable for five years after the IPO at an exercise price of $5.06. Gross proceeds of the IPO totaled approximately $11 million, of which the Company received approximately $9.3 million in net proceeds after deducting underwriting discounts and other offering costs. Immediately prior to the closing of the offering, the Company’s outstanding shares of preferred stock were exchanged for shares of common stock and the Company effected a 1 for 6 reverse stock split of its common stock. The Company issued a stock dividend to holders of the preferred stock prior to the split and exchange. All share and per-share information in these unaudited consolidated financial statements have been adjusted to give effect to the reverse stock split.

On July 27, 2010, the unit was separated into its components and the shares and warrants began to trade separately. Upon separation of the units into shares and warrants, the units ceased trading.

The Company is still in the development stage. Therefore, there is no certainty regarding the Company’s ability to complete the product’s development and success of its marketing. The continuation of the stages of development and the realization of assets related to the planned activities depend on future events, including future financings and achieving operational profitability. The Company has incurred significant losses since its inception and expects that it will continue to operate at a net loss in the foreseeable future. Management believes that the Company’s currently available capital resources are sufficient to meet its cash requirements for at least the next 12 months. There are still significant doubts as to the ability of the Company to continue operating as a “going concern”. These financial statements were prepared using principles applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business for the foreseeable future, and do not include any adjustments to reflect the possible effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result should the Company not be able to continue as a going concern. For the three and nine months ended September 30, 2010 and for the cumulative period from inception until September 30, 2010, the Company incurred net losses of $2.8 million, $9.4 million and $29.6 million, respectively. The Company’s stockholders’ equity and working capital as of September 30, 2010 were $0.1 million and $5.6 million, respectively.

The high-tech industry in which the Company operates is highly competitive and is characterized by the risks of rapidly changing technologies. Penetration into world markets requires investment of considerable resources and continuous development efforts. The Company’s future success depends upon several factors including the technological quality, price and performance of its product relative to those of its competitors.

As of September 30, 2010, approximately $611 thousand of the Company’s net assets were located outside of the United States.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 2—Significant Accounting and Reporting Policies

(a) Basis of presentation

The accompanying consolidated financial statements include the accounts of the Parent and the Subsidiary and are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions to Form 10-Q and, therefore, do not include all disclosures necessary for a complete presentation of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. Nevertheless, these financial statements should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2009. The results of operations for the three and nine month period ended September 30, 2010 are not necessarily indicative of the results that may be expected for the entire fiscal year or for any other interim period.

(b) Development stage enterprise

The Company's principal activities to date have been the research and development of its products and the Company has not generated significant revenues from its planned, principal operations. Accordingly, the Company's financial statements are presented as those of a development stage enterprise.

(c) Translation into U.S. dollars

The currency of the primary economic environment in which the operations of the Company are conducted is the U.S. dollar ("dollar"). Therefore, the dollar has been determined to be the Company's functional currency.

Transactions in foreign currency (primarily in New Israeli Shekels or "NIS") are recorded at the exchange rate as of the transaction date. All exchange gains and losses from remeasurement of monetary balance sheet items denominated in non-dollar currencies are reflected as finance expense in the statement of operations, as they arise.

At September 30, 2010, the exchange rate was U.S.$1 = NIS 3.665 (December 31, 2009—U.S.$1 = NIS 3.775). The average exchange rate for the three and nine months ended September 30, 2010 was U.S.$1 = NIS 3.794 and US $1 = NIS 3.778, respectively (three and nine months ended September 30, 2009—U.S.$1 = NIS 3.830 and US$ = NIS 3.989, respectively).

The translation should not be construed as a representation that the foreign currency amounts upon which the translation is based actually represent, or could be converted into, U.S. dollars.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 2—Significant Accounting and Reporting Policies—(cont'd)

(d) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from such estimates. Significant items subject to such estimates and assumptions include the useful lives of property and equipment, deferred tax assets, valuation of warrants, valuation of common stock share-based compensation, income tax uncertainties and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

(e) Accounting for share-based compensation

Share-based compensation is recognized as an expense in the financial statements and such cost is measured at the grant-date fair value of the equity-settled award. The expense is recognized using the straight-line method. The fair value of stock options granted to employees and directors is estimated at the date of grant using the Black-Scholes-Merton option-pricing model, which takes into consideration the share price at the date of grant, the exercise price of the option, the expected life of the option, risk-free interest rates and the expected volatility. The fair value of the March 17, 2010 stock options granted to employees and directors at an exercise price of $0.01 and $5.50 were valued using the Lattice model which takes into consideration the share price at the date of grant, the exercise price of the option, the expected life of the option, risk free interest rates and the expected volatility. The Company chooses the Lattice option pricing model for evaluation of out-of-the-money options. The fair value of stock options granted to consultants is estimated at the date of grant using the Black-Scholes-Merton option-pricing model. In cases where no measurement date has been reached as there is no counter-party performance or performance commitment (sufficiently large disincentive for non-performance), the options are revalued. The options are valued using the share price, the exercise price of the option, the expected life of the option, risk-free interest rates and the expected volatility, at the reporting period date.

(f) Impact of recently issued accounting standards

The Financial Accounting Standards Board recently issued ASU 2010-06, "*Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*" which amends Topic 820 and demands more robust disclosures of (1) the different classes of assets and liabilities measured at fair value, (2) the valuation of techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2 and 3. The disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of ASU 2010-06 to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

(g) Net loss per share data

Basic net loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted-average number of shares of common stock plus dilutive potential common stock considered outstanding during the period. However, as the Company generated net losses in all periods presented, potentially dilutive securities, comprised of incremental shares of common stock issuable upon the exchange of Series A and Series B convertible preferred stock and the exercise of warrants and stock options, are not reflected in diluted net loss per share because such shares are anti-dilutive.

The table below presents the computation of basic and diluted net losses per common share:

	Three months ended September 30,		Nine months ended September 30,		Cumulative from inception to September 30,
	2010	2009	2010	2009	2010
	(in thousands, except share and per share data)				
Numerator:					
Net loss attributable to common stock shares (basic and diluted)	($ 2,832)	($ 1,241)	($ 9,441)	($ 4,091)	($ 29,566)
Denominator:					
Weighted average number of common stock shares outstanding during the period (basic and diluted)	5,092,278	366,782	2,099,464	366,782	640,364
Weighted average number of exercisable penny warrants	482,346	—	176,860	—	27,925
Weighted average number of additional common stock shares issued during the period	368	—	123	—	19
Basic and diluted, outstanding, common stock shares	5,574,992	366,782	2,276,447	366,782	668,308
Basic and diluted net losses per common stock share	**(0.50)**	**(3.38)**	**(4.14)**	**(11.20)**	**(44.24)**

(h) Reclassification

Certain balances have been reclassified to conform to current year presentation.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 3—Bridge Financing—Convertible Promissory Notes

On December 29, 2009, the Company issued 5% subordinated convertible promissory notes, ("Bridge Notes"), in the aggregate amount of $2.98 million in a private placement (the "Bridge Financing"). The Bridge Notes converted into shares of common stock and warrants upon the consummation of the IPO. The $2.98 million of proceeds from the Bridge Financing were first allocated to the Special Bridge Warrants which were classified as a derivative liability and recorded at fair value and the residual amount was allocated to the Bridge Notes, all in accordance with the guidance in ASC 815 (formerly Statement 133) and ASC 815-40 (formerly EITF Issue No. 07-5). While the Bridge Notes had been classified as a short-term liability, the derivative liability has been reclassified under long-term liabilities as it has a five-year exercise period.

Upon the consummation of the IPO the Bridge Notes converted into 864,332 shares of common stock and 1,728,664 warrants (the "Conversion Warrants"). The Bridge Notes were converted at a price of $3.45, a 25% discount to the price of the units issued in the IPO. The beneficial conversion feature from this conversion resulted in additional interest expense of $1.1 million which was recorded in the statement of operations. Each Conversion Warrant entitles the holder to purchase one share of common stock at a price equal to 110% of the IPO offering price ($5.06) and expires five years after the IPO. The Conversion Warrants are similar to the warrants issued as part of the units issued in the IPO except that they include additional features with respect to fundamental transactions, cashless exercise, ownership limitations and dilution. As a result, the Conversion Warrants, in accordance with the guidance in ASC 815 (formerly Statement 133) and ASC 815-40 (formerly EITF Issue No. 07-5) have been recorded as a derivative liability and will be adjusted according to fair value at each reporting period (See Note 4). In connection with the IPO, the Company issued a further 69,132 Special Bridge Warrants to the note holders in order to reflect the conversion at a 25% discount of the offering price.

The following table summarizes the movement during the quarter of the instruments allocated in the Bridge Financing:

	Bridge Notes U.S.$ thousands	Special Bridge Warrants U.S.$ thousands	Conversion Warrants U.S.$ thousands	Total U.S.$ thousands
Allocated amount (as restated)	1,912	1,070	—	2,982
Fair value adjustment included in non-operating income	—	32	—	32
Interest expense accrued	476	—	—	476
Value at March 31, 2010	**2,388**	**1,102**	**—**	**3,490**
Interest expense accrued	594	—	—	594
Conversion into equity	(2,982)	—	—	(2,982)
Allocated amount—June 21, 2010	—	88	1,564	1,652
Fair value adjustment included in non-operating income	—	(241)	(239)	(480)
Value at June 30, 2010	**—**	**949**	**1,325**	**2,274**
Fair value adjustment included in non-operating expenses	—	409	557	966
Value at September 30, 2010	**—**	**1,358**	**1,882**	**3,240**

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 4—Fair Value Measurements

The Company measures fair value in accordance with ASC 820-10, "Fair Value Measurements and Disclosures" (formerly SFAS 157, "*Fair Value Measurements*"). ASC 820-10 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820-10 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Include other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The Company measures its cash equivalents, Special Bridge Warrants and Conversion Warrants at fair value. Cash equivalents are classified within Level 1 because they are valued using quoted active market prices. The Special Bridge Warrants and Conversion Warrants are classified within Level 3 because they are valued using the Black-Scholes-Merton model which utilizes significant inputs that are unobservable in the market such as the expected stock price volatility and the dividend yield, and the remaining period of time the warrants will be outstanding before they expire.

The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2010 and December 31, 2009, aggregated by the level in the fair-value hierarchy within which those measurements fall:

		Fair value measurement at reporting date using		
Description	September 30, 2010	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	U.S.$ thousands			
Assets				
Cash equivalents	**6,830**	6,830	—	—
Total assets	**6,830**	6,830	—	—
Liabilities				
Derivative liabilities on account of warrants	**3,240**	—	—	3,240
Total liabilities	**3,240**	—	—	3,240

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 4—Fair Value Measurements—(cont'd)

Description	December 31, 2009	Fair value measurement at reporting date using: Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	U.S.$ thousands			
Assets				
Cash equivalents	**193**	193	—	—
Total assets	**193**	193	—	—
Liabilities				
Derivative liability on account of warrant	**1,070**	—	—	1,070
Total liabilities	**1,070**	—	—	1,070

In addition to the above, the Company's financial instruments at September 30, 2010 and December 31, 2009, consisted of cash, accounts receivable, long term deposits, accrued expenses and the venture loan. The carrying amounts of all the aforementioned financial instruments, approximate fair value, except the venture loan (see below).

The following table summarizes the changes in the Company's liabilities measured at fair value using significant unobservable inputs (Level 3) during the three and nine months ended September 30, 2010:

	Level 3: Special Bridge Warrants U.S.$ thousands	Conversion Warrants U.S.$ thousands	Total U.S.$ thousands
Balance at December 31, 2009	1,070	—	1,070
Fair value adjustment included in non-operating expenses	32	—	32
March 31, 2010	**1,102**	**—**	**1,102**
Allocated amount—June 21, 2010	88	1,564	1,652
Fair value adjustment included in non-operating income	(241)	(239)	(480)
June 30, 2010	**949**	**1,325**	**2,274**
Fair value adjustment included in non-operating expenses	409	557	966
September 30, 2010	**1,358**	**1,882**	**3,240**

Table of Contents

Note 4—Fair Value Measurements—(cont'd)

Carrying amounts and the related estimated fair value of the venture loan are as follows:

	September 30, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	U.S.$ thousands		U.S.$ thousands	
Venture loan	3,457	3,737	3,703	3,703

Note 5—Venture Loan

On December 29, 2009, the Company entered into a loan modification agreement with the lenders of the venture loan. The new facility bears an interest rate of 9.5% per annum, with an effective interest rate of 18%. Following a five month moratorium on principal payments from February to June 2010, the Company is repaying the loan monthly using a straight line calculation until March 2013. Future monthly payments of principal and interest amount to approximately $142 thousand.

The fair value of the loan was assessed using an interest rate of 12%, which represents market conditions for a similar loan.

Note 6—Temporary Equity

Upon the consummation of the IPO the Series B Convertible Preferred Stock previously classified as temporary equity was granted a 33% stock dividend, was subject to the 1 for 6 reverse split and then exchanged for shares of common stock and recorded as such. The balance was recorded as additional paid-in capital.

Note 7—Stockholders' Equity

Stock Options

During the nine month period ended September 30, 2010, no stock options were awarded other than options to management (see below), 220,546 stock options were forfeited and 6,085 stock options were exercised. In addition, during the three month period ended September 30, 2010, a warrant to purchase 20,000 shares of common stock was exercised on a cashless basis, resulting in the issuance of 11,044 shares of common stock (see below), in addition, 164,162 stock options were forfeited.

As of September 30, 2010, there was approximately $2.9 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the incentive plans. That cost is expected to be recognized over a weighted-average period of 3.2 years.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 7—Stockholders' Equity—(cont'd)

On March 17, 2010, the Company's Board of Directors (the "Board") approved the granting of options to management, directors and consultants from an additional pool of options equal to 20% of the fully diluted equity of the Company subsequent to the IPO ("Management Options"). The Board approved the granting of 1,392,000 options at an exercise price of $0.01. These options will vest yearly over three and four year periods (according to the applicable schedule of the optionee), with the first portion vesting on the first anniversary of the consummation of the IPO. The Board also approved the granting of 1,420,000 options at an exercise price of $5.50 to its employees, directors and consultants. These options will vest quarterly over four years, with the first portion vesting on the first anniversary of the consummation of the IPO.

A further 40,000 options (20,000 options with an exercise price of $0.01 and 20,000 options with an exercise price of $5.50) will be granted as a charitable donation.

Upon the consummation of the IPO, the Company recognized a charitable donation of a warrant to purchase 20,000 shares of common stock at an exercise price of $1.50 granted in 2006. The fair value of the donation was calculated using the Black-Scholes-Merton model with an expected life of 6.33 years, a risk-free interest rate of 2.7%, an expected volatility of 56.1% and no dividend yield. The expenses for these options in the amount of $37 thousand were recorded upon the consummation of the IPO. During September 2010, the foregoing warrant was exercised on a cashless basis, resulting in the issuance by the Company of 11,044 shares of common stock.

As of September 30, 2010, there were 413,134 Management Options available for grant at an exercise price of $0.01 and a further 385,134 Management Options available for grant at an exercise price of $5.50.

The following table summarizes the option activity for the year 2010 by grant date.

	No. of shares Employees	No. of shares Non Employees	Exercise price U.S.$	Fair value of common stock U.S.$
March 17, 2010	1,340,000	52,000	0.01	2.62
March 17, 2010	1,368,000	52,000	5.50	2.62

The fair value of the options to employees and directors was calculated using the Lattice model with an expected life of 2.35-5.33 years, a risk-free interest rate of 2.83% and an expected volatility of 64.3% and no dividend yield. The fair value of the common stock used for this calculation was $2.62. The fair value of options to non-employees is calculated using the Black-Scholes-Merton model with an expected life of 5.5 years, a risk free interest rate of 1.2%-1.35% and an expected volatility of 55% and no dividend yield.

