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As filed with the Securities and Exchange Commission on March 29, 2010

Registration No.: 333-164575

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

Amendment No. 1
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VRINGO, INC.
(Exact name of registrant as specified in its charter)

Delaware	4812	20-4988129
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

18 East 16th Street, 7th Floor
New York, New York 10003
(646) 448-8210
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan Medved
Chief Executive Officer
Vringo, Inc.
18 East 16th Street, 7th Floor
New York, New York 10003
(646) 448-8210
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check this box: ☒

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

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

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

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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Units, each consisting of one share of common stock, par value $0.01 per share, and two warrants (3)	$13,800,000	$983.94
Shares of common stock included as part of the Units (3)	—	(4)
Warrants included as part of the Units (3)	—	(4)
Shares of common stock underlying the Warrants included in the Units (3)	$30,360,000	$2,164.67
Representative's Unit Purchase Option (3)	$100	(4)
Units underlying the Representative's Unit Purchase Option ("Representative's Units")	$1,320,000	$94.12
Shares of common stock included as part of the Representative's Units (3)	—	(4)
Warrants included as part of the Representative's Units (3)	—	(4)
Shares of common stock underlying the Warrants included in the Representative's Units (3)	$2,640,000	$188.24
Shares of common stock issuable upon automatic conversion of Convertible Notes (5)	$4,373,600	$311.84
Shares of common stock issuable upon exercise of warrants issuable upon automatic conversion of Convertible Notes (5)	$9,621,920	$686.05
Shares of common stock issuable upon exercise of Special Bridge Warrants (5)	$2,186,800	$155.92
Total	**$64,302,420**	**$4,584.78 (6)**

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
(3) Offered pursuant to the Registrant's initial public offering.
(4) No fee pursuant to Rule 457(g).
(5) Represents shares of the Registrant's common stock being registered for resale that will be acquired upon the conversion of convertible notes issued to the selling securityholders and that may be acquired upon the exercise of certain warrants issued to the selling securityholders named in this registration statement.
(6) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This registration statement contains two forms of prospectus, as set forth below.

- *Public Offering Prospectus.* A prospectus to be used for the initial public offering by the registrant of 2,400,000 units (and an additional 360,000 units which may be sold upon exercise of the underwriters' over-allotment option) (the "Public Offering Prospectus") through the underwriters named on the cover page of the Public Offering Prospectus as well as the issuance of the unit purchase option to Maxim Group LLC to purchase such number of units equal to 5% of the units sold in this offering.
- *Selling Securityholder Prospectus.* A prospectus to be used in connection with the potential resale by certain selling securityholders of up to an aggregate of 795,200 shares of the registrant's common stock issuable upon conversion of the registrant's outstanding convertible notes upon the effectiveness of the registration statement of which this prospectus forms a part and 2,385,600 shares of the registrant's common stock issuable upon the exercise of certain of the registrant's outstanding warrants (the "Selling Securityholder Prospectus").

The Public Offering Prospectus and the Selling Securityholder Prospectus will be identical in all respects except for the following principal points:

- they contain different front covers;
- they contain different Use of Proceeds sections;
- a Shares Registered for Resale section is included in the Selling Securityholder Prospectus;
- a Selling Securityholders section is included in the Selling Securityholder Prospectus;
- the Underwriting section from the Public Offering Prospectus is deleted from the Selling Securityholder Prospectus and a Plan of Distribution section is inserted in its place;
- the Legal Matters section in the Selling Securityholder Prospectus deletes the reference to counsel for the underwriters; and
- they contain different back covers.

The registrant has included in this registration statement, after the financial statements, a set of alternate pages to reflect the foregoing differences between the Selling Securityholder Prospectus and the Public Offering Prospectus.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until after the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 29, 2010

PROSPECTUS

2,400,000 Units

VRINGO, INC.

This is the initial public offering of our units. We are offering 2,400,000 units, with each unit consisting of: (i) one share of common stock and (ii) two warrants. Each warrant entitles the holder to purchase one share of our common stock at a price equal to 110% of the offering price of the units in our initial public offering. Each warrant will become exercisable upon the consummation of our initial public offering and will expire five years after the date of this prospectus.

We expect the initial public offering price of the units to be between $ and $ per unit. Currently, no public market exists for our securities. We intend to apply to have our units listed on the NASDAQ Capital Market under the symbol "VRNGU" on or promptly after the date of this prospectus. Once the securities comprising the units begin separate trading, the units will continue to trade under the symbol "VRNGU" and the common stock and warrants will be listed on the NASDAQ Capital Market under the symbols "VRNG" and "VRNGW," respectively. The common stock and warrants comprising the units will begin separate trading on or prior to the 90th day after the date of this prospectus. We will issue a press release announcing when such separate trading will begin. No assurance can be given that such listing will be approved.

Investing in our units involves a high degree of risk. You should carefully consider the matters discussed under the section entitled "Risk Factors" beginning on page 11 of this prospectus.

	Per Unit	Total
Public offering price		
Underwriter discounts and commissions (1)		
Proceeds to us (before expenses)		

(1) Does not include a corporate finance fee in the amount of 2% of the gross proceeds, or $ per share, payable to Maxim Group LLC, the representative of the underwriters.

We have granted an over-allotment option to the underwriters, under which they may elect to purchase up to an additional 360,000 units from us at the public offering price, less the estimated underwriting discounts and commissions, within 45 days from the date of this prospectus to cover over-allotments, if any. We have agreed to issue to Maxim Group LLC, the representative of the underwriters, a unit purchase option to purchase such number of units equal to 5% of the units sold in this offering at a price equal to 120% of the price of the units offered in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This is a firm commitment underwriting. The underwriters expect to deliver the units to purchasers on or prior to , 2010.

Maxim Group LLC

The date of this prospectus is , 2010.

VRINGO, INC.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information different from or in addition to that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and are seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock. Our business, financial conditions, results of operations and prospects may have changed since that date.

We obtained statistical data, market data and other industry data and forecasts used throughout this prospectus from publicly available information. While we believe that the statistical data, market data and other industry data and forecasts are reliable, we have not independently verified the data.

PROSPECTUS SUMMARY

This summary highlights information contained throughout this prospectus and is qualified in its entirety by reference to the more detailed information and financial statements included elsewhere herein. This summary may not contain all of the information that may be important to you. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. Before making an investment decision, you should read carefully the entire prospectus, including the information under "Risk Factors" beginning on page 11 and our financial statements and related notes thereto.

Unless the context otherwise requires or indicates, when used in this prospectus,

- *references to "we," "our," "us," "the Company" and "Vringo" refer to Vringo, Inc. and its subsidiary;*
- *references to "Bridge Notes" refer to the $3.0 million shares of 5% subordinated convertible promissory notes issued to accredited investors in a private placement consummated on December 29, 2009. Upon consummation of this offering, the Bridge Notes will automatically convert into one share of common stock and two warrants at a conversion price equal to the lesser of (i) $3.75 and (ii) 75% of the offering price of the units in this offering;*
- *references to "Bridge Financing" refer to the sale of the Bridge Notes; and*
- *references to "Special Bridge Warrants" refer to the additional 795,200 warrants issued to the investors in the Bridge Financing, which are exercisable at $2.75 per share.*

Our Business

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.

We were incorporated in January 2006 and are still a development stage company. Since inception, we have generated only $20,000 in revenues, which amount includes six months of revenue from our operations in Armenia and $1,000 of revenue from each of our revenue-sharing agreements in Turkey and Malaysia. We have a history of losses since inception, including a net loss of $6.6 million for the year ended December 31, 2009. All of our audited consolidated financial statements since inception have contained a going concern opinion by our auditors, which means that our auditors have substantial doubt about our ability to continue as a going concern.

Our platform combines a downloadable mobile application which works on multiple operating systems and hundreds of handsets, a WAP site, which is a simplified website accessible by a user on a mobile phone, and a website, together with a robust content integration, management and distribution system. As part of providing a complete end-to-end video ringtone platform, we have amassed a library of over 4,000 video ringtones that we provide for our users. We also have developed substantial tools for users to create their own video ringtones and for mobile carriers and other partners to include their own content and deliver it solely to their customers. Our VringForward video ringtone technology allows users to enjoy a rich social experience by sharing video ringtones from our library or which they created.

Until recently, our product has been offered for free to consumers. We are now moving to a paid service model together with mobile carriers and other partners around the world. The initial revenue model for our

service offered through the carriers will generally be a subscription-based model where users pay a monthly fee for access to our service and additional fees for premium content. Our free version is still available in markets where we have not entered into commercial arrangements with carriers or other partners. We have built our platform with a flexible back-end and front-end that is easy to integrate with the back-end systems of mobile carriers and easy to co-brand with mobile carriers. To date, we have filed 23 different patent applications for our platform (none of which have been issued to date) and we continue to create new intellectual property.

We are active in fast growing mobile markets. According to Multimedia Intelligence, the global mobile content market is projected to reach $29 billion by 2012 and Juniper Research projects that the global mobile application market will reach $25 billion in 2014. Our market is a subset of these markets as all forms of ringtones, both audio and video, are popular mobile content items, and our service is available as a mobile application.

We have launched our commercial service with the following four mobile carriers:

- Avea Iletisim Hizmetleri A.S., or Avea, a mobile carrier in Turkey with 12.1 million subscribers, of which 8,400 subscribe to our service (launched in November 2009);
- Maxis Mobile Services SDN BHD, or Maxis, a mobile carrier in Malaysia with 11.4 million subscribers, of which 35,000 subscribe to our service (launched in September 2009);
- Vivacell-MTS, or Vivacell, a mobile carrier with 2.0 million subscribers in Armenia, where we have launched our products and services and have 13,400 subscribers, and which is part of the MTS operator group with over 96.0 million global subscribers (launched in June 2009); and
- Emirates Telecommunications Corporation, or Etisalat, a mobile carrier with 7.3 million subscribers in the United Arab Emirates, where we have launched our products and services and have 500 subscribers, and which has more than 94.0 million subscribers worldwide (launched in January 2010).

We are currently in discussions with several other mobile carriers and we will be pursuing additional agreements with mobile carriers over the next 12 to 24 months.

According to a recent study by the United Nations, there are 4.6 billion global mobile subscribers. The markets in which we have launched our service (Malaysia, Turkey, United Arab Emirates and Armenia) have an estimated 100 million mobile subscribers (including carriers with whom we do not currently have any agreements), which is less than 3% of global subscribers.

Market Overview

The Ringtone Market

Many mobile phone users choose to personalize their mobile phone by changing the standard manufacturer's ringtone to a ringtone of their choice. Some users select one of the several ringtones installed on the phone by the manufacturer. Since many handsets are now capable of playing conventional digital music files, many mobile users install MP3 and other digital music files as their ringtones to create an even more personalized mobile experience. According to a 2008 study by Ipsos MediaCT, more than one-third of mobile users download ringtones from various sources, and 40% of such users change their ringtones frequently.

Since the early days of mobile phone usage, mobile carriers, mobile media companies and content owners have recognized the sale of ringtones as a source of significant revenues. Ringtones are generally sold as single units or as part of a monthly subscription service in which the user is entitled to a package of ringtones. The ringtone industry was created in 1997 with the first sales of polyphonic ringtones and developed further in 2002 with the creation of the truetone or mastertone.

A significant evolution and innovation in the ringtone business occurred in 2004 with the advent of the ringback tone, which is a tune that the recipient of a call can choose for the caller to hear instead of the standard ring. There has been tremendous growth in ringback tones in recent years. Ringback tones are a network-based service sold by mobile carriers generally on a monthly subscription basis with additional costs for content in some markets. Ringback tones are the first "social ringtones" because users are able to choose the sound that callers will hear when they call the user. According to Multimedia Intelligence, sales in the ringback tone market will triple from 2008 to 2012 to reach $4.7 billion. We are not currently active in the ringback market, but we are studying it closely because we believe its success indicates growing acceptance of social ringtone behavior.

Overall, the ringtone business has seen little innovation in recent years and we believe it is ready for the next evolution of products and services. We believe the following factors will contribute to the evolution of the ringtone market in the near future:

Mobile video has arrived. Improved handset technology and the availability of high speed data networks have spurred tremendous growth in mobile video consumption and revenues. According to Pyramid Research, the mobile video market will grow five-fold from 2008 to 2014 to 534.0 million global subscribers, representing $16 billion in revenues in the United States alone. Our service is a subset of the mobile video market since video ringtones are essentially mobile video clips that are activated upon receipt of a phone call. As users begin to consume more mobile video content, they will expect their ringtones to consist of more than plain audio.

Mobile social networking is growing exponentially. Mobile phone users are increasingly engaging in social networking on their phones, using services such as Facebook and Twitter. The commercial success of ringback tones demonstrates that users want a social experience as part of their ringtone experience. According to Juniper Research, global revenues for mobile social networking and user-generated content will rocket from $1.8 billion in 2008 to $11.8 billion in 2013. Our platform is a subset of mobile social networking and user-generated content since our VringForward video ringtone technology allows users to enjoy a rich social experience by sharing video ringtones from our library or which they created.

User generated content continues to grow. We believe the growth of user-generated content on sites like YouTube is only at a nascent stage. Furthermore, we believe licensed content may only capture a fraction of the content users are interested in because of the advances in technology that facilitate the creation of user-generated content. Our easy-to-use platform allows users to seamlessly create, edit and share their own user-generated video ringtones.

Consumers are no longer afraid of mobile applications. A mobile application can generally provide users with a much richer experience than a wireless application protocol (WAP)-only experience, which requires a user to navigate the browser on its mobile phone to a specific website. However, for years many users were either hesitant or unable to download most mobile applications due to the complexity of downloading applications or security concerns. That has recently changed as smartphones and data plan penetration have increased substantially and Apple Inc. has provided a very simple user experience for downloading applications through its App Store ® . The success of the App Store ® has led other handset manufacturers and mobile carriers to develop and market their own stores which we believe will accelerate user adoption of mobile applications. We have developed multiple versions of our mobile application, which work on more than 200 handsets, and which provide users with a much richer experience than can be achieved via WAP.

Our Product

Our product consists of four primary components:

1. **The Vringo Mobile Application:** Our application allows the user to engage in a comprehensive, entertaining, and easy-to-use social video ringtone experience. The application includes many features, such as:
   - Ability for users to set their own personal video ringtones and to create their own video ringtone with their cameras;
   - VringForward™ technology, which enables users to share video ringtones with friends. Users may set a default clip for all of their friends or set specific clips for specific friends;
   - Gallery-based content browsing of video ringtones;
   - Unique "push" technology which allows users to subscribe to content channels and have their video ringtone automatically updated. This may create additional monthly subscription revenue by allowing us to sell various channels of content. Automated delivery ensures users feel they are getting value for their subscription; and
   - Compatibility with Symbian, Sony Ericsson, Java, Windows Mobile, Android and Blackberry operating systems. While Windows Mobile, Blackberry and Android do not support video ringtones natively, our development team has enabled our application to work on many of these devices. Such compatibility will require an ongoing effort by our development team to update our application to respond to any modifications of these operating systems and to ensure our application works on new operating systems and handsets.

2. **The Vringo WAP Site:** While we support over 200 handsets with our application, our application cannot work on many handsets in the market due to technical limitations of the devices. In order to support a much broader segment of the market, we developed a WAP version of the service that provides a streamlined experience for mobile users who can access the WAP site from browsers on their mobile phones. In particular, this service includes the following features, subject to the handset's technical capabilities:
   - Download and purchase video ringtones;
   - Choose a VringForward clip that other users with our application will see when they receive a call from you; and
   - Share video ringtones with friends.

3. **The Vringo Website:** While video consumption on mobile phones is growing substantially, the vast majority of video browsing and viewing still takes place on the personal computer, or PC. A core component of our product strategy is to allow users to browse and choose their video ringtones on a personal computer from our website (www.vringo.com) and seamlessly deliver content from our website to their mobile phone. Our website includes the following features for users:
   - Choose and purchase video ringtones;
   - Upload video content stored on their PCs and create personal video ringtones;
   - Engage in social behavior such as setting up VringForward, inviting friends to our service and posting clips to Facebook and other social networks;
   - Manage their accounts; and
   - Automatic synchronization with the mobile application on their phone or WAP account.

4. **The Vringo Studio:** The Vringo Studio is an extension of our website that allows users to access video from multiple websites or from their computer and then edit and send these video clips to their mobile phones as customized video ringtones. We are able to create customized versions of the Vringo Studio for specific content partners and mobile carriers that search only a pre-defined set of content. As with our website, the results are seamlessly synchronized with a user's mobile device. On the Vringo Studio, users may:

   - Transform user-generated or other video from the web into personalized video ringtones;
   - Import clips into their collection via our application or our WAP site; and
   - Share clips via text messaging or email and post clips to social networks.

Our Strategy

Our goal is to become the leading global provider of video ringtones via our social video ringtone platform. To achieve this goal, we plan to:

Grow our user base through mobile carrier partnerships. We have built our product to easily integrate with mobile carriers. We believe the mobile carrier channel is the most efficient and cost effective channel to grow our user base and to monetize our product. We have launched our service with four mobile carriers in Turkey, Malaysia, Armenia and the United Arab Emirates. We are in discussions with additional mobile carriers and we plan to aggressively pursue additional mobile carriers globally.

Continue to ensure we have broad handset reach. The breadth of our mobile handset coverage will be critical for us to grow our business. Our application already supports over 200 handsets and we diligently certify new mobile handset devices as quickly as possible. Additionally, the WAP version of our service is compatible with almost any device that supports video. We will continue to expand the features available as part of our WAP service.

Enhance our viral and social tools. We believe that there is substantial opportunity to increase the social and viral nature of our product, which will be critical for our growth. We will continue to add features to the product to enhance its viral and social aspects and which enable users to connect with their existing social networks on platforms such as Facebook and Twitter.

Maintain and grow our product and technology leadership. Our technical team is made up of highly regarded industry professionals that continually ensure that our product is on the cutting-edge both in terms of ease of use, functionality and look and feel. We have filed 23 patent applications for our platform (none of which have been issued to date) and we continue to create new intellectual property. We also have enabled our application to work on the Blackberry, Android and Windows Mobile operating systems even though those platforms do not natively support video ringtones. Nevertheless, there is no assurance that our application will continue to work on these operating systems in the future. We plan to continue to allocate technical resources to remain ahead of our competition and provide users with a product that is easy-to-use and cutting-edge.

Build a strong revenue base of recurring monthly subscription revenue. In the ringback tone business, the bulk of revenue generation is subscription-based. We believe this model is appropriate for our product and are initially launching the commercial version of our product as a monthly subscription service with mobile carriers. We are focused on ensuring that our product drives value and limits churn. As the video ringtone market matures, our business model may evolve to capitalize on changes in the market.

Find new forms of distribution. While we are currently focused on the mobile carrier distribution channel, we believe there are other avenues that could be successful distribution channels for us. Specifically, we believe broadcasters and content owners could greatly benefit by promoting our service to their customers by monetizing either their content or leveraging their relationship with advertisers via ads.

Explore monetization through advertising. The visual nature of our service opens up the possibility of incorporating ads in the ringtone. We have had several expressions of interest in an advertisement-funded version of our service and we will explore this model in the future.

Content leadership. We have conducted substantive research of other commercial video ringtone websites and we have not discovered a commercial library with more than 100 video ringtones available for download. Accordingly, we believe our library of more than 4,000 video ringtones is one of the largest commercial video ringtone libraries in the world. We intend to continue to grow our library to enhance our future revenues although in many markets we will rely on our partners to supplement our library with additional locally licensed content.

Risk Factors

Our business is subject to numerous risks as discussed more fully in the section entitled "*Risk Factors*" beginning on page 11. Principal risks of our business include:

- we have generated only losses since inception, which we expect to continue for the foreseeable future;
- we have a limited operating history upon which to base an investment decision;
- our plans depend on us entering into and maintaining content license agreements;
- we are a development stage company with no significant source of income;
- our independent auditors have expressed doubt about our ability to continue our activities as a going concern;
- the continuation of our business is dependent upon raising additional capital;
- our plans depend significantly on entering into distribution arrangements with major mobile carriers and/or other partners;
- we may be subject to litigation or other damages if it is asserted that we or our users are infringing upon the intellectual property rights of third parties; and
- our business may be adversely affected if there are significant shifts in the political, economic and military conditions in Israel and its neighbors.

Company Information

Our executive offices are located at 18 East 16th Street, 7th Floor, New York, New York 10003 and our telephone number at this location is (646) 448-8210. Our website address is *www.vringo.com*. The information on our website is not part of this prospectus.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data set forth below is derived from our consolidated financial statements. The consolidated results of operations for the years ended, and the consolidated balance sheet data as of December 31, 2009 and 2008 and the period from inception through December 31, 2009, are derived from our audited consolidated financial statements included elsewhere in this prospectus. The per share figures in this section are historical and do not give effect to the anticipated 1-for-6 reverse stock split.

It is important that you read this information together with "Management's Discussion and Analysis of Financial Conditions and Results of Operations," "Risk Factors" and the financial statements and the notes to the financial statements. The historical results presented below are not necessarily indicative of results to be expected in any future periods.

Consolidated Statements of Operations (in thousands):

	For the Year Ended December 31,		Cumulative from Inception to December 31, 2009
	2009	2008	
Revenue	20	—	20
Cost of revenue	31	—	31
Gross margin	**(11)**	**—**	**(11)**
Research and development	1,975	3,110	8,384
Marketing	1,752	2,769	6,524
General and administrative	1,682	1,409	4,544
Operating loss	**5,420**	**7,288**	**19,463**
Finance expense (income), net	1,058	51	1,070
Loss before taxes on income (benefit)	**6,478**	**7,339**	**20,533**
Taxes on income (benefit)	73	(7)	(6)
Net loss for the period	**6,551**	**7,332**	**20,527**
Basic and diluted net loss per common share	(2.98)	(3.33)	(9.68)
Weighted average number of shares used in computing basic and diluted net loss per common share	2,200,694	2,200,694	2,121,253

Balance Sheet Data (in thousands):

	December 31, 2009	December 31, 2008
Total current assets	3,518	6,122
Long-term deposit	12	12
Property and equipment, net	179	259
Deferred tax assets—long-term	80	50
Total assets	**3,789**	**6,443**
Total current liabilities	4,523	1,281
Total long-term liabilities	3,498	4,171
Total temporary equity	11,968	11,961
Total stockholders' equity	(16,200)	(10,970)
Total liabilities and stockholders' equity	**3,789**	**6,443**

THE OFFERING	
Securities offered:	2,400,000 units, each unit consisting of: • one share of common stock; and • two warrants to purchase common stock.
Offering Price:	$
Units:	
Number outstanding before this offering:	0
Number to be outstanding after this offering:	2,400,000
Common stock:	
Number outstanding before this offering:	2,631,213
Number to be outstanding after this offering:	5,031,213
Warrants:	
Number outstanding before this offering:	1,803,455
Number to be outstanding after this offering:	8,353,610
Exercisability:	Each warrant included within the unit is exercisable for one share of common stock commencing on the consummation of this offering and expiring at 5:00 p.m., New York City time, on the fifth anniversary of the date of this prospectus.
Exercise Price:	110% of the offering price of the units sold in this offering
Proposed NASDAQ Capital Market symbols for:	
Units:	“VRNGU”
Common Stock:	“VRNG”
Warrants:	“VRNGW”
	No assurance can be given that such listing will be approved.
Trading commencement and separation of common stock and warrants:	The units will begin trading on or promptly after the date of this prospectus. Each of the common stock and warrants will begin trading separately on or prior to the 90th day after the date of this prospectus. We will issue a press release announcing when such separate trading will begin.

	Following the date that the common stock and warrants begin trading separately, the units will continue to be listed for trading and any securityholder may elect to break apart a unit and trade the common stock and warrants separately or as a unit. Even if the component parts of the units are broken apart and traded separately, the units will continue to be listed as a separate security, and consequently, any subsequent securityholder owning common stock and warrants may elect to combine them together and trade them as a unit. Securityholders will have the ability to trade our securities as a unit until such time as the warrants expire.
Use of Proceeds:	Our current estimate of the use of the net proceeds of this offering, which we expect to be approximately $10,300,000, is as follows: $750,000 for capital expenditures, $2,500,000 for cost of revenue, $2,000,000 for research and development, $2,200,000 for sales and marketing and $2,850,000 for general corporate purposes, including working capital and repayment of a portion of our loan facility. We will, however, have broad discretion over the use of proceeds of this offering and the estimates may change over time.
Risk Factors:	See *"Risk Factors"* and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our units.

Except as otherwise set forth in this prospectus, the share information above and elsewhere in this prospectus is based on 2,631,213 shares of common stock outstanding on December 31, 2009 and also:

- gives retroactive effect to a 1-for-6 reverse stock split effective immediately prior to the consummation of this offering (except as to the disclosure in the financial statements);
- assumes an initial offering price of $5.00, the mid-point of the $4.00 to $6.00 price range for this offering;
- reflects the exchange of all of our outstanding preferred stock into 1,469,231 shares of common stock upon the closing of this offering and termination of outstanding warrants held by holders of our Series B Convertible Preferred Stock to purchase 200,245 shares of common stock;
- reflects the automatic conversion of the Bridge Notes into an aggregate of 795,200 shares of common stock upon the closing of this offering;
- assumes that the underwriters do not exercise their over-allotment option to purchase up to an additional 360,000 units; and
- assumes that the representative of the underwriters does not exercise its unit purchase option.

The share information in this prospectus does not include:

- 282,927 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2009 at a weighted average exercise price of $2.60 per share and 20,000 shares of common stock issuable upon exercise of outstanding warrants with an exercise price of $1.50;
- 1,590,400 shares of common stock issuable upon exercise of warrants to be issued to the investors in the Bridge Financing, upon conversion of the Bridge Notes, with an exercise price of $5.50;

- 795,200 shares of common stock issuable upon exercise of the Special Bridge Warrants, with an exercise price of $2.75;
- 55,664 shares of common stock issuable upon exercise of warrants issued to the placement agent in connection with the Bridge Financing with an exercise price of $3.75;
- 482,346 shares of common stock issuable upon exercise of warrants issued to the lead investors in connection with the Bridge Financing with an exercise price of $0.01;
- 250,000 shares of common stock issuable upon exercise of warrants issued to our senior lenders in connection with the Bridge Financing with an exercise price of $2.75;
- 1,843,469 shares of common stock issuable upon the exercise of stock options issuable to management in connection with this offering with an exercise price of $0.01;
- 1,843,469 shares of common stock issuable upon the exercise of stock options issuable to management in connection with this offering with an exercise price of $5.50;
- 4,800,000 shares of common stock issuable upon the exercise of warrants underlying the units sold in this offering;
- 1,080,000 shares of common stock issuable upon exercise in full of the over-allotment option by the underwriters; and
- 360,000 shares of common stock issuable upon exercise of the unit purchase option issued to the underwriters in connection with this offering with an exercise price of $6.00.

RISK FACTORS

An investment in our securities involves a high degree of risk and should not be made by anyone who cannot afford to lose his or her entire investment. You should consider carefully the following risks, together with all other information contained in this prospectus, before deciding to invest in our securities. If any of the following events or risks actually occurs, our business, operating results and financial condition would likely suffer materially and you could lose all or part of your investment.

We have a limited operating history upon which to base an investment decision.

We were formed in January 2006 and have a limited operating history. As a result, there is very limited historical performance upon which to evaluate our prospects for achieving our business objectives. Our prospects must be considered in light of the risks, difficulties and uncertainties frequently encountered by development stage entities.

To date, we have generated only losses, which are expected to continue for the foreseeable future.

For the years ended December 31, 2009 and 2008, we incurred a net loss of approximately $6.6 million and $7.3 million, respectively, and used cash in operations of approximately $4.9 million and $7.3 million, respectively, in connection with the development of our software for mobile phones and the operations of our subsidiary. As of December 31, 2009, we had unrestricted cash and cash equivalents of approximately $0.7 million and an accumulated deficit of approximately $20.5 million. We expect our net losses and negative cash flow to continue for the foreseeable future, as we continue to develop our platform, launch our service with new mobile carriers and begin to develop additional products. We cannot assure you that our net losses and negative cash flow will not accelerate and surpass our expectations nor can we assure you that we will ever generate any net income or positive cash flow. Furthermore, we might not have sufficient liquidity to meet our obligations to our suppliers and creditors.

We are a development stage company with no significant source of income and our independent auditors have expressed doubt about our ability to continue our activities as a going concern and the continuation of our business is dependent on us raising additional capital.

We were incorporated in January 2006 and are still a development stage company. Our operations are subject to all of the risks inherent in development stage companies which do not have significant revenues or operating income. Our potential for success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with a new business, especially technology start-up companies. We cannot provide any assurance that our business objectives will be accomplished. All of our audited consolidated financial statements since inception have contained a statement by our auditors that raises substantial doubt about us being able to continue as a going concern unless we are able to raise additional capital. Our financial statements do not include any adjustment relating to the recovery and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should our operations cease.

The continuation of our business is dependent upon us raising additional financing. The issuance of additional equity securities by us could result in a substantial dilution to our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. If we should fail to continue as a going concern, you may lose the value of your investment in our securities.

Our expected future growth will place a significant strain on our management, systems and resources.

Our business was formed in January 2006 and has grown quickly. In order to execute our business strategy, we will need to continue to experience growth, which will place a significant strain on our systems, processes,

resources, management and other infrastructure and support mechanisms. To manage the anticipated growth of our operations, we will be required to:

- Improve existing and implement new operational, financial and management information controls, reporting systems and procedures;
- Establish relationships with additional vendors and strategic partners and maintain existing relationships; and
- Hire, train, manage and retain additional personnel.

To the extent we are unable to assemble the personnel, controls, systems, procedures and relationships necessary to manage our future growth, if any, management resources may be diverted, and our opportunity for success may be limited.

If we are unable to enter into or maintain distribution arrangements with major mobile carriers and/or other partners and develop and maintain strategic relationships with such mobile carriers and/or other partners, we will be unable to distribute our products effectively or generate significant revenue.

Our strategy for pursuing a significant share of the video ringtone market is dependent upon establishing distribution arrangements with major mobile carriers and other partners. We need to develop and maintain strategic relationships with these entities in order for them to market our service to their end users. While we have entered into agreements with certain partners pursuant to which our service may be made available to their end-users, such agreements are not exclusive and generally do not obligate the partner to market or distribute our service. In addition, a number of our distribution agreements allow the mobile carrier to terminate its rights under the agreement at any time and for any reason upon 30 days notice. We are dependent upon the subsequent success of these partners in performing their responsibilities and sufficiently marketing our service. We cannot provide you any assurance that we will be able to negotiate, execute and maintain favorable agreements and relationships with any additional partners, that the partners with whom we have a contractual relationship will choose to promote our service or that such partners will be successful and/or will not pursue alternative technologies.

If we are unsuccessful in entering into and maintaining content license agreements, our revenues will be negatively affected.

The success of our service is dependent upon our providing end-users with content they desire. An important aspect of this strategy is establishing licensing relationships with third party content providers that have desirable content. Content license agreements generally have a fixed term, may or may not include provisions for exclusivity and may require us to make significant minimum payments. We have entered into approximately 35 content license agreements with various content providers, none of which require us to make significant minimum payments. While our business is not dependent on any particular content license agreement, there is no assurance that we will enter into a sufficient number of content license agreements or that the ones that we enter into will be profitable and will not be terminated early.

We may not be able to generate revenues from certain of our prepaid mobile customers.

We currently operate in markets that have a high percentage of prepaid mobile customers. Many of these users may not have a sufficient balance in their prepaid account when their free trial ends and we bill them to cover the charges for subscribing to our service. As a result, the subscriber numbers that we periodically disclose may not generate revenues at the expected level.

We are dependent on mobile carriers and other partners to make timely payments to us.

We will receive our revenue from mobile carriers and other distribution partners who may delay payment to us, dispute amounts owed to us, or in some cases refuse to pay us at all. Many of these partners are in markets where we may have limited legal recourse to collect payments from these partners. Our failure to collect payments owed to us from our partners will have an adverse effect on our business and our results of operations.

We may not be able to continue to maintain our application on all of the operating systems which we currently support.

Our application is compatible with various mobile operating systems including the Symbian, Sony Ericsson, Java, Windows Mobile, Android and Blackberry operating systems. While Windows Mobile, Blackberry and Android do not support video ringtones natively, our development team has enabled our application to work on many devices which utilize these operating systems. Since these operating systems do not support video ringtones natively, any significant changes to these operating systems by their respective developers may prevent our application from working properly or at all on these systems. If we are unable to maintain our application on these operating systems or on any other operating systems, users of these operating systems will not be able to use our application, which could adversely affect our business and results of operations.

We operate in the digital content market where piracy of content is widespread.

Our business strategy is partially based upon users paying us for access to our content. If users believe they can obtain the same or similar content for free via other means including piracy, they may be unwilling to pay for our service. Additionally, since our own clips do not have any copy protection, they can theoretically be distributed by a paying user to a non-paying user without any additional payment to us. If users or potential users obtain our content or similar content without payment to us, our business and results of operations will be adversely affected.

Major network failures could have an adverse effect on our business.