Vringo, Inc. and Subsidiary
(a Development Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 8—Commitments and Contingencies

Future minimum lease payments under non-cancelable operating leases for office space and cars, as of September 30, 2010, are as follows:

	U.S.$ thousands
Year ending December 31,	
2010 (three months ending December 31, 2010)	25
2011	84
2012	28
	137

Rental expense for operating leases for both office space and cars for the nine month period ended September 30, 2010 and 2009 was $122 thousand, and $113 thousand, respectively. Rental expense for operating leases for both office space and cars for the three month period ended September 30, 2010 and 2009 was $37 thousand, and $38 thousand, respectively.

Note 9—Risks and Uncertainties

(a) The Company's primary business is to provide video ringtones globally by partnering with international telecommunication carriers. Principal markets targeted are the U.S., Europe and the Far East. The Company's business depends on the technological infrastructures, wireless networks and information systems of our international carrier partners.

(b) The wireless industry in which the Company conducts its business is characterized by rapid technological changes, frequent new product innovations, changes in customer requirements and expectations and evolving industry standards.

(c) The Company's data is hosted at a remote location. Although the Company has full alternative site data back-up, they do not have data hosting redundancy and are thus exposed to the business risk of significant service interruptions.

(d) A significant portion of the Company's expenses are denominated in NIS. The Company expects this level of NIS expenses to continue for the foreseeable future. If the value of the U.S. dollar weakens against the value of NIS, there will be a negative impact on the Company's operating costs. In addition, to the extent the Company holds monetary assets and liabilities that are denominated in currencies other than the U.S. dollar, the Company will be subject to the risk of exchange rate fluctuations.

(e) In order to continue operating as a going concern the Company may need to raise capital through further debt or equity transactions. The Company is thus exposed to a market risk that it will not be able to raise this capital.

Note 10—Subsequent Events

During the fourth quarter of 2010, subsequent to balance sheet date, two of the Company's officers entered into separation agreements (the "Agreements") with the Company. Pursuant to the Agreements, the Company will accelerate the vesting of 30% of $0.01 options previously granted to the officers, to be fully vested in the fourth quarter of 2010, prior to the initial one year vesting date. According to ASC 718 "*Share Based Payments*", share-based compensation expenses recorded in prior periods should be reversed and the expense related to the aforementioned acceleration of vesting should be recognized at fair value. The date of the Agreements will be considered as the new grant date for fair value calculations. As of September 30, 2010, the Company estimates the total expense related to the aforementioned accelerated vesting to be approximately $0.1 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Quarterly Report on Form 10-Q that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "will," "plan," "project," "seek," "should," "target," "will," "would," and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in our Prospectus filed pursuant to Rule 424(b) under the Securities Act with the Securities and Exchange Commission on June 22, 2010. The forward-looking statements set forth herein speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

General

We provide a comprehensive platform that allows users to create, download and share mobile entertainment content in the form of video ringtones for mobile phones. We believe that our service represents the next stage in the evolution of the ringtone market from standard audio ringtones to high-quality video ringtones, with social networking capability and integration with web systems. Our solution, which encompasses a suite of mobile and PC-based tools, enables users to create, download and share video ringtones with ease, and provides our business partners with a consumer-friendly and easy-to-integrate monetization platform.

Our strategy to date has primarily focused on product maturation, research and development, distribution and marketing. We have been focusing on commercializing our service primarily through agreements with mobile carriers and other partners. We completed live commercial launches of our service with four mobile carriers operating in Turkey, Malaysia, Armenia and United Arab Emirates as well as a live commercial launch with RTL in Belgium, a major television network in that market. Our carrier partners have an aggregate of approximately 32 million subscribers, of which 90,000 currently subscribe to our service, and in addition 67,000 subscribers have enrolled on a free-trial basis.

In the current quarter our carrier reach expanded. We signed a partnership agreement with Everything Everywhere Limited, a United Kingdom communication company which operates the T-Mobile UK and Orange UK mobile services. With this launch, our video ringtone service would be made available to over 30 million subscribers in the United Kingdom. In preparation for this launch, we have entered into an agreement with Bango, a mobile billing service provider, to allow subscribers from all UK mobile operators to have direct billing functionality. Further, we signed an agreement with StarHub, a mobile carrier in Singapore. These launches are expected in the fourth quarter of 2010. Following the termination of our agreement with Avea in Turkey, we signed a deal with Retromedya, a third party service provider there, whereby we will have access to offer our service to the customers of all carriers in Turkey. As of the fourth quarter of 2009, we began to recognize revenues from our carrier subscription service. We are negotiating with additional mobile carriers in a number of different countries and we expect to continue to scale our carrier business during the remainder of 2010 and into 2011.

Our product maturation strategy has progressed with our creation of a video remix platform for the iPhone and Android operating systems that we will launch with various music artists.

In the current quarter we commenced revenue recognition for content sales. Content sales are made through carrier relationships, as well as through various app stores. We commenced paid content distribution both via Nokia's Ovi store in the United Kingdom and, subsequent to the end of this quarter, with Verizon V Cast App Store in the United States. We have launched free trial downloads with Vodafone Shop in the following eight countries: Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain and the United Kingdom. Our content partnerships include major artists, celebrities and content providers, including T-Pain, Muhammad Ali Enterprises, Tiesto, Turner, Marvel, Hungama Mobile, RTL and Ingrooves.

Our Business Model

Our business model entails revenue sharing from our mobile carriers using a subscription-based model where users pay a monthly fee for access to the service as well as additional fees for access to certain premium content. We believe that this is a highly scalable model that can be rolled out to many carriers across the world.

We have launched our service together with mobile carriers in Turkey, Malaysia, Armenia and United Arab Emirates. Our mobile carrier partners co-brand our service and help market it to their subscribers. The pricing for subscriptions and content in various countries will vary substantially based on local economic conditions. In general, we aim to sell the monthly subscription for $1 to $3 and we expect to generally receive at least 30% of the monthly subscription revenue. We expect that premium content will generally be sold for $1 to $2 per item although this price and the monthly subscription rate may vary substantially by country. Operators usually do not charge us or our users for any data charges associated with using our service or for using the operator's text messaging infrastructure to communicate with our subscribers.

Our model consists of growing our user base through carrier partnerships, continuing to ensure we have broad handset reach, enhancing our viral and social tools, maintaining and growing our product and technology leadership, building a strong revenue base of recurring monthly subscription revenue, finding new forms of distribution, exploring monetization through advertising, and revenue through content sales.

Overview

Our financial statements were prepared using principles applicable to a going concern, which contemplates the realizations of assets and liquidation of liabilities in the normal course of business for the foreseeable future, and do not include any adjustments to reflect the possible effects on the recoverability and classification of assets, or the amounts and classification of liabilities that may result if we are not able to continue as a going concern. We had approximately $7.4 million of cash and cash equivalents at September 30, 2010. Our average monthly burn rate from operations for the nine months ended September 30, 2010 and the year ended December 31, 2009, was $0.5 million, and $0.4 million, respectively. On April 1, 2009, we commenced repayment of a $5.0 million loan over a thirty-six month period (resulting in repayments amounting to approximately $0.3, $0.4 million and $0.8 million during the three and nine months ended September 30, 2010 and the year ended December 31, 2009, respectively). This loan agreement was modified to permit us to defer principal payments due during and subsequent to February 2010 until the consummation of our initial public offering. Subsequent to the closing of the initial public offering, we recommenced principal payments and the loan is to be repaid over 33 months until March 2013.

We are a development stage company. From inception, we have raised approximately $28.5 million. In May 2006, we raised $2.35 million through the issuance of 588 shares of Series A Convertible Preferred Stock. We issued 2,353,299 additional shares of Series A Convertible Preferred Stock as a stock dividend in August 2006, resulting in a total of 2,353,887 shares of Series A Convertible Preferred Stock outstanding. In February 2007, we completed a financing of $2.1 million of convertible notes, which was later exchanged and included as part of the Series B Financing. In July 2007, we raised a further $10.0 million through the issuance of 4,592,794 shares of Series B Convertible Preferred Stock and the issuance of 200,694 shares of common stock. In December 2009, we completed a bridge round of financing of $3.0 million of convertible notes. These notes were converted into equity upon the closing of our offering. In our initial public offering we raised $11 million, of which the net proceeds were approximately $9.2 million after taking into account the underwriters discounts and other related expenses. Immediately prior to the closing of the IPO, the Series A Preferred Stock and the Series B Preferred Stock were granted a stock dividend of 15% and 33% respectively and exchanged (at a 1:1 ratio) for common stock following a 1 for 6 reverse split. These amounts have been used to finance our operations, as until now as we have not yet generated any significant revenues. From inception through September 30, 2010, we recorded losses of $29.6 million and net cash outflow from operations of $22.3 million.

A substantial portion of our revenues and anticipated revenues are denominated in dollars and euros, while a significant portion of our expenses, principally salaries and related personnel expenses, are paid in Israeli currency by our subsidiary. As a result, we are exposed to an exchange rate risk if the value of the dollar or euro significantly depreciates vis-à-vis the value of the New Israeli Shekel.

Revenue

We recognize revenue from monthly subscription from carriers and content sales when all the conditions for revenue recognition are met: (i) persuasive evidence of an arrangement exists, (ii) collection of the fee is probable, (iii) the sales price is fixed and determinable and (iv) delivery has occurred or services have been rendered. Our subscription service arrangements are evidenced by a written document signed by both parties. Our revenues from monthly subscription fees and content purchases are recognized when we have received confirmation from the carrier that the amount is due to us, which provides proof that the services have been rendered, and making collection probable.

We recognize revenue from non-refundable up-front fees relating to set-up and billing integration across the period of the contract for the subscription service as these fees are part of a “hosting solution” as defined in ASC 605-10-S99 (SAB Topic 13.A.3.f). As these fees are part of a hosting solution that we provide to the carrier, and that the hosting is provided on our servers for the entire period of the arrangement with this carrier, the revenues relating to the monthly subscription, set-up fees and billing integration have been recognized over the period in the agreement.

Revenues from minimum monthly revenue guarantees from carriers are recognized at the end of each billing period for the service provided as we have an agreement with the carrier, the fee has been agreed upon contractually and the collection of this fee is probable.

Costs and Expenses

Cost of revenue

Cost of revenue consists primarily of expenses directly related to providing our service in launched markets. These expenses include the costs associated with production servers serving the end-users, royalty fees for content sales and the direct costs of billing services and text messaging providers.

Research and development expenses

Research and development expenses consist primarily of salary expenses of our development and quality assurance engineers in our research and development facility in Israel, outsourcing of certain development activities, preparation of patent filings, and server and support functions for our development environment.

Marketing expenses

Marketing expenses include the salary of all business development and marketing personnel, 50% of the CEO's salary, travel expenses relating to business development activity and tradeshows, as well as public relations, advertising and customer acquisition expenses. As we increase our sales, certain commissions to agents will also be included in sales and marketing expenses.

General and administrative expenses

General and administrative expenses include 50% of the CEO's salary, the salary of our finance and administrative personnel, rental costs for both the U.S. and Israeli offices, legal and accounting costs, telephone and other office expenses including depreciation. We expect our general and administrative expenses in the twelve months following the consummation of our initial public offering to increase significantly as we incur additional costs of being a public company. These costs will include increased legal and accounting costs, additional insurance costs, director compensation and increased share-based compensation expenses (recognition of which was triggered by the consummation of the initial public offering). This is in addition to the specific increases in professional fees as a result of recording of the placement agent warrants.

Non-operating expenses (income)

In 2009, our finance expense primarily consisted of interest payments on the venture loan. From December 2009 and until the consummation of our offering on June 21, 2010, these costs also included $0.1 million of interest expense on the convertible bridge loan. Non-operating expense (income) for all periods includes transaction gains (losses) from foreign exchange rate differences. In addition, non-operating expenses include a loss of $0.2 million (as restated) recorded as a result of the extinguishment of debt related to the loan modification agreement signed on December 29, 2009 with Silicon Valley Bank and Gold Hill, $1.1 million recorded as interest expense from the Beneficial Conversion Feature as a result of the conversion of the Bridge loan into equity, $1.2 million recorded as additional amortization on the convertible bridge loan and $1.3 million recorded on account of the lead investor warrants. Fair value adjustments of the Special Bridge Warrants and the Conversion Warrants derivative liabilities, which are highly influenced by our stock price at the quarter end (measurement date), are recorded in non-operating expense (income). During the six month period ended June 30, 2010, income in the total amount of $0.5 million was recorded in respect of the fair value adjustment to the abovementioned derivatives. During the three month period ended September 30, 2010, that income was offset by an expense of $1.0 million. We expect that our non-operating expenses (income) will be directly impacted by changes in fair value of these warrants over the next 5 years.

Income taxes

Our effective tax rate differs from the statutory federal rate primarily due to differences between income and expense recognition prescribed by income tax regulations and generally accepted accounting principles. We utilize different methods and useful lives for depreciating and amortizing property, equipment and intangible assets and different methods and timing for certain expenses. Furthermore, permanent differences arise from certain income and expense items recorded for financial reporting purposes but not recognizable for income tax purposes. In addition, our income tax expense has been adjusted for the effect of foreign income from our wholly owned subsidiary. At September 30, 2010, our deferred tax assets generated from our activities were entirely offset by a valuation allowance because realization depends on generating future taxable income, which, in our estimation, is not more likely than not to be realized. The deferred tax assets generated from our subsidiary's operations are not offset by an allowance, as in our estimation, it is more likely than not to be realized.

Our subsidiary generates net taxable income from services it provides to us. The subsidiary charges us for research and development and certain management services which it provides us, plus a profit margin on such costs, which is currently 8%. However, the subsidiary is a "beneficiary enterprise" as defined in amendment No. 60 to the Israeli Law for the Encouragement of Capital Investment, 1959, which means that income arising from its approved research and development activities is subject to zero percent tax for a period of two years and a reduced tax rate for the subsequent five years. The subsidiary elected to receive the zero percent tax benefits for the fiscal years of 2007 and 2008. Beginning in 2009, the subsidiary is subject to taxes on its income. This tax liability (and tax expenses) has been recorded in our financial statements for the three and nine months ended September 30, 2010 and for the year ended December 31, 2009.

Results of Operations

Three Months and Nine Months Ended September 30, 2010 and 2009 and the development stage period (cumulative from inception through September 30, 2010)

The following analysis compares the results of our operations for the three and nine months ended September 30, 2010 to the results of operations for the three and nine months ended September 30, 2009 and the results of our operations from inception through September 30, 2010.

Revenue

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30,
	2009	2010	Change	2009	2010	Change	2010
		($ - in thousands)			($ - in thousands)		($ - in thousands)
Revenue	9	54	45	9	128	119	148

During the three and nine months ended September 30, 2010, we recorded revenues of $54 thousand and $128 thousand, which represents an increase of $45 thousand and $119 thousand from our revenues for the three and nine months ended September 30, 2009. During the period ended September 30, 2009, we recorded revenues of $9 thousand. This amount reflects an immaterial correction to the amount previously presented for the nine months ended September 30, 2009. The increase in revenue from the second quarter to the third quarter of 2010 was due to an increase in revenues from our revenue-sharing agreement in Malaysia whereby we recognized $26 thousand in the third quarter and $15 thousand in the second quarter of 2010 (a growth of 73%). We also recognized $15 thousand in minimum guarantees from our service in the United Arab Emirates. Our revenues from our service in Armenia remained at $9 thousand per quarter and we also recognized approximately $4 thousand from our revenue-sharing agreement in Turkey (up from approximately $3 thousand in the second quarter of 2010. We expect to continue to generate a significant portion of our revenues for the coming quarters from: (i) continuing to recognize the revenue from our agreement with Vivacell in Armenia, (ii) monthly revenue relating to our service in the United Arab Emirates and (iii) our revenue-sharing agreements in Turkey and Malaysia (iv) revenue generated by our newly signed agreement with Everything Everywhere Limited in the UK, and (v) revenue generated by our newly signed agreement with StarHub in Singapore. From inception through September 30, 2010, we have recorded revenues of $148 thousand, which amount includes $45 thousand from our services in Armenia, $40 thousand from our services in the United Arab Emirates, $53 thousand from our services in Malaysia and $10 thousand from our services in Turkey.