Major equipment failures, natural disasters, including severe weather, terrorist acts, acts of war, cyber attacks or other breaches of network or information technology security that affect third-party networks, transport facilities, communications switches, routers, microwave links, cell sites or other third-party equipment on which we rely, could cause major network failures and/or unusually high network traffic demands that could have a material adverse effect on our operations or our ability to provide service to our customers. These events could disrupt our operations, require significant resources to resolve, result in a loss of customers or impair our ability to attract new customers, which in turn could have a material adverse effect on our business, results of operations and financial condition.

Our data is hosted at a remote location. Although we have full alternative site data backed up, we do not have data hosting redundancy. Accordingly, we may experience significant service interruptions, which could require significant resources to resolve, result in a loss of customers or impair our ability to attract new customers, which in turn could have a material adverse effect on our business, results of operations and financial condition.

In addition, with the growth of wireless data services, enterprise data interfaces and Internet-based or Internet Protocol-enabled applications, wireless networks and devices are exposed to a greater degree to third-party data or applications over which we have less direct control. As a result, the network infrastructure and information systems on which we rely, as well as our customers' wireless devices, may be subject to a wider array of potential security risks, including viruses and other types of computer-based attacks, which could cause lapses in our service or adversely affect the ability of our customers to access our service. Such lapses could have a material adverse effect on our business and our results of operations.

Our business depends upon our ability to keep pace with the latest technological changes, and our failure to do so could make us less competitive in our industry.

The market for our products and services is characterized by rapid change and technological change, frequent new product innovations, changes in customer requirements and expectations and evolving industry

standards. Products using new technologies or emerging industry standards could make our products and services less attractive. Furthermore, our competitors may have access to technology not available to us, which may enable them to produce products of greater interest to consumers or at a more competitive cost. Failure to respond in a timely and cost-effective way to these technological developments may result in serious harm to our business and operating results. As a result, our success will depend, in part, on our ability to develop and market product and service offerings that respond in a timely manner to the technological advances available to our customers, evolving industry standards and changing preferences.

Our inability to identify, hire and retain qualified personnel would adversely affect our business.

Our continued success will depend, to a significant extent, upon the performance and contributions of our senior management and upon our ability to attract, motivate and retain highly qualified management personnel and employees. We depend on our key senior management to effectively manage our business in a highly competitive environment. If one or more of our key officers join a competitor or form a competing company, we may experience interruptions in product development, delays in bringing products to market, difficulties in our relationships with customers and loss of additional personnel, which could significantly harm our business, financial condition, operating results and projected growth.

Regulation concerning consumer privacy may adversely affect our business.

Certain technologies that we currently support, or may in the future support, are capable of collecting personally-identifiable information. We anticipate that as mobile telephone software continues to develop, it will be possible to collect or monitor substantially more of this type of information. A growing body of laws designed to protect the privacy of personally-identifiable information, as well as to protect against its misuse, and the judicial interpretations of such laws, may adversely affect the growth of our business. In the United States, these laws could include the Federal Trade Commission Act, the Electronic Communications Privacy Act, the Fair Credit Reporting Act and the Gramm-Leach Bliley Act, as well as various state laws and related regulations. In addition, certain governmental agencies, like the Federal Trade Commission, have the authority to protect against the misuse of consumer information by targeting companies that collect, disseminate or maintain personal information in an unfair or deceptive manner. In particular, such laws could limit our ability to collect information related to users or our services, to store or process that information in what would otherwise be the most efficient manner, or to commercialize new products based on new technologies. The evolving nature of all of these laws and regulations, as well as the evolving nature of various governmental bodies' enforcement efforts, and the possibility of new laws in this area, may adversely affect our ability to collect and disseminate or share certain information about consumers and may negatively affect our ability to make use of that information. If we fail to successfully comply with applicable regulations in this area, our business and prospects could be harmed.

Consumer avoidance of services which collect, store or use personally-identifiable data could adversely affect our business.

Consumer sentiment regarding privacy issues is constantly evolving. Such consumer sentiment may affect the buying public's interest in our current or future service offerings. In some areas, consumer groups and individual consumers have already begun to vigorously lobby against, or otherwise express significant concern over, the collection, storage and/or use of personally-identifiable information. Accordingly, privacy concerns of consumers may influence mobile carriers to refrain from offering products that could harm the overall mobile telephone industry. Moreover, strong consumer attitudes often precipitate new regulations like the ones described above. If we fail to successfully monitor and consider the privacy concerns of consumers, our business and prospects would be harmed.

We have not been subject to Sarbanes-Oxley regulations and we, therefore, may lack the financial controls and safeguards now required of public companies.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, or the Sarbanes-Oxley Act, we will be required, beginning with our fiscal year ending December 31, 2011, to

include in our annual report our assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year ending December 31, 2011. Furthermore, our independent registered public accounting firm will be required to report separately on whether it believes that we have maintained, in all material respects, effective internal control over financial reporting. We do not have the internal infrastructure necessary to complete an attestation about our financial controls that would be required under Section 404 of the Sarbanes-Oxley Act. We expect to incur additional expenses and expend management's time as a result of performing the system and process evaluation, testing and remediation required in order to comply with the management certification and auditor attestation requirements. There can be no assurance that there are no significant deficiencies or material weaknesses in the quality of our financial controls.

We will incur significant increased costs as a public company and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. SEC and NASDAQ Capital Market rules and regulations impose heightened requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will devote a substantial amount of time to these compliance initiatives. We may also need to hire additional finance and administrative personnel to support our compliance requirements. Moreover, these rules and regulations will increase our legal and financial costs and make some activities more time-consuming.

In addition, as described above, we will be required to maintain effective internal controls over financial reporting and disclosure controls and procedures pursuant to the Sarbanes-Oxley Act. Our testing, and the subsequent testing by our independent registered public accounting firm, may reveal deficiencies or material weaknesses in our internal controls over financial reporting. Our compliance with Section 404 of the Sarbanes-Oxley Act will require that we incur substantial accounting expense and expend significant management effort. We currently do not have an internal audit group and we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies or material weaknesses in our internal controls over financial reporting, the market price of our securities could decline and we could be subject to sanctions or investigations by the NASDAQ Capital Market, SEC or other regulatory authorities, which would require additional financial and management resources.

If we are not able to adequately protect our intellectual property, we may not be able to compete effectively.

Our ability to compete depends in part upon the strength of our proprietary rights in our technologies, brands and content. We rely on a combination of U.S. and foreign patents, copyrights, trademark, trade secret laws and license agreements to establish and protect our intellectual property and proprietary rights. The efforts we have taken to protect our intellectual property and proprietary rights may not be sufficient or effective at stopping unauthorized use of our intellectual property and proprietary rights. In addition, effective trademark, patent, copyright and trade secret protection may not be available or cost-effective in every country in which our services are made available through the Internet. There may be instances where we are not able to fully protect or utilize our intellectual property in a manner that maximizes competitive advantage. If we are unable to protect our intellectual property and proprietary rights from unauthorized use, the value of our products may be reduced, which could negatively impact our business. Our inability to obtain appropriate protections for our intellectual property may also allow competitors to enter our markets and produce or sell the same or similar products. In addition, protecting our intellectual property and other proprietary rights is expensive and diverts critical managerial resources. If any of the foregoing were to occur, or if we are otherwise unable to protect our intellectual property and proprietary rights, our business and financial results could be adversely affected.

If we are forced to resort to legal proceedings to enforce our intellectual property rights, the proceedings could be burdensome and expensive. In addition, our proprietary rights could be at risk if we are unsuccessful in, or cannot afford to pursue, those proceedings.

We also rely on trade secrets and contract law to protect some of our proprietary technology. We have entered into confidentiality and invention agreements with our employees and consultants. Nevertheless, these agreements may not be honored and they may not effectively protect our right to our un-patented trade secrets and know-how. Moreover, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets and know-how.

The possibility of extensive delays in the patent issuance process could effectively reduce the term during which a marketed product is protected by patents.

We may need to obtain licenses to patents or other proprietary rights from third parties. We may not be able to obtain the licenses required under any patents or proprietary rights or they may not be available on acceptable terms. If we do not obtain required licenses, we may encounter delays in product development or find that the development, manufacture or sale of products requiring licenses could be foreclosed. We may, from time to time, support and collaborate in research conducted by universities and governmental research organizations. We may not be able to acquire exclusive rights to the inventions or technical information derived from these collaborations, and disputes may arise over rights in derivative or related research programs conducted by us or our collaborators.

If we or our users infringe on the intellectual property rights of third parties, we may have to defend against litigation and pay damages and our business and prospects may be adversely affected.

If a third party were to assert that our products infringe on its patent, copyright, trademark, right of publicity, right of privacy, trade secret or other intellectual property rights, we could incur substantial litigation costs and be forced to pay substantial damages. Third-party infringement claims, regardless of their outcome, would not only consume significant financial resources, but would also divert our management's time and attention. Such claims or the lack of available access to certain sites or content could also cause our customers or potential customers to purchase competitors' products if such competitors have access to the sites or contents that we are lacking or defer or limit their purchase or use of our affected products or services until resolution of the claim. In connection with any such claim or litigation, our mobile carriers and other partners may decide to re-assess their relationships with us, especially if they perceive that they may have potential liability or if such claimed infringement is a possible breach of our agreement with such mobile carrier. If any of our products are found to violate third-party intellectual property rights, we may have to re-engineer one or more of our products, or we may have to obtain licenses from third parties to continue offering our products without substantial re-engineering. Our efforts to re-engineer or obtain licenses could require significant expenditures of time and money and may not be successful. Accordingly, any claims or litigation regarding our infringement of intellectual property of a third party by us or our users could have a material adverse effect on our business and prospects.

Third party infringement claims could also significantly limit our Vringo Studio product and the content available in our content library. Our Vringo Studio tool allows users to access video from multiple sites on the web or from their computer and then edit and send these video clips to their mobile phones as customized video ringtones. These websites could choose to block us from accessing their content for violating their terms of service by allowing users to download clips or for any other reason, which could significantly limit the availability of content in the Vringo Studio. Additionally, while we employ special software that seeks to determine whether a clip is copyrighted or otherwise restricted, it is not feasible for us to determine whether users of Vringo Studio own or acquire appropriate intellectual property permissions to use each clip before it is downloaded. Therefore, we require users of the Vringo Studio to certify that they have the rights to use the content which they desire to send to their phone. Additionally, while the majority of the clips in our content

library are either licensed by us directly or are public domain or creative commons, our content library contains certain clips which we have not licensed from the content owner. As a result, we may receive cease-and-desist letters, or other threats of litigation, from website hosts and content owners asserting that we are infringing on their intellectual property or violating the terms and conditions of their websites. In such a case, we will remove or attempt to obtain licenses for such content or obtain additional content from other websites. However, there is no assurance that we will be able to enter into license agreements with content owners. Consequently, we may be forced to remove a portion of our content from our library and significantly limit the availability of content in the Vringo Studio. This would negatively impact our user experience and may cause users to cancel our service and make our service less attractive to our partners.

Our ownership is concentrated among a small number of stockholders and if our principal stockholders, directors and officers choose to act together, they may be able to control our management and operations, which may prevent us from taking actions that may be favorable to you.

Our ownership is concentrated among a small number of stockholders, including our founders, directors, officers, Warburg Pincus Private Equity Fund IX, L.P. ("Warburg") and entities related to these persons. Upon the completion of this offering, our founders and Warburg will beneficially own approximately 8.7% and 16.7%, respectively, of our voting interest. Our officers and directors (excluding our founders) will beneficially own approximately 4.6% of our voting interest upon completion of the offering. Accordingly, these stockholders, acting together, will have the ability to exert substantial influence over all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets. In addition, they could dictate the management of our business and affairs. This concentration of ownership could have the effect of delaying, deferring or preventing a change in control of us or impeding a merger or consolidation, takeover or other business combination that could be favorable to you.

If an active, liquid trading market for our securities does not develop, you may not be able to sell your shares quickly or at or above the initial offering price.

Although we intend to apply to list our securities on the NASDAQ Capital Market, as of the date of this prospectus, there is currently no market for our securities. An active and liquid trading market for our securities may not develop or be sustained following this offering. You may not be able to sell your shares quickly or at or above the initial offering price if trading in our stock is not active. The initial public offering price may not be indicative of prices that will prevail in the trading market. See *"Underwriting"* for more information regarding the factors that will be considered in determining the initial public offering price.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial offering price of our units is substantially higher than the net tangible book value per share of our common stock immediately after this offering. Therefore, if you purchase our units in this offering, you will incur an immediate dilution of $3.30 (or 66%) in net tangible book value per share from the price you paid, based upon the initial public offering price of $5.00 per unit. The exercise of outstanding options and warrants and the public warrants will result in further dilution in your investment. In addition, if we raise funds by issuing additional securities, the newly issued securities may further dilute your ownership interest.

The sale of a substantial number of shares by our securityholders may have an adverse effect on the market price of our common stock.

In connection with this offering, we are registering the resale of 3,180,800 shares of our common stock held by investors who participated in the Bridge Financing. In addition, certain of our other stockholders may require us to register the resale of their shares of common stock subsequent to the consummation of this offering. If they

exercise their registration rights with respect to all of their beneficially owned shares of common stock as of the date of this prospectus, then there will be an additional 1,090,117 shares of common stock eligible for trading in the public market.

In addition, we have agreed to issue to Maxim Group LLC a unit purchase option to purchase a number of units equal to 5% of the units sold in this offering. Maxim Group LLC is entitled to require us to register the resale of the shares of common stock included in such units and the shares of common stock underlying the warrants included in such units. If Maxim Group LLC exercises its registration rights with respect to all of such shares of common stock, then there will be an additional 360,000 shares of common stock eligible for trading in the public market. If our securityholders sell all of the foregoing shares, the market price of our common stock may be adversely affected.

We may allocate net proceeds from this offering in ways with which you may not agree.

Our management will have broad discretion in using the proceeds from this offering and may use the proceeds in ways with which you may disagree. We are not required to allocate the net proceeds from this offering to any specific investment or transaction and, therefore, you cannot determine at this time the value or propriety of our application of the proceeds. Moreover, you will have not have an opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use our proceeds. We may use the proceeds for corporate purposes that do not immediately enhance our prospects for the future or increase the value of your investment. As a result, you and other stockholders may not agree with our decisions. See *"Use of Proceeds"* for additional information.

Future sales of our shares of common stock by our stockholders could cause the market price of our common stock to drop significantly, even if our business is performing well.

After this offering (and assuming exchange of all preferred stock and the conversion of the Bridge Notes), we will have 5,031,213 shares of common stock issued and outstanding, excluding shares of common stock issuable upon exercise of options or warrants. This number includes 2,400,000 shares of common stock included in the units we are selling in this offering, which may be resold in the public market immediately. The remaining 2,631,213 shares will become available for resale in the public market as shown in the chart below.

Number of Restricted Shares/Percentage of Total Shares Outstanding After Offering	Date of Availability for Resale into the Public Market
1,191,628/24%	Non-affiliate shares will be eligible for sale following their release from the lock-up agreement these stockholders have with the underwriters.
1,439,585/29%	Affiliate shares will be eligible for sale, from time to time, following their release from the lock-up agreement these stockholders have with the underwriters.

At any time and without public notice, the underwriters may, in their sole discretion, release all or some of the securities subject to their lock-up agreements. As shares saleable under Rule 144 are sold after the closing of this offering or as restrictions on resale end, the market price of our stock could drop significantly if the holders of restricted shares sell them or are perceived by the market as intending to sell them. This decline in our stock price could occur even if our business is otherwise performing well. For more detailed information, please see *"Share Eligible for Future Sale"* and *"Underwriting—Lock-up Agreements"*.

In addition, as of the date hereof, we had outstanding options to purchase 282,927 shares of common stock. In connection with this offering, we will be issuing warrants to purchase 4,800,000 shares of common stock. In addition, we (i) will grant to our management, in connection with this offering, options to purchase 3,686,938

shares of common stock, (ii) have reserved 1,590,400 shares of common stock issuable upon exercise of warrants to be issued to the investors in the Bridge Financing, upon conversion of the Bridge Notes, (iii) have reserved an additional 795,200 shares of common stock issuable upon exercise of the Special Bridge Warrants, (iv) have reserved 788,010 shares of common stock issuable upon exercise of additional warrants issued in connection with the Bridge Financing, (v) have reserved 20,000 shares of common stock issuable upon exercise of other existing warrants, (vi) have agreed to issue up to an additional 1,080,000 shares of common stock issuable upon exercise in full of the over-allotment option by the underwriters, and (vii) have agreed to issue to Maxim Group LLC, the representative of the underwriters, a unit purchase option to purchase such number of units equal to 5% of the units sold in this offering. Many of the options and warrants which will be outstanding following this offering have exercise prices that are below, and in some cases significantly below, the mid-point of the price range for this offering. The average weighted exercise price of these outstanding options and warrants is $4.18, which is significantly below the mid-point of the price range for this offering. Such securities, when exercised, will increase the number of issued and outstanding shares of common stock. Therefore, the sale, or even the possibility of sale, of the shares of common stock underlying the options and warrants could have an adverse effect on the market price for our securities or on our ability to obtain future financing. If and to the extent these options and warrants are exercised, you may experience dilution in your holdings.

If we cannot satisfy, or continue to satisfy, the NASDAQ Capital Market's listing requirements and other rules, including NASDAQ's director independence requirements, our securities may not be listed or may be delisted, which could negatively impact the price of our securities and your ability to sell them.

We will seek to have our securities approved for listing on the NASDAQ Capital Market upon consummation of this offering. We cannot assure you that we will be able to meet those initial listing requirements at that time. Even if our securities are listed on the NASDAQ Capital Market, we cannot assure you that our securities will continue to be listed on the NASDAQ Capital Market.

Upon completion of this offering, we expect our securities to trade on the NASDAQ Capital Market. We have not yet been informed that our securities will trade on the NASDAQ Capital Market and can provide no assurance that our NASDAQ Capital Market listing application will be approved. In order to qualify for initial listing on the NASDAQ Capital Market upon the completion of this offering, we must meet the following criteria:

- We must have been in operation for at least two years, must have stockholders' equity of at least $5,000,000 and must have a market value for our publicly held securities of at least $15,000,000; or (ii) we must have stockholders' equity of at least $4,000,000, must have a market value for our publicly held securities of at least $15,000,000 and must have a market value of our listed securities of at least $50,000,000; or (iii) we must have net income from continuing operations in our last fiscal year (or two of the last three fiscal years) of at least $750,000, must have stockholders' equity of at least $4,000,000 and must have a market value for our publicly held securities of at least $5,000,000;
- The market value of our shares held by non-affiliates must be at least $1,000,000;
- The minimum bid price for our shares must be at least $4.00 per share;
- We must have at least 300 round-lot shareholders;
- We must have at least 3 market makers; and
- We must have adopted NASDAQ-mandated corporate governance measures, including a Board of Directors comprised of a majority of independent directors, an Audit Committee comprised solely of independent directors and the adoption of a code of ethics among other items.

The NASDAQ Capital Market also requires companies to fulfill specific requirements in order for their shares to continue to be listed. In order to qualify for continued listing on the NASDAQ Capital Market, we must meet the following criteria:

- Our shareholders' equity must be at least $2,500,000; or (ii) the market value of our listed securities must be at least $35,000,000; or (iii) our net income from continuing operations in our last fiscal year (or two of the last three fiscal years) must have been at least $500,000;
- The market value of our shares held by non-affiliates must be at least $500,000;
- The market value of our shares must be at least $1,000,000;
- The minimum bid price for our shares must be at least $1.00 per share;
- We must have at least 300 shareholders;
- We must have at least 2 market makers; and
- We must have adopted NASDAQ-mandated corporate governance measures, including a Board of Directors comprised of a majority of independent directors, an Audit Committee comprised solely of independent directors and the adoption of a code of ethics among other items.

Although we believe that our securities will trade on the NASDAQ Capital Market upon closing of this offering, investors should be aware that they will be required to commit their investment funds prior to the approval or disapproval of our listing application by the NASDAQ Capital Market. In addition, we have relied on an exemption to the blue sky registration requirements afforded to "covered securities". Securities listed on the NASDAQ Capital Market are "covered securities." If we were unable to meet the NASDAQ Capital Market's listing standards, then we would be unable to rely on the covered securities exemption to blue sky registration requirements and we would need to register the offering in each state in which we planned to sell shares.

We plan to utilize the phase-in provisions afforded new public companies under Rule 5165 of the NASDAQ Marketplace Rules with respect to the director independence and independent committee requirements of the NASDAQ Capital Market. As a result, we will have 90 days from the date that our securities become listed on the NASDAQ Capital Market to have a majority of independent members on our board committees and we will have one year from the date of such listing to have a majority of independent directors and have fully independent board committees. Therefore, during such phase-in period, there will be times when we will not have a board of directors comprised of a majority of independent directors or fully independent board committees, which will leave us subject to the control of our existing non-independent directors. Moreover, if we are unable to comply with the director independence and independent committee requirements in the time period provided, we could be delisted from the NASDAQ Capital Market.

Even if we initially meet the listing requirements of the NASDAQ Capital Market and other applicable NASDAQ Capital Market rules, we may not be able to continue to satisfy these requirements and rules. If we are unable to satisfy the NASDAQ Capital Market criteria for maintaining our listing, our securities could be subject to delisting.

If the NASDAQ Capital Market does not list our securities, or subsequently delists our securities from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;
- a determination that our common stock is a "penny stock," which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock;
- limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

In addition, we would no longer be subject to the NASDAQ Capital Market rules, including rules requiring us to have a certain number of independent directors and to meet other corporate governance standards.

If the NASDAQ Capital Market does not list our securities, any market that develops in shares of our common stock may be subject to the penny stock restrictions which will reduce the liquidity of our securities and make trading difficult or impossible.

SEC Rule 15g-9 establishes the definition of a "penny stock," for purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to a limited number of exceptions. In the event the price of our shares of common stock falls below $5.00 per share, our shares will be considered to be penny stocks. This classification severely and adversely affects the market liquidity for our common stock. For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker-dealer approve a person's account for transactions in penny stocks and the broker-dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker-dealer must obtain financial information and investment experience and objectives of the person and make a reasonable determination that the transactions in penny stocks are suitable for that person and that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker-dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market, which, in highlight form, sets forth:

- the basis on which the broker-dealer made the suitability determination, and
- that the broker-dealer received a signed, written agreement from the investor prior to the transaction.

Disclosure also has to be made about the risks of investing in penny stock in both public offerings and in secondary trading and commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because of these regulations, broker-dealers may not wish to engage in the above-referenced necessary paperwork and disclosures and/or may encounter difficulties in their attempt to sell securities subject to the penny stock rules. If the NASDAQ Capital Market does not list our securities, our selling stockholders or other holders of our securities may have difficulty selling their shares in the secondary market due to the reduced level of trading activity in the secondary market. These additional sales practice and disclosure requirements could impede the sale of our securities, if and when our securities become publicly traded. In addition, the liquidity for our securities may decrease, with a corresponding decrease in the price of our securities. If the NASDAQ Capital Market does not list our securities, our shares will likely be subject to the penny stock rules for the foreseeable future and our stockholders will, in all likelihood, find it difficult to sell their securities.

If there are significant shifts in the political, economic and military conditions in Israel and its neighbors, it could have a material adverse effect on our business relationships and profitability.

Our research and development facilities and marketing operations are located in Israel and many of our key personnel reside in Israel. Our business is directly affected by the political, economic and military conditions in Israel and its neighbors. Major hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could have a material adverse effect on our existing business relationships and on our operating results and financial condition. Furthermore, several countries restrict business with Israeli companies, which may impair our ability to create new business relationships or to be, or become, profitable.

We may not be able to enforce covenants not-to-compete under current Israeli law that might result in added competition for our products.

We have non-competition agreements with all of our employees, almost all of which are governed by Israeli law. These agreements generally prohibit our employees from competing with or working for our competitors, during their term of employment and for up to 12 months after termination of their employment. However, Israeli courts are reluctant to enforce non-compete undertakings of former employees and tend, if at all, to enforce those provisions for relatively brief periods of time in restricted geographical areas and only when the employee has unique value specific to that employer's business and not just regarding the professional development of the employee. If we are not able to enforce non-compete covenants, we may be faced with added competition.

Our operations could be disrupted as a result of the obligation of certain of our personnel residing in Israel to perform military service.

Many of our executive officers and key employees reside in Israel and may be required to perform annual military reserve duty. Currently, all adult permanent residents of Israel under the age of 50, depending on military rank, unless exempt, are obligated to perform up to an average of 18-28 days of military reserve duty annually and are subject to being called to active duty at any time under emergency circumstances. Our operations could be disrupted by the absence for a significant period of one or more of our officers or key employees due to military service. Any such disruption could adversely affect our business, results of operations and financial condition.

Because we expect a substantial portion of our revenues will be generated in dollars and euros, while a significant portion of our expenses are incurred in Israeli currency, our revenue may be reduced due to inflation in Israel and currency exchange rate fluctuations.

We expect a substantial portion of our revenues will be generated in dollars and euros, while a significant portion of our expenses, principally salaries and related personnel expenses, is paid in Israeli currency. As a result, we are exposed to the risk that the rate of inflation in Israel will exceed the rate of devaluation of Israeli currency in relation to the dollar or the euro, or that the timing of this devaluation will lag behind inflation in Israel. Because inflation has the effect of increasing the dollar and euro costs of our operations, it would therefore have an adverse effect on our dollar-measured results of operations. The value of the New Israeli Shekel, or NIS, against the United States dollar, the Euro and other currencies may fluctuate and is affected by, among other things, changes in Israel's political and economic conditions. Any significant revaluation of the NIS may materially and adversely affect our cash flows, revenues and financial condition. Fluctuations in the NIS exchange rate, or even the appearance of instability in such exchange rate, could adversely affect our ability to operate our business.

The termination or reduction of tax and other incentives that the Israeli government provides to domestic companies, such as our wholly-owned subsidiary, may increase the costs involved in operating a company in Israel.

The Israeli government currently provides tax and capital investment incentives to domestic companies, as well as grant and loan programs relating to research and development and marketing and export activities. In recent years, the Israeli government has reduced the benefits available under these programs and Israeli governmental authorities have indicated that the government may in the future further reduce or eliminate the benefits of those programs. Our wholly-owned Israeli subsidiary currently takes advantage of some of these programs. We cannot provide you with any assurance that such benefits and programs will continue to be available in the future to our Israeli subsidiary. In addition, it is possible that our subsidiary will fail to meet the criteria required for eligibility of future benefits. If such benefits and programs were terminated or further reduced, it could have an adverse affect on our business, operating results and financial condition.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this prospectus that constitute forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Such forward-looking statements include statements regarding, among others, (a) our expectations about possible business combinations, (b) our growth strategies, (c) our future financing plans, and (d) our anticipated needs for working capital. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “approximate,” “estimate,” “believe,” “intend,” “plan,” “budget,” “could,” “forecast,” “might,” “predict,” “shall” or “project,” or the negative of these words or other variations on these words or comparable terminology. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found in this prospectus. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors, including, without limitation, the risks outlined under “*Risk Factors*” and matters described in this prospectus generally. In light of these risks and uncertainties, the events anticipated in the forward-looking statements may or may not occur.

Forward-looking statements are based on our current expectations and assumptions regarding our business, potential target businesses, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you therefore that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include changes in local, regional, national or global political, economic, business, competitive, market (supply and demand) and regulatory conditions and the following:

- expectations regarding our potential growth;
- our inability to have our securities listed for trading on the NASDAQ Capital Market or another national securities exchange;
- our financial performance;
- the loss of any of our strategic relationships;
- an inability to enter into a strategic relationship with additional mobile carriers, content providers or telephone manufacturers, thereby limiting our growth potential;
- our competitive position;
- the introduction and proliferation of competitive products;
- changes in technology;
- an inability to achieve sustained profitability;
- failure to implement our short- or long-term growth strategies;
- operating and capital expenditures by us and the mobile telephone industry;
- the cost of retaining and recruiting our key personnel or the loss of such key personnel;
- risks associated with the expansion of our business in size and geography;
- operational risk;
- geopolitical events and regulatory changes;

- changing interpretations of generally accepted accounting principles;
- general economic conditions;
- our ability to obtain additional financing, if necessary;
- the adverse effect our outstanding warrants and options and the warrants issued pursuant to this offering may have on the market price of our common stock;
- the lack of a market for our securities;
- our and our strategic partners' business strategies;
- foreign currency fluctuations;
- compliance with applicable laws; and
- our liquidity.

These risks and others described under "*Risk Factors*" are not exhaustive.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it, and is expressly qualified in its entirety by the foregoing cautionary statements. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of 2,400,000 units in this offering will be approximately $10,300,000 assuming an initial public offering price of $5.00 per unit, the mid-point of the $4.00 to $6.00 price range for this offering, and after deducting the estimated underwriting discounts and estimated offering expenses of $1,700,000 payable by us. If the underwriters exercise their over-allotment option in full, we estimate that we will receive additional net proceeds of approximately $1,800,000.

Our current estimate of the use of the net proceeds from this offering is as follows:

	Approximate Allocation of Net Proceeds	Approximate Percentage of Net Proceeds
Capital expenditures (1)	$ 750,000	7%
Cost of revenue (2)	$ 2,500,000	24%
Research and development	$ 2,000,000	20%
Sales and marketing	$ 2,200,000	21%
General corporate purposes, including working capital (3)	$ 2,850,000	28%
Total	**$ 10,300,000**	**100%**

(1) We expect capital expenditures to include equipment for service capacity expansion, disaster recovery system, server upgrades and mobile devices for research and development.

(2) We expect cost of revenue to include engagement of server farms, payment of content royalties, and cost of billing services and short message service (SMS) providers.

(3) We expect that general corporate and working capital expenditures will include costs associated with being a public company, general working capital and payments on a portion of our $5.0 million loan facility from SVB/Gold Hill for the twelve months subsequent to the consummation of this offering. The loan facility bears interest at a rate of 9.5% per annum and an effective interest rate of 13.3%. In connection with the Bridge Financing, we entered into a loan modification agreement whereby principal payments on the facility are deferred until the earlier of six months from the Bridge Financing or the consummation of this offering. Following the recommencement of principal payments, the remaining portion of the loan will be amortized over the period from the consummation of this offering through March 1, 2013. Monthly payments of principal and interest including approximately $1.75 million for the twelve months subsequent to the consummation of this offering will be approximately $145,000 per month.

If we receive the additional net proceeds from the exercise of the over-allotment option, we estimate that our use of the additional funds would be in a manner similar to the purposes and percentages described above.

The allocation of the net proceeds of the offering set forth above represents our estimates based upon our current plans and assumptions regarding industry and general economic conditions, our future revenues and expenditures.

Investors are cautioned, however, that expenditures may vary substantially from these estimates. Investors will be relying on the judgment of our management, who will have broad discretion regarding the application of the proceeds of this offering. The amounts and timing of our actual expenditures will depend upon numerous factors, including market conditions, cash generated by our operations, business developments and related rate of growth. We may find it necessary or advisable to use portions of the proceeds from this offering for other purposes.

Circumstances that may give rise to a change in the use of proceeds include:

- the existence of other opportunities or the need to take advantage of changes in timing of our existing activities;

- the need or desire on our part to accelerate, increase or eliminate existing initiatives due to, among other things, changing market conditions and competitive developments; and/or
- if strategic opportunities of which we are not currently aware present themselves (including acquisitions, joint ventures, licensing and other similar transactions).

From time to time, we evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of resources, including the proceeds of this offering, is being optimized. Pending such uses, we intend to invest the net proceeds of this offering in direct and guaranteed obligations of the United States, interest-bearing, investment-grade instruments or certificates of deposit.

DILUTION

Historical net tangible book value per share is determined by dividing our total tangible assets less total liabilities by the actual number of shares of common stock outstanding. Before giving effect to this offering, our pro forma net tangible book value as of December 31, 2009 was approximately ($1.75 million), or ($0.67) per share of common stock, based on 2,631,213 shares of common stock outstanding after giving effect to the: (i) exchange of all of our convertible preferred stock into 1,469,231 shares of common stock upon the closing of this offering, and (ii) automatic conversion of all of our outstanding Bridge Notes into 795,200 shares of common stock. Pro forma net tangible book value per share is determined by dividing our total tangible assets less total liabilities by the pro forma number of shares of common stock outstanding at December 31, 2009 before giving retroactive effect to this offering.

After giving effect to our sale of 2,400,000 units in this offering, at an assumed initial public offering price of $5.00 per unit, the mid-point of the $4.00 to $6.00 price range for the offering, less estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2009 would have been $8.6 million, or $1.70 per share. This represents an immediate increase in pro forma net tangible book value of $2.37 per share, or 355%, to existing stockholders and an immediate dilution of $3.30 per share, or 66%, to new investors. Dilution per share represents the difference between the amount per share paid by purchasers of shares of our common stock in this offering and the net tangible book value per share of our common stock immediately afterwards, after giving effect to the sale of 2,400,000 shares in this offering at the assumed public offering price of $5.00 per share and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table illustrates this dilution, assuming no value is attributed to the warrants issued as part of the units, on a per share basis:

Assumed public offering price per share		$5.00
Net tangible book value (deficit) per share before the offering	(0.67)	
Impact on net tangible book value per share of this offering	2.37	
Pro forma net tangible book value per share after this offering		1.70
Dilution in net tangible book value per share to new investors		$3.30

If the underwriters exercise their over-allotment option to purchase 360,000 additional units in this offering in full, the pro forma net tangible book value per share after the offering would be $1.92 per share, the additional and total increase in the pro forma as adjusted net tangible book value per share to existing stockholders would be $0.22 and $2.56, respectively, per share and the dilution to new investors purchasing common stock in this offering would be $3.08 per share or 62%.

The following table summarizes, on a pro forma basis as of December 31, 2009, the differences between the number of shares of common stock owned by existing stockholders and the number of shares of common stock to be owned by new public investors, the aggregate cash consideration paid to us and the average price per share paid by our existing stockholders and to be paid by new public investors purchasing shares of common stock in this offering at an assumed public offering price of $5.00 per share, the mid-point of the $4.00 to $6.00 price range for the offering, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased (1)		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	2,631,213	52%	$17,453,974	59%	$ 6.63
New public investors	2,400,000	48%	$12,000,000	41%	$ 5.00
Total	**5,031,213**	**100%**	**$29,453,974**	**100%**	**$ 5.82**

(1) The number of shares disclosed for the existing stockholders includes shares being sold by the selling stockholders in this offering. The number of shares disclosed for the new investors does not include the shares being purchased by the new investors from the selling stockholders in this offering.

The number of shares of common stock outstanding in the table above is based on the number of shares outstanding as of December 31, 2009 and assumes no exercise of the underwriters' over-allotment option to purchase up to an additional 360,000 units. If the underwriters' over-allotment option is exercised in full, the number of shares of common stock held by existing stockholders would be reduced to 49% of the total number of shares of common stock outstanding after this offering and the number of shares of common stock held by new investors would be increased to 2,760,000 or 51% of the total number of shares of common stock outstanding after this offering.

The information also assumes no exercise of any outstanding stock options or warrants or any management options to be issued in connection with this offering. As of December 31, 2009, there were 282,927 options outstanding at a weighted average exercise price of $2.60. In connection with this offering, we will issue 3,686,938 management options outstanding at a weighted average exercise price of $2.76. To the extent that any of these options are exercised, there would be further dilution to new investors. If all of these options had been exercised as of December 31, 2009, net tangible book value per share after this offering, on a pro forma basis, would have been $0.95 and total dilution per share to new investors, on a pro forma basis, would have been $4.05 or 81%.

As of the consummation of this offering, there would be 8,353,610 warrants outstanding at a weighted average exercise price of $4.84. To the extent that any of these warrants would be exercised at a price less than $4.00, there would be further dilution to new investors. If all of these warrants had been exercised as of December 31, 2009, net tangible book value per share after this offering, on a pro forma basis, would have been $0.49 and total dilution per share to new investors, on a pro forma basis, would be $4.51 or 90%.

If the underwriters' over-allotment option is exercised in full, and all of the options and warrants had been exercised as of December 31, 2009, net tangible book value per share after this offering, on a pro forma basis, would have been $0.56 and total dilution per share to new investors, on a pro forma basis, would have been $4.44 or 89%.

DIVIDEND POLICY

We have never paid or declared any cash dividends on our common stock or on our preferred stock. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business.

CAPITALIZATION

The following table describes our cash position and our capitalization as of December 31, 2009:

- on an actual basis;
- on a pro forma basis, after giving effect to the: (i) exchange upon closing of this offering of all outstanding shares of our preferred stock into 1,469,231 shares of common stock based upon an assumed offering price of $5.00 per share the mid-point of the $4.00 to $6.00 price range for the offering, and (ii) conversion upon the closing of this offering of the Bridge Notes into 795,200 shares of common stock based upon an initial public offering price of $5.00 per share; and
- on a pro forma basis as adjusted basis to give effect to the pro forma adjustments described above and the sale of the 2,400,000 units we are offering at an initial public offering price of $5.00 per share, the mid-point of the $4.00 to $6.00 price range for the offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other financial information included elsewhere in this prospectus.

	As of December 31, 2009		
	Actual (in thousands)	Pro Forma (in thousands)	Pro Forma, as Adjusted (in thousands)
Total long-term liabilities, including current maturities of both venture loan and Bridge Notes	$ 6,841	3,859	3,859
Temporary equity (1)			
Series B convertible and redeemable preferred stock, $0.01 par value per share; 816,667 authorized; 765,466 shares issued and outstanding	$ 11,968	—	—
Shareholders’ equity (1)			
Common stock, $0.01 par value per share, 4,666,666 authorized, 366,782 issued and outstanding	22	26	50
Series A convertible preferred stock, $0.01 par value per share; 392,315 authorized, issued and outstanding	24	—	—
Additional paid-in capital	4,281	19,159	29,435
Deficit accumulated during development stage	(20,527)	(20,527)	(20,527)
Total deficit in stockholders’ equity	$ (16,200)	(1,342)	8,958
Total capitalization	$ 2,609	2,837	13,137

(1) Share numbers adjusted to give retroactive effect to a 1-for-6 reverse stock split effective immediately prior to the consummation of this offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, our financial statements (and notes related thereto) and other more detailed financial information appearing elsewhere in this prospectus. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

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 and marketing. We recently started focusing on commercializing our service primarily through agreements with mobile carriers and other partners. We have recently signed agreements to launch our service with four mobile carriers operating in Turkey, Malaysia, Armenia and United Arab Emirates which have an aggregate of approximately 32 million subscribers, of which 57,300 currently subscribe to our service. 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 scale our carrier business in 2010.

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 between 30%-50% 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 and for using the operator's text messaging infrastructure to communicate with our subscribers.

Our model consists of the following strategic directives which are discussed in detail below in *"Business—Our Strategy"*: 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 content leadership.

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. We had approximately $0.7 million of cash and cash equivalents at December 31, 2009. Our average monthly burn rate from operations for the year ending December 31, 2009 was $404,000. In addition, as of April 1, 2009 we commenced repayment of a $5.0 million loan over a thirty-six month period (resulting in repayments amounting to approximately to $0.8 million during the year ended December 31, 2009). This loan was subsequently modified to permit us to defer principal payments due during and subsequent to February 2010 until the earlier of June 29, 2010 or the consummation of this offering.

We are a development stage company. From inception, we have raised approximately $17.5 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 addition, in September 2008, we closed a $5.0 million loan from SVB/Gold Hill Capital. In December 2009, we completed a bridge financing of $3.0 million of convertible notes, which will be converted into equity upon the closing of this offering. These amounts have been used to finance our operations until now as we have not yet generated any significant revenues. From inception until December 31, 2009, we recorded losses of $20.5 million and a net cash outflow from operations of $17.5 million.

While anticipated future revenues and cash from these revenues may be realized in future periods, we do not expect this growth to be sufficient to alleviate our funding requirements described in this prospectus. Thus, our ability to continue as a going concern is contingent upon the successful completion of this offering or obtaining alternate financing. These factors raise substantial doubt as to our ability to continue as a going concern without this offering, and our most recent report from our independent registered public accounting firm contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. The financial statements do not include adjustments to the value or classification of our assets and liabilities that we may need to make if we are unable to continue operating as a going concern.

A substantial portion of our cash received and anticipated revenues are based 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 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 in Armenia, and that the hosting is provided on our servers for the entire 24 month 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 24-month period in the agreement. Since the non-refundable up-front fee was paid in full to us in October 2009, we have determined that the collection is certain, an arrangement exists and the sales price has been fixed. As we have received customer acceptance from the carrier that the services have been rendered, that requirement is also met.

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 as well as purchases of content that will increase the attractiveness of our service to end-users. Royalties related to the sale of that content will be recorded in cost of revenue.

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 and telephone and other office expenses including depreciation. We expect a significant increase in general and administrative expenses in the twelve months following the consummation of this offering as we incur additional costs of being a public company. These costs will include increased legal and accounting costs, additional insurance costs and director compensation costs.

Non-operating expenses (income)

Until September 2008, our non-operating expense (income) was primarily from yields from our cash and cash equivalent deposits. Subsequent to September 2008, as our cash resources have been depleted, we have received lower yields resulting from lower interest rates and we have drawn on our $5.0 million loan from Silicon Valley Bank and Gold Hill, or the venture loan. Accordingly, our finance expense since that date has been primarily from the interest payments on the venture loan. Until the consummation of this offering, these costs will continue to increase as we accrue interest expenses from the bridge financing while we continue to accrue interest from the venture loan. Non-operating expense also includes gains (losses) from foreign exchange rate differences. In addition, non-operating expenses include a loss of $468,000 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. In the first two quarters of 2010, the amount of non-operating expenses is expected to significantly increase as a result of the additional interest expense recorded with the Bridge Financing as a result of the recording of the fair value of the Special Bridge Warrant and the recording of a liability, significantly reducing the value of the convertible bridge loan on our balance sheet as at December 31, 2009.

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 state and local taxes and foreign income from our wholly owned subsidiary. At December 31, 2009, 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 had net income in 2009 and 2008 resulting from services it provided 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 these benefits for the fiscal years of 2007 and 2008. Beginning in 2009, the subsidiary is subject to taxes on its income. This tax liability has been recorded in our financial statements for the year ended December 31, 2009.

Results of Operations

Year Ended December 31, 2009 Compared to Year Ended December 31, 2008

The following analysis compares the results of operations for the year ended December 31, 2009 to the results of operations for the year ended December 31, 2008.

In the period from inception and through December 31, 2008, we did not generate any revenues.

Revenue

	Twelve Months Ended December 31,			Cumulative from inception to December 31, 2009
	2009	2008	Change	
	($ - in thousands)			($ - in thousands)
Revenue	20	—	20	20

During the year ended December 31, 2009, we recorded revenues of $20,000. This amount includes the effect of an immaterial correction to the amount presented for the nine months ended September 30, 2009. Approximately $18,000 of the recorded revenue resulted from recognizing six months of revenue from our operations in Armenia. During this period, we received an up-front, non-refundable fee of $70,000 which, subsequent to the immaterial correction, is being recognized over the course of the 24-month term of the

agreement. We also recorded approximately $1,000 of revenue from each of our revenue-sharing agreements in Turkey and Malaysia. We expect that the bulk of our revenues for the first two quarters of 2010 will be derived from: (i) the agreement in Armenia, (ii) minimum monthly guarantees relating to our service launch in the United Arab Emirates and (iii) our revenue share agreements in Turkey and Malaysia.

Cost of Revenue

	Twelve Months Ended December 31,			Cumulative from inception to December 31, 2009
	2009	2008	Change	
	($ - in thousands)			($ - in thousands)
Cost of Revenue	31	—	31	31

Cost of revenue is comprised of services related to the provision of content to end-users and servers needed to support the service in Armenia and other launch-ready markets. As our service grows and we launch in other territories, we expect that cost of revenue will grow with the need to provide more content and other services directly relating to the revenue we expect to earn. Given the fact that some of these costs are fixed irrespective of our revenues, we expect our gross margin to increase over time. We believe that we currently have enough server capacity to service up to two million global users before needing to expand our server needs.

Research and Development Expenses

	Twelve Months Ended December 31,			Cumulative from inception to December 31, 2009
	2009	2008	Change	
	($ - in thousands)			($ - in thousands)
Research and development expenses	1,975	3,110	(1,135)	8,384

During the year ended December 31, 2009, research and development expenses decreased $1.1 million, or 36%, to $2.0 million from $3.1 million in the year ended December 31, 2008. During the year ended December 31, 2008, research and development expenses increased $569,000, or 22%, to $3.1 million from $2.5 million in the year ended December 31, 2007. From inception through December 31, 2009, research and development expenses amounted to $8.4 million. Of this amount, approximately $5.9 million was attributed to salaries and related expenses, $1.1 million was attributed to sub-contracting and consulting services and $0.34 million was attributed to patent expenses.

While our research and development activities intensified during 2008 in line with our goals to deepen features and add to mobile carrier functionality, those activities subsequently retracted due to the global economic climate and certain delays in our product development, which required us to preserve cash to reach a possible fundraising milestone in the future. The decrease in research and development expenses, therefore, was due to the resulting reduction in the development and quality assurance teams of 11 employees (or 40%) in the period from November 2008 through December 2009 and the ending of a contract with a major subcontractor who had been developing a prototype application for Facebook. This development has been discontinued at the present time and is not part of our current business. The total cost of the subcontractor during the year ended December 31, 2008 amounted to approximately $0.2 million. Following product milestones reached in the latter part of 2007, there was an increase in research and development expenses in 2008, consistent with a proactive focus shift towards the development of the product and the broadening of the application to a wider range of handheld devices. As a result, there was an increase in research and development employees, as well as in

consultants, including a full-time consulting company for the first nine months of 2008 equivalent to two full-time employees. As a result of this offering, we expect our research and development expenses to increase as we seek to expand our technology to more mobile handsets and to integrate in more mobile markets. We expect this increase will result in an increase in headcount at our research and development facility in Israel.

Marketing

	Twelve Months Ended December 31,			Cumulative from inception to December 31, 2009
	2009	2008	Change	
	($ - in thousands)			($ - in thousands)
Marketing	1,752	2,769	(1,017)	6,524

During the year ended December 31, 2009, marketing expenses decreased $1.0 million, or 37%, to $1.75 million, from $2.7 million in the year ended December 31, 2008. During the year ended December 31, 2008, marketing expenses increased $1.1 million, or 63%, to $2.8 million, from $1.7 million in the year ended December 31, 2007. These expenses consist principally of salaries, travel, advertising and related expenses. From inception through December 31, 2009, marketing expenses totaled $6.5 million. Of this amount, approximately $2.8 million was attributed to salaries and related expenses, $1.0 million was attributed to sub-contracting and consulting services, $0.6 million was attributed to public relations services and customer acquisition expenses and $1.2 million was attributed to travel and tradeshows. Our decrease in marketing expenses for the year ended December 31, 2009 was influenced by a change in our advertising strategy which migrated from a “direct-to-consumer” solution, whereby we purchased advertising clicks to acquire users, to a “business-to-business” solution, with less direct marketing. We expect this trend to continue through 2010 as we employ our business-to-business approach in the carrier launched markets. We do, however, expect to complement the carriers’ own marketing efforts with some of our own paid marketing efforts. We also had a reduced presence at the Mobile World Congress trade show in Barcelona and likewise at other trade fairs during this period. There was a resulting reduction in the marketing workforce by four full-time employees (50% of employees) and the reduction in salary of both a full-time consultant and certain full-time employees. The increase in marketing expenses in 2008 was consistent with strategic directives to broaden partner networks and direct-to-consumer advertising, and resulted in the hiring of marketing and business development personnel in the U.S. and the U.K., and the addition of two full-time employees in Israel. Consistent with direct to consumer advertising directives, our representation at trade shows was emphasized in 2008. While we do not expect to invest heavily in direct-to-consumer marketing activities in the future, we expect an increase in marketing expenses after the consummation of this offering as we continue launching our service in different global markets. In certain markets these efforts will include the hiring of local personnel to introduce us to the market, the purchasing of relevant local content and other marketing activities.

General and Administrative

	Twelve Months Ended December 31,			Cumulative from inception to December 31, 2009
	2009	2008	Change	
	($ - in thousands)			($ -in thousands)
General and administrative	1,682	1,409	273	4,554

During the year ended December 31, 2009, general and administrative expenses increased $273,000, or 19%, to $1.7 million, from $1.4 million in the year ended December 31, 2008. During the year ended

December 31, 2008, general and administrative expenses increased $384,000, or 38%, to $1.4 million, from $1.0 million in the year ended December 31, 2007. From inception through December 31, 2009, general and administrative expenses totaled $4.5 million. Of this amount, approximately $1.3 million was attributed to salaries and related expenses, $437,000 was attributed to rent, $1.0 million was attributed to professional fees (including amounts of $208,740 and $170,000 for placement agent fees and the fair value of the placement agent warrant, respectively), and $306,000 was attributed to depreciation.

The increase in general and administrative expenses was due primarily to an increase in expenditures relating to the loan modification agreement with SVB and Gold Hill and the concurrent Bridge Financing. These expenses included approximately $80,000 of legal expenses, $40,000 of accounting and other professional fees, a charge of $208,740 (7% of the proceeds from the Bridge Financing) to the placement agent for facilitating the Bridge Financing and a further $170,000 of expenses recorded as a result of the warrant issued to the placement agent. This increase in expenses was offset by a reduction in salary of certain employees and a decline in rental expenses in our U.S. offices from a monthly expense of approximately $13,000 during 2008 to a monthly expense of $4,000 from January 2009 to August 2009 and a further reduction to $2,000 beginning September 1, 2009. The reduction in rental costs was due to a reduction in our workforce as discussed above and our relocation to smaller premises upon the termination of the lease for our U.S. premises in September 2009. The change in general and administrative expenses in 2008 was due to a number of factors including an increase in salary related expenses of approximately $100,000 resulting from an increase in the salaries, benefits and overhead costs of general and administrative personnel, an opening of a U.S. office in September 2007 and the increase of space at our U.S. office during 2008. Other factors include an increase of approximately $65,000 in legal expenses as a result of the SVB/Gold Hill loan, and an increase in recruitment expenses. General and administrative expenses are expected to rise significantly in 2010 due to the costs of being a public company which will be reflected in higher accounting and legal expenses as well as higher insurance costs and the need to employ additional personnel to meet our obligations under the Sarbanes-Oxley Act.

Non-operating Expense (Income), Net

	Twelve Months Ended December 31,			Cumulative from inception to December 31,
	2009	2008	Change	2009
		($ - in thousands)		($ - in thousands)
Non-operating expense (income), net	1,058	51	1,007	1,070

During the year ended December 31, 2009, non-operating expense (income), net increased $1.0 million to $1.1 from $51,000 in the year ended December 31, 2008. During the year ended December 31, 2008, non-operating expense (income), net increased $76,000 to $51,000 from ($25,000) in the year ended December 31, 2007. From inception through December 31, 2009, non-operating expenses totaled $1.1 million. Of this amount, we recorded income from interest on deposits of $446,000 and interest expense on the venture loan of $592,000. In addition, we recorded $141,000 of debt extinguishment expense related to the convertible Series B loan, $468,000 of debt extinguishment expenses as a result of the loan modification agreement and $182,000 of warrant amortization.

The change in non-operating expense (income), net was due primarily to the payment of interest connected with the SVB/Gold Hill loan during the fourth quarter of 2008 and a reduction of our cash balance, together with a general reduction in money market yields during 2009. The change in non-operating expense (income), net in 2008 was due primarily to the payment of interest connected with the SVB/Gold Hill loan during the fourth quarter of 2008 and a reduction of the cash balance of the Company, together with a general reduction in money market yields during 2008. The increase in non-operating income in 2007 was due to better yields on more cash

invested in money market funds especially as a result of the Series B financing in July 2007. This increase in non-operating income in 2007 was partly offset by a $141,000 loss on extinguished debt. We expect that in the first half of 2010, $2.9 million additional interest expense will be recorded as a result of the fair market valuation of the Special Bridge Warrant.

Taxes on income (benefit)

	Twelve Months Ended December 31,			Cumulative from inception to December 31, 2009
	2009	2008	Change	
		($ - in thousands)		($ - in thousands)
Taxes on income (benefit)	73	(7)	80	(6)

During the year ended December 31, 2009, the tax benefit decreased by $80,000, to a tax expense of $73,000 from a tax benefit of $7,000 in the year ended December 31, 2008. During the year ended December 31, 2008, the tax benefit decreased by $65,000, or 91%, to ($7,000), from ($72,000) in the year ended December 31, 2007. The change in taxes on income was 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 purposes of our financial statements, these profits are eliminated upon consolidation. The profits of the subsidiary benefited from a tax holiday in the 2007-2008 tax years but are taxable thereafter and the financial statements for the year ended December 31, 2009 include a provision for income tax payable. 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 December 31, 2009, income tax benefits totaled $6,000. This trend will continue as our subsidiary will continue to profit from the cost plus agreement. At a future time, 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 December 31, 2009, we had a cash position of $744,000 and working capital of $1.0 million. The decrease in cash of $5.3 million for 2009 was due to negative cash flow from operations, which was partially offset by the inflow from the proceeds of the Bridge Financing. During 2009, we only received proceeds of $400,000 from the Bridge Financing. The balance of the funds were released following the initial filing of this registration statement on January 29, 2010. The reduction in expenses in 2009 is reflected in the decrease in net cash used for operations over the course of 2009 as compared to 2008.

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 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 a bridge financing of $3.0 million of convertible notes. Upon the consummation of this offering, the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock will be exchanged for shares of common stock and the notes issued in the bridge financing will be converted into shares of common stock. For the dilutive effect of this financing, please see section entitled “Dilution” on page 27.

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 December 31, 2009, we had 29 full time employees. We expect to increase our workforce by a total of approximately 15-20% in the year following the completion of this offering in the areas of research and development, sales and marketing, and general and administration.

Cash flows for the year ended December 31, 2009 and 2008

	Year Ended December 31,		
	2009	2008	Change
	($ - in thousands)		
Net cash provided by (used in) operating activities	(4,850)	(7,296)	2,446
Net cash used in investing activities	(2,615)	(109)	(2,506)
Net cash provided by (used in) financing activities	2,183	5,000	(2,817)

Operating activities

During the year ended December 31, 2009, net cash used in operating activities totaled $4.8 million. During the year ended December 31, 2008, net cash used in operating activities totaled $7.3 million. This decrease of $2.4 million was due to a reduction in headcount and activity in an effort to prevent the depletion of our cash resources due to global economic conditions. We expect that net cash used in operating activities will increase in the twelve months following this offering in connection with the increase in our expenses as we hire additional personnel and increase spending on sales and marketing activities in launched markets. As we move towards greater revenue generation, some of these amounts will be offset by incoming revenue. Since we will receive most of our revenues directly from carriers whose payment schedules are generally at net 60 days or net 90 days, and our suppliers’ payment schedules are generally net 30 days, the increase in revenue will not initially increase our net cash from operating activities.

Investing activities

During the year ended December 31, 2009, net cash used in investing activities totaled $2.6 million. During the year ended December 31, 2008, net cash used in investing activities totaled $109,000. This increase of $2.5 million in investing activities is primarily due the amounts in escrow as a result of the Bridge Financing agreement. Other net cash used in investing activity was for the purchase of fixed assets. Fixed asset purchases in 2009 amounted to $33,000 in 2009 as opposed to $101,000 in 2008. The reason for the reduction in fixed asset purchases was due to the reduction in headcount and the fact that many of the fixed assets purchased in the previous period did not need to be replaced. We expect that net cash used in investing activities will increase in the twelve months following the offering due to investment proceeds. As we hire new personnel, we will need to purchase fixed assets, such as computers, software and office furniture, to serve these employees. Moreover, as our service continues to grow, we will need to invest in infrastructure to increase our server capacity to meet the needs of our customers.

Financing activities

During the year ended December 31, 2009, net cash provided by financing activities totaled $2.2 million. Of this amount, we repaid $799,000 of the venture loan (since April 1, 2009) while raising proceeds of $3.0 million in the Bridge Financing. During the year ended December 31, 2008, net cash provided by financing activities totaled $5.0 million as a result of the drawdown of the venture loan. Notwithstanding the proceeds we will receive from this offering, we expect to continue to experience a net cash outflow from financing activities in the twelve months following the offering as we continue to repay our venture loan.

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 and warrants to purchase 795,200 shares of common stock for an aggregate purchase price of $3.0 million (the “Bridge Financing”), which will convert into equity upon the closing of this offering. 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).

Future operations

As a result of this offering, we believe we will have sufficient cash to meet our planned operating needs for at least the next eighteen months, based on our current cash levels, including the cash raised from the Bridge Financing. Following that date, we believe that we will need additional financing, through the exercise of the warrants that are being 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. For further discussion regarding capital and other expenditures, please see the section entitled “Use of Proceeds”.

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 13.3%. The contractual repayment schedule requires a 36-month repayment schedule beginning on March 31, 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 are deferred until the earlier of six months from the Bridge Financing or the consummation of this offering. Following the recommencement of principal payments, the remaining portion of the loan will be amortized over the period from the consummation of this offering through March 1, 2013. Future loan payments on the facility, including principal and interest will amount to approximately $145,000 per month.

Contractual obligations

We have a non-cancellable operating lease for our subsidiary’s offices in Israel for which we pay approximately $5,000 monthly. This commitment is for the period ending May 31, 2010, with an option for a further two years thereafter. Our U.S. lease is cancellable with 45 days notice and we pay $2,000 monthly for this space. The period covered by this lease expires on August 31, 2010.

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 $3,000. Expiration dates for the leases are on various dates from December 2010 through August 2011.

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, 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 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 December 31, 2009 valued our common stock at $0.84 before giving effect to the reverse split, or $5.04 on a post reverse-split basis. This valuation is almost identical to the mid-point of our expected offering price. The valuation was done using the Probability-Weighted Expected Return Method, which values us by weighing the probability of four possible future scenarios – a shareholder exit through an IPO, a sale, a dissolution or continuing operations without a shareholder exit. For each of the transaction scenarios, estimated future and present values for each of the share classes were calculated using assumptions such as the expected pre-money valuation; the expected probability distribution of values around the expected pre-money valuation, which provides the standard deviation of the population of expected values; the expected probability distribution of dates around the expected date of the event, and the standard deviation around that date. A discount rate of 35% was used for present value calculations. Had we made different assumptions about our common stock fair value, 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 income (loss) and net earnings (loss) per share amounts 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 December 31, 2009, 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 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.

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 are classified as liabilities on the balance sheet. The Special Bridge Warrants have down-round protection clauses and their fair value was calculated using the Black-Scholes-Merton model. The assumptions used in this calculation were 75% expected volatility, risk-free interest rate of 2.62%, estimated life of 5 years and no dividend yield. The fair value of the common stock was estimated at $5.04 per share which approximates the expected price per share of common stock at this offering.

The warrants granted to the placement agent in the Bridge Financing have been recorded as an expense at fair market value as 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 75% expected volatility, risk-free interest rate of 2.62%, estimated life of 5 years and no dividend yield. The fair value of the common stock was estimated at $5.04 per share which approximates the expected price per share of common stock at this offering.

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 20%.

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 income (loss) and net earnings (loss) per share amounts could have been significantly different.

Recently Issued Accounting Pronouncements

In October 2009, FASB issued amended revenue recognition guidance for arrangements with multiple deliverables. The new guidance eliminates the residual method of revenue recognition and allows the use of management's best estimate of selling price for individual elements of an arrangement when vendor specific objective evidence or third-party evidence is unavailable. This guidance is effective for us for all new or materially modified arrangements entered into on or after January 1, 2011 with earlier application permitted as of the beginning of a fiscal year. Full retrospective application of the new guidance is optional. We adopted the pronouncement during 2009 and applied the effect retrospectively from the beginning of 2009, which did not have an effect on the revenues that we recorded in this period.

In May 2008, FASB issued FASB ASC 470-20, "Debt With Conversion and Other Options." FASB ASC 470-20 requires issuers of convertible debt that may be settled wholly or partly in cash when converted to account for the debt and equity components separately. FASB ASC 470-20 is effective for fiscal years beginning after December 15, 2008 and must be applied retrospectively to all periods presented. The adoption of FASB ASC 470-20 is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

BUSINESS

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.

We were incorporated in January 2006 and are still a development stage company. Since inception, we have generated only $20,000 in revenues, which amount includes six months of revenue from our operations in Armenia and $1,000 of revenue from each of our revenue-sharing agreements in Turkey and Malaysia. We have a history of losses since inception, including a net loss of $6.6 million for the year ended December 31, 2009. All of our audited consolidated financial statements since inception have contained a going concern opinion by our auditors, which means that our auditors have substantial doubt about our ability to continue as a going concern.

We are active in fast growing mobile markets. According to Multimedia Intelligence, the global mobile content market is projected to reach $29 billion by 2012 and Juniper Research projects that the global mobile application market will reach $25 billion in 2014. Our market is a subset of a variety of these markets as all forms of ringtones, both audio and video, are popular mobile content items. According to a recent study by the United Nations, there are 4.6 million global mobile subscribers. The markets in which we have launched our service (Malaysia, Turkey, UAE and Armenia) have an estimated 100 million mobile subscribers, which is less than 3% of global subscribers.

The mobile products market is very fragmented due to the existence of numerous handsets and operating systems with different capabilities. We have devoted substantial research and development resources to ensure that our platform provides, in our estimation, the best video ringtone experience to each user based on the capabilities of the user’s handset. We believe that we have the broadest video ringtone platform available in the mobile products market which provides a level of support for essentially any data and video enabled handset. In addition to our mobile products, we also offer internet tools which synchronize with our mobile products and which allows users to discover and create content on the internet for their phones. Our servers manage the social relationships between our users and ensure that the right content is delivered to each phone and synchronize a user’s activities between its mobile device and personal computer.

As part of our plan to provide a complete video ringtone platform, we have amassed (and intend to continue to grow) a library of over 4,000 video ringtones for our users. We currently have more than thirty content license agreements with various content providers. We have also developed tools for users to create their own video ringtones and for carriers and other partners to add their own content and deliver it to their customers.

We have a free version of our product that is available for download in most of the world. To date, 941,000 users have registered for our free product primarily through a direct-to-consumer approach. We are now moving to a paid service model together with mobile carriers around the world. The initial revenue model for our service offered through the carriers will generally be a subscription-based model where users pay a monthly fee for access to the service and additional fees for premium content. We generally discontinue the availability of the free product in markets where we launch the commercial subscription version. We have built our platform with a flexible back-end and front-end that is easy to integrate with the back-end systems of mobile carriers and easy to co-brand to include mobile carrier branding.

We have launched our commercial service with the following four mobile carriers:

- Avea Iletisim Hizmetleri A.S., or Avea, a mobile carrier in Turkey with 12.1 million subscribers, of which 8,400 subscribe to our service (launched in November 2009);

- Maxis Mobile Services SDN BHD, or Maxis, a mobile carrier in Malaysia with 11.4 million subscribers, of which 35,000 subscribe to our service (launched in September 2009);
- Vivacell-MTS, or Vivacell, a mobile carrier with 2.0 million subscribers in Armenia, where we have launched our products and services and have 13,400 subscribers, and which is part of the MTS operator group with over 96.0 million global subscribers (launched in June 2009); and
- Emirates Telecommunications Corporation, or Etisalat, a mobile carrier with 7.3 million subscribers in the United Arab Emirates, where we have launched our products and services and have 500 subscribers, and which has more than 94.0 million subscribers worldwide (launched in January 2010).

We are currently in discussions with several other mobile carriers and we will be pursuing additional agreements with mobile carriers over the next 12 to 24 months.

Market Overview

The Ringtone Market

Many mobile phone users choose to personalize their mobile phone by changing the standard manufacturer's ringtone to a ringtone of their choice. Some users select one of the several ringtones installed on the phone by the manufacturer. Since many handsets are now capable of playing conventional digital music files, many mobile users install MP3 and other digital music files as their ringtones to create an even more personalized mobile experience. According to a 2008 study by Ipsos MediaCT, more than one-third of mobile users download ringtones from various sources, and 40% of such users change their ringtones frequently.

Since the early days of mobile phone usage, mobile carriers, mobile media companies and content owners have recognized the sale of ringtones as a source of significant revenues. Ringtones are generally sold as single units or as part of a monthly subscription service in which the user is entitled to a package of ringtones. The ringtone industry was created in 1997 with the first sales of polyphonic ringtones and developed further in 2002 with the creation of the truetone or mastertone.

A significant evolution and innovation in the ringtone business occurred in 2004 with the advent of the ringback tone, which is a tune that the recipient of a call can choose for the caller to hear instead of the standard ring. There has been tremendous growth in ringback tones in recent years. Ringback tones are a network-based service sold by mobile carriers generally on a monthly subscription basis with additional costs for content in some markets. Ringback tones are the first "social ringtones" because users are able to choose the sound that callers will hear when they call the user. According to Multimedia Intelligence, sales in the ringback tone market will triple from 2008 to 2012 to reach $4.7 billion. We are not currently active in the ringback market, but we are studying it closely because we believe its success indicates growing acceptance of social ringtone behavior.

Overall, the ringtone business has seen little innovation in recent years and we believe it is ready for the next evolution of products and services. We believe the following factors will contribute to the evolution of the ringtone market in the near future:

Mobile video has arrived. Improved handset technology and the availability of high speed data networks have spurred tremendous growth in mobile video consumption and revenues. According to Pyramid Research, the mobile video market will grow five-fold from 2008 to 2014 to 534.0 million global subscribers, representing $16 billion in revenues in the United States alone. Our service is a subset of the mobile video market since video ringtones are essentially mobile video clips that are activated upon receipt of a phone call. As users begin to consume more mobile video content, they will expect their ringtones to consist of more than plain audio.

Mobile social networking is growing exponentially. Mobile phone users are increasingly engaging in social networking on their phones, using services such as Facebook and Twitter. The commercial success of ringback

tones demonstrates that users want a social experience as part of their ringtone experience. According to Juniper Research, global revenues for mobile social networking and user-generated content will rocket from $1.8 billion in 2008 to $11.8 billion in 2013. Our platform is a subset of mobile social networking and user-generated content since our VringForward video ringtone technology allows users to enjoy a rich social experience by sharing video ringtones from our library or which they created.