Cost of Revenue

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30,
	2009	2010	Change	2009	2010	Change	2010
		($ - in thousands)			($ - in thousands)		($ -in thousands)
Cost of revenue	17	64	47	17	131	114	162

During the three and nine months ended September 30, 2010, our cost of revenue was $64 thousand and $131 thousand, which represents an increase of $47 thousand (or 276%) and $114 thousand (or 670%) from our cost of revenue for the three and nine months ended September 30, 2009, respectively. Cost of revenue is comprised of services related to the provision of content to end-users and hosted servers needed to support the service in markets where we have launched our services.

As our service grows and we launch in other territories, we expect that cost of revenue will increase as we provide more content and other services to the users of our service. As some of these costs are fixed irrespective of our revenues, we expect our gross margin to increase significantly over time. We believe that we currently have enough server capacity to service up to two million global users before we need to expand our server capacity. From inception through September 30, 2010, our total cost of revenue was $162 thousand.

Research and Development

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30,
	2009	2010	Change	2009	2010	Change	2010
		($ - in thousands)			($ - in thousands)		($ -in thousands)
Research and development	455	630	175	1,493	1,736	243	10,120

Research and development expenses increased from $455 thousand to $630 thousand (51%) during the three month period ended September 30, 2010, compared to the three month period ended September 30, 2009. During the nine months ended September 30, 2010, research and development expenses increased $243 thousand (or 16.2%) to $1,736 thousand from $1,493 thousand in the nine months ended September 30, 2009.

From inception through September 30, 2010, research and development expenses amounted to $10.1 million. Of this amount, approximately $7.3 million was attributed to salaries and related expenses, $1.6 million was attributed to sub-contracting and consulting services, $0.6 million was attributed to operating expenses and $0.6 million was attributed to patent expenses.

Our research and development expenses increased for the three and nine months ended September 30, 2010, compared with the three and nine months ended September 30, 2009, mainly due to increased option compensation expenses in connection with 2010 grants. While we continue to develop and expand our product line, we have not increased our research and development costs over the last 12 months (other than option costs). As our business matures and our revenues increase, we expect that our research and development expenses will grow at a slower rate than our corresponding revenues and marketing expenses. We also expect that our compensation costs will increase due to the recording of the expense related to the options granted to management and employees.

Marketing

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30,
	2009	2010	Change	2009	2010	Change	2010
		($ - in thousands)			($ - in thousands)		($ - in thousands)
Marketing	373	475	102	1,268	1,515	247	8.039

During the three months ended September 30, 2010, marketing expenses increased $102 thousand (or 27.3%), to $475 thousand, from $373 thousand in the three months ended September 30, 2009. During the nine months ended September 30, 2010, marketing expenses increased $247 thousand (or 19.5%), to $1,515 thousand, from $1,268 thousand in the nine months ended September 30, 2009.

From inception through September 30, 2010, marketing expenses totaled $8.0 million. Of this amount, approximately $4 million was attributed to salaries and related expenses, $1.2 million was attributed to sub-contracting and consulting services, $0.6 million was attributed to public relations services and customer acquisition expenses, and $1.6 million was attributed to travel and tradeshows.

The growth in our marketing expenses for the three months ended September 30, 2010 was in part due to the re-hiring, in April 2010, of the President of the Company in the United States thereby increasing salary expense. In addition, there was an increase in share compensation and vacation accrual expenses in this three month period. A significant portion of our marketing activity relates to the launching of services with our global partners and building a pipeline for further agreements. In addition, we conducted direct-to-consumer marketing activities in the countries where we have launched our services to build on the efforts of our partners. While we do not expect to invest heavily in direct-to-consumer marketing activities in the future, we do expect an increase in marketing expenses as we continue launching our service in different global markets. In certain markets, our marketing efforts may include hiring local personnel to introduce us to the market and purchasing rights to certain local content. As our market reach grows, we expect our marketing expenses to continue to increase our visibility to potential partners. We also expect that our compensation costs will increase significantly due to the recording of the expense related to the management options.

General and Administrative

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30,
	2009	2010	Change	2009	2010	Change	2010
		($ - in thousands)			($ - in thousands)		($ - in thousands)
General and administrative	245	558	313	819	1,413	594	5,843

During the three months ended September 30, 2010, general and administrative expenses increased $313 thousand (or 128%), to $558 thousand, from $245 thousand in the three months ended September 30, 2009. During the nine months ended September 30, 2010, general and administrative expenses increased $594 thousand (or 73%), to $1,413 thousand, from $819 thousand in the nine months ended September 30, 2009.

From inception through September 30, 2010, general and administrative expenses totaled $5.8 million. Of this amount, approximately $2.2 million was attributed to salaries and related expenses, $0.5 million was attributed to rent, $1.5 million was attributed to ongoing office management expenses, $1.2 million was attributed to professional fees (including $0.2 million and $60 thousand for placement agent fees and the fair value (as restated) of the placement agent warrant, respectively) and $0.4 million was attributed to depreciation.

General and administrative expenses for the three months ended September 30, 2010, were higher than the general and administrative expenses for the three months ended September 30, 2009 due to the increase in various professional fees in connection with becoming a public company. In addition, there was an increase in insurance costs for our directors’ and officers’ liability insurance and an increase in compensation expenses due to new option grants in 2010. The increase in our general and administrative expenses in 2010 have been partially offset by the reduction of our rental costs for our headquarters in New York, which decreased significantly due to our relocation upon the termination of our lease in September 2009. We expect that our general and administrative expenses will increase due to the costs of being a public company. These costs will be reflected in increased accounting, legal and insurance costs as well as increased costs to hire additional personnel to meet our obligations under the Sarbanes-Oxley Act. We also expect that our compensation costs will increase significantly due to the recording of expense related to management options and acceleration of vesting related to the separation agreements signed with two of the Company’s officers.

Non-operating Expense (Income), Net

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30, 2010
	2009	2010	Change	2009	2010	Change	
		($ - in thousands)			($ - in thousands)		($ - in thousands)
Non-operating expense (income), net	144	1,145	1,001	449	4,722	4,273	5,504

During the three month period ended September 30, 2010, non-operating expense, net, increased $1.0 million (or 700%), to $1.1 million, from $144 thousand in the three month period ended September 30, 2009. During the nine months ended September 30, 2010, non-operating expense, net, increased $4.3 million (or 951%), to $4.7 million, from $0.45 million in the nine months ended September 30, 2009. The increase in non-operating expense, net, for the three month period ended September 30, 2010, compared to the corresponding period in 2009, was primarily due to $966 thousand expense recorded in connection with the quarterly valuation of the Special Bridge and the Conversion Warrants derivative liabilities. The increase in fair value of the derivative liabilities is mainly due to the increase in the stock price at quarter end.

From inception through September 30, 2010, non-operating expenses totaled $5.5 million. Of this amount, we recorded income from interest on deposits of $0.4 million and interest expense on the SVB/Gold Hill loan of $1.0 million. In addition, we recorded $0.14 million of debt extinguishment expense related to the Series B Convertible Preferred Stock, $0.2 million of debt extinguishment expenses as a result of the loan modification agreement with SVB/Gold Hill, $1.0 million of additional interest expense as a result of the conversion of the convertible loan, $0.3 million of warrant amortization and $1.1 million of additional interest expense from the Bridge Notes as well as $0.1 million of interest expenses on the Bridge Notes. We also recorded an expense of $1.3 million as additional interest expense for the warrants granted to the lead investors of the Bridge Financing as well as non-operating expense of $0.5 million for the adjustment of the fair value of the Special Bridge Warrants and the Conversion Warrants. We expect that our non-operating expenses moving forward will be affected by the adjustments to fair value of the derivative instruments (the Special Bridge Warrants and the Conversion Warrants) and additional interest payments in respect of the Venture Loan.

Taxes on Income

	Three months Ended September 30			Nine months Ended September 30			Cumulative from inception to September 30, 2010
	2009	2010	Change	2009	2010	Change	
		($ - in thousands)			($ - in thousands)		($ - in thousands)
Taxes on income	16	14	(2)	54	52	(2)	46

During the three and nine month period ended September 30, 2010, taxes on income remained stable compared to the three and nine month period ended September 30, 2009. Changes in taxes on income are due to profits generated by our subsidiary as a result of the intercompany cost plus agreement between us and the subsidiary, whereby the subsidiary performs development services for us and is reimbursed for its expenses plus 8%. For financial statements purposes, these profits are eliminated upon consolidation. The profits of the subsidiary benefitted from a tax holiday in the 2007-2008 tax years but are taxable thereafter. In prior periods, the changes in taxes on income resulted from the change in the deferred tax asset, as those periods were covered by the tax holiday as described above. From inception through September 30, 2010, taxes on income totaled $46 thousand. We expect this trend will continue as our subsidiary will continue to profit from the cost plus agreement. In the future, the subsidiary may apply for an extension to its “Beneficiary Enterprise” status under the Israeli Law for the Encouragement of Capital Investments, 1959, whereby part of its profits may be tax-exempt.

Off-Balance Sheet Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

Liquidity and Capital Resources

As of September 30, 2010, we had a cash position of $7.4 million and net working capital of $5.6 million. The increase in cash of $6.6 million for the nine months ended September 30, 2010 compared to the year ended December 31, 2009 was due to the receipt of proceeds from the IPO. We believe that cash and cash equivalents and expected cash flow from operations will be sufficient to meet our planned cash requirements for working capital and other obligations for at least the next twelve months. In the nine months ended September 30, 2010, we received the remaining $2.6 million proceeds from the Bridge Financing, of which $0.2 million was paid to the placement agent for the Bridge Financing and we also received net proceeds of $9.2 million from our initial public offering. The increase in net cash outflow from operations for the nine months ended September 30, 2010 compared to the year ended December 31, 2009 reflects payments related to our new status as a public company. As of September 30, 2010, our stockholders’ equity was $0.1 million due in part to the classification of the Special Bridge Warrants and the Conversion Warrants as derivative liabilities rather than equity securities.

We have historically funded our operations primarily through the sale of our securities, including sales of common stock, convertible notes, preferred stock and warrants. In May 2006, we raised $2.35 million through the issuance of 588 shares of Series A Convertible Preferred Stock. We issued 2,353,299 additional shares of Series A Convertible Preferred Stock as a stock dividend in August 2006, resulting in a total of 2,353,887 shares of Series A Convertible Preferred Stock outstanding. In February 2007, we completed a financing of $2.1 million of convertible notes, which was later exchanged and included as part of the Series B Financing in July 2007. In July 2007, we raised $12.1 million (including the $2.1 million above) through the issuance of 4,592,794 shares of Series B Convertible Preferred Stock and the issuance of 200,694 shares of common stock. In addition, in September 2008, we closed a $5.0

million loan from SVB/Gold Hill Capital. In December 2009, we completed the Bridge Financing of $3.0 million of convertible notes. In June 2010, we completed our IPO raising gross proceeds of approximately $11 million through the sale of 2,392,000 units consisting of one share of common stock and two warrants. We anticipate that we will continue to issue equity and/or debt securities as the primary source of liquidity, when needed, until we generate positive cash flow to support our operations. We cannot give any assurance that the necessary capital will be raised or that, if funds are raised, it will be on favorable terms. Any future sales of securities to finance our company will dilute existing stockholders' ownership. We cannot guarantee when or if we will ever generate positive cash flow.

As of September 30, 2010, we had 32 full time employees and 5 part-time employees. We do not expect to significantly increase our workforce in the next 12 months.

Cash flows for the nine months ended September 30, 2010 and 2009

	Nine months Ended September 30,		
	2010	2009	Change
	($ - in thousands)		
Net cash provided by (used in) operating activities	(4,734)	(3,632)	(1,102)
Net cash provided by (used in) investing activities	2,517	(29)	2,546
Net cash provided by (used in) financing activities	8,856	(611)	9,467

Operating activities

During the nine months ended September 30, 2010, net cash used in operating activities totaled $4.7 million. During the nine months ended September 30, 2009, net cash used in operating activities totaled $3.6 million. This increase of $1.1 million used in operating activities was due to payments to service providers in connection with the Bridge Financing and the IPO, including the placement agent, auditors, directors insurance and legal counsel. We expect our net cash used in operating activities to increase in the next twelve months due to costs related to being a public company. As we move towards greater revenue generation, we expect some of these amounts will be offset by revenue. Since we receive most of our revenues directly from carriers whose payment schedules are generally at net 60 days or net 90 days (and sometimes even longer than that), and our suppliers' payment schedules are generally net 30 days, we do not expect the increase in revenue will initially increase our net cash from operating activities.

Investing activities

During the nine months ended September 30, 2010, net cash provided by investing activities totaled $2.5 million. During the nine months ended September 30, 2009, net cash used in investing activities totaled $29 thousand. This increase of $2.5 million provided by investing activities is primarily due to the release of proceeds from the Bridge Financing from escrow, which was slightly offset by the purchase of fixed assets. Fixed asset purchases in the nine months ended September 30, 2010 amounted to $68 thousand compared to $29 thousand for the nine months ended September 30, 2009. The increase in fixed asset purchases was due to the need to replace certain fixed assets that had fully depreciated and to improve the servers in the research and development facility of our Israeli subsidiary. We expect that net cash used in investing activities will increase in the twelve months following the offering as we intend to use a portion of the investment proceeds from the offering on capital expenditures for computers, software and office furniture. Moreover, as our service continues to grow, we will need to increase our server capacity to meet the needs of our customers.

Financing activities

During the nine months ended September 30, 2010, net cash provided by financing activities totaled $8.9 million, which relates to the net proceeds received as a result of our initial public offering, partially offset by the repayment of principal on the Venture Loan. Following the successful completion of the initial public offering we expect to continue to see a net cash outflow from financing activities as a result of the repayment of the Venture Loan and, dependent on our share price and other market conditions, possible inflows from the exercise of warrants and other instruments.

Bridge Financing

On December 29, 2009, we consummated a private placement of our 5% subordinated convertible promissory notes in the aggregate amount of $3.0 million (the "Bridge Notes") and warrants to purchase 864,332 shares of common stock for an aggregate purchase price of $3.0 million (the "Bridge Financing"). Upon the closing of our Initial Public Offering, on June 21, 2010, these Bridge Notes converted into an aggregate of 864,332 shares of common stock and warrants to purchase 1,728,664 shares of common stock. In connection with the Bridge Financing, we issued additional warrants to purchase shares of common stock to the lead investors (482,346 shares), our senior lenders (250,000 shares) and our placement agent (55,664 shares).

Initial Public Offering

On June 21, 2010, we consummated an initial public offering in the aggregate amount of $11.0 million (the "IPO") whereby we sold 2,392,000 units consisting of one share of common stock and two warrants. Each unit was sold at $4.60, with the warrants exercisable for five years following the IPO at an exercise price $5.06. Net proceeds from this offering were approximately $9.2 million after taking into account the underwriters discounts and other related expenses. Upon the consummation of the IPO the Bridge Notes were converted into an aggregate of 864,332 units (see above). As a result of this offering the shares of Series A and Series B Convertible Preferred Stock were awarded a stock dividend, were subject to a 1 for 6 reverse split and converted in common stock according to a 1 to 1 ratio.

Future operations

As a result of our initial public offering, we believe we have sufficient cash to meet our planned operating needs for at least the next 12 months, based on our current cash levels, including the cash raised from the offering. Following that date, we believe that we could need additional financing, through the exercise of the warrants that were registered in this offering or otherwise through an additional offering, in order to meet our longer-term cash flow needs. In estimating our expected cash flow, we have considered the current economic climate and our revenue estimations as discussed above.

We will also assess acquisition opportunities as they arise. We may require additional financing if we decide to make acquisitions. We are not considering any specific acquisition opportunities at this time and there can be no assurance, however, that any such opportunities may arise, or that any such acquisitions may be consummated. Additional financing may not be available on satisfactory terms when required. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution.

Venture loan

We have drawn down on a loan facility for $5.0 million. The loan facility bears interest at a rate of 9.5% per annum and an effective interest rate of 18%. The contractual repayment schedule required a 36-month repayment schedule beginning on April 1, 2009 following a six-month interest only period. Pursuant to the Bridge Financing, we entered into a loan modification agreement with our lenders whereby principal payments on the facility were deferred until the earlier of six months from the Bridge Financing or the consummation of the initial public offering. Following the recommencement of principal payments, on July 1, 2010, the remaining portion of the loan will be repaid through March 1, 2013. Future loan payments on the facility, including principal and interest will amount to approximately $142,000 per month.