User generated content continues to grow. We believe the growth of user-generated content on sites like YouTube is only at a nascent stage. Furthermore, we believe licensed content may only capture a fraction of the content which users are interested in because of the advances in technology that facilitate the creation of user-generated content. Our easy-to-use platform allows users to seamlessly create, edit and share their own user-generated video ringtones.

Consumers are no longer afraid of mobile applications. A mobile application can generally provide users with a much richer experience than a wireless application protocol (WAP)-only experience, which requires a user to navigate the browser on its mobile phone to a specific website. However, for years many users were either hesitant or unable to download most mobile applications due to the complexity of downloading applications or security concerns. That has recently changed as smartphones and data plan penetration have increased substantially and Apple Inc. has provided a very simple user experience for downloading applications through its App Store®. The success of the App Store® has led other handset manufacturers and mobile carriers to develop and market their own stores which we believe will accelerate user adoption of mobile applications. We have developed multiple versions of our mobile application, which work on more than 200 handsets, and which provide users with a much richer experience than can be achieved via WAP.

Our Product

Our product consists of four primary components:

1. **The Vringo Mobile Application:** Our application allows the user to engage in a comprehensive, entertaining, and easy-to-use social video ringtone experience. The application includes many features, such as:
    - Ability for users to set their own personal video ringtones and to create their own video ringtone with their cameras;
    - VringForward™ technology, which enables users to share video ringtones with friends. Users may set a default clip for all of their friends or set specific clips for specific friends;
    - Gallery-based content browsing of video ringtones;
    - Unique “push” technology which allows users to subscribe to content channels and have their video ringtone automatically updated. This may create additional monthly subscription revenue by allowing us to sell various channels of content. Automated delivery ensures users feel they are getting value for their subscription; and
    - Compatibility with Symbian, Sony Ericsson, Java, Windows Mobile, Android and Blackberry operating systems. While Windows Mobile, Blackberry and Android do not support video ringtones natively, our development team has enabled our application to work on many of these devices. Such compatibility will require an ongoing effort by our development team to update our application to respond to any modifications of these operating systems and to ensure our application works on new operating systems and handsets.

2. **The Vringo WAP Site:** While we support over 200 handsets with our application, our application cannot work on many handsets in the market due to technical limitations of the devices. In order to support a much broader segment of the market, we developed a WAP version of the service that provides a streamlined experience for mobile users who can access the WAP site from browsers on their mobile phones. In particular, this service includes the following features, subject to the handset's technical capabilities:

   - Download and purchase video ringtones;
   - Choose a VringForward clip that other users with our application will see when they receive a call from you; and
   - Share video ringtones with friends.

3. **The Vringo Website:** While video consumption on mobile phones is growing substantially, the vast majority of video browsing and viewing still takes place on the personal computer, or PC. A core component of our product strategy is to allow users to browse and choose their video ringtones on a personal computer from our website (www.vringo.com) and seamlessly deliver content from our website to their mobile phone. Our website includes the following features for users:

   - Choose and purchase video ringtones;
   - Upload video content stored on their PCs and create personal video ringtones;
   - Engage in social behavior such as setting up VringForward, inviting friends to our service and posting clips to Facebook and other social networks;
   - Manage their accounts; and
   - Automatic synchronization with the mobile application on their phone or WAP account.

Vringo Co-branded Website for MTS/Vivacell

4. **The Vringo Studio:** The Vringo Studio is an extension of our website that allows users to access video from multiple websites or from their computer and then edit and send these video clips to their mobile phones as customized video ringtones. We are able to create customized versions of the Vringo Studio for specific content partners and mobile carriers that search only a pre-defined set of content. As with our website, the results are seamlessly synchronized with a user's mobile device. On the Vringo Studio, users may:

   - Transform user-generated or other video from the web into personalized video ringtones;
   - Import clips into their collection via our application or our WAP site; and
   - Share clips via text messaging or email and post clips to social networks.

The Vringo Studio

Our Strategy

Our goal is to become the leading global provider of video ringtones via our social video ringtone platform. To achieve this goal, we plan to:

Grow our user base through mobile carrier partnerships. We have built our product to easily integrate with mobile carriers. We believe the mobile carrier channel is the most efficient and cost effective channel to grow our user base and to monetize our product. We have launched our service with four mobile carriers in Turkey, Malaysia, Armenia and the United Arab Emirates. We are in discussions with additional mobile carriers and we plan to aggressively pursue additional mobile carriers globally.

Continue to ensure we have broad handset reach. The breadth of our mobile handset coverage will be critical for us to grow our business. Our application already supports over 200 handsets and we diligently certify new mobile handset devices as quickly as possible. Additionally, the WAP version of our service is compatible with almost any device that supports video. We will continue to expand the features available as part of our WAP service.

Enhance our viral and social tools. We believe that there is substantial opportunity to increase the social and viral nature of our product, which will be critical for our growth. We will continue to add features to the product to enhance its viral and social aspects and which enable users to connect with their existing social networks on platforms such as Facebook and Twitter.

Maintain and grow our product and technology leadership. Our technical team is made up of highly regarded industry professionals that continually ensure that our product is on the cutting-edge both in terms of

ease of use, functionality and look and feel. We have filed 23 patent applications for our platform (none of which have been issued to date) and we continue to create new intellectual property. We have also enabled our application to work on the Blackberry, Android and Windows Mobile operating systems even though those platforms do not natively support video ringtones. Nevertheless, there is no assurance that our application will continue to work on these operating systems in the future. We plan to continue to allocate technical resources to remain ahead of our competition and provide users with a product that is easy-to-use and cutting-edge.

Build a strong revenue base of recurring monthly subscription revenue. In the ringback tone business, the bulk of revenue generation is subscription-based. We believe this model is appropriate for our product and are initially launching the commercial version of our product as a monthly subscription service with mobile carriers. We are focused on ensuring that our product drives value and limits churn. As the video ringtone market matures, our business model may evolve to capitalize on changes in the market.

Find new forms of distribution. While we are currently focused on the mobile carrier distribution channel, we believe there are other avenues that could be successful distribution channels for us. Specifically, we believe broadcasters and content owners could greatly benefit by promoting our service to their customers by monetizing either their content or leveraging their relationship with advertisers via ads.

Explore monetization through advertising. The visual nature of our service opens up the possibility of incorporating ads in the ringtone. We have had several expressions of interest in an advertisement-funded version of our service and we will explore this model in the future.

Content leadership. We have conducted substantive research of other commercial video ringtone websites and we have not discovered a commercial library with more than 100 video ringtones available for download. Accordingly, we believe our library of more than 4,000 video ringtones is one of the largest commercial video ringtone libraries in the world. We intend to continue to grow our library to enhance our future revenues although in many markets we will rely on our partners to supplement our library with additional locally licensed content.

Sales, Marketing and Distribution:

We market our service through three primary channels: mobile carriers, content aggregators and owners, and handset manufacturers. Users can also access our service directly from our website or WAP site. We are also engaged in a minimal amount of direct consumer marketing. If our business model were to change and an emphasis were to be placed on direct consumer marketing, our marketing costs may increase significantly.

Vringo for Mobile Carriers

We offer a robust and flexible platform to mobile carriers that allows them to provide a customized Vringo experience to their customers. Due to the highly flexible Vringo architecture, we can customize the service to meet the needs of the mobile carriers. For example, in some countries there are serious concerns regarding branding, content selection and feature availability. Our service can be customized for individual mobile carriers, who can remove certain features, such as user-generated content or the Vringo Studio, from the service, and can be offered on a co-branded or private label basis.

We believe pursuing agreements with mobile carriers is the most efficient channel to commercialize and monetize our service globally. First, mobile carriers have large embedded customer bases that allow them to engage in simple ‘below the line’ (i.e. free for the mobile carrier) marketing efforts. The mobile carrier’s use of below the line marketing efforts can drive significant volumes of users to our service via links and banners on WAP and internet portals as well as text messaging campaigns. Additionally, some mobile carriers may engage in ‘above the line’ (i.e. paid for by the mobile carrier) marketing campaigns of services they provide such as co-branded television commercials. Second, directly integrating our billing system with the mobile carrier enables us to offer the best and most seamless purchase experience for the user. Furthermore, integrating our service with the mobile carrier’s text message center ensures that any text message generated by our service will be delivered to the user from a trusted source and without any costs to us.

When we launch our service with a mobile carrier, we discontinue the free version of our service available in that country. We generally start by making the service available only to subscribers of the mobile carrier with whom we have an arrangement in that particular country either due to an exclusivity clause in our agreement with the mobile carrier or related to practical issues surrounding billing customers of mobile carriers in that market with whom we do not have a relationship. Our preferred business model with consumers via mobile carriers is to offer the service as a monthly subscription service. The monthly subscription package allows users to receive access to our service along with some free content. Many mobile carriers also do not charge users for data while using our service as part of the subscription package. If users want to download premium content, they pay an additional a la carte fee per item.

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 between 30% and 50% of the monthly subscription revenue. We expect that premium content will generally be sold for $1 to $2 per item but this price as well as the monthly subscription rate may vary substantially by country.

We believe the subscription plus premium content sales business model has been successful globally for mobile carriers in the ringback tone business and we believe it best fits our needs at this stage of our lifecycle. However, there are certain markets where mobile carriers may not agree to such a model and we may rely purely on a subscription or content sales strategy.

We have begun to launch our service with Avea, Maxis, Vivacell and Etisalat. We believe mobile carriers find our service attractive because the service is completely outsourced and hosted by us. Mobile carriers are not required to do any network integration and all we require is access to their billing system and text messaging center and their marketing efforts. Due to these factors, we believe that we will be able to enter into agreements with additional mobile carriers in the future.

We have agents in Australia, India, Japan, Malaysia, Pakistan, South Africa and Vietnam who help us penetrate mobile carriers and other partners in those markets. We generally pay the agents a percentage of the net revenue we receive from the agreements they help us enter into with mobile carriers. We believe that this is an effective way for us to grow our mobile carrier distribution and we expect that our network of agents will grow over time.

Carrier Agreements

We have signed agreements to launch our service with four mobile carriers operating in Turkey, Malaysia, Armenia and United Arab Emirates which have an aggregate of approximately 32 million subscribers. We are negotiating with additional mobile carriers in a various countries and we expect to scale our carrier business in 2010. In each of the carrier agreements, we agree to provide the mobile carrier with a co-branded version of our service that is integrated with its billing and text messaging system. The mobile carrier is responsible for marketing the service to its subscribers. The mobile carriers are responsible for collecting subscription and content fees for our products and services and the revenue is shared between the parties.

Avea

Avea is a mobile carrier in Turkey with 12.1 million subscribers, of which 8,400 subscribe to our service. We launched our services with Avea in November 2009. Our agreement with Avea provided for a 12-month term with automatic renewals for additional 12-month terms. Avea may terminate its rights under the agreement at any time and for any reason, upon 30 days notice.

Maxis

Maxis is a mobile carrier in Malaysia with 11.4 million subscribers, of which 35,000 subscribe to our service. We launched our services with Maxis in September 2009. Our agreement with Maxis provides for a 12-month term with automatic renewals for additional 12-month terms. Each of the parties may terminate its rights under the agreement at any time and for any reason, upon 30 days notice.

Vivacell

Vivacell is a mobile carrier with 2.0 million subscribers in Armenia and is part of the MTS operator group which has over 96.0 million global subscribers. We launched our services with Vivacell in June 2009 and currently have 13,400 subscribers. Vivacell has not yet activated subscription fees, although subscribers can purchase content. Our agreement with Vivacell provides for a term of 24 months from our launch date.

Estisalat

Etisalat is a mobile carrier with 7.3 million subscribers in the United Arab Emirates and over 94.0 million subscribers worldwide. We launched our services with Estisalat in January 2010 and currently have 500 subscribers. Our agreement with Estisalat provides for a term of 18 months from our launch date with automatic renewals for additional one-year terms.

Content Aggregators and Owners

Content aggregators and local value added service (VAS) providers play a crucial role in the mobile ecosystem. In many cases we may choose to launch our service in a market through a local content aggregator or VAS provider as opposed to entering into a direct relationship with a mobile carrier. This strategy may provide us with a faster time to market, give us access to needed local content or enable us to reach across multiple operators in a country by conducting one integration with a partner. Additionally, sometimes mobile carriers themselves direct us to a local aggregator with whom to integrate. In general, working through content aggregators and local value added service providers will decrease our share of the gross amount paid by the consumer as the carrier will take a share for billing the transaction and then pay the content aggregator/local value added service provider who will then pay us a percentage of the revenue they receive from the carrier.

In India, we have entered into an agreement with Hungama Digital Media Entertainment Pvt Ltd., or Hungama, a major aggregator of Bollywood content, to distribute our service in India. Hungama is already integrated with all of the major mobile carriers in India and sells content through all of them. Once Hungama implements our service, we will be able to do a single billing integration and sell content and services across the nine major operators in India who, in the aggregate, have more than 400.0 million customers. While entering into individual agreements with each of these operators would likely take years, Hungama can promote our service across all of these operators. In addition, Hungama will also provide us with local content to include in our service in India.

Pursuant to our agreement with Hungama, we will build a co-branded version of our service which they will market to consumers in India. Hungama believes that offering our service as a content purchase only without any subscription is more likely to succeed in India so we may launch with that model. Our revenue sharing agreement with Hungama is based on the percentage of the revenue paid by the billing mobile operator to Hungama. Mobile carrier payouts in India are generally between 30% and 40% of the gross consumer price. We expect that our revenue per user in India will be substantially lower than in other markets. We anticipate launching our service in India during the fall of 2010.

In March 2010, we entered into a marketing agreement with RTL Belgium, a member of RTL Group, which is a leading production company for television and radio in Europe. Pursuant to the agreement, we will provide RTL with a subscription-based video ringtone service, which will be available throughout Belgium under the

PlugRTL brand. Users could sign up for a free one week trial, after which they will be charged on a weekly basis. The service, which will be promoted via advertising on all three of RTL's TV networks as well as its websites and WAP sites, will launch commercially during April 2010. All content will be free for subscribers and will feature music shows, sports, movies, comedies and hit series. Our billing and text messaging partner will receive 50% of the gross revenue from the service, while we will share the other 50% of the gross revenue with RTL. We will contribute 50% of the net subscriber revenue we receive to a pool to be split among the various content providers (other than RTL) based on the relative usage of their clips.

Handset Manufacturers

Handset manufacturers are trying to grab a major piece of the mobile application market by launching application stores. This trend has been spurred by the success of Apple's iPhone application store. Nokia has put major efforts into its new Ovi store, Research in Motion recently launched a new application store, Samsung is currently in the process of launching their own application store and Sony Ericsson has its own application store as well. We are or will be present on most or all of these application stores but we don't have immediate plans to monetize the users we gain from these stores. Should the volume of downloads from these sources increase dramatically, we will look at new ways to monetize these users. Our application is also available on mobile carrier application stores in France and the United Kingdom.

In addition to having a presence on application stores, we have an agreement with Sony Ericsson Mobile Communications AB that allows it to preload a link to our service on their phones. They placed our link on several Walkman model mobile phones in many markets, which we believe increases our consumer reach and brand recognition. Subsequently, Sony Ericsson discontinued the Walkman line of phones so we believe it is unlikely that we will be placed on additional Sony Ericsson phones in the short-term.

Content

A key factor for the success of our business is ensuring we have relevant content for users in each market that we launch our service. We have entered into approximately 30 licensing agreements with content owners which provide us with over 4,000 clips. We have conducted substantive research of other commercial video ringtone websites and we have not discovered a commercial library with more than 100 video ringtones available for download. Accordingly, we believe our library of more than 4,000 video ringtones is one of the largest commercial video ringtone libraries in the world. We intend to continue to grow our library to enhance our future revenues although in many markets we will rely on our partners to supplement our library with additional locally licensed content. Our ability to maintain our core library of video ringtone content is important for our success. Additionally, when we enter a market commercially we will look for our partners to bring locally licensed content to our service. Sometimes the mobile carriers will provide content (such as in Armenia), and in other cases we will work with local third party content providers (such as Avrupa Muzik in Turkey) or a combination of sources.

Some of our content is provided to users for free while the balance is sold in the markets where our service is commercialized. We generally sell all of our licensed content in the markets where our service is commercialized. For content we have licensed (as opposed to the carrier bringing it), we generally pay the content owner approximately 50% of our net revenue from the sale of their clips. We generally do not (and our licenses do not require us to) pay content owners a share of our subscription revenue but that could change in the future. To date we have spent very little guaranteed money on content licensing although that could change in the future.

Competition

We face competition from companies such as Monikker and Emotive whose Ringjam service provides real time phone-to-phone push audio-only ringtones and from companies like myvtones that offers a video ringtone

application for unlocked iPhones. Other indirect competitors include ringtone and video ringtone resellers, such as Jamster, a division of Fox Mobile, and Thumbplay. We also view companies such as GigaFone and Zad Mobile, who offer an advertising platform centered on video ringtones, as competitors.

Currently we believe the competition is minimal as the video ringtone market is still at a nascent stage. As more phones that support video ringtones enter the market and as mobile video services gain in popularity, we expect the competition will increase. Some of our competitors have significantly greater financial resources than we do and may be able to license premium content from major entertainment companies that we do not work with due to the costs associated with licensing their content. We feel that our competitive advantage will be that we provide a comprehensive platform that includes our application, a WAP site, web functionality and social components. We are not aware of any other company that provides a video ringtone platform with all of these components.

Patent Protection

Although we have not been issued any patents relating to our intellectual property, we have filed various patent applications in the U.S. and Europe. The following table sets forth our filed patent applications as well as the current status of such applications:

Country	Appl. #	*Title*	*Application Status*
USA	11/997,000	Synchronized Voice and Data System	Pre-Examination
USA	11/544,938	Personalization Content Sharing System and Method	Examination
Europe	07706046.5	(same as above)	Pre-Examination
USA	11/744,917	(Continuation-in-part of above)	Examination
PCT	PCT/IL 2008/00625	(same as above)	Examination
USA	11/549,658	Media Content at the End of Communication	Examination
USA	11/768,989	User-Chosen Media Content	Examination
Europe	07766818.4	(same as above)	Examination
USA	11/775,249	Pushed Media Content Delivery	Pre-Examination
Europe	07766888.7	(same as above)	Pre-Examination
USA	11/773,417	System and Method for Digital Rights Management	Pre-Examination
USA	12/186,592	Advertisement-Based Dialing	Pre-Examination
USA	11/776,689	Group Sharing of Media Content	Examination
USA	11/853,117	Media Playing on Another Device	Pre-Examination
USA	11/853,193	Personalized Installation Files	Examination
USA	11/923,831	Method to Play Vendor Videos	Pre-Examination
USA	12/028,938	Triggering Events for Video Ringtones	Pre-Examination
USA	12/043,974	Smart Contact List	Pre-Examination
USA	12/193,785	Roaming Detection	Pre-Examination
USA	12/367,525	Contact Matching of Changing Content Across Platforms	Pre-Examination
USA	61/226,718	Voting System with Content	Filed
USA	61/289,454	Alternative Ringtones for Mobile Telephones	Filed

We may not be able to successfully defend or claim any legal rights in the invention for which an application has been made but for which the relevant government patent office has not issued a patent. If it is

determined that our intellectual property is infringing on the patent of another party, we may be required to license or cross-license the patented technology. We perform periodic reviews of our ongoing technology developments and intend to pursue additional patents as appropriate.

Research and Development Expenses

During the year ended December 31, 2009, we spent $2.0 million on research and development activities, and during the year ended December 31, 2008, we spent $3.1 million on research and development activities. None of these expenses are borne directly by our customers.

Employees

We and our subsidiary currently employ 33 people, of whom 29 are full-time employees. Of the full-time employees, 27 are employed by our subsidiary.

Description of Property

Our principal offices are located at 18 East 16th Street, 7th Floor, New York, NY, consisting of 200 square feet of space, which we lease under a contract expiring on August 31, 2010. We also have 4,000 square feet of space under lease for our research and development center at 1 Yigal Allon Blvd., Beit Shemesh, Israel which expires on May 31, 2010.

Legal Proceedings

We are not party to any legal proceedings.

MANAGEMENT

Directors and Executive Officers	Age	Position
Jonathan Medved (1)	54	Chief Executive Officer and Director
Seth M. Siegel *(1)	56	Chairman of the Board
Ralph Simon *	63	Director
Andrew Perlman	32	President and Director
Edo Segal	41	Director
David Corre	36	Vice President, Finance and Administration
Stuart Frohlich	43	Chief Operating Officer
Steven Glanz	37	Senior Vice President, Business Development

* Independent Director
(1) Member of Compensation Committee.

The following is a brief summary of the background of each of our directors and executive officers. In addition, the following brief summary includes specific information about each director's experience, qualifications, attributes or skills that led the board to the conclusion that the individual is qualified to serve on our board, in light of our business and structure. There are no family relationships among any of the directors or executive officers.

Jonathan Medved co-founded our company and has served as our Chief Executive Officer and a director since April 2006. Mr. Medved co-founded Israel Seed Partners and acted as a co-manager of the fund from January 1995 to January 2006. During Mr. Medved's tenure, Israel Seed Partners had $262 million under management in four funds and has been an investor in 60 leading Israeli companies. In addition, Mr. Medved co-managed Israel Seed Partners' successful dispositions of various investments, including the investments in Shopping.com (subsequently acquired by eBay Inc.), Compugen Ltd. (NasdaqCM:CGEN), Answers Corporation (NasdaqCM:ANSW), Cyota Inc. (acquired by RSA Security Inc.), Native Networks (acquired by Alcatel (NYSE:ALA)), Xacct Technologies Inc. (acquired by Amdocs Ltd. (NYSE:DOX)) and Business Layers (acquired by CA, Inc. (NasdaqGS: CA)). Mr. Medved was a member of the founding management team of Accent Software International Ltd., or Accent, which developed multilingual internet publishing, browsing and email software, and served as its executive vice president of marketing and sales from April 1992 to October 1994. From June 1982 to June 1991, Mr. Medved was a founder of and served as Executive Vice President of Marketing and Sales of MERET Optical Communications, Inc., which was an early pioneer in fiber optic communication systems for video transmission and was acquired by Amoco Corporation (NYSE:BP) in 1990. Mr. Medved serves on the boards of directors of various non-profit organizations, including Ma'aleh and the Jerusalem College of Technology. Mr. Medved studied history at the University of California, Berkeley.

As our chief executive officer, Mr. Medved brings more than 26 years of technology start-ups to the board of directors. His senior positions with Accent and MERET give him relevant start-up leadership experience as a manager of venture capital investments provided him with substantial experience in participating as both an investor and board member.

Seth M. Siegel has served as a director since May 2006 and as chairman of the board since March 2010. Mr. Siegel has been working in the corporate and entertainment licensing industry since 1982. Mr. Siegel is a co-founder of The Beanstalk Group, a leading brand licensing agency and consultancy and a part of Omnicon Group Inc. (NYSE:OMC). He continues his relationship with both The Beanstalk Group (as a Vice Chairman) and Omnicom (as a consultant on special projects). He is also, since 2007, co-founder and co-CEO of Sixpoint Partners, a broker/dealer investment banking boutique and provider of financial advisory and alternative investment solutions for private equity funds and middle market companies. Mr. Siegel has advised many Fortune 500 companies in the proper secondary use of their trademarks, trade dress and copyrights, and has served as an adviser and/or as the licensing agent for such leading brand owners as AT&T, IBM, Harley- Davidson, The Stanley Works, Unilever, Ford Motor Company, Chrysler, Hershey Foods, Campbell Soup, The

Rubbermaid Group, and Dr. Scholl's. Mr. Siegel has also served as an adviser to and licensing agent for Hanna-Barbera Productions in the retail and promotional licensed applications of its classic characters, including The Flintstones, The Jetsons and Scooby-Doo. Mr. Siegel has lectured throughout the United States and has written articles, opinion pieces, and a criticism for a wide array of publications, including The New York Times Op-Ed page and The Wall Street Journal. From April 1995 to June 2004, he was a regular columnist for Brandweek magazine, addressing a broad range of issues relating to the licensing industry and pop culture. Mr. Siegel has served on the Board of Trustees of the Abraham Joshua Heschel School, including ten years on its Executive Committee. He also served as chairman of the Cornell University Hillel. Mr. Siegel sits on both the Cornell University Council and the Advisory Council of Cornell University's School of Industrial and Labor Relations. He is also a member of the national Board of Directors of AIPAC, a leading foreign policy advocacy organization. Before his work in the licensing industry, Mr. Siegel practiced law with Frankfurt, Garbus, Klein & Selz (now Frankfurt, Kurnit, Klein & Selz), an entertainment and constitutional law firm in New York. Mr. Siegel received his Bachelor of Science degree from Cornell University and his J.D. from Cornell University Law School.

We believe Mr. Siegel's extensive knowledge of consumer brands and marketing, as well as his leadership experience at The Beanstalk Group qualifies him to serve on our board of directors. His extensive experience with leading brands as co-founder and chief executive officer of The Beanstalk Group provide a significant contribution to us and the board of directors.

Ralph Simon has served as a director since September 2009 and previously served as a member of our Advisory Board from January 2008 to September 2009. Since January 1999, Mr. Simon has served as chairman, and is now chairman emeritus, of the Mobile Entertainment Forum Americas, the principal global trade association and leading advocate for the mobile entertainment industry established to represent the commercial interests of content, application and service providers and telecom operators. Since October 2003, Mr. Simon has also served as president and chief executive officer of The Mobilium Group, the mobile strategic advisory firm that guides U.S. and international media companies, networks and brands to grow revenues and market share from mobile content, mobile entertainment properties and technologies. In 1998, Mr. Simon co-founded and funded the first ringtone company in the United States and Europe, Yourmobile/Moviso, which was acquired by Vivendi-Universal in December 2003. Mr. Simon currently advises prominent companies, entertainment properties and artists (including U2) in the U.S. and internationally on ways to maximize and develop their mobile businesses and revenues and create significant commercial opportunities on a global basis. On July 2, 2005, he organized and executive produced the mobile and mobile messaging layer for the Live 8 world concert event that established the validity of cross-platform mobile strategies. In December 2005, Mr. Simon was picked as one of the Top 50 mobile entertainment executives world-wide in a poll conducted by the trade journal, Mobile Entertainment Magazine. Prior to his involvement in the mobile entertainment industry, Mr. Simon co-founded Zomba Label Group LLC, which has grown to become a successful independent record and music publishing company. Mr. Simon served on the board of Natrol, Inc. from May 2006 until November 2007. From 1993 to 1995, Mr. Simon served as Executive Vice President of Capitol Records Inc. (a subsidiary of EMI) and Blue Note Records and created EMI's New Media business. Mr. Simon is a Fellow of the Royal Society of Arts in the United Kingdom and a member of the National Academy of Recording Arts & Sciences in the United States. Mr. Simon was educated at the University of Witwatersrand in Johannesburg, South Africa.

We believe Mr. Simon's more than twenty-five years in the music industry, as well as his leading role in the ringtone industry, qualifies him to serve on our board of directors. His extensive experience and insights gained by his involvement in a start-up company from inception through sale are a significant contribution to us and the board of directors. In addition, Mr. Simon's extensive network of contacts in the music and entertainment industry are helpful to us and the board of directors.

Andrew Perlman has served as a director since September 2009 and will serve as our President commencing in April 2010. From February 2009 to March 2010, Mr. Perlman served as vice president of global digital business development at EMI Music Group, where he was responsible for leading distribution deals with

digital partners for EMI's music and video content. From May 2007 to February 2009, Mr. Perlman served as General Manager of our U.S. operations as well as our Senior Vice President Content & Community. In this position, Mr. Perlman managed our United States operations and led our content and social community partnerships. From June 2005 to May 2007, Mr. Perlman was senior vice president of digital media at Classic Media, Inc., a global media company with a portfolio of kids, family and pop-culture entertainment brands. In his position with Classic Media, Mr. Perlman led the company's partnerships across video gaming, online and mobile distribution. From June 2001 to May 2005, Mr. Perlman served as general manager for the Rights Group, LLC and its predecessors, a mobile content and mobile fan club company, where he oversaw mobile marketing campaigns for major international brands such as Visa and Pepsi. In this role, Mr. Perlman developed and negotiated relationships with technology vendors such as Comverse, Mobile 365 and Mobliss. He was also responsible for selling and executing mobile products including the Britney Spears mobile fan club and Justin Timberlake and American Idol branded karaoke. In addition he also participated in sponsorship deals between Britney Spears and Samsung and Justin Timberlake and Orange U.K. Mr. Perlman holds a Bachelor of Arts in Business Administration from the School of Business and Public Management at George Washington University.

We believe Mr. Perlman's more than nine years of experience in the music and digital media qualifies him to serve on our board of directors. His extensive experience and insights gained both as an executive at start-up companies and as a senior executive at EMI are a significant contribution to us and the board of directors.

Edo Segal has served as a director since July 2008. Since 1999, Mr. Segal has acted as founder and chief technology officer of The Relegence Corporation, a real-time financial news and information search technology company, or Relegence. Relegence was acquired by AOL Time Warner in November 2006. As chief technology officer of Relegence, Mr. Segal has led the expansion of its search technology and served customers such as Credit Suisse, J.P. Morgan, Deutsche Bank, Merrill Lynch, Bloomberg, and Dow Jones. At AOL Time Warner, Mr. Segal served as vice president of emerging platforms and explored disruptive technologies. Prior to Relegence, Mr. Segal was involved with multiple digital initiatives including Virtual Arts, a company he founded in 1992 which focused on the production of CD-ROM multimedia titles, and later Tink Productions, which focused on game production with publishers such as Electronic Arts. After leaving AOL Time Warner, Mr. Segal established Futurity Ventures, a venture and incubation entity and now serves as its chief executive officer.

We believe Mr. Segal's ten years of experience as the founder of a technology company qualifies him to serve on our board of directors. His extensive technology insights are a significant contribution to us and the board of directors.

David Corre has served as Vice President, Finance and Administration since June 2006. Mr. Corre has audit experience in a variety of research and development and technology companies. From January 2005 to May 2006, Mr. Corre served as business administrator of Siemens Computer Aided Diagnosis, a subsidiary of Siemens AG (NYSE:SI). From December 1999 to January 2005, Mr. Corre served as an auditor at KPMG Somekh Chaikin, the Israeli member firm of KPMG. Mr. Corre received a bachelor of science degree in Accounting from Touro College's Jerusalem branch and a bachelor of arts degree in International Relations from the Hebrew University of Jerusalem. Mr. Corre is a certified public accountant in Israel and was admitted into the Institute of Certified Public Accountants in Israel in 2005.

Stuart Frohlich has served as our Chief Operating Officer since January 2007. From July 2001 to December 2006, Mr. Frohlich served as Director of Engineering at NMS Communications Corporation (now LiveWire Mobile, Inc., NasdaqGM:LVWR), during which time he developed NMS's carrier-grade, high-availability Voice Application Platform (HearSay), as well as the mobile applications running it (MyCaller™ & MobilePlace). From December 1996 to June 2001, Mr. Frohlich served as director of engineering at TraderTools™ Inc., a provider of business solutions, software and services to financial institutions trading foreign currency. In this area he specialized in server and enterprise application design and deployment for leading financial institutions in Europe and the US. Mr. Frohlich's former clients include, Vodafone, 3 IT, Swisscom CH, Rogers, Etisalat, Elisa FI, Movilnet VE, Calyon (Credit Lyonnais/CAI), Dresdner Bank, Fimat Group, HETCO (Amerada Hess Energy Trading Co.), Man Financial, Refco Capital Markets, Societe Generale,

SunGard, The First International Bank of Israel, and Thomson Financial. Mr. Frohlich holds an associates degree in Mechanical Engineering from Tel Aviv University.

Steven Glanz has served as our Senior Vice President, Business Development since June 2006. From March 2006 to June 2006, Mr. Glanz served as Vice President of Business Development at AxisMobile Plc, a leading provider of mass market mobile e-mail solutions. From April 2000 to March 2006, Mr. Glanz served as Vice President of Business Development at Shopping.com (acquired by EBay Inc. (NasdaqGS:EBAY) and played a key role in its growth from a small company with minimal revenues to a public company with over $100 million in revenues. Mr. Glanz was responsible for the majority of that company's revenue across European countries. From October 1998 to March 2000, Mr. Glanz served as an associate in the financial and health services group at Booz Allen & Hamilton Inc., a strategy and technology consulting firm. Mr. Glanz holds a Bachelor of Arts in Economics from Yeshiva University in New York and a J.D. from Harvard Law School.

Members of the Advisory Board

In addition to our board of directors, we have formed an Advisory Board, comprised of individuals who have the background and experience to assist us in evaluating our business strategies and development. Our special advisors will not participate in managing our operations. We have no formal arrangement or agreement with these individuals to provide services to us and accordingly, they have no contractual or fiduciary obligations to present business opportunities to us. We expect that members of the Advisory Board will provide advice, insights, contacts and other assistance to us based on their extensive industry experience and involvement in areas of activity that are strategic to us. In addition to individual meetings or phone conferences with members of the Advisory Board, we intend to conduct bi-annual meetings with the Advisory Board to discuss our strategy and industry trends.