Contractual obligations

We have a non-cancellable operating lease for our subsidiary’s offices in Israel for which we pay approximately $5 thousand monthly. This commitment is for the period ending May 31, 2012. We pay $3,900 monthly for our U.S. lease. Our U.S. lease is cancellable upon 45 days’ notice.

The subsidiary leases four motor vehicles for certain employees with variable commencement and expiration dates. All leases are for a total of 36 months whereby the final three months of the contract have been prepaid. Total monthly expenses for these leases amount to approximately $3.5 thousand. Expiration dates for the leases are on various dates from December 2010 through September 2013.

Critical Accounting Estimates

While our significant accounting policies are more fully described in the notes to our audited consolidated financial statements for the years ended December 31, 2009 and 2008 and our unaudited consolidated financial statements for the three and nine months ended September 30, 2010, we believe the following accounting policies to be the most critical in understanding the judgments and estimates we use in preparing our consolidated financial statements.

Accounting for Stock-based Compensation

We account for stock-based awards under ASC 718, “*Compensation—Stock Compensation*” (formerly SFAS 123R, “*Share-Based Payment*”), which requires measurement of compensation cost for stock-based awards at fair value on the date of grant and the recognition of compensation over the service period in which the awards are expected to vest. In addition, for options granted to consultants, FASB ASC 505-50, “*Equity-Based Payments to Non Employees*” is applied. Under this pronouncement, the measurement date of the option occurs on the earlier of counterparty performance or performance commitment. The grant is revalued at every reporting date until the measurement date. The estimation of stock-based awards that will ultimately vest requires judgment, and to the extent actual results differ from our estimates, such amounts will be recorded as a cumulative adjustment in the period estimates are revised. We consider various factors when estimating expected forfeitures, including historical experience. Actual results may differ substantially from these estimates.

We determine the fair value of stock options granted to employees and directors using the Black-Scholes-Merton valuation model, which requires significant assumptions regarding the expected stock price volatility, the risk-free interest rate and the dividend yield, and the estimated period of time option grants will be outstanding before they are ultimately exercised. We estimate our expected stock volatility based on historical stock volatility from comparable companies. Our common stock valuation for June 25, 2009 (the date we granted stock options in 2009) valued our common stock at $0.35 before giving effect to the reverse split. The valuation was calculated using the option-pricing method, which treats common stock and preferred stock as call options on the enterprise’s value, with the exercise price based on the liquidation preference of the preferred stock. Under this method, the common stock has value only if the funds available for distribution to stockholders exceed the value of the liquidation preference at the time of a liquidity event (e.g., a merger or sale), assuming the enterprise has funds available to make a liquidation preference meaningful and collectible by stockholders. In the option-pricing model, the valuation of the common stock is modeled as a call option that gives its owner the right, but not the obligation, to buy the underlying enterprise value at a predetermined exercise price. The option-pricing method commonly uses the Black-Scholes-Merton model to price the call option. Under this method, the fair value of the common stock was estimated as the net value of a series of call options, representing the present value of the expected future returns to common stockholders. To apply this method, the following factors were taken into consideration: rights of shares, liquidation preference amount and share count. The Black-Scholes-Merton model used an expected life of three years, a risk-fee interest rate of 1.64% and 75% volatility.

The effect on our consolidated statement of operations of the 1,392,000 management options granted at $0.01 and of the 1,420,000 management options granted at $5.50 upon consummation of the offering was based on the valuation of the common stock as discussed below. These options, although granted during the first quarter, only reached their recognition date with the consummation of the offering. To calculate the effect of these options on our consolidated statement of operations, we considered the valuation of the common stock as at March 31, 2010 (as discussed below) and calculated the value of these management options using the Lattice model, with a volatility of 65% and a risk-free interest rate of 2.8% . The volatility and risk-free interest rate were calculated using the contractual life of these options (6 years), whilst the value was calculated using the estimate life of 4 years. The fair value of the common stock as of March 31, 2010 was determined to be $2.62, which represents the $2.80 ascribed value of the common stock portion of the unit, discounted to reflect other exit scenarios. Options granted to consultants are revalued at every reporting period. These options were valued using the Black-Scholes-Merton model. As of September 30, 2010, the fair value of the common stock was determined to be $3.30, based on an expected volatility of 53%, risk-free interest rate of 0.7% – 1.35%.

The charitable warrant granted in October 2006 that reached its recognition date at the consummation of the IPO was valued using the Black-Scholes-Merton model, with a volatility of 56%, expected life of 6.33 years and a risk-free interest rate of 2.70%. The fair value of the common stock was valued at $2.79. During September 2010, the warrant was exercised on a cashless basis, resulting in the issuance of 11,044 shares of common stock by the Company.

To the extent we made different assumptions regarding the fair value of the common stock, the stock price volatility or the estimated time that option and warrant grants will be outstanding before they are ultimately exercised, the related stock based compensation expense, and our net loss and net loss per share, could have been significantly different.

Accounting for Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves management estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income and, to the extent we believe that recovery is not more likely than not, we must establish a valuation allowance. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. At September 30, 2010, we have fully offset our U.S. net deferred tax asset with a valuation allowance. Our lack of earnings history and the uncertainty surrounding our ability to generate U.S. taxable income prior to the expiration of such deferred tax assets were the primary factors considered by management in establishing the valuation allowance.

ASC 740, "*Income Taxes*" (formerly FASB Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109*"), prescribes how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. Additionally, for tax positions to qualify for deferred tax benefit recognition under ASC 740, the position must have at least a "more likely than not" chance of being sustained upon challenge by the respective taxing authorities, which criteria is a matter of significant judgment.

Valuation of Common Stock

The units that were issued as part of the IPO consisted of one share of common stock and two warrants (each exercisable at $5.06). We used the Black-Scholes-Merton model to determine the value of the warrants. The warrants in the unit were valued at June 30, 2010 based on an exercise price of $5.06, expected term of five years, volatility of 54% and a risk-free interest rate of 1.82%. These parameters valued the two warrants at $1.53 and the common stock at $2.57. The warrants in the unit were valued at December 31, 2009 using the following parameters—an exercise price of $5.50 (the expected exercise price at the time of the valuation), expected term of five years, volatility of 60.63% and a risk-free interest rate of 2.87%. These parameters valued the two warrants at $2.14 and the common stock at $2.86. This common stock valuation was used to determine the value of the Special Bridge Warrants as well as the value of the warrants attached to the modified venture loan and was also used to value the common stock options as stated above. On July 27, 2010, the units were separated into their underlying shares of common stock and warrants.

Our common stock valuation for December 31, 2009 valued our common stock at $0.43 before giving effect to the reverse split, or $2.58 on a post reverse-split basis. The valuation assumed the consummation of this offering based upon an assumed offering price of $5.00. The difference between the value of $2.86 for the common stock compared to the unit price of $5.00 is the value of the two warrants. This value of $2.58 represents the $2.86 ascribed value of the common share portion of the unit, discounted to reflect other exit scenarios.

To the extent we made different assumptions regarding the fair value of the common stock, the stock price volatility or the estimated time that warrant grants will be outstanding before they are ultimately exercised, the related value of the Special Bridge Warrants, the conversion warrants, the venture loan, and additional paid in capital, as well as our net loss and net loss per share, could have been significantly different.

Valuation of Instruments in Temporary Equity

Proceeds from our Series B financing have been classified as Temporary Equity. The proceeds were allocated using the relative fair value method. We determined that there are no embedded features that would require bifurcation as derivative instruments. Had management used other assumptions or valuation models, there might have been a material difference in the fair value allocations and the conclusions regarding the accounting treatment for the Series B share issuance.

These shares are redeemable for cash in July 2013. The redemption price is the greater of the original issue price plus declared but unpaid dividends or the fair market value of the Series B preferred shares on the day of the redemption election. In management's opinion, the fair market value of the Series B preferred shares did not rise above the original price from inception and therefore no accretion has been recorded. Had management concluded that the fair market value of the Series B shares had risen above the original issue price, there might have been a material change in our financial statements and results of operations.

Following our IPO, the Series B preferred shares were exchanged into common stock, after receiving a stock dividend of 33% and the 1 for 6 reverse split.

Valuation of Instruments in Bridge Financing

Proceeds from the Bridge Financing were first allocated to the Special Bridge Warrants, which were classified as a derivative liability and recorded at fair value, with the residual amount being allocated to the Bridge Notes, in accordance with the guidance in ASC 815 (formerly Statement 133) and ASC 815-40 (formerly EITF Issue No. 07-5). The Special Bridge Warrants and Bridge Notes were classified as liabilities on the balance sheet. The Special Bridge Warrants have down-round protection clauses and their fair value is calculated using the Black-Scholes-Merton model at every reporting period. The assumptions used in the initial calculation were 53% expected volatility, a risk-free interest rate of 1.6%, estimated life of 4.5 years and no dividend yield. The fair value of the common stock was estimated at $2.57. Upon the consummation of the IPO, we issued a further 69,132 Special Bridge Warrants to the holders of the Bridge Notes to reflect the final offering price of the IPO units. These warrants were valued on the date of the IPO by using the Black-Scholes-Merton model. The assumptions used in this calculation were 53% expected volatility, a risk-free interest rate of 1.9%, estimated life of 4.5 years and no dividend yield. The fair value of the common stock was estimated at $2.79. The additional warrants were then adjusted according to the fair value above at the end of the reporting period.

The warrants granted to the Bridge Note holders (the “Conversion Warrants”), were classified as a derivative liability and recorded at fair value at the time of the IPO in accordance with the guidance in ASC 815 (formerly Statement 133) and ASC 815-40 (formerly EITF Issue No. 07-5).The Conversion Warrants were classified as a long-term liability on the balance sheet. The Conversion Warrants have down-round protection clauses and their fair value is calculated using the Black-Scholes-Merton model at every reporting period. The assumptions used in this calculation for the date of the IPO were 54% expected volatility, a risk-free interest rate of 2.1%, estimated life of 5 years and no dividend yield. The fair value of the common stock was estimated at $2.79. These warrants were valued again on September 30, 2010, with the increase in fair value being recorded as non-operating expense. The assumptions used in this calculation were 54% expected volatility, a risk-free interest rate of 1.8%, estimated life of 5 years and no dividend yield. The market value of the common stock was at $3.30.

Both the Special Bridge Warrants and the Conversion Warrants will be adjusted according to their fair value at the end of each reporting period. The fair value is determined based on certain assumptions of volatility and risk-free interest rate, as well as the closing price of our common stock at the end of the reporting period. As a result, there is considerable uncertainty as to the impact on our consolidated statement of operations at each period-end as our stock price in each period can either increase or decrease which will cause either an increase or decrease of the fair value of these instruments.

The warrants granted to the placement agent in the Bridge Financing have been recorded as an expense at fair market value and calculated using the Black-Scholes-Merton model. Their fair value was calculated using the Black-Scholes-Merton model. The assumptions used in this calculation were 60.6% expected volatility, risk-free interest rate of 2.87%, estimated life of 5 years and no dividend yield. The fair value of the common stock was estimated at $0.43 per share, before giving effect to the reverse split, or $2.58 on a post reverse-split basis.

The warrants granted to the lead investors in the Bridge Financing have been recorded as a non-operating expense at fair market value at the time of the IPO and calculated using the Black-Scholes-Merton model. The assumptions used in this calculation were 52.6% expected volatility, risk-free interest rate of 1.68%, estimated life of 4 years and no dividend yield. The fair value of the common stock was estimated at $2.79. The total expense recorded was $1.3 million.

As a result of the loan modification agreement, the venture loan was recorded at fair market value. The fair value of the modified loan was calculated by discounting the debt and interest at the appropriate discount rate, which was 18%. As a result of an error in our valuation of the venture loan, we have restated the balance of the venture loan as of December 31, 2009.

Had we made different assumptions about the fair value of these instruments, stock price volatility or the estimated time that the warrants will be outstanding before they are ultimately exercised, the related interest expense, and our net loss and net loss per share amounts could have been significantly different.

Recently Issued Accounting Pronouncements

The Financial Accounting Standards Board recently issued ASU 2010-06, *“Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements”* which amends Topic 820 and demands more robust disclosures of (1) the different classes of assets and liabilities measured at fair value, (2) the valuation of techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2 and 3. The disclosures about purchases, sales, issuances and settlements relating to Level 3 measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of ASU 2010-06 to have a material impact on the Company’s consolidated financial position, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company and therefore, we are not required to provide information required by this Item of Form 10-Q.

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and our Vice President Finance (principal financial officer), evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2010. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2010, our Chief Executive Officer and Vice President Finance concluded that, as of such date, our disclosure controls and procedures were not effective for the reasons set forth below.

Our management has identified a material weakness in our disclosure control and procedures relating to our ineffective policies and procedures regarding the calculation of the fair value per share of common stock in accordance with generally accepted accounting principles. Specifically, we do not have sufficient qualified staff to provide for effective testing and verification of the criteria used in such calculation. We are in the process of remediating this material weakness by hiring additional qualified personnel to assist in the preparation of these calculations as well as other aspects of our financial statements.

Part II

OTHER INFORMATION

Item 1. Legal Proceedings.

We are not a party to any material legal proceedings.

Item 1A. Risk Factors.

We are a smaller reporting company and therefore, we are not required to provide information required by this Item of Form 10-Q.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Description
10.1	Agreement on Cooperation, dated July 15, 2010, between the Company and Retromedya (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 19, 2010).
10.2^	Marketing Agreement, dated August 19, 2010, between the Company and Everything Everywhere Limited.
10.3^	Collaboration Agreement, dated September 15, 2010, between the Company and Starhub Mobile PTE Ltd.
31.1	Certification of Principal Executive Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rule 13-14(a) of the Securities Exchange Act of 1934, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

^ Certain portions have been omitted pursuant to a confidential treatment request. Omitted information to be filed separately with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on the 15th day of November, 2010.

VRINGO, INC.

By: /S/ ELLEN COHL

Ellen Cohl
Vice President Finance
(Principal Financial Officer)

Exhibit 10.2

CONFIDENTIAL TREATMENT REQUESTED
WITH RESPECT TO CERTAIN PORTIONS HEREOF
DENOTED WITH "[*****]"

Marketing Agreement

This Agreement is entered into as of 19 August 2010 (the "Effective Date"), by and between **Everything Everywhere Limited**, a corporation having an office at Hatfield Business Park, Hatfield, Herts, AL10 9BW ("Carrier") and Vringo Inc., a Delaware corporation having an office at 85 5th Avenue 6th Floor New York, NY 10003.

RECITALS: Carrier wishes to engage with Vringo and Vringo wishes to engage with Carrier in a relationship whereby Carrier will offer a version of Vringo's video ringtone sharing service to its customers on the terms and conditions set forth in this Agreement.

I. **Vringo's Obligations:** Vringo shall make available to Carrier's Orange and T-Mobile customers a version or versions of the Vringo video ringtone making and sharing service (the "Service"). The Service shall be hosted and fully provided by Vringo. Vringo will supply content for the Service ("Vringo Content"). Vringo will co-brand the web & mobile portions of the Service. Vringo will provide Carrier with a spec detailing the elements Carrier must provide to Vringo for the creation of the co-brand. Should Vringo carry advertisements on the Service at any time it shall ensure that no advertising relating in any way to any Carrier Competitors is included. Advertising will only be included on the service at the agreement of both parties and revenue share and further terms will be agreed prior to commercial launch of an advertising service

II. **Carrier's Obligations:** Carrier shall:

a. Provide Vringo with the elements for the co-brand

b. Provide Vringo with access to Carrier's billing API and support Vringo in integrating said API

c. Provide Vringo with access to Carrier's SMSC so that Vringo can send SMS's related to the Service via Carrier's SMSC to customers of the Vringo service provisioned under this agreement. Vringo will not be charged for sending said SMS messages. Vringo agrees to comply with the Orange Code of Practice and Standard Terms and Conditions for third parties connecting to the SMSC. The use of SMSC and frequency of messages sent and message type will be pre-agreed with Carrier. The Carrier has the right to withdraw access to the SMSC if it so determines.