The following is a brief summary of the background of each member of our Advisory Board. There are no family relationships among any of the advisors, executive officers or directors.

Andrew Abramson has served as a member of our Advisory Board since January 2008. Mr. Abramson is the founder and chief executive officer of Comunicano, Inc. (previously Strategy Plus). Founded in January 1993, Comunicano is an asymmetrical communications consultancy to start-ups, companies in transition and established brands with regard to marketing, advertising, public relations, promotion, events and reputation management. Mr. Abramson has over 36 years of experience in all facets of marketing and corporate communications. During his career, Mr. Abramson has worked with a wide variety of companies, ranging from traditional package goods product and manufacturing companies to technology companies. His clients have operated in numerous industries, including apparel, financial services, online marketplaces, meta-mediaries, mobile, telecommunications, technology, food products, media and entertainment. Mr. Abramson has also worked with sports properties, including teams, athletes, celebrities and facilities. Mr. Abramson also co-hosts "The World Technology Round Up," a daily technology webcast that is heard via KenRadio.com and its syndication partners, by more than 300,000 daily listeners around the globe. Mr. Abramson has also served as the BBC's consumer electronics market analyst in the U.S. Mr. Abramson co-hosts the annual CommNexus' GadgetFest (formerly the San Diego Telecom Council) each year, which provides a preview event of the newest consumer technology products. Mr. Abramson also authors VoIPWatch, a daily web-log (blog), Working Anywhere and WiMax Watch, and writes a weekly wine column for the Del Mar Times. Mr. Abramson holds a Bachelor of Sciences in Journalism with a concentration in advertising from Temple University.

Howard Handler has served as a member of the Advisory Board since July 2008. Since October 2009, Mr. Handler has served as executive vice president of marketing and sales for Madison Square Garden Entertainment, in which position he manages concerts, family shows/Broadway series, events and productions as Radio City Music Hall, Madison Square Garden, the Theater at MSC, The Beacon Theater, the Chicago Theater and the Wang Theater in Boston. From October 2008 to August 2009, Mr. Handler served as executive vice president of marketing at EMI Music Group and led marketing across EMI Music Group's 13 labels in the

United States, Canada and Mexico. From January 2003 to April 2008, Mr. Handler served as chief marketing officer for Virgin Mobile USA, Inc. (NYSE:VM), a mobile virtual network operator in the United States (MVNO) and youth-dedicated wireless service. With Virgin Mobile, Mr. Handler led the team that grew Virgin Mobile's subscriber base to over five million customers resulting in revenues of $1.2 billion, positive EBITDA and net income and receiving the JD Power & Associates award for the #1 rated pre-paid wireless service two years in a row. From June 2000 to August 2002, Mr. Handler served as president and chief executive officer of Burly Bear Network, a venture-backed cable network and youth marketing company, where he more than tripled revenues in two years before selling the business to National Lampoon. From March 1995 to June 2000, Mr. Handler served as senior vice president and marketing and fan development at The National Football League. In this position, Mr. Handler developed and managed the NFL's integrated youth initiative, "Play Football," and built an extensive fan database and direct marketing profit center. From May 1992 to December 1994, Mr. Handler served as senior vice president of marketing for MTV Networks, where he played a central role in the launch of "Beavis & Butt-head," "The Jon Stewart Show," "The Real World," and the Emmy & Peabody Award-winning "Choose or Lose" voter awareness campaign. From January 1990 to April 1992, Mr. Handler served as vice president of marketing and merchandising for Broadway Video Entertainment, producers of "Saturday Night Live" and "Wayne's World—The Movie." Mr. Handler holds a Bachelor of Arts in economics and history and an M.B.A. from The University of Michigan.

Jeffrey Belk has served as a member of our Advisory Board since January 2008. Mr. Belk is a managing director of ICT168 Capital, LLC, an entity focused on developing and guiding global growth opportunities in the information and communication technology industries. For over 14 years, Mr. Belk held various positions with Qualcomm Incorporated (NasdaqGS:QCOM). Most recently, from September 2006 to January 2008, Mr. Belk served as senior vice president of strategy and market development of Qualcomm Incorporated, in which position he focused on examining changes in the wireless ecosystem and formulating approaches to help accelerate mobile broadband adoption and growth. From February 2000 to September 2006, Mr. Belk served as senior vice president, global marketing of Qualcomm Incorporated and led a team responsible of all facets of that company's corporate messaging, communications, and marketing worldwide. From January 1999 to March 2000, Mr. Belk was the vice president and then the senior vice president and general manager of Qualcomm Eudora Products, Qualcomm Incorporated's award-winning email client. In April 1997, Mr. Belk was named vice president of marketing of Qualcomm Consumer Products, and initiated the company's global branding and communications efforts. Mr. Belk holds a Bachelor of Arts in economics from the University of California, San Diego and an M.B.A. from the University of California, Irvine.

Sharon Goldstein has served as a member of our Advisory Board since July 2008. In June 2006, Ms. Goldstein founded SYG LLC and currently serves as its chief executive officer. SYG LLC assists startups and technology companies in fundraising, market positioning, strategic partnerships and product management. From September 2005 to June 2006, Ms. Goldstein served as vice president of content business of Volantis Systems Ltd., which operates in the mobile content adaptation industry, where she managed the hosting services business focused on mobile content adaptation for content brands, including Walt Disney Co. (NYSE:DIS), Discovery Communications, LLC, Ebay Inc. (NadaqGS:EBAY), and World Wrestling Entertainment (NYSE:WWE). From February 2003 to June 2005, Ms. Goldstein served as a director of RealNetworks Inc., where she built the mobile products business and developed relationships with operators and handset manufacturers including Nokia Corp. (NYSE:NOK) and Vodafone Group PLC (NYSE:VOD). Under her leadership, RealNetwork's platform was deployed at over 40 mobile carriers and the mobile player grew from an install base of zero to over 25 million units. Ms. Goldstein holds a Bachelor of Science in industrial and systems and engineering from Georgia Institute of Technology, an M.B.A. from Kellogg Graduate School of Management at Northwestern University and a Masters of Engineering Management from McCormick School of Engineering at Northwestern University. Ms. Goldstein is involved with several philanthropies, including Share Our Strength, which feeds at risk children, the Jewish Community Federation and the Juvenile Diabetes Research Foundation.

Director Independence

A majority of our board of directors will be comprised of independent directors as such term is defined in the rules of The NASDAQ Capital Market listing standards and Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Committee of the Board of Directors

Our board of directors has formed a compensation committee, which is described below. Prior to the completion of this offering, our board of directors will form an audit committee and a nominating committee, each of which is described below. We will adopt new charter for such committees, as well as other corporate governance guidelines, prior to the closing of this offering in accordance with the applicable requirements of the SEC and The NASDAQ Capital Market.

Compensation Committee

Our compensation committee is comprised of three members and will be authorized to:

- review and recommend the compensation arrangements for management, including the compensation for our chief executive officer;
- establish and review general compensation policies with the objective of attracting and retaining superior talent, rewarding individual performance and achieving our financial goals;
- administer our stock incentive plans; and
- prepare the report of the compensation committee that SEC rules require to be included in our annual meeting proxy statement.

Audit Committee

Our audit committee will be comprised of three members and will be authorized to:

- approve and retain the independent auditors to conduct the annual audit of our books and records;
- review the proposed scope and results of the audit;
- review and pre-approve the independent auditor’s audit and non-audit services rendered;
- approve the audit fees to be paid;
- review accounting and financial controls with the independent auditors and our financial and accounting staff;
- review and approve transactions between us and our directors, officers and affiliates;
- recognize and prevent prohibited non-audit services;
- establish procedures for complaints received by us regarding accounting matters;
- oversee internal audit functions; and
- prepare the report of the Audit Committee that SEC rules require to be included in our annual meeting proxy statement.

Prior to the closing of this offering, we expect that our board of directors will identify a director who will qualify as our audit committee financial expert.

Somekh Chaikin, a member firm of KPMG International, has been our independent registered public accounting firm since inception.

Nominating Committee

Our nominating committee will be comprised of three members and will be authorized to:

- identify and nominate members of the board of directors; and
- oversee the evaluation of the board of directors and management.

We have no formal policy regarding board diversity. Our nominating committee and board of directors may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity, which is not only limited to race, gender or national origin. Our nominating committee's and board of directors' priority in selecting board members is identification of persons who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among board members and professional and personal experiences and expertise relevant to our growth strategy.

Board Leadership Structure, Executive Sessions of Non-Management Directors

Mr. Medved currently serves as our chief executive officer and Mr. Siegel, a non-management director, has recently been elected as chairman of our board of directors. The board of directors has chosen to separate the chief executive officer and chairman positions because it believes that independent oversight of management is an important component of an effective board and this structure benefits the interests of all stockholders. If the board convenes for a special meeting, the non-management directors will meet in executive session if circumstances warrant. Mr. Siegel will preside over executive sessions of the board of directors.

Risk Oversight

The board of directors oversees our business and considers the risks associated with our business strategy and decisions. The board currently implements its risk oversight function as a whole. Upon the formation of each of the board committees, the committees will also provide risk oversight and report any material risks to the board.

Code of Ethics

We will adopt a code of ethics that applies to our officers, directors and employees. We will file copies of our code of ethics and our board committee charters as exhibits to the registration statement of which this prospectus is a part. You will be able to review these documents by accessing our public filings at the SEC's website at www.sec.gov. In addition, a copy of the code of ethics will be provided without charge upon request to us. We intend to disclose any amendments to or waivers of certain provisions of our code of ethics in a current report on Form 8-K.

Executive Compensation

Summary Compensation Table

The table below summarizes the compensation paid by the Company to the CEO and other named executive officers for the fiscal years ended December 31, 2009 and 2008.

Name and principal position	Year	Salary ($) (1)(2)	Bonus ($) (3)	Option awards ($) (4)	All other compensation ($) (5)	Total ($)
Jonathan Medved,	2009	$ 195,138	—	$ 112,045	$ 12,947	$ 320,130
Chief Executive Officer (principal executive officer)	2008	$ 247,149	$ 14,295	$ 87,500	$ 13,782	$ 362,726
David Corre,	2009	$ 71,627	—	$ 29,170	—	$ 100,797
Vice President, Finance and Administration (principal financial and accounting officer)	2008	$ 86,352	—	$ 23,500	—	$ 109,852
Steven Glanz,	2009	$ 110,196	—	$ 51,725	—	$ 161,921
Senior Vice President, Business Development	2008	$ 132,849	—	$ 43,000	—	$ 175,849
Stuart Frohlich,	2009	$ 110,196	—	$ 31,725	$ 10,421	$ 152,342
Chief Operating Officer	2008	$ 133,539	—	$ 23,000	$ 12,100	$ 168,639

(1) Based upon an average exchange rate of 3.92 and 3.55 between the NIS and U.S. Dollar for 2009 and 2008, respectively.
(2) Salary amounts reflect reduction in salaries effective as of November 2008.
(3) Bonus reflects amounts waived in lieu of pension compensation.
(4) Amounts represent the aggregate grant date fair value in accordance with FASB ASC Topic 718.
(5) Reflects car lease payments paid on behalf of employee.

Employment Agreements

Jonathan Medved Employment Agreement

Jonathan Medved entered into an employment agreement, dated July 29, 2007, as amended on August 5, 2008 to act as Chief Executive Officer. Pursuant to the terms of his employment agreement, Mr. Medved's term of employment is at the will of the parties and may be terminated by either party for any reason or for no reason by giving advance written notice of 90 days. Pursuant to the terms of his employment agreement, Mr. Medved's gross monthly salary is NIS 75,000, or an aggregate of NIS 900,000 per year, (approximately $239,500 as of December 31, 2009) and is reviewed by the board of directors annually. In August 2008, the compensation committee of the Board of Directors amended Mr. Medved's employment agreement retroactively from January 2008 to fix the exchange ratio between the U.S. Dollar and NIS. In October 2008, in an effort to conserve cash, the Company asked and Mr. Medved agreed to reduce his base salary by 15% in exchange for a monthly grant of stock options to purchase 8,766 shares (prior to the anticipated reverse split) of common stock for a period of twelve months. Upon the Company attaining quarterly revenue in the amount of $1.0 million, his original base salary will be reinstated. The Company agreed to pay the monthly premiums for Mr. Medved's life insurance policy in the amount of approximately NIS 5,500 per month (approximately $1,430 as of December 31, 2009).

Mr. Medved may also receive a bonus reflecting personal performance and our general success. There are no specific performance targets set by the board of directors for purposes of determining the amount of the bonus. In connection with the execution of his employment agreement, Mr. Medved was granted options to purchase 125,000 shares of our common stock pursuant to our 2006 Stock Option Plan vesting over four year with an exercise price of $0.50 per share (prior to the anticipated reverse split). Mr. Medved further agreed that

we would have the right to repurchase 500,000 of the 800,000 shares of our common stock held by him (prior to the anticipated reverse split) as of July 30, 2007. Mr. Medved will be reimbursed for all pre-approved expenses incurred in connection with his duties pursuant to the employment agreement and he will receive a monthly car allowance of $1,000.

To fulfill obligations to pay severance in certain circumstances pursuant to Israeli law, a Manager's Policy has been established for Mr. Medved and an amount equal to 15.83% of Mr. Medved's annual salary shall be deposited towards such Manager's Policy, which amount will be split among an account for severance pay, disability insurance and a pension fund. Except in circumstances that would not require the payment of severance pursuant to Israeli law, in the event of the termination of Mr. Medved's employment agreement, the Manager's Policy will be transferred to him personally. The Manager's Policy would not be transferred to Mr. Medved in certain circumstances, including breach of confidentiality and non-competition provisions or the breach of fiduciary duties. During the term of Mr. Medved's employment agreement, an amount equal to 7.5% of his base salary will be deposited into a Further Education Fund recognized by Israeli income tax authorities. The funds may be released to Mr. Medved upon his written request.

If Mr. Medved is terminated without Cause (as defined in his employment agreement) or if Mr. Medved resigns for Good Reason (as defined in his employment agreement), Mr. Medved will be entitled to receive his then current base salary and benefits for a period equal to (i) six months after the date of termination if terminated within the first 18 months following the effective date of the employment agreement and (ii) nine months after the date of termination if terminated after the first 18 months following the effective date of the employment agreement. If Mr. Medved is terminated without Cause or if Mr. Medved resigns with Good Reason following a Change-in-Control (as defined in his employment agreement), Mr. Medved will be entitled to receive severance payments for a period of 12 months from the date of termination or resignation. If Mr. Medved is terminated as a result of the subsidiary's ceasing its business activities, then Mr. Medved is not entitled to any severance payments. If Mr. Medved is terminated for Cause, then his employment will end immediately and he will not be entitled to any severance payments. Upon Mr. Medved's death or upon termination other than for Cause, the unvested portion of Mr. Medved's options will continue to vest.

The employment agreement requires Mr. Medved to assign inventions and other intellectual property which he conceives or reduces to practice during employment to us and to maintain our confidential information during employment and thereafter. Mr. Medved is also subject to a non-competition and a non-solicitation provision that extends for a period of twelve months following termination of his employment.

Andrew Perlman Employment Agreement

Andrew Perlman entered into an employment agreement with us dated March 18, 2010. Pursuant to the terms of his employment agreement, Mr. Perlman's term of employment is at the will of the parties and may be terminated by either party for any reason or for no reason. In the event Mr. Perlman terminates his employment without good reason (as defined in the employment agreement), he must provide the Company with three months advance notice of such termination. In the event he fails to give the requisite notice, he will forfeit the unvested portion of his stock options and his vested stock options will cease to be exercisable subsequent to the termination date.

During the term of his employment, Mr. Perlman's annual base salary will be $175,000. In addition, he will be eligible for an annual bonus in an amount to be determined by the board of directors, and will receive $5,000 at the end of each quarter as an advance for such bonus. The Company will grant Mr. Perlman options to purchase (i) 70,000 shares of common stock at an exercise price of $0.01 (vesting over three years from the date of this offering) and (ii) 90,000 shares of common stock at an exercise price of $5.50 (vesting over four years from the effective date of the employment agreement).

The employment agreement requires Mr. Perlman to assign inventions and other intellectual property which he conceives or reduces to practice during his employment to us and to maintain our confidential information during employment and thereafter. Mr. Perlman is also subject to a non-competition and a non-solicitation provision that extends for a period of twelve months following termination of his agreement.

David Corre Employment Agreement

David Corre entered into an employment agreement with Vringo (Israel) Ltd., dated June 1, 2006 and amended on January 1, 2010, to serve as Vice President, Finance and Administration. Pursuant to the terms of his employment agreement, Mr. Corre's term of employment is at the will of the parties and may be terminated by either party for any reason or for no reason by giving advance written notice of 30 days. Notwithstanding the foregoing, Mr. Corre may be dismissed immediately, without prior notice, and with no rights to receive further compensation pursuant to his employment agreement upon the occurrence of any event in which severance payments, in whole or in part, may be denied to Mr. Corre pursuant to Israeli law. Such events include, without limitation: (i) indictment for an offense constituting a felony or involving moral turpitude, theft or embezzlement, whether or not involving the Company; (ii) Mr. Corre's breach of his confidentiality or non-competition obligations pursuant to his employment agreement; or (iii) an act of bad faith by Mr. Corre towards the Company or any other breach of a fiduciary duty towards the Company or any other breach of his employment agreement.

During the term of his employment, Mr. Corre's gross monthly salary is NIS 26,000, or an aggregate of NIS 312,000 per year (approximately $83,000 as of December 31, 2009). In October 2008, in an effort to conserve cash, the Company asked and Mr. Corre agreed to reduce this base salary by 10% in exchange for a monthly grant of stock options to purchase 2,025 shares (prior to the anticipated reverse split) of common stock for a period of twelve months. In February 2010, Mr. Corre's gross monthly salary was increased to NIS 32,000. In addition, the Company shall pay the lease for Mr. Corre's car. Mr. Corre shall be reimbursed for all pre-approved expenses incurred in connection with his duties pursuant to the employment agreement.

To fulfill obligations to pay severance in certain circumstances pursuant to Israeli law, a Manager's Policy has been established for Mr. Corre and an amount equal to 15.83% of Mr. Corre's annual salary will be deposited towards such Manager's Policy, which amount will be split among an account for severance pay, disability insurance and a pension fund. Except in circumstances that would not require the payment of severance pursuant to Israeli law, in the event of the termination of Mr. Corre's employment agreement, the Manager's Policy will be transferred to him personally. The Manager's Policy would not be transferred to Mr. Corre in certain circumstances, including breach of confidentiality and non-competition provisions or the breach of fiduciary duties. During the term of Mr. Corre's employment agreement, an amount equal to 7.5% of his base salary will be deposited into a Further Education Fund recognized by Israeli income tax authorities. The funds may be released to Mr. Corre upon his written request.

The employment agreement requires Mr. Corre to assign inventions and other intellectual property which he conceives or reduces to practice during employment to us and to maintain our confidential information during employment and thereafter. Mr. Corre is also subject to a non-competition and a non-solicitation provision that extends for a period of twelve months following termination of his agreement.

Steven Glanz Employment Agreement

Steven Glanz entered into an employment agreement with Vringo (Israel) Ltd., dated June 18, 2006 and as amended on July 29, 2007 and as further amended on January 1, 2010, to act as Senior Vice President, Business Development. Pursuant to the terms of his employment agreement, Mr. Glanz's term of employment is at the will of the parties and may be terminated by either party for any reason or for no reason by giving advance written notice of 30 days. Notwithstanding the foregoing, Mr. Glanz may be dismissed immediately, without prior notice, and with rights to receive no further compensation pursuant to this employment agreement upon the occurrence of any event in which severance payments, in whole or in part, may be denied to Mr. Glanz pursuant

to Israeli law. Such events include, without limitation: (i) indictment for an offense constituting a felony or involving moral turpitude, theft or embezzlement, whether or not involving the Company; (ii) Mr. Glanz's breach of his confidentiality or non-competition obligations pursuant to his employment agreement; or (iii) an act of bad faith by Mr. Glanz towards the Company or any other breach of a fiduciary duty towards the Company or any other breach of his employment agreement.

During the term of his employment, Mr. Glanz's gross monthly salary is NIS 40,000, or an aggregate of NIS 480,000 per year (approximately $128,000 as of December 31, 2009). In October 2008, in an effort to conserve cash, the Company asked and Mr. Glanz agreed to reduce this base salary by 10% in exchange for a monthly grant of stock options to purchase 3,116 shares (prior to the anticipated reverse split) of common stock for a period of twelve months. Upon the consummation of this offering, his original base salary will be reinstated. Mr. Glanz shall be reimbursed for all pre-approved expenses incurred in connection with his duties pursuant to the employment agreement.

To fulfill obligations to pay severance in certain circumstances pursuant to Israeli law, a Manager's Policy has been established for Mr. Glanz and an amount equal to 15.83% of Mr. Glanz's annual salary will be deposited towards such Manager's Policy, which amount will be split among an account for severance pay, disability insurance and a pension fund. Except in circumstances that would not require the payment of severance pursuant to Israeli law, in the event of the termination of Mr. Glanz's employment agreement, the Manager's Policy will be transferred to him personally. The Manager's Policy would not be transferred to Mr. Glanz in certain circumstances, including breach of confidentiality and non-competition provisions or the breach of fiduciary duties. During the term of Mr. Glanz's employment agreement, an amount equal to 7.5% of his base salary will be deposited into a Further Education Fund recognized by Israeli income tax authorities. The funds may be released to Mr. Glanz upon his written request.

In the event the Company is acquired by another entity, Mr. Glanz will be entitled to a 50% acceleration of the vesting of any stock options he holds if his employment is terminated without "cause" or if he resigns with "good reason" as defined in the amendment to his employment agreement.

The employment agreement requires Mr. Glanz to assign inventions and other intellectual property which he conceives or reduces to practice during employment to us and to maintain our confidential information during employment and thereafter. Mr. Glanz is also subject to a non-competition and a non-solicitation provision that extends for a period of 12 months following termination of his agreement.

Stuart Frohlich Employment Agreement

On January 1, 2007, Stuart Frohlich entered into an employment agreement with Vringo (Israel) Ltd. and amended on January 1, 2010 to act as Chief Operating Officer. Pursuant to the terms of his employment agreement, Mr. Frohlich's term of employment is at the will of the parties and may be terminated by either party for any reason or for no reason by giving advance written notice of 30 days. Notwithstanding the foregoing, Mr. Frohlich may be dismissed immediately, without prior notice, and with rights to receive no further compensation pursuant to this employment agreement upon the occurrence of any event in which severance payments, in whole or in part, may be denied to Mr. Frohlich pursuant to Israeli law. Such events include, without limitation: (i) indictment for an offense constituting a felony or involving moral turpitude, theft or embezzlement, whether or not involving the Company; (ii) Mr. Frohlich's breach of his confidentiality or non-competition obligations pursuant to his employment agreement; or (iii) an act of bad faith by Mr. Frohlich towards the Company or any other breach of a fiduciary duty towards the Company or any other breach of his employment agreement.

During the term of his employment, Mr. Frohlich receives a gross monthly salary of NIS 40,000, or an aggregate of NIS 480,000 per year (approximately $128,000 as of December 31, 2009). In October 2008, in an effort to conserve cash, the Company asked and Mr. Frohlich agreed to reduce this base salary by 10% in

exchange for a monthly grant of stock options to purchase 3,116 shares (prior to the anticipated reverse split) of common stock for a period of twelve months. Upon the consummation of this offering, his original base salary will be reinstated. Mr. Frohlich shall be reimbursed for all pre-approved expenses incurred in connection with his duties pursuant to the employment agreement. In addition, the Company shall pay the lease for Mr. Frohlich's car.

To fulfill obligations to pay severance in certain circumstances pursuant to Israeli law, a Manager's Policy has been established for Mr. Frohlich and an amount equal to 15.83% of Mr. Frohlich's annual salary will be deposited towards such Manager's Policy, which amount will be split among an account for severance pay,
disability insurance and a pension fund. Except in circumstances that would not require the payment of severance pursuant to Israeli law, in the event of the termination of Mr. Frohlich's employment agreement, the Manager's Policy will be transferred to him personally. The Manager's Policy would not be transferred to Mr. Frohlich in certain circumstances, including breach of confidentiality and non-competition provisions or the breach of fiduciary duties. During the term of Mr. Frohlich's employment agreement, an amount equal to 7.5% of his base salary will be deposited into a Further Education Fund recognized by Israeli income tax authorities. The funds may be released to Mr. Frohlich upon his written request.

The employment agreement requires Mr. Frohlich to assign inventions and other intellectual property which he conceives or reduces to practice during employment to us and to maintain our confidential information during employment and thereafter. Mr. Frohlich is also subject to a non-competition and a non-solicitation provision that extends for a period of 12 months following termination of his agreement.

Outstanding Equity Awards at 2009 Fiscal Year End

The table below sets forth information regarding outstanding equity awards held by our named executive officers as of the end of 2009 granted under our 2006 Stock Option Plan. We have omitted from this table the columns pertaining to stock awards because they are inapplicable.

	Option awards				
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Vesting commencement date	Option expiration date
Jonathan Medved (1)	11,719	9,115	3.00	7/30/2007	7/30/2013
Jonathan Medved (1)	731	2,192	1.50	11/1/2008	6/25/2015
Jonathan Medved (1)	—	4,383	1.50	1/1/2009	6/25/2015
Jonathan Medved (1)	—	4,383	1.50	4/1/2009	6/25/2015
Stuart Frohlich (1)	3,438	1,563	1.50	1/1/2007	1/1/2013
Stuart Frohlich (1)	729	938	4.50	1/20/2008	1/20/2014
Stuart Frohlich (1)	521	1,146	4.50	7/29/2008	7/29/2014
Stuart Frohlich (1)	260	779	1.50	11/1/2008	6/25/2015
Stuart Frohlich (1)	—	1,558	1.50	1/1/2009	6/25/2015
Stuart Frohlich (1)	—	1,558	1.50	4/1/2009	6/25/2015
David Corre (2)	2,917	417	1.50	10/30/2006	10/30/2012
David Corre (1)	1,094	1,406	4.50	1/20/2008	1/20/2014
David Corre (1)	521	1,146	4.50	7/29/2008	7/29/2014
David Corre (1)	169	506	1.50	11/1/2008	6/25/2015
David Corre (1)	—	1,013	1.50	1/1/2009	6/25/2015
David Corre (1)	—	1,013	1.50	4/1/2009	6/25/2015
Steven Glanz (2)	7,292	1,042	1.50	10/30/2006	10/30/2012
Steven Glanz (1)	2,917	3,750	4.50	1/20/2008	1/20/2014
Steven Glanz (1)	260	779	1.50	11/1/2008	6/25/2015
Steven Glanz (1)	—	1,558	1.50	1/1/2009	6/25/2015
Steven Glanz (1)	—	1,558	1.50	4/1/2009	6/25/2015

(1) 25% of the options awards vest in arrears on the date which is twelve months after the applicable vesting commencement date, subject to the optionee's continuous service status on such date. The remaining 75% of the options vest in twelve equal quarterly increments (6.25% per quarter) over the subsequent three years, subject to the optionee's continuous service status on the relevant vesting date.

(2) These option awards are subject to a 42 month vesting schedule with the first 25% vesting after completion of the first six months of service commencing as of the date of adoption of the Plan, or April 30, 2007. The remaining 75% of the options vest in 12 equal quarterly installments (6.25% per quarter) over the subsequent three years, subject to the optionee's continuous service status on the relevant vesting date.

Employee Benefit Plans

Under Israeli law, our subsidiary is required to make severance payments to terminated employees and employees leaving employment in certain other circumstances, based on the most recent monthly salary for each year of an employee's service. All of the subsidiary's employees have signed agreements with the subsidiary limiting its severance liability to actual deposits in the above mentioned severance plans, pursuant to Section 14 of the Severance Payment Law of 1963.

2006 Stock Option Plan

On October 30, 2006, we adopted the 2006 Stock Option Plan, or Option Plan, pursuant to which we reserved, prior to the anticipated 1 for 6 reverse split, 880,000 shares of common stock for issuance. On July 30, 2007, we amended and restated the original plan in its entirety, which increased the number of common stock reserved for issuance to 2,791,000. On January 27, 2010, we amended the Option Plan to increase the number of shares of common stock reserved for issuance to 14,139,342. The awards issuable under the Option Plan include incentive stock options, nonqualified stock options and other options issued pursuant to Israeli law. The Option Plan is administered by our board of directors or a committee appointed by our board of directors, who have the discretion to determine the terms and conditions of awards issued thereunder, including the exercise price and vesting period. The options are exercisable for six years from the effective date. The Option Plan provides for grants or sales of common stock options to employees, directors and consultants.

As of the date hereof and after giving effect to the anticipated reverse split, we have outstanding options to purchase an aggregate of 282,927 shares of our common stock at a weighted exercise price of $2.60 per share pursuant to the Option Plan. Of these outstanding options, 129,197 are issued to our current directors and officers. In connection with this offering, we will issue options to our management to purchase (i) 1,891,397 shares of our common stock at an exercise price of $0.01 per share and (ii) 1,843,469 shares of our common stock at an exercise price of $5.50 per share pursuant to the Option Plan. Accordingly, upon consummation of this offering, we will have outstanding options to purchase an aggregate of 3,969,865 shares of our common stock at a weighted exercise price of $2.74 per share. For additional details regarding our outstanding options, please refer to the Stockholders' Equity note to the Financial Statements.

Director Compensation

The following table and text discuss the compensation of persons who served as a member of our Board of Directors during all or part of 2009, other than Mr. Medved whose compensation is discussed under "Executive Compensation" above and who was not separately compensated for Board service.

Name	Option Awards ($) (1)	All other compensation ($)	Total ($)
Seth Siegel	$ 24,000	—	$24,000
Edo Segal	$ 52,000	—	$52,000
Andrew Perlman	$ 47,550	$ 22,846(2)	$70,396
Ralph Simon	$ 14,700	—	$14,700

(1) Amounts represent the aggregate grant date fair value in accordance with FASB ASC Topic 718.
(2) Represents employee salary for January and February 2009.

Limitation on Liability and Indemnification of Directors and Officers

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by Delaware law, as it may be amended from time to time, none of our directors will be personally liable to us or our stockholders for monetary damages resulting from a breach of fiduciary duty as a director.

Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- Any breach of their duty of loyalty to us or our stockholders;
- Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- Unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; and
- Any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation also provides discretionary indemnification for the benefit of our directors, officers, and employees, to the fullest extent permitted by Delaware law, as it may be amended from time to time. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to our directors or officers, or persons controlling us, pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Pursuant to our amended and restated bylaws, we are required to indemnify our directors, officers, employees and agents, and we have the discretion to advance his or her related expenses, to the fullest extent permitted by law.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Furthermore, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees regarding which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

PRINCIPAL STOCKHOLDERS

The table below sets forth the beneficial ownership of our common stock as of March 25, 2010 and as adjusted to reflect the sale of our common stock included in the units offering by this prospectus (assuming none of the individuals listed purchase units in this offering), by:

- each person who owns more than 5% of our outstanding shares of common stock;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. The table below includes the 795,200 shares of common stock issuable upon exercise of the Special Bridge Warrants, which warrants are currently exercisable. The figures included in the "As Adjusted for the Offering" column in the table below also include warrants issuable to holders of the Bridge Notes upon consummation of this offering. The 3,782,794 shares of common stock issuable to our management upon exercise of options granted in connection with this offering are not included in the table, since these options are not exercisable within 60 days of the completion of this offering.

Except as otherwise indicated, each person or entity named in the table has sole voting and investment power with respect to all shares of our capital stock shown as beneficially owned, subject to applicable community property laws.

We have assumed no exercise of the outstanding warrants or options (other than, in the case of each individual or entity listed in the table below, warrants or stock options held by that individual or entity that will be exercisable for our common stock within sixty days of March 25, 2010).

The number of shares of common stock issued and outstanding before this offering is 2,631,213, which includes 366,782 shares of common stock outstanding on the date of this prospectus and shares of common stock that will be acquired by our existing holders of preferred stock and Bridge Note at the closing of this offering upon the (i) exchange of all outstanding shares of our preferred stock and (ii) conversion of all outstanding Bridge Notes payable based upon an assumed offering price of $5.00, the mid-point of the $4.00 to $6.00 price range for the offering.

The percentage of common stock beneficially owned after this offering is based on 5,031,813 shares of common stock to be outstanding after this offering, which includes (i) the shares of common stock that will be acquired by our existing preferred stock holders and holders of the Bridge Notes at the closing of this offering upon exchange of all outstanding shares of preferred stock and conversion of all outstanding Bridge Notes payable and (ii) 2,400,000 shares of common stock being offered for sale in this offering but assumes no exercise of the warrants comprising the units offered for sale or the underwriters' over-allotment option.