For the avoidance of doubt, Carrier shall not be under any obligation to promote the Service to its subscribers.

III. **Revenue Share, Fees, Reports, Audit Rights:**

a. Users shall be charged a monthly subscription fee for use of the Service which shall be defined at Vringo's discretion. Additionally, Vringo may charge users for purchases of some Vringo Content. All fees will be charged directly to the Users' Carrier bill via Vringo's integration with Carrier's billing API. For each month beginning with the Launch, Carrier will pay to Vringo [*****] of the net subscription fee charged and collected in said month plus [*****] of the net revenue billed and collected for purchases of Vringo Content in said month. Vringo shall be responsible for paying the content owners for Vringo Content. Vringo may directly or indirectly provide the Service to

Users for fees, or free of charge, at promotional or special charges, or other pricing arrangements and may increase or decrease any prices, charges, or fees charged to Users relating to the Services without notice or prior approval from Carrier, *provided* that in each such case Vringo shall be obligated to pay Carrier the greater of (i) the foregoing percentage fees or (ii) the minimum per User fees set forth on Appendix B, as such minimum fees may be increased from time to time by the mutual agreement of the parties. For the avoidance of doubt, Vringo shall be responsible for all music copyright clearance payments to PRS and/or any other collecting society for any label content used by Vringo.

b. On or before the fifteenth (15th) working day of each calendar month, Carrier shall provide Vringo with a report detailing the gross revenue billed and collected for the subscription fee and the gross revenue billed for content purchases in the previous month. Upon receipt of such report Vringo shall issue an invoice to Carrier using a purchase order number provided by Carrier and Carrier shall pay Vringo any amounts owed for said month within 60 days of receipt of each undisputed invoice detailing the appropriate purchase order number. On notice, Vringo shall have the right to claim interest on any amounts not paid in accordance with the above at the rate of two per cent (2%) per annum above the prevailing base rate of HSBC Bank plc which interest shall accrue on a daily basis from the date payment becomes overdue until Carrier has made payment of the overdue amount (including as a result of audit findings as set forth in the following clause).

c. Once every twelve (12) months during the Term of this Agreement, and for six (6) months following the term, Vringo may cause an independent auditor reasonably satisfactory to Carrier to inspect Carrier's relevant books and records at Carrier's offices to verify the accuracy of Carrier's calculation of gross revenue; provided that reasonable advance notice is given, the inspection does not unreasonably interfere with Carrier's business activities and provided that the auditor signs Carrier's standard confidentiality agreement before conducting the audit. Carrier shall promptly make any underpayments revealed by said audit and Vringo shall pay any overpayments, Such audit shall be at Vringo's expense; however, if the audit reveals underpayments in excess of five percent (5%) of the fees owed for the period covered by the applicable audit, Carrier shall pay the reasonable cost of such audit.

d. Except as otherwise specifically provided in this Agreement, each party shall be responsible for all costs and expenses relating to the performance of its obligations hereunder.

IV. <u>Proprietary Rights, Grant of License</u>

a. <u>Ownership of Intellectual Property.</u> As between the parties, each party shall own and retain all right, title and interest, including without limitation, all Intellectual Property Rights owned by such party, in and to such party's intellectual property, content, Marks and Promotional Materials. Neither party shall make any claim to the contrary. Each party agrees to reasonably assist the other party in the prosecution of any copyright infringement action or other litigation pertaining to the rights to the other party's materials or intellectual property.

b. Proprietary Notices. The parties shall not remove, obscure or alter the other party's copyright notice or the Marks from approved materials provided to each party.

c. Marks. Each party hereby grants the other party during the Term a non-exclusive non-transferable license to use said party's Marks for the sole purpose of fulfilling its obligations under this Agreement and in marketing materials and presentations. In using each other's Marks hereunder, each party acknowledges and agrees that: (i) the other party's Marks shall remain the sole property of the other party; (ii) nothing in this Agreement shall confer in either party any right of ownership in the other party's Marks; and (iii) neither party shall at any time contest the validity of the other party's Marks. Except as specifically provided in this Agreement, neither party shall have the right to use any Mark of the other party, or to refer to the other party directly or indirectly, in connection with any product, promotion or publication without the prior written approval of such other party. Each party hereto agrees that upon termination of this Agreement all rights granted to the other party in relation to the other party's Marks shall immediately terminate and revert to the respective owning or licensor party.

V. Term:

a. Term. This Agreement shall become effective upon execution and delivery hereof by both parties ("Effective Date") and, subject to termination as provided below, shall continue for twelve (12) months from the Launch Date (the "Initial Term") and thereafter unless terminated in accordance with this clause V

b. Either party may terminate this Agreement at any time on or after the expiry of the Initial Term by the serving on the other party of not less than three months prior written notice

c. Termination for Insolvency. Either party hereto may, at its option, upon five (5) days written notice, terminate this Agreement should the other party hereto (i) admit in writing its inability to pay its debts generally as they become due; (ii) make a general assignment for the benefit of creditors; (iii) institute proceedings to be adjudicated a voluntary bankrupt, or consent to the filing of a petition of bankruptcy against it; (iv) be adjudicated by a court of competent jurisdiction as being bankrupt or insolvent; (v) seek reorganization under any bankruptcy act, or consent to the filing of a petition seeking such reorganization, or (vi) have a decree entered against it by a court of competent jurisdiction appointing a receiver, liquidator, trustee or assignee in bankruptcy or in insolvency covering all or substantially all of such party's property or providing for the liquidation of such party's property or business affairs.

d. Termination for Default. In the event that either party commits a material breach of its obligations hereunder, the other party may, at its option, terminate this Agreement by written notice of termination specifying such material breach; provided, however, that if such default is subject to cure, then such notice shall be subject to a thirty (30) day cure period from the date thereof, and if the defaulting party cures such default prior to expiration of such period, termination shall not take place.

e. Survival of Termination. The obligations of the parties under this Agreement that by their nature would continue beyond expiration, termination or cancellation of this Agreement (including, without limitation, the warranties, indemnification obligations, confidentiality requirements, ownership and property rights, payment for any amounts due and/or owing hereunder, and Vringo's audit rights) shall survive any such expiration, termination or cancellation.

f. Obligations of Termination. In the event of the service being terminated, Vringo will contact customers to advise on how their service will be affected and provide refunds, if applicable.

VI. Representations and Warranties, Indemnity:

a. Representations and Warranties. Each party represents and warrants to the other that it has the full power and authority to enter into this Agreement, to grant the rights granted herein and to perform its obligations hereunder.

b. Indemnity. Each party shall indemnify, defend and hold harmless the other party and its parents, subsidiaries, affiliates and their directors, officers, employees, agents and subcontractors against all third-party claims or actions, and any liabilities, losses, expenses, damages and costs (including, but not limited to, reasonable attorneys' fees) related thereto, to the extent same arise out of any breach or alleged breach of such party's representations or warranties contained in this Agreement or in the case of Vringo, any virus, worm, or other contaminating or destructive feature contained in the Service.

Notwithstanding the limitation of liability set out in clause IX of this Agreement, Vringo shall fully defend, indemnify, keep indemnified and hold harmless the Carrier and the directors, officers, employees, agents and subcontractors of the Carrier against all third-party claims, and any liabilities, losses, expenses, damages and costs (including, but not limited to, reasonable legal fees) incurred by, awarded against or agreed to be paid by the Carrier which arise out of any claim related to the infringement of any Intellectual Property Rights in connection with Vringo Content whether registered, registerable or otherwise in the world, including without limitation patents, trade marks, copyright and rights in the nature of copyright, logos and any other legal or moral rights, *provided* that the foregoing indemnity shall not apply to any claim related to the infringement of any Intellectual Property Rights in connection with Carrier Content whether registered, registerable or otherwise in the world, including without limitation patents, trade marks, copyright and rights in the nature of copyright, logos and any other legal or moral rights. Carrier shall give Vringo prompt written notice of any pending or threatened claim, action, proceeding or investigation in respect of which indemnification could be sought hereunder, *provided* that any delay or failure to so notify Vringo shall not relieve Vringo from its responsibilities hereunder, except to the extent Vringo is actually prejudiced by any such failure or delay. Vringo shall not settle, compromise or consent to the entry of any judgment in any such claim, action, proceeding or investigation, without Carrier's consent, which shall not be unreasonably withheld. In the event that Carrier receives a claim or demand relating to the infringement of the Intellectual Property Rights of a third party relating to Vringo Content, or if in the reasonable opinion of either Party such a claim or demand is likely, then Vringo shall at its own expense secure (within a period of time which the Carrier deems reasonable) a licence or other arrangement to enable the continued use of the Vringo Content, failing which the Vringo Content shall be immediately removed from the Service. Vringo's obligations hereunder shall be binding upon and inure to the benefit of any successors, assigns and personal representatives of Vringo, Carrier and any Indemnified Person, as applicable.

VII. <u>Confidentiality:</u>

a. <u>Confidentiality.</u> Each party acknowledges that by reason of its relationship to the other party under this Agreement it may have access to certain information and materials concerning the other party's business, plans, customers, code and products that are confidential and of substantial value to such party (referred to in this clause as "Confidential Information"), which value would be impaired if such Confidential Information were disclosed to third parties. The terms of this Agreement shall be deemed to be Confidential Information. Each party agrees to maintain all Confidential Information received from the other, both orally and in writing, in confidence and agrees not to disclose or otherwise make available such Confidential Information to any third party without the prior written consent of the disclosing party. Each party further agrees to use the Confidential Information only for the purpose of performing this Agreement. No Confidential Information shall be deemed confidential unless so marked if given in writing, or, if given orally, identified as confidential orally prior to disclosure, or information which by its nature or the nature of the circumstances surrounding disclosure should reasonably be understood to be confidential.

b. <u>Exclusions.</u> The parties' obligations under the paragraph above shall not apply to Confidential Information which: (i) is or becomes a matter of public knowledge through no fault of or action by the receiving party; (ii) was rightfully in the receiving party's possession prior to disclosure by the disclosing party; or (iii) subsequent to disclosure, is rightfully obtained by the receiving party from a third party who is lawfully in possession of such Confidential Information without restriction. Whenever requested by a disclosing party, a receiving party shall immediately return to the disclosing party all tangible manifestations of the Confidential Information or, at the disclosing party's option, shall destroy all such tangible manifestations of the Confidential Information as the disclosing party may designate (excluding this Agreement). The receiving party's obligation of confidentiality shall survive this Agreement for a period of three (3) years from the date of its termination and thereafter shall terminate and be of no further force or effect. Nothing herein shall prohibit a party from complying with a lawful and binding order of any court, administrative agency or other governmental entity relating to Confidential Information. Nothing herein shall prohibit a party from retaining copies of Confidential Information as legally required to comply with the record retention laws of any relevant jurisdiction. Nothing herein shall prohibit a party from making disclosures legally required by public companies under the securities laws of any relevant jurisdiction.

VIII. <u>Press Release:</u> Each party shall have the right to issue a press release regarding the relationship between the parties, with approval by Carrier not to be unreasonably withheld. Carrier must not withhold press releases that will mean that Vringo does not comply with its SEC responsibilities.

IX. <u>Limitation of Liability:</u> IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THIS AGREEMENT FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR RELIANCE DAMAGES (OR ANY LOSS OF REVENUE, PROFITS OR DATA), HOWEVER CAUSED, WHETHER FOR BREACH OF CONTRACT, NEGLIGENCE OR UNDER ANY OTHER LEGAL THEORY, WHETHER FORESEEABLE OR NOT AND

WHETHER OR NOT THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE, AND NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. BOTH PARTIES AGREE THAT THESE LIMITATIONS OF LIABILITY ARE AGREED ALLOCATIONS OF RISK AND ARE REFLECTED IN THE FEES AGREED UPON BY THE PARTIES. FURTHER, NEITHER PARTY'S AGGREGATE LIABILITY ARISING WITH RESPECT TO THIS AGREEMENT (EXCEPT FOR AMOUNTS PAYABLE BY CARRIER TO VRINGO HEREUNDER) SHALL EXCEED THE TOTAL AMOUNTS PAYABLE TO VRINGO UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTHS PRIOR TO THE DATE THE BASIS FOR THE CLAIM AROSE (BUT ONLY TO THE EXTENT CARRIER ACTUALLY PAYS SUCH AMOUNTS TO VRINGO) WITH RESPECT TO THE ACTIONS THAT ARE THE SUBJECT OF, OR GAVE RISE TO, THE CLAIM. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THIS CLAUSE IX SHALL NOT APPLY TO ANY AMOUNTS PAYABLE BY AN INDEMNIFYING PARTY PURSUANT TO EXPRESS INDEMNIFICATION OBLIGATIONS IN THIS AGREEMENT.

X. **General Provisions:**

a. Definitions. The definitions contained in Appendix A to this Agreement, which is incorporated herein and made a part hereof, shall apply to the interpretation of this Agreement.

b. Force Majeure. Neither party shall be liable for, or be considered in breach of or default under this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of any causes or conditions which are beyond such party's reasonable control and which such party is unable to overcome by the exercise of reasonable diligence; provided, however, that either party may terminate this Agreement upon written notice to the other party in the event such failure to perform continues unremedied for a period of thirty (30) days.

c. Independent Contractors. The parties to this Agreement are independent contractors. Neither party is an agent, representative, or partner of the other party. Neither party shall have any right, power or authority to enter into any agreement for or on behalf of, or incur any obligation or liability of, or to otherwise bind, the other party.

d. Data Protection. Vringo warrants and undertakes in respect of any Personal Data that it may process on behalf of Carrier that at all times:

- it shall comply with the Data Protection Act 1998; and
- it shall act solely on the instructions of Carrier, in respect of that Personal Data;
- it shall not use any Personal Data for any purposes which may be inconsistent with those identified to the data subjects on or before the time of collection;
- it shall not disclose the Personal Data to a third party in any circumstances other than at the specific request of Carrier;

- All right, title and interest in the Personal Data shall vest solely in Carrier.
- Vringo warrants and undertakes that it shall procure that such of its employees, agents or sub-contractors observe the provisions of this clause in respect of any duties or obligations to be performed in connection with the processing of Personal Data on Carrier's behalf.
- Vringo warrants that it has appropriate operational and technological processes and procedures in place to safeguard against any unauthorised access, loss, destruction, theft, use or disclosure of the Personal Data.
- Carrier warrants and undertakes in respect of any Personal Data that at all times it shall comply with the Data Protection Act 1998.
- Vringo shall indemnify Carrier and keep Carrier indemnified in respect of any claims proceedings or actions made or brought against it arising out of any breach by Vringo (or any of its employees, agents and sub-contractors) of its warranties and undertakings in this clause.
- Where applicable, expressions defined in the Data Protection Act 1998 and used in this clause shall have the meanings given to them in the Data Protection Act 1998.

e. All notices shall be in writing in the English language and shall be deemed to have been duly given when sent to the party to which such notice is required to be given under this Agreement addressed as follows:

Carrier:

CONTACT:	Heidi Smith, Procurement
ADDRESS:	Everything Everywhere St James Court Great Park Road Almondsbury Park Bradley Stoke Bristol BS32 4QJ
FAX:	0870 376 1130
EMAIL:	heidi.smith@everythingeverywhere.com

Vringo:

CONTACT: Ben Hirsch

ADDRESS: 85 5th Avenue
6th Floor
New York
NY 10003
USA

EMAIL: ben.hirsch@vringo.com

ACCOUNTING & TAX CONTACT : David Corre

EMAIL: david.corre@vringo.com

or other such address, email address as the Parties may specify to the other in writing.

f. No Waiver. The failure of either party to require or enforce strict performance by the other party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to assert or rely upon any such provision or right in that or any other instance.

g. Entire Agreement. This Agreement sets forth the entire agreement, and supersedes any and all prior agreements of the parties with respect to the subject matter hereof. No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written instrument signed by the duly authorized representatives of both parties. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. A facsimile copy of an executed counterpart shall be valid and have the same force and effect as an original.

h. Assignment. Neither party shall assign this Agreement or any right, interest or benefit under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, either party may assign this Agreement without the other party's consent to a parent or commonly controlled entity or to any person or entity, which acquires or succeeds to all or substantially all of such party's business assets. Subject to the foregoing, this Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. Notwithstanding the foregoing Carrier may, without requiring any further consent from Vringo, novate the whole of this agreement to any person to whom Carrier transfers the whole of part of its business, and in the latter case being the part of Carrier's business to which the Agreement relates

i. Partial Invalidity. In the event that any provision of this Agreement is held invalid by a court with jurisdiction over the parties to this Agreement, such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable law, and the remainder of this Agreement shall remain in full force and effect.

j. Applicable Law. This Agreement shall be governed by the laws of England. All disputes arising under this Agreement shall be finally settled under the rules of conciliation and arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said rules. Arbitration if any shall take place in London, Great Britain and shall be held in the English Language.