	Common Stock			
	Before the Offering		As Adjusted for the Offering	
Name of beneficial owner (1)	Number of Shares of Common Stock Beneficially Owned (2) (3)	Percentage of Common Stock (2)	Number of Shares of Common Stock Beneficially Owned (3)(4)	Percentage of Common Stock (4)
Five percent or more beneficial owners:				
Warburg Pincus Private Equity IX, L.P. 450 Lexington Avenue New York, New York 10017	840,117	23.4%	840,117	16.7%
Iroquois Master Fund Ltd. (5) 641 Lexington Ave, 26th Floor New York, New York 10022	221,792	6.2%	400,458	7.6%
David Goldfarb (6)	217,624	6.1%	244,291	4.8%
Directors and named executive officers:				
Jonathan Medved (7)	196,401	5.5%	196,401	3.9%
Seth M. Siegel (8)	123,514	3.4%	176,848	3.5%
Steven Glanz (9)	21,439	*	21,439	*
Edo Segal (10)	14,167	*	14,167	*
Andrew Perlman (11)	7,208	*	7,208	*
Stuart Frohlich (12)	5,922	*	5,922	*
David Corre (13)	5,464	*	5,464	*
Ralph Simon (14)	1,653	*	1,653	*
All current directors and officers as a group (8 individuals)	375,769	10.5%	429,201	8.5%

* Less than 1%

(1) Unless otherwise indicated, the business address of the individuals is c/o Vringo (Israel) Ltd., BIG Center, 1 Yigal Allon Blvd, Bet Shemesh 99062, Israel.

(2) Assumes the full exercise of all options and warrants held by the principal stockholders that are exercisable within 60 days of March 25, 2010, except for warrants held by existing holders of our Series B Convertible Preferred Stock, which will be cancelled upon the consummation of this offering, and warrants issuable to holders of the Bridge Notes upon consummation of this offering.

(3) All ownership is direct beneficial ownership, except for 19,167 shares held in a trust controlled by Seth Siegel.

(4) Percentage of common stock excludes the exercise of all options and warrants held by the holder that are not exercisable within 60 days.

(5) Includes 89,333 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.

(6) Includes 27,024 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.

(7) Includes 15,030 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(8) Includes 38,056 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(9) Includes 11,860 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(10) Includes 14,167 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(11) Includes 7,208 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(12) Includes 5,922 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(13) Includes 5,464 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.
(14) Includes 1,653 shares of common stock issuable upon full exercise of all options and warrants held by the holder that are not exercisable within 60 days.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions that we entered into with our executive officers, directors or 5% stockholders during the past two years. We believe that all of the transactions described below were made on terms no less favorable to us than could have been obtained from unaffiliated third parties. All future related party transactions will be approved by our audit committee or a majority of our independent directors who do not have an interest in the transaction and who will have access, at our expense, to our independent legal counsel.

On May 8, 2006, we consummated a private placement of 588 shares of our Series A Convertible Preferred Stock for an aggregate purchase price of $2.35 million, or the Series A Financing. 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. Investors in the Series A Financing included the following directors and officers and their affiliates and 5% stockholders: Jonathan Medved, our Chief Executive Officer ($50,000), Steven Glanz, our Senior Vice President, Business Development ($50,000), Daniel T. Ciporin, a director at the time ($100,000), Seth M. Siegel, a director ($100,000), Seth Mitchell Siegel Family Trust, a trust controlled by Mr. Siegel ($100,000) and Smithfield Fiduciary LLC, a 5% stockholder at the time of the transaction ($276,000).

On February 26, 2007, we entered into a convertible loan agreement pursuant to which we received loans in the aggregate amount of $2,064,000 from the lenders named therein (collectively the “Convertible Loan”), which included: Jonathan Medved ($50,000), Daniel T. Ciporin ($25,000) ,Seth M. Siegel ($200,000), Smithfield Fiduciary Trust LLC ($234,000) and Shea Ventures LLC, a 5% stockholder at the time of the transaction ($750,000). Pursuant to the terms of the Convertible Loan, the outstanding principal amount and any accrued and unpaid interest thereon may be converted into a subsequent financing meeting certain conditions at a discount to the offering pricing of the securities in such subsequent offering. The amounts outstanding pursuant to the Convertible Loan were converted into the Series B Financing, which is described below.

On July 30, 2007, we consummated a private placement of 4,592,794 shares of Series B Convertible Preferred Stock, 200,694 shares of common stock and warrants to purchase 1,201,471 shares of common stock for an aggregate purchase price of $12,118,213, or the Series B Financing. This amount included the conversion of the Convertible Loan, including the amounts set forth above. Investors and those converting outstanding loan amounts in the Series B Financing included the following directors and officers of the Company and their affiliates and 5% stockholders: Jonathan Medved, Seth M. Siegel, Shea Ventures LLC and Warburg Pincus Private Equity (which purchased $10,000,000 of securities in the Series B Financing).

On December 29, 2009, we issued 5% subordinated convertible promissory notes, or the Bridge Notes, in the aggregate amount of $3.0 million in a private placement, or the Bridge Financing. Investors in the Bridge Financing included the following directors, officers and 5% stockholders: Seth M. Siegel ($100,000), David Goldfarb, our co-founder, chief technology officer and 5% stockholder ($50,000) and Iroquois Master Fund, a 5% stockholder upon completion of the Bridge Financing ($335,000). Contemporaneous with this offering, we are also registering for resale of the shares of common stock issuable upon conversion or exercise of the securities issued in the Bridge Financing. All of the investors in the Bridge Financing, including the foregoing directors, officers and 5% stockholders, are named as selling securityholders in the resale prospectus which we are filing contemporaneously with this offering.

On December 29, 2009, the holders of the Series A Convertible Preferred Stock, including the directors, officers and 5% stockholders set forth above, entered into an agreement with the Company to exchange all of the outstanding shares of Series A Convertible Preferred Stock into an aggregate of 451,161 shares of common stock of the Company. On the same day, the holders of the Series B Convertible Preferred Stock, including the directors, officers and 5% stockholders set forth above, entered into an agreement with the Company to exchange all of the outstanding shares of Series B Convertible Preferred Stock into an aggregate of 1,018,069 shares of common stock of the Company. In addition, the parties agreed that the Investor Rights Agreement governing the

rights and privileges of the holders of the preferred stock, as well as the outstanding warrants held by holders of our Series B Convertible Preferred Stock, would terminate upon the consummation of this offering. The exchange ratios and the other provisions of these agreements were determined through negotiations between the holders of these shares and the Company.

Mr. Medved and Mr. David Goldfarb, our co-founders and the original stockholders, are deemed to be our “promoters” as these terms are defined under the federal securities laws.

Our intellectual property counsel is Heidi Brun Associates, a patent firm owned by Heidi Brun, the wife of our co-founder and chief technology officer, David Goldfarb. We paid the patent firm approximately $104,000 in 2009, including $90,000 for legal services and $14,000 for the sub-lease of approximately 10% of our office space.

We paid Degel Software Limited, or Degel, approximately $86,000 for consulting services rendered in 2009. Degel is owned by David Goldfarb, our chief technology officer and co-founder. As of December 31, 2009, Mr. Goldfarb held 7.2% of our outstanding shares of common stock. He has previously served as one of our officers and directors.

DESCRIPTION OF SECURITIES

Upon the closing of this offering, our authorized capital stock will consist of 28,000,000 shares of common stock and 5,000,000 shares of preferred stock. Prior to the anticipated reverse split, we have 2,200,694 shares of common stock issued and outstanding and 2,353,887 shares of Series A Convertible Preferred Stock and 4,592,794 shares of Series B Convertible Preferred Stock issued and outstanding. Upon the closing of this offering and subsequent to the reverse split: (i) our outstanding shares of Series A Convertible Preferred Stock will be exchanged for 451,162 shares of common stock; (ii) our outstanding shares of Series B Convertible Preferred Stock will be exchanged for 1,018,069 shares of common stock; and (iii) all of our Bridge Notes will convert into an aggregate of 795,200 shares of common stock. Assuming such exchange and conversion, as of the date of this prospectus, we have 2,631,213 shares of common stock outstanding held of record by fifty seven stockholders and no outstanding shares of preferred stock. Upon the closing of this offering, we will have outstanding options to purchase 4,065,721 shares of common stock and warrants to purchase 8,713,610 shares of common stock.

Units

Each unit consists of one share of common stock and two warrants. Each warrant entitles the holder to purchase one share of common stock. The units will continue to trade and the common stock and warrants comprising the units will begin separate trading on or prior to the 90th day following the date of this prospectus. We will issue a press release announcing when such separate trading will begin.

Common Stock

Holders of our common stock are entitled to one vote for each share held on matters submitted to a vote of the stockholders and do not have cumulative voting rights. Holders of our common stock are entitled to receive proportionately any dividends that may be declared by our board of directors, subject to any preferential dividend rights of our outstanding preferred stock. Upon our liquidation, dissolution or winding up, the holders of our common stock are entitled to receive proportionately our net assets available after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. Our outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we have designated and issued or which we may designate and issue in the future.

Series A Convertible Preferred Stock

The Series A Convertible Preferred Stock ranks junior to the Series B Convertible Preferred Stock and senior to the common stock and any of our other equity securities of the Company with respect to all rights, privileges and preferences.

After payment in full or setting aside for payment the dividends on the Series B Convertible Preferred Stock, any additional dividends or distributions (other than dividends on the common stock payable solely in common stock) shall be declared or paid among the holders of the preferred stock and common stock then outstanding in proportion to the number of shares held as if all shares of preferred stock were converted to common stock at the then-applicable conversion price.

After the payment of the liquidation preference to the holders of the Series B Convertible Preferred Stock, the holders of the Series A Convertible Preferred Stock shall be entitled to receive liquidation distributions.

The holders of the Series A Convertible Preferred Stock are entitled to one vote for each share of common stock into which the Series A Convertible Preferred Stock are convertible voting together with the common stock

as a single class at all meetings of stockholders. In addition, the holders of a majority of the then-outstanding shares of Series A Convertible Preferred Stock, voting together with the common stock as a class, and the then-outstanding shares of Series B Convertible Preferred Stock, shall be entitled to elect three members of the Company's board of directors. The vote of a majority of the then-outstanding Series A Convertible Preferred Stock shall also be required to permit the Company to take a variety of corporate actions.

Each share of Series A Convertible Preferred Stock is convertible into one share of common stock. Each share of Series A Convertible Preferred Stock shall automatically convert into shares of common stock upon the earlier of the date specified by vote or agreement of holders of a majority of the shares of Series A Convertible Preferred Stock then outstanding or immediately upon the closing of a "qualified IPO".

All shares of the Series A Convertible Preferred Stock will be exchanged into 451,162 shares of our common stock upon the closing of this offering.

Series B Convertible Preferred Stock

The Series B Convertible Preferred Stock rank senior to any share of the Series A Convertible Preferred Stock or common stock and any other equity securities of the Company with respect to all rights, privileges and preferences. The holders of our Series B Convertible Preferred Stock are entitled to receive non-cumulative dividends at the rate of $0.21108 if and when declared by the Company.

No dividends or other distributions shall be paid with respect to any shares of the Series A Convertible Preferred Stock or the common unless and until all accrued and unpaid dividends on the Series B Convertible referred Stock shall have been paid or declared and set apart for payment. After payment in full or setting side for payment the dividends on the Series B Convertible Preferred Stock, any additional dividends or distributions (other than dividends on the common stock payable solely in common stock) shall be declared or paid among the holders of the preferred stock and common stock then outstanding in proportion to the number of shares held as if all shares of preferred stock were converted to common stock at the then-applicable conversion price.

The holders of the Series B Convertible Preferred Stock shall be entitled to receive liquidation distributions prior to the holders of the Series A Convertible Preferred Stock and the common stock. In addition, after payment to the Series B Convertible Preferred Stock as described above and after payment of liquidation distributions to the holders of the Series A Convertible Preferred Stock, the remaining assets of the Company shall be available for distribution among the holders of the Series B Convertible Preferred Stock and the common stock in proportion to the number of shares of common stock held by them with the shares of Series B Convertible Preferred Stock being treated as if they had been converted into shares of common stock at the then-effective conversion price.

The holders of the Series B Convertible Preferred Stock are entitled to one vote for each share of common stock into which the Series B Convertible Preferred Stock are convertible voting together with the common stock as a single class at all meetings of stockholders. In addition, the holders of a majority of the then-outstanding shares of Series B Convertible Preferred Stock, voting as a class, shall be entitled to elect two members of the Company's board of directors. Moreover, the holders of a majority of the then-outstanding shares of Series A Convertible Preferred Stock, voting together with the common stock as a class, and the then-outstanding shares of Series B Convertible Preferred Stock, shall be entitled to elect three members of the Company's board of directors. The vote of a majority of the then-outstanding Series B Convertible Preferred Stock shall also be required to permit the Company to take a variety of corporate actions.

The holders of a majority of the then-outstanding shares of Series B Convertible Preferred Stock may, at any time after July 30, 2013, require the Company to redeem all or any number of shares of the Series B Convertible Preferred Stock at the redemption price, which 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. Each

share of Series B Convertible Preferred Stock is convertible into one share of common stock. Each share of Series B Convertible Preferred Stock shall automatically convert into shares of common stock upon the earlier of the date specified by vote or agreement of holders of a majority of the shares of Series B Convertible Preferred Stock then outstanding or immediately upon the closing of a "qualified IPO".

All shares of our Series B Convertible Preferred Stock, including all dividends accrued thereon, if any, will be exchanged for 1,018,069 shares of our common stock upon the closing of this offering. Upon conversion, the holders of the Series B Convertible Preferred Stock shall not retain the right to accrue additional dividends.

New Preferred Stock

Upon the closing of this offering, our amended and restated certificate of incorporation will authorize the issuance of 5,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, redemption, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock. We may issue some or all of the preferred stock to effect a business transaction. In addition, the preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of us. Although we do not currently intend to issue any shares of blank check preferred stock, we cannot assure you that we will not do so in the future.

Bridge Notes

On December 29, 2009, we issued 5% subordinated convertible promissory notes, or the Bridge Notes, in the aggregate amount of $3.0 million in a private placement, or the Bridge Financing. Upon consummation of this offering, the Bridge Notes will automatically convert into one share of common stock and two warrants at a conversion price equal to the lesser of (i) $3.75 and (ii) 75% of the offering price of the units in this offering. The Bridge Notes will mature six months from the date of the closing of the Bridge Financing, unless converted earlier upon the consummation of this offering. The Bridge Notes bear an interest at the rate of 5% per annum. The Interest on the Bridge Notes will accrue until maturity and all accrued but unpaid interest will be paid in cash upon maturity or conversion.

The warrants issuable upon conversion of the Bridge Notes, or the Conversion Warrants, will be similar to the warrants issued in this offering except that the Conversion Warrants will include the following additional features: (i) price protection in the event we issue securities with an exercise price or conversion price less than the exercise price of the Conversion Warrants, (ii) cashless exercise if the shares of common stock issuable upon exercise of the Conversion Warrants are not covered by an effective registration statement, (iii) right to the payment in cash of the value of the Conversion Warrants as determined by the Black Scholes Option Pricing Model in the event of any merger, consolidation, sale of substantially all of our assets, tender offer, exchange offer or any similar fundamental transaction and (iv) limitation on the exercise of the Conversion Warrants if such exercise would result in the holder owning more than 4.99% of our outstanding shares of common stock.

Options Outstanding

As of December 31, 2009, there were outstanding options to purchase an aggregate of 282,927 shares of our common stock at a weighted exercise price of $2.60 per share pursuant to the Option Plan. Of these outstanding options, 129,197 are issued to our current directors and officers. In connection with this offering, we will issue options to our management to purchase (i) 1,891,397 shares of our common stock at an exercise price of $0.01 per share and (ii) 1,843,469 shares of our common stock at an exercise price of $5.50 per share pursuant to the Option Plan. Accordingly, upon consummation of this offering, we will have outstanding options to purchase an aggregate of 3,969,865 shares of our common stock at a weighted exercise price of $2.74 per share. For additional details regarding our outstanding options, please refer to the Stockholders' Equity and Subsequent Events notes to the Financial Statements.

Warrants

Series B Warrants

As of December 31, 2009, there were warrants held by holders of our Series B Convertible Preferred Stock, or Series B Warrants, to purchase 200,245 shares of common stock outstanding exercisable at $30.12 per share for a period beginning on July 30, 2007 and terminating on the earlier of: (i) 5:00 p.m. on July 30, 2010 or (ii) the closing of a bona fide equity financing for the principal purpose of raising capital, pursuant to which we raise at least $10,000,000 from the sale of shares of preferred stock.

The exercise price and number of shares of common stock issuable upon exercise of the Series B Warrants may be adjusted in certain circumstances, including in the event of any stock dividend, reclassification, capital reorganization, change in the capital stock of the Company or a change in control (as defined in the warrants).

The Series B Warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at our offices with the exercise form included with the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock, including any voting rights, until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares of common stock will be issued upon exercise of the Series B Warrants. If, upon exercise of the Series B Warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, make a cash payment therefore on the basis of the exercise price then in effect.

The Series B Warrants will be cancelled upon the consummation of this offering.

Other Warrants

As of the date hereof, there are warrants to purchase 20,000 shares of common stock outstanding exercisable at $1.50 held by a charity. These warrants expire in October 2016.

Bridge Warrants

In connection with the Bridge Financing, we issued to the purchasers of the Bridge Notes warrants to purchase 795,200 shares of common stock. These warrants are exercisable for five years to purchase one share of our common stock at an exercise price of $2.75 per share. The lead investors in the Bridge Financing received additional warrants to purchase 482,346 shares of common stock at $0.01 per share. These warrants will be exercisable 65 days subsequent to the consummation of this offering, will expire four years after issuance and will be subject to a lock-up agreement for six months subsequent to exercise. Our senior lenders received warrants to purchase 250,000 shares of our common stock in exchange for granting us a six-month moratorium on principal payments on our venture loan in connection with the Bridge Financing. These warrants may be exercised at $2.75 per share and expire ten years after issuance. The warrants to purchase 151,602 shares of Series B Convertible Preferred Stock held by our senior lenders were terminated upon the closing of the Bridge Financing. In connection with its services as placement agent for the Bridge Financing, Maxim Group LLC received warrants to purchase 55,664 shares of common stock. These warrants may be exercised at $3.75 per share and expire five years after issuance.

The exercise price and number of shares of common stock issuable upon exercise of the foregoing warrants may be adjusted in certain circumstances, including in the event of any stock split or dividend. These warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at our offices with the exercise form included with the warrant certificate completed and executed as indicated, accompanied by full

payment of the exercise price for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock, including any voting rights, until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares of common stock will be issued upon exercise of these warrants. If, upon exercise of the Bridge Warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round the number of shares issuable to the nearest whole share.

Public Warrants

The public warrants entitle the registered holder to purchase one share of our common stock at a price equal to 110% of the price of the units sold in the offering, subject to adjustment as discussed below, at any time commencing upon consummation of this offering and terminating at 5:00 p.m., New York City time, on the fifth anniversary of the date of this prospectus. The public warrants shall begin trading separately on or prior to the 90th day after the date of this prospectus. We will issue a press release announcing when such separate trading will begin.

The public warrants will be issued in registered form under a warrant agreement between us and our warrant agent. The material provisions of the public warrants are set forth herein and a copy of the warrant agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part.

The exercise price and number of shares of common stock issuable upon exercise of the warrants may be adjusted in certain circumstances, including in the event of a stock dividend, extraordinary dividend on or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below their respective exercise prices.

The public warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the public warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified or official bank check payable to us, for the number of public warrants being exercised. The public warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their public warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the public warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No public warrants will be exercisable unless at the time of the exercise a prospectus relating to common stock issuable upon exercise of the public warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the public warrants. Under the terms of the warrant agreement, we have agreed to use our best efforts to maintain a current prospectus relating to common stock issuable upon exercise of the warrants until the expiration of the warrants. If we are unable to maintain the effectiveness of such registration statement until the expiration of the warrants, and therefore are unable to deliver registered shares of common stock, the warrants may become worthless. Such expiration would result in each holder paying the full unit purchase price solely for the shares of common stock underlying the units. Additionally, the market for the public warrants may be limited if the prospectus relating to the common stock issuable upon exercise of the public warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of such warrants reside. In no event will the registered holders of a public warrant be entitled to receive a net-cash settlement, stock or other consideration in lieu of physical settlement in shares of our common stock.

We may redeem the outstanding warrants without the consent of any third party or the representatives of the underwriters:

- in whole and not in part;
- at a price of $0.01 per warrant at any time after the warrants become exercisable;
- upon not less than 30 days prior written notice of redemption; and
- if, and only if, the last sales price of our common stock equals or exceeds $ per share (subject to adjustment for splits, dividends, recapitalization and other similar events) for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption;

provided that on the date we give notice of redemption and during the entire period thereafter until the time we redeem the warrants, we have an effective registration statement covering shares of common stock issuable upon exercise of the warrants and a current prospectus relating to such common stock.

No fractional shares of common stock will be issued upon exercise of the warrants. If, upon exercise of the public warrants, a holder would be entitled to receive a fractional interest in a share, we will, upon exercise, round up to the nearest whole number the number of shares of common stock to be issued to the warrantholder. If multiple warrants are exercised by the holder at the same time, we will aggregate the number of whole shares issuable upon exercise of all the warrants.

The price of the warrants has been arbitrarily established by us and the representative of the underwriters after giving consideration to numerous factors, including but not limited to, the pricing of the units in this offering. No particular weighting was given to any one aspect of those factors considered. We have not performed any method of valuation of the warrants.

Representative's Warrants

We have agreed to grant to Maxim Group LLC, the representative of the underwriters, warrants to purchase a number of units equal to 5% of the total number of units sold in this offering at a price equal to 120% of the price of this units in this offering. The units issuable upon exercise of this option are identical to those offered by this prospectus. The warrants will contain a cashless exercise feature. For a more complete description of the purchase option, see the section entitled " *Underwriting—Representative's Warrants* ."

Registration Rights

We agreed with the investors in the Bridge Financing to register the resale of the shares of common stock issuable upon conversion of the Bridge Notes and the shares of common stock issuable upon exercise of the Bridge Warrants and the Special Bridge Warrants on the registration statement filed with the SEC in connection with this offering. In the event we are unable to register all the shares of common stock in connection with this offering, we agreed to file an additional registration statement to cover any such unregistered shares within six months of the consummation of this offering and to use our best efforts to cause the registration statement to be declared effective as promptly as possible after filing and to keep the registration statement continuously effective until all such shares may be sold pursuant to Rule 144. We agreed to pay all fees and expenses related to the filing of such registration statements.

We have granted to Maxim Group LLC, the representative of the underwriters, the following registration rights with respect to the shares of common stock included in the units and the shares of common stock issuable upon exercise of the warrants included in the units issuable upon exercise of the representative's warrants: (i) one demand at the expense of Maxim Group LLC (ii) one demand at the expense of the holders of the representative's warrants and (iii) unlimited "piggyback" registration rights at our expense for a period of five (5) years from the consummation of this offering.

Anti-takeover Provisions

The provisions of Delaware law, our amended and restated certificate of incorporation and our restated bylaws could discourage or make it more difficult to accomplish a proxy contest or other change in our management or the acquisition of control by a holder of a substantial amount of our voting stock. It is possible that these provisions could make it more difficult to accomplish, or could deter, transactions that stockholders may otherwise consider to be in their best interests or in our best interest.

These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by the board of directors and to discourage certain types of transactions that may involve an actual or threatened change of our control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. Such provisions also may have the effect of preventing changes in our management.

Delaware Statutory Business Combinations Provision. We are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporations Law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to the date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding those shares owned by persons who are directors and also officers, and employee stock plans in which employee participants do not have the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the date, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- in general, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an "interested stockholder" as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

Transfer Agent and Registrar

The transfer agent and registrar for the units, common stock and warrants will be American Stock Transfer & Trust Company.

Listing

We intend to apply to list our units, common stock and warrants on the NASDAQ Capital Market under the symbols “VRNGU,” “VRNG” and “VRNGW,” respectively.

Shares Eligible for Future Sale

Prior to this offering, there was no public market for our securities. When a public market develops, future sales of substantial amounts of our securities in the public market could adversely affect market prices. Upon consummation of this offering, we will have 5,031,213 shares of common stock issued and outstanding.

Approximate Number of Shares Eligible for Future Sale	Date
2,400,000	Upon consummation of this offering, freely tradeable shares of common stock sold in this offering.
2,631,213	Upon consummation of this offering, freely tradeable shares subject to the lock-up agreements described above. These shares include shares of common stock issued upon (i) conversion of the Bridge Notes and (ii) exchange of our outstanding shares of preferred stock.

In addition, as of the date of this prospectus, we had outstanding options to purchase 282,927 shares of common stock. In connection with this offering, we will be issuing warrants to purchase 4,800,000 shares of common stock. In addition, we (i) will grant to our management, in connection with this offering, options to purchase 3,686,938 shares of common stock, (ii) have reserved 1,590,400 shares of common stock issuable upon exercise of warrants to be issued to the investors in the Bridge Financing, upon conversion of the Bridge Notes, (iii) have reserved an additional 795,200 shares of common stock issuable upon exercise of the Special Bridge Warrants, (iv) have reserved 788,010 shares of common stock issuable upon exercise of additional warrants issued in connection with the Bridge Financing, (v) have agreed to issue up to an additional 1,080,000 shares of common stock issuable upon exercise in full of the over-allotment option by the underwriters, and (vi) have agreed to issue to Maxim Group LLC, the representative of the underwriters, a unit purchase option to purchase such number of units equal to 5% of the units sold in this offering. Many of the options and warrants which will be outstanding following this offering have exercise prices that are below, and in some cases significantly below, the mid-point of the price range for this offering. The average weighted exercise price of these outstanding options and warrants is $4.16, which is significantly below the mid-point of the price range for this offering. Such securities, when exercised, will increase the number of issued and outstanding shares of common stock and could have an adverse effect on the market price for our securities.

Rule 144

Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 promulgated under the Securities Act. In general, under Rule 144 as currently in effect, a person, or persons whose shares are aggregated, who has beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner, except if the prior owner was one of our affiliates, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding (which will equal approximately 50,312 shares immediately after this offering); or

- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale, assuming that our common stock is trading at such time.

Sales by a person deemed to be our affiliate under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

UNDERWRITING

Subject to the terms and conditions of the underwriting agreement, the underwriters named below, through their representative, Maxim Group LLC, have severally agreed to purchase from us on a firm commitment basis the following respective number of units at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus:

Underwriter	Number of Shares
Maxim Group LLC	
Total	

The underwriting agreement provides that the obligation of the underwriters to purchase all of the 2,400,000 units being offered to the public is subject to specific conditions, including the absence of any material adverse change in our business or in the financial markets and the receipt of certain legal opinions, certificates and letters from us, our counsel and the independent auditors. Subject to the terms of the underwriting agreement, the underwriters will purchase all of the 2,400,000 units being offered to the public, other than those covered by the over-allotment option described below, if any of these units are purchased.

Over-Allotment Option

We have granted to the underwriters an option, exercisable not later than 45 days after the effective date of the registration statement, to purchase up to 360,000 additional units at the public offering price less the underwriting discounts and commissions set forth on the cover of this prospectus. The underwriters may exercise this option only to cover over-allotments made in connection with the sale of the units offered by this prospectus. The over-allotment option will only be used to cover the net syndicate short position resulting from the initial distribution. To the extent that the underwriters exercise this option, each of the underwriters will become obligated, subject to conditions, to purchase approximately the same percentage of these additional units as the number of units to be purchased by it in the above table bears to the total number of units offered by this prospectus. We will be obligated, pursuant to the option, to sell these additional units to the underwriters to the extent the option is exercised. If any additional units are purchased, the underwriters will offer the additional units on the same terms as those on which the other units are being offered hereunder.

Commissions and Discounts

The underwriting discounts and commissions are % of the initial public offering price. We have agreed to pay the underwriters the discounts and commissions set forth below, assuming either no exercise or full exercise by the underwriters of the underwriters' over-allotment option. In addition, we have agreed to pay to the underwriters a corporate finance fee equal to 2% of the gross proceeds of this offering for the structuring of the terms of the offering.

The representative has advised us that the underwriters propose to offer the units directly to the public at the public offering price set forth on the cover of this prospectus. In addition, the representative may offer some of the units to other securities dealers at such price less a concession of $ per unit. The underwriters may also allow, and such dealers may reallow, a concession not in excess of $ per unit to other dealers. After the common stock is released for sale to the public, the representative may change the offering price and other selling terms at various times.

The following table summarizes the underwriting discounts and commissions we will pay to the underwriters. The underwriting discounts and commissions are equal to the public offering price per share less the amount per share the underwriters pay us for the shares.

	Per Unit	Total Without Over-Allotment	Total With Over-Allotment
Public offering price			
Underwriting discount (1)			
Proceeds, before expenses, to us			

(1) Does not include the over-allotment option granted to the underwriters and the corporate finance fee in the amount of 2.0% of the gross proceeds payable to the underwriters for the structuring of the terms of the offering.

We estimate that the total expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately $500,000, all of which are payable by us.

Representative's Warrants

We have agreed to issue to the underwriters warrants to purchase a number of our units equal to an aggregate of 5% of the units sold in this offering. The warrants will have an exercise price equal to 120% of the offering price of the units sold in this offering and may be exercised on a cashless basis. The warrants are exercisable commencing twelve months after the effective date of the registration statement related to this offering, and will be exercisable for five years thereafter. The warrants are not redeemable by us. The warrants also provide for one demand registration of the shares of common stock underlying the warrants at our expense, an additional demand at the warrant holder's expense and unlimited "piggyback" registration rights at our expense with respect to the underlying shares of common stock during the five year period commencing the effective date of this offering. The warrants and the units (including the shares of common stock and warrants underlying the units) have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA. Maxim Group LLC (or permitted assignees under the Rule) may not sell, transfer, assign, pledge, or hypothecate the warrants or the securities underlying the warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 12 months from the effective date of the registration statement. Additionally, the representative's warrants may not be sold transferred, assigned, pledged or hypothecated for a twelve-month period following the effective date of the registration statement except to any successor, officer, manager or member of Maxim Group LLC (or to officers, managers or members of any such successor or member), or to any underwriter participating in the offering. The warrants will provide for adjustment in the number and price of such warrants (and the shares of common stock and warrants underlying such warrants) in the event of recapitalization, merger or other structural transaction to prevent mechanical dilution.

Lock-Up Agreements

We and each of our officers, directors, and existing stockholders have agreed, subject to certain exceptions, not to offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any shares of our common stock or other securities convertible into or exercisable or exchangeable for shares of our common stock for a period of twelve (12) months after the effective date of the registration statement of which this prospectus is a part without the prior written consent of Maxim Group LLC, including the issuance of shares of common stock upon the exercise of outstanding options. Notwithstanding the foregoing, our officers, directors and existing stockholders may transfer up to ten percent (10%) of the shares of common stock they beneficially own to a bona fide charity; provided, however, that such charity must agree to be subject to the same lock-up provisions described above for a period of six (6) months from the consummation of this offering.

Each of the purchasers in the Bridge Financing have agreed, subject to certain exceptions, not to offer, sell, grant any option with respect to, pledge or otherwise dispose of any shares of our common stock or other securities convertible into or exercisable or exchangeable for shares of our common stock for a period of six (6) months after the effective date of the registration statement of which this prospectus is a part. Notwithstanding the foregoing, each of the holders of the shares of common stock issuable upon automatic conversion of the Bridge Notes, the shares of common stock issuable upon exercise of warrants issuable upon automatic conversion of the Bridge Notes, and the shares of common stock issuable upon exercise of the Special Bridge Warrants may sell: (i) 25% of its shares, if the market price of our common stock exceeds $7.00 for five consecutive trading days; (ii) 50% of its shares, if the market price of our common stock exceeds $7.50 for five consecutive trading days; (iii) 75% of its shares, if the market price of our common stock exceeds $8.00 for five consecutive trading days; and (iv) 100% of its shares, if the market price of our common stock exceeds $8.50 for five consecutive trading days.

Maxim Group LLC may in its sole discretion and at any time without notice release some or all of the shares subject to lock-up agreements prior to the expiration of the lock-up period. When determining whether or not to release shares from the lock-up agreements, the representative will consider, among other factors, the securityholder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

Pricing of this Offering

Prior to this offering there has been no public market for any of our securities. The public offering price of the units and the terms of the warrants were negotiated between us and Maxim Group LLC. Factors considered in determining the prices and terms of the units, including the common stock and warrants underlying the units, include:

- the history and prospects of companies in our industry;
- prior offerings of those companies;
- our prospects for developing and commercializing our products; our capital structure;
- an assessment of our management and their experience; general conditions of the securities markets at the time of the offering; and
- other factors as were deemed relevant.

However, although these factors were considered, the determination of our offering price is more arbitrary than the pricing of securities for an operating company in a particular industry since the underwriters are unable to compare our financial results and prospects with those of public companies operating in the same industry.

In connection with this offering, the underwriters may distribute prospectuses electronically. No forms of prospectus other than printed prospectuses and electronically distributed prospectuses that are printable in Adobe® PDF format will be used in connection with this offering.

The underwriters have informed us that they do not expect to confirm sales of units offered by this prospectus to accounts over which they exercise discretionary authority without obtaining the specific approval of the account holder.