In Witness Whereof, the parties hereto have executed this Agreement as of the day and year first above written.

Everything Everywhere Limited		**Vringo, Inc.**	
By:	/s/ Heidi Smith	By:	/s/ Andrew Perlman
Name:	Heidi Smith	Name:	Andrew Perlman
Title:	Senior Buyer	Title:	President
Date:	19 August 2010	Date:	8/19/10

Appendix A:

In addition to the terms hereinabove defined, the following capitalized terms have the indicated meanings ascribed thereto:

"Carrier Competitors" means telecommunications services and telecommunications equipment and the term "Carrier Competitors" shall include but not be limited to telecommunications equipment manufacturers and service providers including but not limited to BT, Vodafone, Virgin Media, O2, Cable and Wireless, Hutchison 3G, 3, Nokia, Sony Ericsson, Apple, RIM, Siemens, Sagem, Motorola, Samsung, LG, AOL, BSkyB, Yahoo, Google, MSN and TalkTalk or their successors in title. Additionally, services competing with Carrier's own services including but not limited to games, video, TV are included under the definition "Carrier's Competitors".

"Intellectual Property Rights" means, with respect to any data, device, or other asset of any kind, all copyright, patent, trade secret, moral, termination, authorship and other proprietary rights relating to any such data, device, object code, source code or other asset including, without limitation, all rights necessary for the worldwide development, manufacture, modification, enhancement, sale, licensing, use, reproduction, publishing and display of such data, device, object code, source code or other asset.

"Marks" means any and all trademarks, trade names, service marks or logos owned or licensed by either party.

"Promotional Materials" shall mean all marketing, advertising, and promotional materials in all media, created or developed by or on behalf of one of the parties relating to or associated with this Agreement.

CONFIDENTIAL TREATMENT REQUESTED
WITH RESPECT TO CERTAIN PORTIONS HEREOF
DENOTED WITH "[*****]"

Appendix B:

1. The pricing of the Service to end users will not be less than **[*****]** per user per month. The foregoing notwithstanding, Vringo reserves the right to offer each User a maximum of **[*****]** free months in any twelve month period. To the extent that Vringo deviates from the above pricing rules, Vringo shall pay to Orange any amounts Orange would have earned had Vringo adhered to said rules. The chart below illustrates some potential examples of the aforementioned

Scenario		**Month 1**	**Month 2**	**Month 3**	**Month 4**	**Month 5+**
1	End User Price	**[*****]**	**[*****]**	**[*****]**	**[*****]**	**[*****]**
	Payment by Vringo to Orange	**[*****]**	**[*****]**	**[*****]**	**[*****]**	**[*****]**
2	End User Price	**[*****]**	**[*****]**	**[*****]**	**[*****]**	**[*****]**
	Payment by Vringo to Orange	**[*****]**	**[*****]**	**[*****]**	**[*****]**	**[*****]**
3	End User Price	**[*****]**	**[*****]**	**[*****]**	**[*****]**	**[*****]**
	Payment by Vringo to Orange	**[*****]**	**[*****]**	[*****]	[*****]	[*****]

* [*****]

2. The parties may mutually agree in writing to change the above pricing rules.

3. After a three month launch period, in any given month where Orange's revenue share is less than [*********], Vringo will either pay Orange a fee to ensure that the net monthly revenue share received equals [*********]or will offer Orange the opportunity to terminate the contract.

Exhibit 10.3

CONFIDENTIAL TREATMENT REQUESTED WITH RESPECT TO CERTAIN PORTIONS HEREOF DENOTED WITH "[****]"

Dated the 15th day of September 2010

Between

STARHUB MOBILE PTE LTD

And

VRINGO INC.

COLLABORATION AGREEMENT

StarHub Ltd
67 Ubi Avenue 1
#05-01 StarHub Green
Singapore 408942

Collaboration Agreement

TABLE OF CONTENTS

CONFIDENTIAL TREATMENT REQUESTED WITH RESPECT TO CERTAIN PORTIONS HEREOF DENOTED WITH "[****]"

THIS AGREEMENT is made this 15th day of September 2010

BETWEEN

(1) STARHUB MOBILE PTE LTD (Company Registration Number 200000646C), a company incorporated in Singapore whose registered office is at 67 Ubi Avenue 1 #05-01 StarHub Green Singapore 408942 ("StarHub"); and

(2) **VRINGO INC.**, (Company Registration No. 4090975), whose registered office is at 18 e16th street New York, NY 10003 ("Contractor"),

the abovementioned parties being hereinafter individually referred to as "Party" and together referred to as "Parties".

WHEREAS

(A) StarHub is a provider of telecommunications services, including mobile telecommunication services, in Singapore.

(B) Contractor is a provider of video ringtone sharing service known as Vringo.

(C) StarHub desires for Contractor to provide the Service (as defined below), and Contractor agrees to provide the Service, upon and subject to the terms and conditions of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

1.1 In this Agreement the following words and expressions shall, unless the context otherwise, requires have the following meanings:

"Access" means an event in which either (i) StarHub interfaces with and uses the Software to obtain the Service or to facilitate use of the Service by Customers, or (ii) a Customer logs on to the Service using a number, user name and/or password.

"Business Day" means a day other than a Saturday, Sunday or public holiday in Singapore.

"Commercial Launch Date" means the effective date on which the Service is functional and operative;

"Confidential Information" means (i) the terms of this Agreement and any amendment or supplement thereto, (ii) any and all information (including Customer Information) disclosed, furnished or communicated (if in writing, machine readable form, text, drawings, photographs, graphics, designs, plans or any other form whatsoever) by or on behalf of the disclosing party to the receiving party through the receiving party's directors, officers, employees, representatives, or agents in connection with this Agreement, (iii) personally-identifiable information concerning a Customers, prospective Customers or employee of StarHub and (iii) (without prejudice to the foregoing) any and all information which is directly or indirectly acquired or obtained in connection with this Agreement. Provided that Confidential Information shall not include any information that (a) is or becomes publicly available without breach of this Agreement, (b) was previously in the possession of the receiving party and which was not acquired directly or indirectly from the disclosing party as evidenced by written records, (c) a party hereto lawfully receives without any obligation of confidentiality from a third party, and (d) is independently developed by the receiving party and (e) is required to be disclosed by law.

"**Connection**" means the direct connection to the SMS or WAP Gateway in accordance with the technical specifications set out in Schedule B;

“Contractor Intellectual Property” means collectively the Software, Contractor’s Confidential Information, and all other intellectual property of every sort owned, created or provided by Contractor, whether or not patented or patentable, including without limitation methods, processes, procedures, inventions, designs, flow charts, algorithms, software, source and object code, works of authorship, trademarks, trade names, logos, graphics, know-how, show-how and technical information, all as embodied in the Software.

“Corporate Identity” in relation to each Party means that Party’s trademark(s), service mark(s), trade name(s) and corporate mark(s) and logo(s).

“Customer Information” means all information that Customers provide when they Access or use the Service (including, but not limited to, identity of the Customers and information relating to them such as username, order number and credit card number);

“Customers” means any and all customers of StarHub and/or its subsidiaries (including prepaid and postpaid customers).

“Handset” means such mobile wireless device owned or controlled by a Customer for which the Customer has a subscription in his or her name with StarHub.

“Liabilities” means any and all damages, losses, liabilities, costs, claims, charges, expenses, actions, proceedings or demands (including legal costs).

“Network” refers to a telecommunication system or network of, used or intended to be used by, a Party.

“Mobile Wireless Technology” means any mobile wireless technology which is or may be used during the Term with radio frequency spectrum in any band to enable or facilitate transmission of textual material, data, voice, video, Content, or multimedia services to mobile wireless devices and which includes (without limitation) wireless technology employed in General Packet Radio Services (GPRS), the Global System for Mobile Communications (GSM), Enhanced Data GSM Environment (EDGE), Code Division Multiple Access (CDMA), High Speed Circuit Switched Data (HSCSD), Personal Communications Networks (PCN), Wireless Application Protocol (WAP) and the Universal Mobile Telecommunications System (UMTS) and their related or derivative systems and services or any combination of them but excluding the following wireless radio communications systems, namely, , Bluetooth, Wireless LAN technologies, Local Multipoint Distribution System (LMDS), Multichannel Multipoint Distribution System (MMDS) and any related, similar or derivative wireless radio communications systems or any combination of them;

“Ready for Service Date” means the mutually agreed date on which the Services are ready for commercial launch by the Contractor;

“Service” means the Contractor’s video ringtone sharing service known as “Vringo” accessible on Handsets or through Vringo Web portal for Customers to use and access such services and content as StarHub may determine in its discretion from time to time. The look and feel to the Service shall be determined by StarHub in consultation with Contractor.

“Software” means the Contractor’s proprietary software, software owned by third parties and validly licensed to the Contractor and freeware in respect of the Service and all updates thereto.

“System” means the Contractor’s equipment and software, and such other hardware and software required for the Service.

“Technical Specifications” means the technical requirements and configurations pertaining to the connection of the Contractor’s application server to the SMS or WAP Gateway, as set out in Schedule B;

“UAT” means the User Acceptance Test in such form and content as may be agreed between the Parties.

"Withholding Tax" shall mean any tax which is levied or imposed by the tax authority of the Territory, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of the foregoing, which StarHub is under a legal obligation according to the laws of the Territory to withhold or deduct from any payment by StarHub to Contractor under this Agreement.

1.2 In this Agreement, unless the context indicates a contrary intention:

(i) the expression "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;

(ii) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;

(iii) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;

(iv) references to recitals, clauses, schedules or annexes are references to recitals, clauses, schedules and annexes to this Agreement, and a reference to this Agreement includes any schedule or annex to this Agreement;

(v) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and

(vi) headings shall be ignored in construing this Agreement.

1.3 This Agreement or any provision thereof shall not be construed adversely against a Party because that Party prepared or drafted it or is seeking to rely on it.

2. TERM

2.1 This Agreement shall come into force on the date of this Agreement and shall continue in force for a period of 1 year after the Commercial Launch Date (the "Initial Period") or for such longer period pursuant to Clause 2.2, unless earlier terminated in accordance with the terms set out herein. In this regard, the Parties agree that the Commercial Launch Date shall be no later than the date falling three months after the date of this Agreement (or such longer period as the Parties may agree in writing).

2.2 Upon expiry of the Initial Period, the parties may mutually agree in writing to extend the term of this Contract.

3. SCOPE OF COLLABORATION

3.1 Subject to the terms and conditions of this Agreement, the Parties shall collaborate in the manner, and shall perform their respective obligations, as set out in Schedule A.

3.2 Each Party agrees that:

(a) in all respects, it shall use the other Party's Corporate Identity for the sole purposes of performing this Agreement in accordance with the licence granted in Clause 4.1 and the branding restrictions contained in this Clause 3.2;

(b) subject to Clause 3.2(a), it shall comply with the other Party's reasonable instructions concerning the use of the other Party's Corporate Identity, as may be amended and notified to the other Party from time to time;

(c) it shall not use or register or attempt to use or register as a trade mark, service mark, trade name, corporate mark or logo that is likely to be confused with any of the Corporate Identity of the other Party without first obtaining the prior written approval of the other Party; and

(d) it shall not authorise any third parties to use any of the other Party's Corporate Identity except for the sole purpose of performing this Agreement, always ensuring that such third parties comply with the other Party's reasonable instructions concerning the use of the other Party's Corporate Identity.

The provisions of this Clause 3.2 shall survive the expiry or termination of this Agreement for any reason howsoever arising.

3.3 Contractor undertakes that it shall only make available and allow use and access of the Service and the Content to StarHub's customers on an exclusive basis for a period of six (6) months from the Commercial Launch Date ("Exclusivity Period"). For the avoidance of doubt, the Contractor shall ensure that any existing users of its Service (who are not StarHub's Customers) will not be able to use and access the Service and its Content during the Exclusivity Period. Notwithstanding the aforesaid, if any existing users are StarHub Customers, Contractor shall ensure their continued access to the Service and its Content.

4. GRANT OF LICENCE

4.1 Contractor grants to StarHub:

(a) a non-exclusive, non-transferable right and licence to receive the Content and to:

(i) distribute and/or exhibit the Content to the Customers via the Service;

(ii) permit the Customers to access the Content via the Service; and

(iii) communicate the Content and the Service through such mediums as StarHub may require, including without limitation, through the service it operates; and

(b) a non-exclusive, non-transferable right and licence to utilize and exploit the Software, Services and Contractor's Intellectual Property Rights in accordance with this Agreement, including the right for StarHub to:

(i) use the Software for the Services;

(ii) provide the Client Application to the Customers; and

(iii) allow the Customers to download, install and use the Client Application.

4.2 StarHub authorizes Contractor to store and sell the Content provided by StarHub.

4.3 StarHub shall have the right to reject the Content if the Content is not, in StarHub's view, commercially appropriate.

4.4 Notwithstanding Clause 4.1, Contractor accepts and acknowledges that the Customers and the general public may receive the Content for viewing while they are outside the Territory through the international roaming services provided by StarHub. Contractor agrees that such the distribution and/or communication of the Content by StarHub to Customers and the general public outside the Territory shall be expressly permitted under this Agreement and shall not be deemed as a breach by StarHub of Clause 4.1.

5. RELATIONSHIP BETWEEN THE PARTIES

Nothing in this Agreement shall constitute a partnership between the Parties. Notwithstanding any provision of this Agreement, neither Party has the power nor the right to bind, commit or pledge the credit of the other Party.

6. THIRD PARTY AGREEMENTS

During the term of this Agreement, Contractor shall maintain and ensure the currency of any and all agreements with such third parties for the purposes of providing the Service to the Customers.

7. COMPLIANCE WITH LAWS AND REGULATIONS

7.1 Each Party undertakes to comply with all applicable laws and regulations in connection with its performance of this Agreement.

7.2 The provisions of this Clause 7 shall survive the expiry or termination of this Agreement for any reason howsoever arising.

8. NETWORKS AND CONNECTION TO SMS GATEWAY AND WAP GATEWAY

8.1 Each Party is responsible for the safe operation of its Network, and shall, so far as is reasonably practicable, take best efforts to ensure that its Network, its Network operations and implementation of this Agreement:

(a) do not endanger the safety or health of any person, including the employees, contractors and agents of the other Party; and

(b) do not cause physical or technical harm to the other Party's Network, including but not limited to causing damage, interfering with or causing deterioration in the operation of the first-mentioned Party's Network.

8.2 Each Party will manage its Network to minimise disruption to the Service and, in the event of interruption or failure of the Service, will remedy the same as soon as is reasonably practicable. Each Party shall manage, notify and correct faults arising in its Network, which affect the provision of the Service:

(a) as the Party would in the ordinary course for similar faults affecting the provision of its own services; and

(b) in accordance with the fault notification procedures specified in this Agreement.

8.3 Contractor shall maintain reasonable disaster recovery and business resumption plans.

8.4 All interest, right and title in a Party's Network, services and all equipment, facilities and systems provided by that Party shall at all times remain exclusively with that Party. Each Party shall retain full operating control and shall continue to hold and be solely responsible for all operating authority in respect of its Network.

8.5 StarHub shall provide and establish the Connection and other related connectivity services according to the Technical Specifications as set out in Schedule A.

8.6 The Technical Specifications of the Connection may be modified from time to time only by the mutual written consent of the Parties.