Price Stabilization, Short Positions and Penalty Bids

The underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids or purchasers for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act:

- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may

be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any short position by either exercising their over-allotment option and/or purchasing shares in the open market.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum;
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make representation that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Other Terms

For a period of eighteen months from the consummation of this offering, we have granted Maxim Group LLC, on any transaction where we elect to employ a banker, the right of first refusal to act as a co- lead manager and book runner, for any and all future public and private equity offerings by us or any of our successors or subsidiaries.

We have further agreed, for a period of three (3) years from the consummation of the offering, to engage a designee of Maxim Group LLC as an observer to our board of directors, where the observer shall attend all meetings of our board of directors and receive all notices and other correspondence and communications sent by us to members of our board of directors. The observer shall be entitled to receive compensation equal to the highest compensation of non-employee directors, exclusive the chairperson of our Audit Committee. The observer also shall be entitled to indemnification by us, coverage under our liability insurance policy for officers and directors, if possible, and reimbursement by us for all costs incurred by him or her in attending any meetings of our board of directors.

Indemnification

We have agreed to indemnify the underwriters against liabilities relating to the offering arising under the Securities Act, liabilities arising from breaches of some or all of the representations and warranties contained in the underwriting agreement, and to contribute to payments that the underwriters may be required to make for these liabilities.

Electronic Distribution

A prospectus in electronic format may be made available on a website maintained by the representatives of the underwriters and may also be made available on a website maintained by other underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives of the underwriters to underwriters that may make Internet distributions on the same basis as other allocations. In connection with the offering, the underwriters or syndicate members may distribute prospectuses electronically. No forms of electronic prospectus other than prospectuses that are printable as Adobe® PDF will be used in connection with this offering.

The underwriters have informed us that they do not expect to confirm sales of units offered by this prospectus to accounts over which they exercise discretionary authority

Other than the prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter and should not be relied upon by investors.

Relationships

Maxim Group LLC served as placement agent for the Bridge Financing, pursuant to which we issued 5% subordinated convertible promissory notes in the aggregate principal amount of $3.0 million and warrants to purchase an aggregate of 795,200 shares of common stock. The lead investors in the Bridge Financing also received additional warrants to purchase 482,346 shares of common stock. In this transaction, Maxim Group LLC received an aggregate of $208,740 in cash and warrants to purchase 55,664 shares of the Company's common stock, exercisable at $3.75 per share.

Certain of the underwriters or their affiliates have provided from time to time and may in the future provide investment banking, lending, financial advisory and other related services to us and our affiliates for which they have received and may continue to receive customary fees and commissions.

Foreign Regulatory Restrictions on Purchase of Units

We have not taken any action to permit a public offering of the units outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to this offering of units and the distribution of the prospectus outside the United States.

Italy. This offering of the units has not been cleared by Consob, the Italian Stock Exchanges regulatory agency of public companies, pursuant to Italian securities legislation and, accordingly, no units may be offered, sold or delivered, nor may copies of this prospectus or of any other document relating to the units to be distributed in Italy, except (1) to professional investors (operatori qualificati); or (2) in circumstances which are exempted from the rules on solicitation of investments pursuant to Decree No. 58 and Article 33, first paragraph, of Consob Regulation No. 11971 of May 14, 1999, as amended. Any offer, sale or delivery of the securities or distribution of copies of this prospectus or any other document relating to the securities in Italy under (1) or (2) above must be (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Decree No. 58 and Legislative Decree No. 385 of September 1, 1993, or the Banking Act; and (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia* , on the aggregate value of the securities issued or offered in Italy and their characteristics; and (iii) in compliance with any other applicable laws and regulations.

Germany. The offering of the units is not a public offering in the Federal Republic of Germany. The units may only be acquired in accordance with the provisions of the Securities Sales Prospectus Act (Wertpapier-Verkaufsprospektgesetz), as amended, and any other applicable German law. No application has been made under German law to publicly market the securities in or out of the Federal Republic of Germany. The units are not registered or authorized for distribution under the Securities Sales Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, this prospectus is strictly for private use and the offering is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The units will only be available to persons who, by profession, trade or business, buy or sell securities for their own or a third party's account.

France. The units offered by this prospectus may not be offered or sold, directly or indirectly, to the public in France. This prospectus has not been or will not be submitted to the clearance procedure of the Autorité des Marchés Financiers, or the AMF, and may not be released or distributed to the public in France. Investors in France may only purchase the securities offered by this prospectus for their own account and in accordance with articles L. 411-1, L. 441-2 and L. 412-1 of the Code Monétaire et Financier and decree no. 98-880 dated October 1, 1998, provided they are "qualified investors" within the meaning of said decree. Each French investor must represent in writing that it is a qualified investor within the meaning of the aforesaid decree. Any resale, directly or indirectly, to the public of the units offered by this prospectus may be effected only in compliance with the above mentioned regulations.

"Les actions offertes par ce document d'information ne peuvent pas être, directement ou indirectement, offertes ou vendues au public en France. Ce document d'information n'a pas été ou ne sera pas soumis au visa de l'Autorité des Marchés Financiers et ne peut être diffusé ou distribué au public en France. Les investisseurs en France ne peuvent acheter les actions offertes par ce document d'information que pour leur compte propre et conformément aux articles L. 411-1, L. 441-2 et L. 412-1 du Code Monétaire et Financier et du décret no. 98-880 du 1 octobre 1998, sous réserve qu'ils soient des investisseurs qualifiés au sens du décret susvisé. Chaque investisseur doit déclarer par écrit qu'il est un investisseur qualifié au sens du décret susvisé. Toute revente, directe ou indirecte, des actions offertes par ce document d'information au public ne peut être effectuée que conformément à la réglementation susmentionnée."

Switzerland. This prospectus may only be used by those persons to whom it has been directly handed out by the offeror or its designated distributors in connection with the offer described therein. The units are only offered to those persons and/or entities directly solicited by the offeror or its designated distributors, and are not offered to the public in Switzerland. This prospectus constitutes neither a public offer in Switzerland nor an issue prospectus in accordance with the respective Swiss legislation, in particular but not limited to Article 652A Swiss Code Obligations. Accordingly, this prospectus may not be used in connection with any other offer, whether private or public and shall in particular not be distributed to the public in Switzerland.

United Kingdom. In the United Kingdom, the units offered by this prospectus are directed to and will only be available for purchase to a person who is an exempt person as referred to at paragraph (c) below and who warrants, represents and agrees that: (a) it has not offered or sold, will not offer or sell, any units offered by this prospectus to any person in the United Kingdom except in circumstances which do not constitute an offer to the public in the United Kingdom for the purposes of the section 85 of the Financial Services and Markets Act 2000 (as amended) ("FSMA"); and (b) it has complied and will comply with all applicable provisions of FSMA and the regulations made thereunder in respect of anything done by it in relation to the units offered by this prospectus in, from or otherwise involving the United Kingdom; and (c) it is a person who falls within the exemptions to Section 21 of the FSMA as set out in The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("the Order"), being either an investment professional as described under Article 19 or any body corporate (which itself has or a group undertaking has a called up share capital or net assets of not less than £500,000 (if more than 20 members) or otherwise £5 million) or an unincorporated association or partnership (with net assets of not less than £5 million) or is a trustee of a high value trust or any person acting in the capacity of director, officer or employee of such entities as defined under Article 49(2)(a) to (d) of the Order,

or a person to whom the invitation or inducement may otherwise lawfully be communicated or cause to be communicated. The investment activity to which this document relates will only be available to and engaged in only with exempt persons referred to above. Persons who are not investment professionals and do not have professional experience in matters relating to investments or are not an exempt person as described above, should not review nor rely or act upon this document and should return this document immediately. It should be noted that this document is not a prospectus in the United Kingdom as defined in the Prospectus Regulations 2005 and has not been approved by the Financial Services Authority or any competent authority in the United Kingdom.

Norway. This prospectus has not been produced in accordance with the prospectus requirements laid down in the Norwegian Securities Trading Act 1997 as amended. This prospectus has not been approved or disapproved by, or registered with, neither the Oslo Stock Exchange nor the Norwegian Registry of Business Enterprises. This prospectus may not, either directly or indirectly be distributed to other Norwegian potential investors than the addressees without the prior consent of Vringo, Inc.

Denmark. This prospectus has not been prepared in the context of a public offering of securities in Denmark within the meaning of the Danish Securities Trading Act No. 171 of 17 March 2005 as amended from time to time or any Executive Orders issued on the basis thereof and has not been and will not be filed with or approved by or filed with the Danish Financial Supervisory Authority or any other public authorities in Denmark. The offering of units will only be made to persons pursuant to one or more of the exemptions set out in Executive Order No. 306 of 28 April 2005 on Prospectuses for Securities Admitted for Listing or Trade on a Regulated Market and on the First Public Offer of Securities exceeding EUR 2,500,000 or Executive Order No. 307 of 28 April 2005 on Prospectuses for the First Public Offer of Certain Securities between EUR 100,000 and EUR 2,500,000, as applicable.

Sweden. Neither this prospectus nor the units offered hereunder have been registered with or approved by the Swedish Financial Supervisory Authority under the Swedish Financial Instruments Trading Act (1991:980) (as amended), nor will such registration or approval be sought. Accordingly, this prospectus may not be made available nor may the units offered hereunder be marketed or offered for sale in Sweden other than in circumstances which are deemed not to be an offer to the public in Sweden under the Financial Instruments Trading Act. This prospectus may not be distributed to the public in Sweden and a Swedish recipient of the prospectus may not in any way forward the prospectus to the public in Sweden.

Israel. The units offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority (ISA). The units may not be offered or sold, directly or indirectly, to the public in Israel. The ISA has not issued permits, approvals or licenses in connection with the offering of the units or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the securities being offered. Any resale, directly or indirectly, to the public of the units offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date) an offer of securities to the public in that relevant member state prior to the publication of a prospectus in relation to the securities that have been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer of securities may be offered to the public in that relevant member state at any time:

- to any legal entity that is authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of for any such offer; or
- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive.

Each purchaser of securities described in this prospectus located within a relevant member state will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

British Virgin Islands. No shares, warrants or units of the Company shall be offered or sold, directly or indirectly, to the public or any member of the public in the British Virgin Islands.

LEGAL MATTERS

Ellenoff Grossman & Schole LLP, 150 East 42nd Street, New York, New York 10017, will pass upon the validity of the securities offered in this prospectus. Ellenoff Grossman & Schole LLP has previously represented Maxim Group LLC and may do so again in the future. Mintz, Levin, Cohn, Ferris, Glovsky and Popeo P.C., New York, New York, has acted as counsel to the underwriters in connection with this offering.

EXPERTS

The consolidated financial statements of Vringo, Inc. (a development stage company) as of December 31, 2009 and 2008 and for each of the years in the two-year period from December 31, 2009 and for the cumulative period from January 9, 2006 (inception) through December 31, 2009 have been included herein in reliance upon the report of Somekh Chaikin, a member firm of KPMG International, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report covering the December 31, 2009 consolidated financial statements contains an explanatory paragraph that states that our recurring losses from operations raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty. The audit report covering the December 31, 2009 consolidated financial statements also refers to our adoption of the new accounting requirements in FASB ASC 815-40-15, *Derivatives and Hedging*.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the units offered by this prospectus. This prospectus, which is part of the registration statement filed with the SEC, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information with respect to us and the units offered by this prospectus, please see the registration statement and exhibits filed with the registration statement.

You may also read and copy any materials we have filed with the SEC at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, our SEC filings, including reports, proxy statements and other information regarding issuers that file electronically with the SEC, are also available to the public at no cost from the SEC's website at http://www.sec.gov. You also may request a copy of the registration statement and these filings by writing us at 18 East 16 th Street, 7 th Floor, New York, New York 10003 or calling us at (646) 448-8210.

Upon closing of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, accordingly will file annual reports containing financial statements audited by an independent public accounting firm, quarterly reports containing unaudited financial data, current reports, proxy statements and other information with the SEC. You will be able to inspect and copy such periodic reports, proxy statements and other information at the SEC's public reference room and the SEC's website referred to above.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders'
Vringo, Inc. (a Development Stage Company):

We have audited the accompanying consolidated balance sheets of Vringo, Inc. (a Development Stage Company) and Subsidiary (collectively "the Company") as of December 31, 2009 and 2008 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years then ended and for the cumulative period from inception of operations through December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vringo, Inc. (a Development Stage Company) and Subsidiary as of December 31, 2009 and 2008 and the results of their operations, changes in stockholders' equity and their cash flows for each of the years then ended and for the cumulative period from inception of operations through December 31, 2009, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 2 to the consolidated financial statements, the Company has adopted the new accounting requirements in FASB ASC 815-40-15, *Derivatives and Hedging*.

/s/ Somekh Chaikin
Certified Public Accountants (Isr.)

Jerusalem, Israel
March 29, 2010

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

Consolidated Balance Sheets as of December 31,
(in thousands except share and per share data)

	Note	2009 U.S.$	2008 U.S.$
Current assets			
Cash and cash equivalents	3	**744**	6,004
Prepaid expenses and other current assets	4	**148**	69
Short-term deposit (restricted)	5	**2,602**	20
Deferred tax assets—short-term	15	**24**	29
Total current assets		**3,518**	6,122
Long-term deposit		**12**	12
Property and equipment, net	6	**179**	259
Deferred tax assets—long-term	15	**80**	50
Total assets		**3,789**	6,443

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

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

Consolidated Balance Sheets as of December 31,—(Continued)
(in thousands except share and per share data)

	Note	2009 U.S.$	2008 U.S.$
Current liabilities			
Accounts payable and accrued expenses*	7	**876**	196
Accrued compensation		**304**	389
Current maturities of venture loan	9	**361**	696
Convertible bridge loan	10	**41**	—
Warrant to purchase common stock (Special Bridge Warrant)	10	**2,941**	—
Total current liabilities		**4,523**	1,281
Long-term liabilities			
Accrued severance pay	8	**334**	201
Venture loan	9	**3,164**	3,970
Total long-term liabilities		**3,498**	4,171
Commitments and contingencies	16		
Temporary equity			
Series B convertible and redeemable preferred stock, $0.01 par value per share; 4,900,000 authorized, as of December 31, 2009 and 2008; 4,592,794 shares issued and outstanding as of December 31, 2009 and 2008 (liquidation preference of, and redeemable at, the greater of fair value or $2.6385 per share, or $12.1 million, plus declared but unpaid dividends, if any)	12	**11,968**	11,961
Stockholders' equity	13		
Common stock, $0.01 par value per share, 28,000,000 and 14,000,000 authorized; 2,200,694 issued and outstanding as of December 31, 2009 and 2008, respectively		**22**	22
Series A convertible preferred stock, $0.01 par value per share; 2,353,887 authorized; 2,353,887 issued and outstanding as of December 31, 2009 and 2008 (liquidation preference of $1.00 per share, or $2.35 million, plus declared but unpaid dividends, if any)		**24**	24
Additional paid-in capital		**4,281**	2,960
Deficit accumulated during development stage		**(20,527)**	(13,976)
Total deficit in stockholders' equity		**(16,200)**	(10,970)
Total liabilities and stockholders' equity		**3,789**	6,443

* Includes payments of $46 and $—due to related parties, as of December 31, 2009, and 2008 respectively

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

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

Consolidated Statements of Operations
(in thousands except share and per share data)

	Note	For the year ended December 31, 2009	For the year ended December 31, 2008	Cumulative from inception to December 31, 2009
		U.S.$	U.S.$	U.S.$
Revenue		**20**	**—**	**20**
Cost and expenses				
Cost of revenue		**31**	—	**31**
Research and development*		**1,975**	3,110	**8,384**
Marketing		**1,752**	2,769	**6,524**
General and administrative		**1,682**	1,409	**4,544**
Total operating expenses		**5,440**	7,288	**19,483**
Operating loss		**(5,420)**	(7,288)	**(19,463)**
Non-operating income	14	**36**	159	**465**
Interest and amortization of debt discount expense	14	**(617)**	(157)	**(828)**
Non-operating expenses	14	**(9)**	(53)	**(98)**
Loss on extinguishment of debt	9	**(468)**	—	**(609)**
Loss before income taxes		**(6,478)**	(7,339)	**(20,533)**
Income tax (expense) benefit	15	**(73)**	7	**6**
Net loss		**(6,551)**	(7,332)	**(20,527)**
Basic and diluted net loss per share		**(2.98)**	(3.33)	**(9.68)**
Weighted average number of shares used in computing basic and dilutive net loss per common share		**2,200,694**	2,200,694	**2,121,253**

* Includes payments of $208, $88 and $546 to related parties for the years ended 2009 and 2008 and for the cumulative period from inception until December 31, 2009, respectively

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

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

Statement of Changes in Stockholders' Equity
(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, employees	—	—	7	—	7
Grants of stock options, 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, employees	—	—	98	—	98
Grants of stock options, 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, employees	—	—	18	—	18
Grants of stock options, non-employees	—	—	11	—	11
Net loss for the year	—	—	—	(7,332)	(7,332)
Balance as of December 31, 2008	22	24	2,960	(13,976)	(10,970)
Issuance of warrants	—	—	1,136	—	1,136
Amortization of discounts to temporary equity	—	—	(7)	—	(7)
Grants of stock options, employees	—	—	178	—	178
Grants of stock options, non-employees	—	—	14	—	14
Net loss for the year	—	—	—	(6,551)	(6,551)
Balance as of December 31, 2009	22	24	4,281	(20,527)	(16,200)

* Consideration for less than $1

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

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

Consolidated Statements of Cash Flows
(in thousands)

	For the year ended December 31		Cumulative from inception to December 31
	2009	2008	2009
	U.S.$	U.S.$	U.S.$
Cash flows from operating activities			
Net loss*	**(6,551)**	(7,332)	**(20,527)**
Adjustments to reconcile net cash flows from operating activities:			
Items not affecting cash flows:			
Depreciation	**113**	107	**306**
Deferred tax assets	**(25)**	(7)	**(104)**
Accrued severance pay	**126**	(90)	**327**
Share-based payment expenses	**192**	29	**346**
Warrant issuance to underwriter	**170**	—	**170**
Accrued interest expense	**165**	26	**245**
Loss on extinguishment of debt	**468**	—	**609**
Exchange rate (gains) losses	**(13)**	48	**68**
Changes in current assets and liabilities:			
(Increase) decrease in prepaid expenses and other current assets	**(79)**	38	**(151)**
Increase (decrease) in payables and accruals	**584**	(115)	**1,152**
Net cash used in operating activities	**(4,850)**	(7,296)	**(17,559)**
Cash flows from investing activities			
Acquisition of property and equipment	**(33)**	(101)	**(485)**
Investment in short-term deposits (restricted)	**(2,582)**	—	**(2,602)**
Investment in long-term deposits	**—**	(8)	**(12)**
Net cash used in investing activities	**(2,615)**	(109)	**(3,099)**
Cash flows from financing activities			
Venture loan	**—**	5,000	**5,000**
Repayment on account of Venture Loan	**(799)**	—	**(799)**
Receipt of convertible loans	**41**	—	**2,105**
Warrants	**2,941**	—	**2,941**
Issuance of convertible preferred stock	**—**	—	**12,195**
Net cash provided by financing activities	**2,183**	5,000	**21,442**
Effect of exchange rate changes on cash and cash equivalents	**22**	(44)	**(40)**
Increase (decrease) in cash and cash equivalents	**(5,260)**	(2,449)	**744**
Cash and cash equivalents at beginning of period	**6,004**	8,453	**—**
Cash and cash equivalents at end of period	**744**	6,004	**744**
Supplemental disclosure of cash flows information			
Interest paid	**466**	90	**556**
Non-cash transactions			
Conversion of convertible loan into convertible preferred stock	**—**	—	**1,964**
Extinguishment of debt	**468**	—	**609**
Discount to the series B convertible preferred stock	**—**	—	**43**
Allocation of fair value of loan warrants	**—**	334	**334**
Amortization of discount to temporary equity	**7**	7	**18**

*Includes payments of $208, $88 and $546 to related parties for the years ended 2009 and 2008 and for the cumulative period from inception until December 31, 2009, respectively.

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

Vringo, Inc. and Subsidiary
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Notes to the Consolidated Financial Statements as of December 31, 2009

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 obtain, create and share video ringtones. The Company's proprietary ringtone platform integrates high quality video and social networking capability with Web systems.

The Company is 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 the receipt of interim financing and achieving operational profitability in the future. The Company has incurred only losses since its inception and expects that it will continue to operate at a net loss over the coming years. The Company is initiating activities to raise capital for ensuring future operations including an Initial Public Offering (IPO) of its stock, although there are still significant doubts as to the ability of the Company to continue operating as a "going concern". The Company believes that, subsequent to the initial filing of its registration statement with the U.S. Securities and Exchange Commission (SEC), which took place in January 2010, it will have sufficient cash to meet its planned operating needs until the end of June 2010. The initial filing was required in order to release the remaining $2.58 million of funds from the Bridge Financing (see Note 10). At the time of the Bridge Financing, on December 29, 2009, an initial amount of $400 thousand was released to the Company. These financial statements do not include any adjustments to the value of assets and liabilities and their classification, which may be required if the Company cannot continue operating as a "going concern".

The high-tech industry in which the Company is involved 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.

On May 8, 2006 and July 30, 2007, the Company raised approximately $2 million and $12 million respectively, before related fees and costs, in separate private placement offerings. On December 29, 2009, the Company entered into a Bridge Financing Agreement, in which the Company raised convertible promissory notes ("Notes") of $2.98 million. See Notes 9, 10 and 12 for further details.

As of December 31, 2009, approximately $430 thousand of the Company's net assets were located outside of the United States.

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.

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During the third quarter of 2009, the new Accounting Standards Codification (ASC) as issued by the Financial Accounting Standards Board (FASB) became effective. The ASC has become the only source of authoritative U.S. GAAP recognized by the FASB to be applied by nongovernmental entities. The ASC does not change U.S. GAAP and, therefore, does not have any impact on the Company's consolidated financial statements. All references to U.S. GAAP in the notes to the consolidated financial statements use the new Codification numbering system.

The Company has evaluated subsequent events for recognition or disclosure through March 29, 2010 which was the date that these financial statements were filed with the SEC.

(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 "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 December 31, 2009 the exchange rate was U.S.$1 = NIS 3.775 (2008 – U.S.$1 = NIS 3.802). The average exchange rate for 2009 was U.S.$1 = NIS 3.927 (2008 – U.S.$1 = NIS 3.568).

(d) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 periods. 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 convertible preferred and common stock share-based compensation, warrants to investors and noteholders, income tax uncertainties and other contingencies. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions

(e) Cash and cash equivalents

For the purpose of these consolidated financial statements, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

(f) Derivative instruments

On January 1, 2009, the Company adopted ASC subtopic 815-40-15 (formerly EITF 07-5), *Determining Whether an Instrument (or Embedded Feature) is Indexed to a Company's Own Stock*, for the purposes of the determination whether certain equity instruments would be classified as a derivative liability.

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Notes to the Consolidated Financial Statements as of December 31, 2009—(Continued)

The Company recognizes all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. The Company carries its derivative instruments at fair value on the balance sheet and recognizes any subsequent changes to fair value in the statement of operations. Beginning January 1, 2009, the Company adopted ASC subtopic 815-10 (previously referred to as SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities)*.

The Company's only derivative instruments were issued in the form of the Special Bridge Warrant to purchase an aggregate of 4,771,200 shares of common stock as part of the Bridge Financing described in Note 10 below. The warrants have been recorded as a liability, at fair value, and will be revalued at each reporting date and changes in the fair value of the instruments are included in the statement of operations.

(g) Property and equipment, net

Property and equipment, net are stated at historical cost, net of accumulated depreciation. Depreciation is calculated according to the straight-line method over the estimated useful life of the assets. Annual depreciation rates are as follows:

	%
Office furniture and equipment	7-33
Computers and related equipment	33

Leasehold improvements are amortized over the shorter of the useful life of the asset or the term of the lease.

(h) Revenue recognition

Revenues are recognized from subscription services if collection of the relevant receivable is probable, persuasive evidence of an arrangement exists, the sales price is fixed or determinable and delivery of the service has been rendered. Revenues from hosting-based services are recognized over the life of the service period. Revenues from non-refundable up-front fees are recognized according to the guidance in SAB Topic 13.A.3.f. As these up-front fees relate to the hosting of the service over a period of the contract, the Company recognizes these up-front fees over the lifetime of the contract. The Company has elected to early adopt recently issued ASU 2009-13, Revenue Recognition (Topic 605), and therefore for multiple-element arrangements the Company uses management's best estimate of selling price for individual elements where other sources of evidence are unavailable.

(i) Research and development

The Company expenses research and development costs as incurred. The Company evaluates its activities to identify internal use software and development costs that should be capitalized in accordance with FASB's authoritative guidance on accounting for intangibles.

(j) 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

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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 stock options granted to consultants is estimated at the date of grant using the Black-Scholes-Merton option-pricing model and reevaluated at every reporting period 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.

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

The expected volatility is based on an economic valuation incorporating the volatility of a similar company traded on the NASDAQ, and the industry volatility of hi-tech companies during the respective periods.

The expected life represents the average period of time that options granted are expected to be outstanding. The expected life of the options granted to employees and directors during 2009 and 2008, is calculated based on the simplified method, giving consideration to the contractual term of the options and their vesting schedules. The expected life of options granted to consultants is the maximum contractual term.

(k) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not more likely than not to be realized.

In assessing the need for a valuation allowance, the Company looks at cumulative losses in recent years, estimates of future taxable earnings, feasibility of on-going tax planning strategies, the realizability of tax benefit carryforwards, and other relevant information. Valuation allowances related to deferred tax assets can be impacted by changes to tax laws, changes to statutory tax rates and future taxable earnings. Ultimately, the actual tax benefits to be realized will be based upon future taxable earnings levels, which are very difficult to predict. In the event that actual results differ from these estimates in future periods, the Company will be required to adjust the valuation allowance.

Significant judgment is required in evaluating the Company’s federal, state and foreign tax positions and in the determination of its tax provision. Despite management’s belief that the Company’s liability for unrecognized tax benefits is adequate, it is often difficult to predict the final outcome or the timing of the resolution of any particular tax matters. The Company may adjust these accruals as relevant circumstances evolve, such as guidance from the relevant tax authority, its tax advisors, or resolution of issues in the courts. The Company’s tax expense includes the impact of accrual provisions and changes to accruals that it considers appropriate, as well as related interest and penalties. These adjustments are recognized as a component of income tax expense entirely in the period in which they are identified.

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(l) 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 common shares 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 common shares 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 common shares issuable upon the conversion of series A 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 following table summarizes the securities (including those issuable pursuant to contingent stock agreements) that could potentially dilute basic earnings per share in the future and were not included in the computation of basic and diluted net loss per share because doing so would have been anti-dilutive for the periods presented:

	December 31, 2009	December 31, 2008
	No. of shares	No. of shares
Common stock warrant issued as a donation	**120,000**	120,000
Common stock warrants issued to series B convertible preferred stockholders (Note 12)	**1,201,471**	1,201,471
Series B convertible preferred stock related warrants issued in connection with venture loan (Note 9)	**—**	151,602
Stock options to employees, directors and consultants under the Stock Option Plan	**2,670,809**	2,670,809
Special Bridge Warrants (Note 10)	**4,771,200**	—
Underwriter Bridge Warrants (Note 10)	**333,984**	—
Lead Investors Warrants (Note 10)	**2,894,076**	—
Senior Lender Warrants (Note 10)	**1,500,000**	—
	13,491,540	4,143,882

(m) Fair value measurements

On January 1, 2008, the Company adopted the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*, (formerly Statement 157) for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements (see Note 10).

On January 1, 2009, the Company adopted the provisions of ASC Topic 820 for fair value measurements of nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

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Note 3—Cash and Cash Equivalents

	As of December 31,	
	2009	2008
	U.S.$ thousands	U.S.$ thousands
In US dollars		
Cash	**428**	828
Cash equivalents (money market funds)	**193**	5,021
In foreign currency (cash only)	**123**	155
	744	6,004

Note 4—Prepaid Expenses and Other Current Assets

	As of December 31,	
	2009	2008
	U.S.$ thousands	U.S.$ thousands
Government institutions	**26**	30
Prepaid expenses and others	**22**	30
Interest receivable	**—**	9
Deferred issuance expense	**100**	—
	148	69

Note 5—Short-term Deposit (restricted)

As part of the Bridge Financing Agreement (See Note 10), $2.58 million of the Bridge Loan has been placed in escrow. The condition for release of this restricted deposit is the filing of a registration statement in connection with the Company's IPO (see Note 16). On January 29, 2010, the Company fulfilled the conditions for the release from escrow and the balance of funds was released to the Company.

The Company also has a restricted deposit of $20 thousand as security for its credit card activity.

Note 6—Property and Equipment, Net

	As of December 31,	
	2009	2008
	U.S.$ thousands	U.S.$ thousands
Computer equipment	**275**	255
Furniture and fixtures	**129**	116
Leasehold improvements	**81**	81
	485	452
Less: accumulated depreciation and amortization	**(306)**	(193)
	179	259

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As of December 31, 2009 and 2008, approximately $138 thousand and $208 thousand, respectively, of the aggregate value of the Company's net book value of property and equipment was located in Israel.

During the years 2009 and 2008, the Company recorded $113 thousand and $107 thousand of depreciation expense, respectively.

Note 7—Accounts Payable and Accrued Expenses

	As of December 31,	
	2009	2008
	U.S.$ thousands	U.S.$ thousands
Income tax payable	**96**	—
Accounts payable	**194**	78
Deferred income	**53**	—
Accrued expenses and others	**533**	118
	876	196

Note 8—Accrued Severance Pay

Under Israeli law, the Subsidiary is required to make severance payments to dismissed employees, and employees leaving employment in certain other circumstances, on the basis of the latest monthly salary for each year of service. All of the Subsidiary's employees signed agreements with the Subsidiary, limiting the Subsidiary's severance liability to actual deposits in the above mentioned severance plans, under section 14 of the Severance Payment Law of 1963. Severance pay expense for the current year amounted to $227 thousand.

The severance liability presented represents special contractual amounts to be paid to two senior officers of the Subsidiary upon termination of their respective employment agreements.

There are no statutory or agreed-upon severance arrangements with U.S. employees.

Note 9—Venture Loan

On January 29, 2008 the Company signed an agreement by which the Company was able to receive a venture loan of up to $5 million under the following conditions: $3 million was available to the Company at the time of signing and through December 31, 2008; a further $2 million was to become available in two installments, but in any event no later than March 31, 2009.

On the agreement date, the venture loan granted the lenders a warrant to purchase up to 66,326 shares of series B convertible preferred stock at the series B convertible preferred stock share price of $2.6385 per share, with additional warrants to be granted upon further drawings against the loan facility at the same terms.

On September 24, 2008, the Company satisfied all the conditions of the loan facility and drew down the full amount of $5 million. As a result of the draw-down, the Company issued to the lenders warrants to purchase a further 85,276 shares of series B convertible preferred stock (bringing the total warrants granted to 151,602). As of the date of the receipt of the loan, $360 thousand was allocated to additional paid-in capital on account of

these warrants, with a corresponding discount to the venture loan to be amortized as interest expense over the repayment period of the loan. Amortization expenses for the year ended December 31, 2009 amounted to $156 thousand (2008—$26 thousand). As a result of the Loan Modification Agreement signed on December 29, 2009, the Company issued to the lenders new warrants replacing these warrants and certain other conditions of the loan were modified (see below).

The loan facility originally bore interest at a rate of 9.5% per annum, with an effective interest rate of 13.3%, and a repayment schedule over 36 months following an interest-only period ending after six months from the first draw-down. The repayment schedule of the loan required the principal to be considered a 48-month, 36-month and 24-month loan for the purposes of repayment, for each of the first, second and third years, respectively. As per the agreement, the Company began making interest payments in September 2008 and principal repayments began in March 2009.

On December 29, 2009, the Company entered into a Loan Modification Agreement (the “LMA”) with the lenders of the venture loan in which principal payments are deferred until the earlier of six months from meeting the conditions of the Bridge Financing Agreement (see Note 10) or the consummation of the IPO (see Note 15). The new facility bears an interest rate of 9.5% per annum with an effective interest rate of 20%. The LMA replaced the original warrants that had been previously issued to the lenders with warrants (“Senior Lenders Warrants”) to purchase 1,500,000 shares of common stock at an exercise price of $0.46 per share, in exchange for granting the Company a six month moratorium on principal payments for the venture loan and extending the repayment period for one year until March 2013. After the principal moratorium, under the modified bank repayment terms, the remaining principal will be repaid monthly using a straight-line calculation. The Senior Lender Warrants may be exercised anytime before the tenth anniversary of the date they are issued. On the date of the loan modification, the loan was recorded at fair market value of $3.52 million, the warrants were recorded at $966 thousand, representing the difference between the fair market value of the new warrants and the fair market value of the previously issued warrants, and the difference between the carrying value of the loan and the fair market value of the loan and the warrants resulted in a loss on the extinguishment of debt in the amount of $468 thousand.