8.7 The Contractor shall provide the support services to StarHub in respect of the Connection and other connectivity related matters, as set out in Schedule B.

8.8 The Contractor shall only be permitted to use the Connection to enable the Customers to participate in the Services. All transmission and receipt of Contents to and from the Customers must be made in accordance with the Technical Specifications.

8.9 The Parties shall jointly conduct acceptance tests (as shall be planned by both Parties) on the Connection set-up to ensure that connectivity is established according to the Technical Specifications set out in Schedule A.

8.10 Upon completion of the successful testing, the Contractor shall provide such confirmation in writing. Notwithstanding the foregoing, acceptance by the Contractor will be deemed to occur on the 5th business day after the completion of the successful testing.

8.11 The Contractor shall launch the Services via the WAP Gateway on the Ready for Service Date.

9. PAYMENT

9.1 In consideration for the supply of the Content and the Services, StarHub shall pay Contractor the one-time set-up fee and revenue share on the terms and at the times set out in Schedule A. Contractor shall submit invoices in accordance with Schedule A. StarHub shall reserve the right to make the final decision on the rates of the charges applicable to the Customers and/or the general public on the Content.

9.2 Contractor shall be responsible for all costs related to the supply/transmission of the Content to StarHub. Contractor shall also be responsible for all costs related to the supply (including in-transit liability) and/or transmission of back-up Content to StarHub. Contractor shall be responsible for its own communication charges, including but not limited to, telephone, facsimile and mail charges arising from the provision of responses to StarHub's queries and/or requests.

9.4 Except for Goods and Services taxes levied in Singapore which StarHub is liable, Contractor is responsible for all taxes on all fees due to it under this Agreement. If Withholding Tax on any such payments to the Contractor is applicable under the laws of Singapore, StarHub shall deduct such Withholding Tax from the relevant fees and/or other payments to the Contractor hereunder, provided that StarHub shall submit to Contractor a receipt from the responsible tax authority evidencing the payment of the amount deducted as Withholding Tax.

9.5 Nothing in this Agreement shall limit or restrict the way StarHub charges or makes available the Service to the Customers.

10. TERMINATION OF THIS AGREEMENT

10.1 Notwithstanding the provisions of Clause 2, StarHub shall be entitled to terminate this Agreement after the Initial Period by giving at least thirty (30) days' written notice thereof to the Contractor.

10.2 Notwithstanding the provisions of Clause 2, either Party (the "First Party") shall be entitled to immediately terminate this Agreement by written notice to the other Party (the "Second Party") if:

(a) the Second Party commits a material breach of any of its obligations herein (including the Service Level Agreement) and fails to remedy such breach within fourteen (14) days of receiving written notice of such breach from the First Party;

(b) the Second Party becomes insolvent, bankrupt or is wound up, makes a general assignment or compromise for the benefit of its creditors, suffers or permits the appointment of a receiver, trustee, judicial manager, administrator or such similar officer over any of its business or assets, or becomes the subject of any proceedings relating to insolvency or the protection of creditors' rights and fails to have those proceedings struck out or dismissed within fourteen (14) days of commencement of such proceedings; or

(c) either Party may terminate this Agreement on sixty (60) days' written notice to the other Party upon the continuous occurrence of a force majeure event pursuant to Clause 18 for a period of more than thirty (30) days.

10.3 Termination or expiry of this Agreement does not affect any accrued rights or liabilities of the Parties.

10.4 Upon the termination or expiry of this Agreement each Party shall return, destroy or purge at the request of the other Party all data, notes, reports or other material (written or otherwise) in tangible form in its possession which incorporate the Confidential Information of the other Party; and

10.5 Without prejudice to any other provision herein, the rights and obligations of the Parties under this Agreement which by their nature would continue beyond the expiry or termination of this Agreement shall survive any such expiry or termination for any reason howsoever arising.

11. CONFIDENTIAL INFORMATION

11.1 Each Party agrees to keep confidential any Confidential Information supplied or discussed with it by the other Party or whenever acquired or obtained under or in connection with this Agreement (including, without limitation, the contents of this Agreement) and shall not use or disclose such information or any part of it to any person without the prior written consent of the other Party, except to officers, employees, agents, contractors or subcontractors whose duties require them to have access to the Confidential Information on a need to know basis and only to the extent necessary of each of them to perform such party's obligations under this Agreement.

11.2 Each Party acknowledges and agrees that the other Party's Confidential Information shall remain vested in and the absolute property of the other Party and that the first-mentioned Party shall not have any rights in respect therein save as otherwise expressly provided in this Agreement. The Contractor further agrees to provide to StarHub all or any Customer Information in whatever form in its possession immediately upon demand by StarHub.

11.3 Each Party agrees as follows:

(a) that neither Party will create any derivative work from Confidential Information disclosed to such Party by the other Party;

(b) to restrict access to the Confidential Information to such of its personnel, agents, and/or consultants, if any, who have a need to have access and who have been advised of and have agreed in writing to treat such information in accordance with the terms of this Agreement; and

(c) to return or destroy all Confidential Information of the other Party in its possession in tangible form upon termination or expiration of this Agreement.

11.4 Without prejudice to the generality of the foregoing, each Party shall ensure that all data and information generated or obtained in pursuance of this Agreement shall not be used for any purpose other than fulfilment of its obligations herein. Each Party agrees to keep all such data and information separate from and not combine it with that Party's own data and information except for a purpose connected with this Agreement if the activity concerned cannot be undertaken without combination.

11.5 In the event disclosure of Confidential Information is required by any government or regulatory authority or by an order of court of competent jurisdiction, the Party requiring to disclose any such Confidential Information shall notify the other Party in writing as soon as possible and shall, prior to any such disclosure, allow the other Party an opportunity to intervene or where possible obtain from such third parties duly binding agreements to maintain in confidence the information to be disclosed.

11.6 The obligations of the Parties contained in this Clause 11 shall continue in force notwithstanding the expiry or termination of this Agreement for any reason howsoever arising for a period of three (3) years after such expiry or termination.

11.7 Each Party agrees that any breach by it of the provisions of this Clause 11 would result in serious damage being sustained by the other Party, and the first-mentioned Party agrees to waive any rights it may have to oppose the granting of any equitable relief sought by the second-mentioned Party in relation to any threatened or actual breach of the provisions of this Clause 11. This Clause shall not prejudice the second-mentioned Party's right to other remedies available to it under applicable law.

12. INTELLECTUAL PROPERTY RIGHTS

12.1 All Intellectual Property Rights in all software, hardware, documents, drawings and information supplied by StarHub to Contractor in connection with this Agreement shall remain the absolute property of StarHub (or its licensors). Such software, hardware, documents, drawings and information shall not be copied, distributed, transmitted, disclosed or used (except as expressly permitted herein) without the prior written consent of StarHub. No licence or other right is granted except as expressly set out in this Agreement.

12.2 All Intellectual Property Rights in the Service, System and Contractor Intellectual Property supplied by the Contractor to StarHub in connection with this Agreement, shall remain the absolute property of the Contractor (or its licensors). The Service, System and Contractor Intellectual Property shall not be copied, distributed, transmitted, disclosed or used (except as expressly permitted herein) without the prior written consent of the Contractor. No licence or other right is granted except as expressly set out in this Agreement.

12.3 Each Party agrees that any breach by it of the provisions of this Clause 12 would result in serious damage being sustained by the other Party, and the first-mentioned Party agrees to waive any rights it may have to oppose the granting of any equitable relief sought by the second-mentioned Party in relation to any threatened or actual breach of the provisions of this Clause 12. This Clause shall not prejudice the second-mentioned Party's right to other remedies available to it under applicable law.

12.4 The provisions of this Clause 12 shall survive the expiry or termination of this Agreement for any reason howsoever arising.

13. INTELLECTUAL PROPERTY RIGHT INFRINGEMENT

13.1 The Contractor shall indemnify and hold harmless StarHub against all liabilities which StarHub may incur or suffer in respect of any claim or action that any of the Service, System and Contractor Intellectual Property infringes any Intellectual Property Right or proprietary right of any third party.

13.2 Contractor shall defend at its own costs any claim or action against StarHub by any third party on account of such infringement. StarHub shall:

(a) give written notice to Contractor of any claim or action (or any allegations thereof) promptly after becoming aware of the same;

(b) give sole conduct of the defence of the claim or action to Contractor, subject to rights of consultation on, and approval of, matters affecting StarHub, and not at any time admit liability or otherwise attempt to settle or compromise the claim or action except upon the prior written approval of Contractor; and

(c) give Contractor such assistance as it shall reasonably require in respect of the conduct of the said defence.

The Contractor shall reimburse the reasonable costs of StarHub in complying with this Clause 13.2.

13.3 StarHub shall defend, indemnify and hold harmless Contractor with respect to any claims or actions relating to the StarHub Intellectual Property and/or StarHub Content, provided that such indemnity does not exceed such fees paid to Contractor in the twelve (12) months preceding such claim or action.

13.4 The provisions of this Clause 13 shall continue to apply notwithstanding the expiry or termination of this Agreement for any reason howsoever arising.

14. REPRESENTATIONS AND WARRANTIES

14.1 Contractor warrants, represents and undertakes that:

(a) it has full authority and right to enter into this Agreement and perform its obligations according to this Agreement;

(b) it has all the rights, licences and consents to grant to StarHub the rights to distribute, exhibit, promote and otherwise exploit the Service in the Territory in accordance with this Agreement;

(c) it has not taken and will not take, or has omitted to do anything, or will permit or cause any action to be taken by which any of the rights granted herein has been or may be in any way impaired;

(d) it shall supply the Content and perform all support services with reasonable care, skill and diligence;

(e) no part of the Content and no exercise by StarHub of any rights granted hereunder in accordance with this Agreement shall infringe the copyright or other rights or interest of any third party or result in any other liability;

(f) no material provided to StarHub hereunder shall be obscene, illegal or defamatory and/or infringe any intellectual property right or any other right of any person or amount to a contempt of court;

(g) it shall not use the end user information acquired from the Service in any way apart from providing the Content to the Customers and the general public in accordance with this Agreement; and

(h) it shall not trans mit, post or distribute any content that may cause annoyance, harassment, irritation, inconvenience or anxiety to any end-user, and it is additionally understood that Contractor shall not transmit, post or distribute "junk mail", "spam", "chain letters", "solicitations" (commercial or non-commercial) to any end-user who has not given permission to be included in the distribution.

14.2 StarHub warrants, represents and undertakes that:

(a) it has the authority and right to enter into this Agreement and perform its obligations according to this Agreement; and

(b) it has procured and will endeavour to maintain during the Term the requisite governmental and regulatory licences and approvals for the distribution and/or communication of the Service in the Territory.

14.3 The provisions of this Clause 14 shall survive the expiry or termination of this Agreement for any reason howsoever arising.

15. LIMITATION OF LIABILITY

15.1 Without prejudice to Clause 13 but subject to Clauses 15.2, the Contractor shall indemnify StarHub and hold StarHub harmless against all liabilities which StarHub may incur or suffer as a result of the Contractor's breach of this Agreement.

15.2 Neither Party shall be liable to the other Party, whether in contract, tort (including negligence) or otherwise for special, indirect or consequential damages, including lost profits, special damages or loss of data, under any circumstances whatsoever, in connection with this Agreement.

16. NOTICES

16.1 Unless otherwise agreed, all notices, demands, requests and other communications made (collectively, "Notices") shall be in writing and in the English language. Notices shall be sent or delivered to the respective addresses set forth below or such other address as the intended recipient shall notify the sender in writing:

To StarHub:
StarHub Mobile Pte Ltd
67 Ubi Avenue 1

#05-01 StarHub Green
Singapore 408942
Fax : +65 6825 5882
Attn : Ms Yeong Mun Ling

Copy to: Head, Legal & Secretariat

To Contractor:
Vringo, Inc
18 E16th street
New York, NY 10003

Fax:
Attn: Andrew Perlman

16.2 Notices will be deemed received:

(a) in the case of hand delivery, on the day of delivery;

(b) in the case of registered post, upon written acknowledgement of receipt by the receiving Party; and

(c) in the case of facsimile, upon successful transmission. To this end, an activity report indicating that the correct number of pages was sent to the correct facsimile number and that such facsimile message was well received shall be sufficient evidence that such Notice was received.

17. FORCE MAJEURE

Neither Party shall be liable to the other Party in respect of anything which, apart from this provision, may constitute breach of this Agreement arising by reason of circumstances beyond the control of the first-mentioned Party, which shall include but shall not be limited to acts of God, fire, flood, drought, explosion, sabotage, accident, embargo, riot, war, civil commotion or civil authority, including acts of local government and parliamentary authority.

18. RELEASE

Any liability to either Party may in whole or in part be released, compounded or compromised, or time or indulgence given, by that Party in its absolute discretion without in any way prejudicing or affecting its other rights against the other Party.

19. WAIVER

No failure to exercise, nor any delay in exercising, on the part of either Party, any right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.

20. FURTHER ASSURANCE

Each Party undertakes with the other Party that it will do such acts and things as the other Party may reasonably require for the purpose of giving to it the full benefit of this Agreement.

21. HEADINGS

In this Agreement, headings are for convenience only and do not affect interpretation of any provision of this Agreement.

22. SEVERABILITY

If a court of competent jurisdiction holds any provision of this Agreement to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions of this Agreement shall not be affected.

23. ENTIRE AGREEMENT AND VARIATION

23.1 This Agreement contains the entire agreement of the Parties with respect to the subject-matter herein and supersedes all prior agreements, arrangements, understanding, promises, covenants, representations and communications between the Parties, whether written or oral, with respect to the subject-matter herein.

23.2 This Agreement shall not be amended, modified or varied in any respect unless such amendment, modification or variation shall be expressly agreed in writing by the Parties.

24. ASSIGNMENT

24.1 Neither Party shall be entitled to assign and/or transfer any of its rights and/or obligations under this Agreement without the prior written consent of the other Party which consent shall not be unreasonably withheld, except that StarHub shall be entitled to assign and/or transfer any of its rights and obligations under this Agreement to any StarHub group company without the prior consent of Contractor provided that the relevant StarHub group company executes a deed of adherence under which it agrees to be bound by this Agreement.

24.2 Each Party shall execute such agreements or documents as the other Party may reasonably require, to give full effect to the aforesaid assignments and/or transfers.

25. NO THIRD PARTY RIGHTS

A person who is not a party to this Agreement shall have no right to enforce any provision of this Agreement pursuant to the Contracts (Rights of Third Parties) Act (Cap. 53B).

26. COUNTERPARTS

This Agreement may be signed in any number of counterparts and by the Parties on separate counterparts, each of which when so executed shall be an original, but all counterparts shall together constitute one and the same document.

27. LAW & JURISDICTION

This Agreement shall be governed and construed in all respects in accordance with the laws of Singapore and the Parties submit to the exclusive jurisdiction of the Singapore Courts.

SCHEDULE A

SCOPE OF COLLABORATION

1. Scope of Works

1.1 Contractor shall be responsible for all hardware, software and deliverables for the Service.

1.2 Contractor's obligations

(a) Contractor will supply content for the Service ("Contractor Content") and will allow StarHub or third parties appointed by StarHub to include additional content in the Service.

(b) Contractor will co-brand the web portion of the Service. Contractor will provide StarHub with guidelines for co-branding.

1.3 StarHub's Obligations:

(a) StarHub shall provide Contractor with access to StarHub's billing API and provide reasonable support to Contractor in integrating said API.

(b) StarHub shall provide Contractor with access to StarHub's SMSC so that Contractor can send SMS's related to the Service via StarHub's SMSC.

2. Revenue model

Fixed Fee

2.1. StarHub shall pay Contractor a one-time set-up fee of S$**** ("Fee"), for the initial set up and customization of the Services in accordance with StarHub's specifications., The Fee shall be payable to Contractor as follows:

2.1.1 **** percent (****%) upon the signing of the Agreement;

2.1.2 **** percent (****%) upon successful completion of user acceptance tests as may be required and confirmed by StarHub for the Services; and

2.1.3 The remaining **** percent (****%) after the expiry of six (6) months from the launch of the Service.

Revenue Share

2.2. Both Parties agree on the following revenue share arrangement:-

Category	Contractor	StarHub
Subscription	****% of Net Revenue	****% of Net Revenue
Sale of Contractor Content	****% of Net Revenue	****% of Net Revenue
Sale of StarHub Content	****% of Net Revenue	****% of Net Revenue

2.3 Net Revenue. "Net Revenue" means net sales proceeds (StarHub shall charge and bill its Customers for the Content at the prevailing rates determined by StarHub and for subscribing to the Service, sales taxes and Bad Debts) received by StarHub from the monthly subscription fees and Content purchased by a Customer. For purposes of calculating the Bad Debts, the applicable rate is eight percent (8%) of the total gross revenue billed to the Customers ("**Bad Debt Rate**"). StarHub reserves the right to review and change the Bad Debt Rate from time to time at its absolute discretion. StarHub will notify Contractor of the revised rate in writing before the next invoice is rendered.

2.4 Payment frequency. Payments shall be paid by StarHub within forty-five (45) days after the end of each StarHub fiscal month.

2.5 Reporting. StarHub will send monthly revenue share reports to Contractor within thirty (30) days after the end of each StarHub fiscal month for prior month sales.

2.6 Payment Method. Contractor shall provide StarHub with the bank details by which StarHub may make payment to Contractor and be liable for all costs related to the receipt of such payment, save and except StarHub will be responsible for the costs of its remittance of such payment to Contractor. StarHub shall be entitled to make payment by way of cheque addressed to Contractor (where Contractor is an entity incorporated under the laws of Singapore) or to remit the monies by way of electronic transfer to Contractor’s designated bank account. Contractor’s bank account details are as follows:

Bank Name:	Silicon Valley Bank
Bank Branch:	3003 Tasman Drive Santa Clara, CA 95054
Account Name:	Vringo, Inc.
Account No:	3300532133
SWIFT	SVBKUS6S

2.7 StarHub shall be entitled (in its absolute discretion) to grant credit to any of the Customers who in respect of any charges payable this Schedule in connection with the Services due to a genuine bill dispute over the aforesaid charges. Where StarHub grants such credit and the reason for the complaint is not due to any breach by StarHub of its obligations herein, the total revenue share payable by StarHub to Contractor under this Agreement shall be reduced correspondingly by the amount of credit granted to that Customer.

3. Customer Service and Service Level Agreement

3.1 Each Party acknowledges and agrees that:

(a) Contractor shall be responsible to provide all the day-to-day customer service and technical assistance support for the Services to the Customers after the Commercial Launch Date;

(b) Contractor shall establish a customer and technical service hotline on a 24 × 7 basis to provide customer, fault and technical assistance to StarHub for the Services; and

(c) StarHub will be solely responsible for the invoicing of and collecting charges and revenue from the Customers in respect of the Services, including charges for air-time and data transmission for content onto Handsets.

3.2 Without prejudice to paragraph 3.1 above, Contractor shall appoint a contact person to handle the Customers’ enquiries, fault reports and complaints in connection with the Services. The details of the contact person are as follows:

Name:	Josh Wolff
Designation:	[ ] VP solutions and services
Office Contact:	[ ]+972 2 9902500
Mobile Contact:	[ ]+972 54 8092468
Email Address:	[ ]josh.wolff@vringo.com

3.3 Contractor shall provide StarHub with immediate notice of any unplanned outages to Contractor Network and/or the Services and in accordance with the Service Level Agreement set forth in Annex 2, to enable StarHub to provide the appropriate support to the Customers.

3.4 Contractor shall provide StarHub with not less than ten (10) business days’ prior written notice of any planned outages to Contractor Network and/or the Services to enable StarHub to provide the appropriate support to the Customers.

3.5 Contractor shall comply strictly with the Service Level Agreement as set out in Annex 2. Without prejudice to the foregoing, Contractor will use best efforts to provide the Services, and related maintenance and support, in accordance with the Service Level Agreement set forth in Annex 1.

ANNEX 1

Service Level Agreement

Contractor will be responsible for the running of the Service with the entire support, hosting and management components and will ensure day-to-day support and technical aspects.

Services include:

- Technical Support;
- Fault Management of all faults reported by StarHub Customer;

1. FAULT ESCALATION PROCESS

StarHub shall communicate the occurrence of any fault to the Contractor or its representatives through telephone, email or facsimile in accordance with the details as set out below:

____________Josh Wolff__[ ]_____________ (Primary)
Tel : [ ] (Office Hours) +972 2 9902500
Fax : [ ]
Mobile : [ ] +972 54 8092468
Email : __josh.wolff@vringo.com_____________

____________Andrew Perlman]___________ (Secondary)
Tel : [ ] (Office Hours) 6
Fax : [ ]
Mobile : [ ] +
Email : __andrew.perlman@vringo.com___________

The Contractor shall ensure that at least one (1) of its representatives indicated above is available on a 24×7 basis to receive any fault escalation from StarHub. The Contractor's representative shall respond to a fault escalation from StarHubin accordance with the fault classification and service levels as set out in Section 2 of this Schedule.

In the event of an occurrence of any fault, the Contractor shall be responsible for troubleshooting and resolving the fault.

2. FAULT CLASSIFICATION AND SERVICE LEVELS

All faults will be reasonably assigned a fault classification as set out below.

2.1 <u>Severity 1 – Critical/Emergency (Serious)</u>

2.1.1 Definition:

- Complete failure of the system to function
- Processing is not possible, resulting in significant business impact
- Loss of significant system functionality
- Corruption of software data-bases which require service affecting corrective actions
- Loss of access for maintenance or recovery actions

2.1.2	Response Time:	30 minutes
	Resolution Time:	3 hours
	Report Requirements:	The Contractor will provide StarHub with half-hourly updates on the progress of fault resolution until the fault is resolved. The Contractor will also provide an Incident Report (“IR”) within 24 hours of the fault resolution.

2.2 Severity 2 – Major (Inconvenient)

2.2.1 Definition:

- Partial restriction in system functionality
- Processing is possible with some business impact
- Short outages whose duration accumulates to greater than 6 minutes in any 24 hour period or that continue to repeat over longer periods
- Significant degradation of access for maintenance or recovery operations
- Any Complaint by VIP/VVIP Customer
- Content not available

2.2.2	Response Time:	60 minutes
	Resolution time	8 hours
	Report Requirements:	The Contractor will provide StarHub with hourly updates on the progress of fault resolution until the fault is resolved. The Contractor will also provide an IR within 24 hours of the fault resolution.

2.3 Severity 3 – Minor

2.3.1 Definition:

Other faults within the system which do not meet the criteria defined for Critical/Emergency or Major faults. Reporting problem will fall under this severity level.

Any request for new features or changes in the existing features will not be reported under any of the above fault classifications. Any such requests or changes will follow a change request process mutually agreed between StarHub and Contractor.

2.3.2	Response Time:	4 hours
	Resolution Time:	8 working days. Fixes for minor faults in software may be included in the next release of the software if such release is anticipated within a reasonably short period(once every quarter).
	Report Requirements:	The Contractor will provide StarHub with a reasonable progress update and an IR when the fault is resolved.

4. REVIEW

StarHub and Contractor will undertake Service Performance review meetings on a regular basis, as mutually agreed. The purpose of the Service Performance review meetings includes, but is not limited to, a review of non-conformance to SLA targets, forecasts over a 12-month period, schedule maintenance for the preceding and following months, and any other subjects concerning service quality.

5. STARHUB CONTACT DETAILS

5.1 Communication to StarHub for the following matters should be made through telephone, email (preferred), or facsimile to the appointed StarHub representative as is stated in Section 5.2:

(i) 24 × 7 fault reporting and escalation;

(ii) notification of planned or scheduled maintenance (with at least two (2) weeks of prior written notice); and

(iii) notification of unplanned or emergency maintenance works.

5.2 StarHub contact details for technical escalation are as set out below:

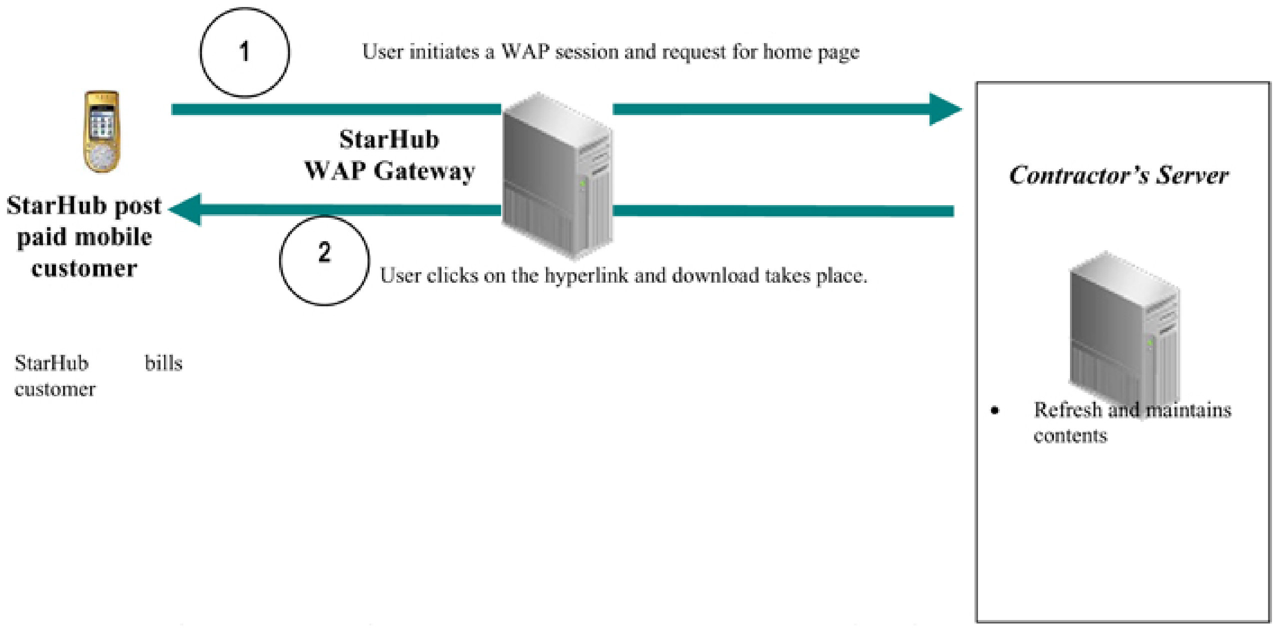
Name:	**COSAC - MNOC**
Telephone	+65 – 6825 6640 option 1
Fax:	+65 – 6821 6006
Mobile:	N.A.
Email:	**mnoc@starhub.com**

5.3 Contractor must notify COSAC-MNOC for any outages (unplanned service affecting) with impact information provided using StarHub template.(Refer attached).

Timely update till resolution and furnish outage summary report to COSAC-MNOC.

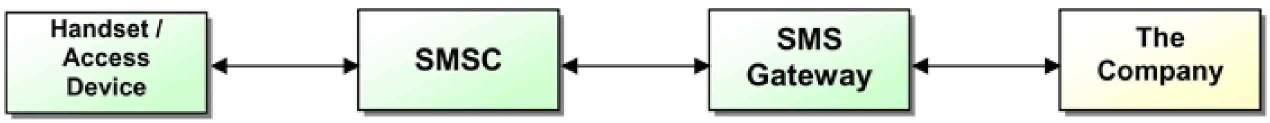
SCHEDULE B
WAP GATEWAY

Technical Specifications



1. StarHub's WAP Gateway is a wireless application protocol (WAP) gateway and mobile Internet proxy that provides value-added services to the Contractors and highly reliable completion of web transactions.
2. The connectivity to the WAP Gateway server from the Contractor's content server can be made either via Internet connection. StarHub shall not be responsible for any matter relating to the Internet connection, including but not limited to the provisioning, commissioning and support thereof.
3. Communications will be done through the desired protocol supported by StarHub's WAP Gateway as specified in the "StarHub WAP Gateway Content Provider's Information Guide".
4. The Content will be relayed over Mobile Wireless Technology.
5. The "StarHub WAP Gateway Content Provider's Information Guide" will be given to the Contractor and shall be fully complied with by the Contractor.

LEASED LINE DIRECT CONNECTION / INTERNET CONNECTION TO STARHUB'S SMS GATEWAY



1. The SMS Gateway server will act as a conduit between the StarHub's SMS Centre ("SMSC") and the Contractor's application server for sending and receiving of SMS-MSG.
2. The connectivity to the SMS Gateway server from the Contractor's application server can be made either via Internet connection or leased line. StarHub shall not be responsible for any matter relating to the Internet connection or leased line, including the provisioning, commissioning and support of such Internet connection or lease line unless otherwise agreed to in writing.

3. Communications will be done through the desired protocol chosen by the Contractor upon StarHub’s agreement. The list of supported protocols is as specified in the “SMS Gateway Developer Guide” that will be provided to the Contractor and may be amended by StarHub from time to time.
4. The SMS Gateway server will communicate with the SMSC via the CIMD2 protocol.
5. SMS-MSG will be relayed over the specified GSM environment.
6. The Contractor may submit a written request for the provision of ports under this Agreement. Subject to availability, StarHub shall assign the port number(s) and notify the Contractor of the same in writing.
7. The “SMS Gateway Developer Guide” will be given to the Contractor and shall be fully complied with by the Contractor.

Support Services

1. The Contractor shall ensure that there is no disruption to the supply and delivery of the Services to the WAP Gateway and SMS Gateway via the Connection and shall give StarHub immediate written notice upon detection that the Contractor’s content server is down due to planned or unplanned outages.
2. StarHub shall be entitled to consult the Contractor whether by facsimile, telephone or otherwise on matters concerning the connectivity to the WAP Gateway and SMS Gateway, including the supply and delivery of the Services to the WAP Gateway and SMS Gateway via the Connection under this Agreement.
3. The Contractor shall appoint two (2) employees to:

   a) handle all enquiries from StarHub relating to matters as described in this Schedule; and

   b) provide local support services to StarHub on a 24x7 basis.

   The names of the appointed employees and their contact particulars are set out below:

Name: josh wolff	Name: Andrew Perlman
Tel: +97229902500	Tel:
Mobile No: +972548092468	Mobile No: +19176786803
Email: josh.wolff@vringo.com	Email: Andrew.perlman@vringo.com

4. Any changes to the above names and/or particulars shall forthwith be communicated by the Contractor to StarHub in writing.

IN WITNESS WHEREOF the Parties have by their respective authorised representatives executed this Agreement on the day and year first written above.

StarHub

Signed by Yeong Mun Ling)
)
for and on behalf of **STARHUB MOBILE PTE LTD**)
)
in the presence of:)

/s/ Yeong Mun Ling
Title: Vice President

/s/ Sara Han
Name of Witness: Sara Han
Title: Assistant Product Manager

Contractor

Signed by Andrew Perlman)
)
for and on behalf of **VRINGO INC.**)
)
in the presence of:)

/s/ Andrew Perlman
Title: President

/s/ Josh Wolff
Name of Witness: Josh Wolff
Title: VP, Services

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan Medved, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vringo, Inc.;

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

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

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

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

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

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

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

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

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

Dated: November 15, 2010

/S/ JONATHAN MEDVED

**Chief Executive Officer
(Principal Executive Officer)**

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Ellen Cohl, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vringo, Inc.;

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

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

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

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

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

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

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

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

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

Dated: November 15, 2010

/S/ ELLEN COHL

Vice President Finance
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Vringo, Inc. (the “Company”) for the quarter ended September 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) I, Jonathan Medved, Chief Executive Officer of the Company, certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002,18 U.S.C. § 1350, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15 (d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2010

/S/ JONATHAN MEDVED

Jonathan Medved
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Vringo, Inc. (the “Company”) for the quarter ended September 30, 2010 as filed with the Securities and Exchange Commission on the date hereof (the “Report”) I, Ellen Cohl, Vice President Finance of the Company, certify, pursuant to § 906 of the Sarbanes-Oxley Act of 2002,18 U.S.C. § 1350, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 15, 2010

/S/ ELLEN COHL

Ellen Cohl
Vice President Finance
(Principal Financial Officer)