Movement in the balance of the venture loan is as follows:

	December 31, 2009 U.S.$ thousands	December 31, 2008 U.S.$ thousands
Venture loan	**5,000**	5,000
Discount in respect of warrants	**(360)**	(360)
	4,640	4,640
Amortization of original loan warrants	**182**	26
Repayments	**(799)**	—
Discount in respect of warrants	**(966)**	—
Loss on extinguishment of debt	**468**	—
Loan balance	**3,525**	4,666
Less: current maturities	**(361)**	(696)
Long-term loan balance	**3,164**	3,970

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Future principal repayment schedule is as follows:

	U.S.$ thousands
Year ending December 31	
2010	361
2011	1,235
2012	1,504
2013	425
	3,525

The venture loan agreement provides the lenders with collateral, consisting of first priority security interests in the Parent's properties, rights and assets, including intellectual property and the properties, rights and assets of the Subsidiary. Pursuant to the terms of a negative pledge arrangement with the lenders, the Parent has agreed not to encumber any of its copyrights, trademarks or patents. As of the date of these consolidated financial statements, the Company is compliance with the covenants.

Further indebtedness incurred pursuant to the Bridge Financing Agreement (see Note 10) ranks junior to this venture loan agreement.

Note 10—Bridge Financing Agreement—Convertible Promissory Notes

On December 29, 2009, the Company issued 5% subordinated convertible promissory notes, ("Notes" or "Convertible Bridge Loan"), in the aggregate amount of $2.98 million in a private placement, (the "Bridge Financing"). As part of the Bridge Financing, the Company issued several financial instruments as discussed below.

(a) Notes

The Notes will mature six months from the date of the closing of the Bridge Financing, unless converted earlier upon the consummation of an IPO. Upon consummation of an IPO, the Notes will automatically convert (the "Mandatory Conversion") into the same type of securities issued in the units of the IPO ("IPO Units") except that the warrants issued upon conversion (the "Conversion Warrants") would not be fungible with the warrants in the IPO Unit ("IPO Warrants"), as described below. The conversion price of the Notes (the "Conversion Price") will be equal to the lesser of (i) $0.625 or (ii) 75% of the offering price of the IPO Units. The Notes bear an interest at the rate of 5% per annum. Interest on the Notes will accrue until maturity or conversion, and all accrued but unpaid interest will be paid in cash upon maturity or conversion.

In the event the IPO is not consummated prior to the six month maturity date, holders of the Notes will have the right to voluntarily convert the Notes into the securities offered in any subsequent financing by the Company at an adjusted conversion price equal to the lesser of (i) $0.625 (provided that the securities offered in such subsequent financing are substantially similar to the IPO Units) or (ii) 70% of the offering price for the securities sold in the subsequent financing.

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 as described below, and the residual amount was allocated to the Notes, all in accordance with the guidance in ASC 815 (formerly Statement 133) and ASC 815-40 (formerly EITF Issue No. 07-5).

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The following table summarizes the allocation of the proceeds of the Bridge Financing:

	Bridge loan U.S.$ thousands	Warrants U.S.$ thousands	Total U.S.$ thousands
Allocated amount	41	2,941	2,982

(b) Conversion Warrants

Upon consummation of an IPO and the conversion of the Notes, the Company will issue one share of common stock and two Conversion Warrants. Each Conversion Warrant entitles the holder to purchase one share of common stock at a price equal to 110% of the offering price of the units in the IPO. The Conversion Warrants will expire five years after the date of the IPO.

The Conversion Warrants are similar to the warrants issued in the Company's initial public offering except that they include additional features with respect to fundamental transactions, cashless exercise, ownership limitations and dilution.

(c) Special Bridge Warrants

The Company issued to the purchasers of the Notes, warrants to purchase 4,771,200 shares of common stock ("Special Bridge Warrants"). These Special Bridge Warrants are exercisable for five years from the date of the closing of the Bridge Financing to purchase one share of the Company's common stock at an exercise price of $0.46 per share. Due to the down-round protection clauses contained in the Special Bridge Warrants, they were classified as a derivative liability, and recorded at fair value as calculated using the Black-Scholes-Merton model. The assumptions used in this calculation were 75% expected volatility, risk-free interest rate of 2.62%, estimated life of 5 years and no dividend yield. The fair value of the common stock was estimated at $0.84 per share which approximates the expected price per share of common stock at the IPO on a pre-split basis (see Note 16).

This liability will need to be revalued at each reporting date.

(d) Underwriter Bridge Warrants

For their role in helping to facilitate the Bridge Financing, the underwriters of the IPO received warrants equal to 7% of the total amount of securities sold in the Bridge Financing ("Underwriter Bridge Warrants"). Based on the amount raised, the Company issued 333,984 Underwriter Bridge Warrants The Underwriter Bridge Warrants are non-exercisable for three months after the date of the closing of the Bridge Financing and will then be exercisable until expiration, five years after the closing of the Bridge Financing. The Warrants will be exercisable at $0.92 per share. As a result of the issuance of these warrants the Company recognized further general and administrative expenses of $170 thousand, corresponding to the fair market value of the Underwriter Bridge Warrants as calculated using the Black-Scholes-Merton model. The assumptions used in this calculation were 75% expected volatility, risk-free interest rate of 2.62%, estimated life of 5 years and no dividend yield. The fair value of the common stock was estimated at $0.84 per share which approximates the expected price per share of common stock at the IPO on a pre-split basis (see Note 16).

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(e) Lead Investor Warrants

The lead investors of this bridge financing received warrants ("Lead Investor Warrants") to purchase 2,894,076 shares of common stock at $0.002 per share. The Lead Investor Warrants (i) may be exercised 65 days subsequent to the consummation of the IPO, (ii) will expire four years after issuance and (iii) will be subject to a lock-up agreement for six months subsequent to exercise. The Company will record the fair market value of the warrants upon the consummation of the IPO.

(f) Senior Lender Warrants

As discussed above (see Note 9), the senior lenders of the Company's venture loan, received warrants ("Senior Lenders Warrants") to purchase 1,500,000 shares of common stock, at an exercise price of $0.46 per share, in exchange for granting the Company a six month moratorium on principal payments and an additional year for the repayment of the venture loan. The Senior Lender Warrants may be exercised anytime before the tenth anniversary of the date they are issued. The Company accounted for the warrants as described above (see Note 9).

Note 11—Fair Value Measurements

The Company measures fair value in accordance with ASC 820-10, *Fair Value Measurements and Disclosures*. 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, Venture Loan and Special Bridge Warrants at Fair Value. Cash equivalents are classified within Level 1. This is because the cash equivalents are valued using quoted active market prices. The Venture Loan and Special Bridge Warrant 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 price of stock, expected stock price volatility, risk-free interest rate and the dividend yield, and remaining period of time the warrants will be outstanding before they expire.

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The following table presents the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2009 and 2008, aggregated by the level in the fair-value hierarchy within which those measurements fall:

		Fair value measurement at reporting date using		
Description	December 31, 2008	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (3)
	U.S.$ thousands			
Assets				
Cash equivalents	5,021	5,021	—	—
Total assets	5,021	5,021	—	—

		Fair value measurement at reporting date using		
Description	December 31, 2009	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (3)
	U.S.$ thousands			
Assets				
Cash equivalents	**193**	**193**	**—**	**—**
Total assets	**193**	**193**	**—**	**—**
Liabilities				
Special Bridge Warrant	**2,941**	**—**	**—**	**2,941**
Total liabilities	**2,941**	**—**	**—**	**2,941**

The following table presents fair value measurements of nonfinancial liabilities that are measured at fair value on a nonrecurring basis at December 31, 2009:

Description	Year ended December 31, 2009 U.S.$ thousands	Quoted prices in active markets for identical assets (Level 1) U.S.$ thousands	Significant other observable inputs (Level 2) U.S.$ thousands	Significant unobservable inputs (Level 3) U.S.$ thousands	Total gains (losses) U.S.$ thousands
Venture Loan	3,525	—	—	3,525	—

In addition to the above, the Company's financial instruments at December 31, 2009 and 2008, consisted of cash, accounts receivable, long term deposits, accrued expenses, accrued compensation and related liabilities and the Convertible Bridge Loan. The carrying amounts of all the aforementioned financial instruments, approximate fair value, except as with the Convertible Bridge Loan (see below).

As a result of the Loan Modification Agreement, the modified Venture Loan has been recorded at fair market value. The fair market value was assessed using an interest rate of 20% which represents market conditions for a similar loan.

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The following table summarizes the changes in the Company's liabilities measured at fair value using significant unobservable inputs (Level 3), during the year ended December 31, 2009:

	Level 3	
	Special bridge warrants $ (in thousands)	Total $ (in thousands)
Balance at December 31, 2008	**—**	**—**
Initial recording of fair value	**2,941**	**2,941**
December 31, 2009	**2,941**	**2,941**

The Company has an outstanding Bridge Loan, of which the fair value has been determined using the binomial model. Carrying amounts and the related estimated fair value of the Bridge Loan are as follows:

	December 31, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	U.S.$ thousands			
Convertible Bridge Loan	41	2,731	—	—

The difference between the carrying amount as compared to the fair value of the Bridge Loan represents the fair value of the Special Bridge Warrants, which, under the abovementioned accounting treatment (see Note 10) were classified as a derivative liability and presented at fair value. Using the residual method, the Company allocated the remaining portion of the proceeds as the carrying value of the Convertible Bridge Loan.

Note 12—Temporary Equity

On February 26, 2007, the Company entered into a convertible loan agreement pursuant to which it received loans in the aggregate amount of $2 million from the lenders named therein. The loans accrued interest at a rate of 8% per annum and were payable monthly commencing on the date of the convertible loan agreement and ending when all amounts due thereunder were paid in full or converted in full. At the time, the loan agreement stipulated that if within 12 months following the closing of the convertible loan agreements, the Company sells securities in a transaction whereby the Company receives cash proceeds of at least $3,000,000, then the principal and any accrued and unpaid interest shall be converted into the securities sold by the Company in such transaction at a price per share discounted at 15%-20% depending upon the timing of such transaction ("beneficial conversion feature").

On July 30, 2007, the Company closed a financing round in which it received an additional $10 million, bringing the total proceeds from the convertible loan agreement to $12.1 million (including the outstanding convertible loan principal and accrued but unpaid interest of $54 thousand), net of $126 thousand of share issuance costs. This financing triggered the conversion of the loan and issuance of 4,592,794 shares of series B convertible preferred stock. 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. As the fair market value of the series B preferred shares did not rise above the original issue price from inception, no accretion has been recorded. Series B convertible preferred stockholders have priority liquidation preferences (see Note 13 (f)1).

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In addition, as part of the conversion, the lenders received an additional 200,694 shares of common stock in lieu of the abovementioned beneficial conversion feature. The Company accounted for this modification of the original agreement as extinguishment of debt under ASC 470-50-40-12, 40-15 (formerly EITF 06-6 Debtor's Accounting for a Modification (or Exchange) of Convertible Debt Instruments), which resulted in a loss upon extinguishment in the amount of $141 thousand.

Furthermore, in connection with the financing on July 30, 2007, the Company granted to the series B convertible preferred stockholders 1,201,471 warrants to acquire that number of common shares. The warrants which are exercisable at $5.02 per share, shall survive a change of control and expire in July 2010 or upon the successful completion of an equity fundraising of at least $10 million.

Discounts to the series B convertible preferred stock, relating to the warrants, have been applied against temporary equity on the consolidated balance sheets. As of December 31, 2009 and 2008, the unamortized balance of the discount relating to warrants was $25 thousand and $32 thousand, respectively. The Company used the relative fair value method to calculate the value of the convertible preferred stock and the discount in respect of the warrants. The assumptions used in calculating the fair value include risk free interest rate of 3.07%, expected life of warrants of three years, expected volatility of 65%, and no dividend yield (see Note 16(c)).

Note 13—Stockholders' Equity

(a) Common Stock

On January 11, 2006, the Company issued 500 shares of common stock to its two founders for a net amount of $5.

On May 8, 2006, the Company issued 588 shares of series A convertible preferred stock for a net amount of $2.35 million.

On August 8, 2006, the Company declared a stock dividend of 3,999 shares of each share of outstanding stock in their respective classes. The Company treated this transaction as a stock dividend with no adjustment to the par value per respective share due to legal restrictions.

On July 30, 2007, the Company issued 200,694 shares of common stock in lieu of beneficial conversion terms contained in the convertible loan agreement (see Note 10).

On July 30, 2007, the Company further issued 4,592,794 shares of series B convertible preferred stock which is categorized as temporary equity (see Note 10).

(b) Common stock reserved for issuance upon exercise of stock options

On October 30, 2006, the Company adopted the 2006 Stock Option Plan, pursuant to which 880 thousand shares of common stock were reserved for issuance. On July 30, 2007 (the "effective date"), the Company amended and restated the original plan in its entirety by adopting Amendment No. 1 to Stock Option Plan (the "Stock Option Plan"), which increased the number of common stock reserved for issuance to 2.79 million. Subsequent to the balance sheet date, the number of common stock reserved for issuance increased to 14.14 million.

Through December 31, 2008, 2.67 million of these common stock shares were reserved for issuance upon the exercise of options, and the remaining 120 thousand of these common stock shares was reserved in respect of the issuance of a charitable warrant (see (e) below).

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(c) Stock options

Options granted in connection with the Company's Stock Option Plan are exercisable for six years from the effective date, and generally vest quarterly over a four-year period, commencing after the first year cliff. The Stock Option Plan provides for grants or sales of common stock options to employees, directors and consultants. The Company issues new shares upon share option exercises. Options are generally forfeited, if not exercised, within ninety days of termination of employment or service to the Company.

For the years ended December 31, 2009, 2008 and 2007, the Company granted a total of 425 thousand, 600 thousand, and 563 thousand stock options to its employees, directors and consultants at an average exercise price of $0.25, $0.75, and $0.42 per share, respectively. Additionally, during the same periods, there were no stock options exercised.

The Company recorded compensation expense of $192 thousand and $29 thousand for the years ended December 31, 2009 and 2008, respectively. Cumulative from inception the Company has recorded compensation expense of $346 thousand.

The fair value is calculated using Black-Scholes-Merton model, and the following assumptions:

Year	Risk-free interest rates	Expected life of options (in years)	Expected Volatility	Dividend yield
2008	1.96-3.17%	3-4	0.65	—
2009	2.25-2.87%	3-4	0.75	—

As of December 31, 2009 and 2008, there were 874 thousand and 988 thousand options available for grant under the Stock Option Plan, respectively.

(d) Stock option activity

The following table summarizes information about stock option activity. As of December 31, 2009 no stock options had expired.

	No. of shares Employees	No. of shares Non Employees	Weighted average exercise price U.S.$
Outstanding at January 1, 2009	**1,348,375**	**214,500**	**0.47**
Granted	**364,624**	**60,000**	**0.25**
Forfeited	**(286,938)**	**(3,000)**	**0.38**
Outstanding at December 31, 2009	**1,426,061**	**271,500**	
Exercisable at December 31, 2009	**849,649**	**157,724**	

The weighted average grant date fair value of options granted during 2009 and 2008, was $0.30 and $0.38, respectively. There was no aggregate intrinsic value of options granted during 2009 and 2008.

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Notes to the Consolidated Financial Statements as of December 31, 2009—(Continued)

The following table summarizes information about employee and non-employee stock options outstanding as of December 31, 2009:

	Options outstanding			Options exercisable		
Exercise price	Number Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.25	913,541	3.8	$ 0.25	334,802	3.22	$ 0.25
$0.5	318,332	3.7	0.5	219,374	3.67	0.5
$0.75	465,688	4.21	0.75	453,197	4.15	0.75
December 31, 2009	**1,697,561**	**3.9**	**0.434**	**1,007,373**	**3.6**	**0.47**

The following table summarizes the option activity for the year 2009 by grant date.

	No. of shares Employees	No. of shares Non Employees	Exercise price US$ U.S.$	Fair value of common stock U.S.$
June 25, 2009	**364,624**	**60,000**	**0.25**	**0.35**

The weighted average remaining contractual life was 4.5 years for stock options outstanding and 3.9 years for stock options exercisable, as of December 31, 2009.

As of December 31, 2009, there was approximately $260 thousand 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 4 years. The effect of forfeitures was considered immaterial to unrecognized compensation cost.

The following table represents respective annual amortization of unrecognized share based compensation expense, as mentioned above:

	U.S.$ thousands
Year ending December 31	
2010	109
2011	90
2012	54
2013	7
	260

(e) Warrants

On October 30, 2006, the Company issued a warrant as a donation. The warrant entitles the donee, upon an IPO, to purchase 120,000 shares of common stock in the Company at a purchase price of $0.25 per share. The warrant expires in October 2016.

Regarding the warrants issued relating the venture loan, the bridge financing and the issuance of series B preferred stock (temporary equity), please see Notes 9, 10 and 12, respectively.

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Notes to the Consolidated Financial Statements as of December 31, 2009—(Continued)

(f) Liquidation preferences

1. Series B convertible preferred stock liquidation preference

The holders of shares of series B convertible preferred stock shall be entitled to receive out of the assets or surplus funds of the Company legally available for distribution to stockholders before any payment or distribution shall be made to the holders of any class of preferred stock ranking junior to the series B convertible preferred stock or to the common stock, but after distribution of such assets among, or payment thereof over to, creditors of the Company, if any, an amount for each share of series B convertible preferred stock held by such holder equal to the series B convertible preferred stock original issue price of $2.6385 per share, plus any declared but unpaid dividends on the series B convertible preferred stock attributable to such share. If the assets or consideration distributable to holders of the series B convertible preferred stock upon such liquidation shall be insufficient to pay the series B convertible preferred stock liquidation amount to the holders of shares of the series B convertible preferred stock, then such assets or the proceeds thereof shall be distributed among the holders of the series B convertible preferred stock ratably in proportion to the respective amounts to which they otherwise would be entitled.

2. Series A convertible preferred stock liquidation preference

After the payment of the series B convertible preferred stock liquidation amount has been made in full, but before any distribution or payment shall be made to the holders of common stock, the holders of the series A convertible preferred stock shall be entitled to be receive out of the assets or surplus funds of the Company legally available for distribution to stockholders. If the assets or consideration distributable to holders of the series A convertible preferred stock upon such liquidation shall be insufficient to pay the series A convertible preferred stock liquidation amount to the holders of shares of the series A convertible preferred stock, then such assets or the proceeds thereof shall be distributed among the holders of the series A convertible preferred stock ratably in proportion to the respective amounts to which they otherwise would be entitled.

3. Additional liquidation distribution

After the payment of the series A convertible preferred stock liquidation preference has been made in full, the remaining assets of the Company available for distribution to stockholders, if any, shall be distributed with equal priority and pro rata among the holders of the common stock and series B convertible preferred stock in proportion to the number of shares of common stock held by them, with the shares of series B convertible preferred stock being treated for this purpose as if they had been converted to shares of common stock at the then effective series B convertible preferred stock conversion price.

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Note 14—Non-Operating Income and Expense

	For the year ended December 31		Cumulative from inception to December 31
	2009 U.S.$ thousands	2008 U.S.$ thousands	2009 U.S.$ thousands
Non-operating income			
Interest income	**17**	159	**446**
Exchange rate gains	**19**	—	**19**
	36	159	**465**
Interest and amortization of debt discount expense			
Interest expense from venture loan (Note 9)	**(452)**	(131)	**(592)**
Interest expense from bridge loan (Note 10)	**(9)**	—	**(9)**
Interest expense from warrant amortization (Note 9)	**(156)**	(26)	**(182)**
Interest expense from Series B convertible loan (Note 12)	**—**	—	**(54)**
	(617)	(157)	**(837)**
Non-operating expenses			
Exchange rate losses	**—**	(48)	**(81)**
Other	**(9)**	(5)	**(8)**
	(9)	(53)	**(89)**

Note 15—Income Taxes

(a) The components of income (loss) before income taxes were:

	For the year ended December 31		Cumulative from inception to December 31
	2009 U.S.$ thousands	2008 U.S.$ thousands	2009 U.S.$ thousands
U.S.	**(6,632)**	(7,875)	**(21,275)**
Non-U.S.	**154**	536	**742**
	(6,478)	(7,339)	**(20,553)**

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Income tax expense (benefit) attributable to the operating loss consists of the following:

	For the year ended December 31		Cumulative from inception to December 31
	2009 U.S.$ thousands	2008 U.S.$ thousands	2009 U.S.$ thousands
U.S.			
Current	**—**	—	—
Deferred	**—**	—	—
	—	—	**—**
Non-U.S.			
Current	**96**	—	96
Deferred	**(23)**	(7)	(102)
	73	(7)	**(6)**

Income tax benefit for the years ended December 31, 2009 and 2008, and for the cumulative period from inception until December 31, 2009, differed from the amounts computed by applying the U.S. federal income tax rate of 34% to loss before income taxes, as a result of the following:

	For the year ended December 31		Cumulative from inception to December 31
	2009 U.S.$ thousands	2008 U.S.$ thousands	2009 U.S.$ thousands
Computed “expected” tax expense (benefit)	**(2,203)**	(2,495)	**(6,982)**
Foreign tax rate differential	**(34)**	(22)	**(68)**
Tax benefit of “Beneficiary Enterprise” tax holiday	**—**	(79)	**(57)**
Change in valuation allowance	**1,875**	2,539	**6,619**
Non-deductible expenses	**464**	120	**536**
Other items	**(29)**	(70)	**(54)**
Income tax expense (benefit)	**73**	(7)	**(6)**

(b) The Company has net tax loss carryforwards (“NOL”) for U.S. federal purposes in the amount of approximately $19.47 million expiring 20 years from the respective tax years to which they relate beginning with 2006. The Tax Reform Act of 1986 imposed substantial restrictions on the utilization of NOL and tax credits in the event of an ownership change of a corporation. Thus, in accordance with Internal Revenue Code, Section 382, the Company’s IPO and recent financing activities may limit the Parent’s ability to utilize its NOL and credit carryforwards although the Parent has not yet determined to what extent. A deferred tax asset in respect to the tax loss carryforwards has not been recorded as in the opinion of the Company’s management, it is more likely than not that the tax loss carryforwards will not be utilized in the foreseeable future.

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Notes to the Consolidated Financial Statements as of December 31, 2009—(Continued)

The net deferred assets of $104 thousand ($80 thousand long-term and $24 thousand short-term) are in respect of deferred tax assets of the Subsidiary expected to be utilized in future years. These deferred tax assets arise from the following types of temporary differences (in thousands):

	Year ended December 31	
	2009 U.S.$ thousands	2008 U.S.$ thousands
Deferred tax assets:		
Liability for accrued employee vacation pay	**24**	29
Liability for accrued severance pay	**80**	50
Net operating loss carryforwards	**6,619**	4,745
Total gross deferred tax assets	**6,723**	4,824
Deferred tax liability:		
Interest expense—warrant allocation (See Note 9)	**(230)**	(106)
Total gross deferred tax liability	**(230)**	(106)
Less valuation allowance	**(6,389)**	(4,639)
Deferred tax assets, net	**104**	79

No valuation allowance has been provided for the non-U.S. deferred tax assets as, based on available evidence, they are more likely than not to be realized.

(c) Subsidiary tax benefits under the Israeli Law for the Encouragement of Capital Investments, 1959 (the "Law")

The Subsidiary has qualified as a "Beneficiary Enterprise" under the 2005 amendment to the Israeli Law for the Encouragement of Capital Investments, 1959 (the "investment Law"). As a Beneficiary Enterprise the Subsidiary is entitled to receive future tax benefits which are limited to a period of seven years. The year in which a company elects to commence its tax benefits is designated as the year of election ("Year of Election"). A company may choose its Year of Election by notifying the Israeli Tax Authorities (the "ITA") in its annual tax return or within twelve months after the end of the Year of Election, whichever is earlier, or by requesting a pre-ruling from the ITA, no later than six months after the end of the Year of Election. The Subsidiary has elected 2007 as its Year of Election and has received a two year tax holiday for profits accumulated in the years 2007-2008 and a reduced tax rate of 25% for the following five years. Pursuant to Israel's Economic Efficiency Law, effective from July 14, 2009, the Subsidiary would pay tax on its profits as follows: In the 2009 tax year—26%, in the 2010 tax year—25%, in the 2011 tax year—24%, in the 2012 tax year—23%, in the 2013 tax year—22%, in the 2014 tax year—21%, in the 2015 tax year—20% and as from the 2016 tax year the Subsidiary tax rate will be 18%.

As of the balance sheet dates, the Subsidiary believes that it is in compliance with the conditions of the Beneficiary Enterprise program.

(d) The Company accounts for its income tax uncertainties in accordance with ASC Subtopic 740-10 which clarifies the accounting for uncertainties in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

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The Company did not record any unrecognized tax benefits in 2008 and 2009, and does not expect this amount to change significantly within the next twelve months.

The Parent and its Subsidiary, collectively, file income tax returns in the U.S. federal jurisdiction, various state & local and foreign jurisdictions. Both the Parent and Subsidiary still have open tax years from inception and to date.

Note 16—Commitments and Contingencies

(a) Future minimum lease payments under non-cancelable operating leases for office space and cars, as of December 31, 2009, are as follows:

	U.S.$ thousands
Year ending December 31	
2010	55
2011	2
	57

Rent expense for operating leases for the years ended 2009 and 2008 and for the cumulative period from inception until December 31, 2009, was $118 thousand, $167 thousand and $374 thousand, respectively. Rent expense for the Subsidiary's lease is in NIS and linked to the Israeli Consumer Price Index from February 2006. The car leases are linked to the Israeli Consumer Price Index known at the date of the commencement of each lease.

(b) Letter of Engagement towards IPO

On November 11, 2009, the Company entered into a Letter of Engagement ("LOE") with underwriters to conduct an IPO. The IPO shall consist of the sale of up to $12 million worth of units, defined as consisting of one share of common stock and two warrants (the "IPO Warrants"), (collectively the "IPO Units").

The IPO Units will be at an offering price per IPO Unit to be determined at the consummation of the IPO ("Offering Price"). Each IPO Warrant will be exercisable at a price equal to 110% of the Offering Price of the common stock.

The LOE stipulates that upon closing of the IPO, the Company shall grant to the underwriters share purchase warrants (the "Underwriter's Warrants") covering a number of IPO Units equal to 5% of the total number of IPO Units being sold in the IPO. The Underwriter's Warrants will be non-exercisable for twelve months after the date of the IPO and will expire five years after such date. The Underwriter's Warrants will be exercisable at a price equal to 120% of the Offering Price of the Common Stock.

The LOE further stipulates that the Company shall grant to the underwriters an option, exercisable within 45 days after the closing of the IPO, to acquire up to an additional 15% of the total number of IPO Units to be offered by the Company, on the same terms and conditions as the IPO, solely for the purpose of covering over-allotments (the "Over-allotment Units").

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(c) Exchange of Preferred Shares

On December 29, 2009, the Company entered into Exchange Offer Agreements with the respective preferred shareholders whereby prior to the consummation of the IPO, shares of the series A preferred stock and the series B preferred stock would be converted into shares of common stock at a respective ratio which is dependent on the actual Offering Price. In the event the IPO is not consummated, the preferred stock will not be converted into shares of common stock and holders of the preferred stock will retain their rights and preferences.

(d) Reverse Split

As part of the Bridge Financing Agreement, immediately prior to the consummation of the IPO and after the preferred share conversions, the Company will execute a reverse stock split of all shares of common stock in a range between 1 for 6 and 1 for 6.4 (the "Reverse Split"). The Reverse Split will occur subsequent to the exchange of the preferred stock into common stock, as described in (c) above.

(e) IPO—Additional Options

In connection with the IPO, the Company will issue new stock options to its management ("Management Options") equal to 20% of the fully diluted equity of the post-IPO Company. The Management Options will vest yearly over three and four-year periods commencing from the date of the consummation of the IPO. The exercise prices for the Management Options will be $0.002 per share for 50% of the options and $0.9167 per share for the other 50% of the options.

Note 17—Risks and Uncertainties

(a) The Company's primary business is to provide video ringtones globally by partnering with international telecommunication carriers. Principle 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 their 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 backed 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. Although the average value of the dollar during 2009 increased 9.3% it still has not recovered the declines in its average value during the years 2008 and 2007 (12.7% and 7.8%, respectively, as compared to its value in the years immediately preceding such years). 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.

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Notes to the Consolidated Financial Statements as of December 31, 2009—(Continued)

Note 18—Subsequent Events

On March 17, 2010, the Company's Board of Directors approved the granting of options to management, directors and consultants from the additional IPO options (see Note 16(e)). The Board approved the granting of a total of 1,392,000 options (on a post-split basis (see Note 16 (d)) at an exercise price of $0.01 to its employees, directors and consultants. These options will begin vesting at the time of the IPO and will vest yearly over three and four year periods, commencing after the first year. The total expected effect on the Company's statement of operations from these options is expected to be approximately $7 million over the vesting period of the options. The Board also approved the granting of 1,420,000 IPO options at an exercise price of $5.50 (on a post-split basis (see Note 16(d)) to its employees directors and consultants. These options will begin vesting at the time of the IPO and will vest quarterly over four years, commencing after the first year. The total expected effect on the Company's statement of operations from these options is expected to be approximately $4 million over the vesting period of the options. A further 40,000 options (20,000 at $0.01 and 20,000 at $5.50) will be granted as a charitable donation.

Until , 2010, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with any different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock. Our business, financial conditions, results of operations and prospects may have changed since that date. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus or an offer to sell or a solicitation of an offer to buy any securities by anyone in any jurisdiction in which the offer or solicitation is not authorized or is unlawful.

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2,400,000 Units

VRINGO, INC.

PROSPECTUS

Maxim Group LLC

, 2010

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SUBJECT TO COMPLETION, DATED MARCH 29, 2010

PROSPECTUS

VRINGO, INC.

3,180,800 Shares of Common Stock

This prospectus relates to the offer for sale of 3,180,800 shares of common stock, par value $0.01 per share, by the existing holders of the securities named in this prospectus, referred to as selling stockholders throughout this prospectus.

The distribution of securities offered hereby may be effected in one or more transactions that may take place in the NASDAQ Capital Market, including ordinary brokers' transactions, privately negotiated transactions or through sales to one or more dealers for resale of such securities as principals, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling securityholders. No sales of the shares covered by this prospectus shall occur until the shares of common stock included in the units sold in our initial public offering begin separate trading on the NASDAQ Capital Market.

The selling securityholders and intermediaries through whom such securities are sold may be deemed "underwriters" within the meaning of the Securities Act of 1933, as amended, with respect to the securities offered hereby, and any profits realized or commissions received may be deemed underwriting compensation. We have agreed to indemnify the selling securityholders against certain liabilities, including liabilities under the Securities Act.

On , 2010, a registration statement under the Securities Act with respect to our initial public offering underwritten by Maxim Group LLC of 2,400,000 units was declared effective by the Securities and Exchange Commission. We received approximately $10.3 million in net proceeds from the offering (assuming no exercise of the underwriters' over-allotment option) after payment of underwriting discounts and commissions and estimated expenses of the offering.

Investing in our common stock involves a high degree of risk. You should carefully consider the matters discussed under the section entitled "Risk Factors" beginning on page 11 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

[Alternate Page for Selling Securityholder Prospectus]

SHARES REGISTERED FOR RESALE

Overview

On December 29, 2009, we issued 5% subordinated convertible promissory notes, or the Bridge Notes, in the aggregate amount of $3.0 million in a private placement, or the Bridge Financing. As part of this prospectus, we are registering the following shares for resale:

- 795,200 shares of common stock issuable upon the automatic conversion of the Bridge Notes upon the closing of the initial public offering, or the Conversion Shares;
- 1,590,400 shares of common stock issuable upon exercise of warrants issuable upon conversion of the Bridge Notes, or the Conversion Warrants; and
- 795,200 shares of common stock issuable upon exercise of special warrants issued in the Bridge Financing to purchasers of the Bridge Notes, or the Special Bridge Warrants.

Bridge Notes

Upon consummation of our initial public offering, the Bridge Notes will automatically convert into one share of common stock and two warrants at a conversion price equal to the lesser of (i) $3.75 and (ii) 75% of the offering price of the units in our initial public offering. The Bridge Notes will mature six months from the date of the closing of the Bridge Financing, unless converted earlier upon the consummation of our initial public offering. The Bridge Notes bear an interest at the rate of 5% per annum. The interest on the Bridge Notes will accrue until maturity and all accrued but unpaid interest will be paid in cash upon maturity or conversion.

Conversion Warrants

Upon conversion of the Bridge Notes, the Company will issue one share of common stock and two Conversion Warrants. Each Conversion Warrant entitles the holder to purchase one share of our common stock at a price equal to 110% of the offering price of the units in our initial public offering. The Conversion Warrants will expire five years after the date of this prospectus.

The Conversion Warrants are similar to the warrants issued in our initial public offering except that they include the following additional features: (i) price protection in the event we issue securities with an exercise price or conversion price less than the exercise price of the Conversion Warrants, (ii) cashless exercise if the shares of common stock issuable upon exercise of the Conversion Warrants are not covered by an effective registration statement, (iii) right to the payment of their cash value as determined by the Black Scholes Option Pricing Model in the event of any merger, consolidation, sale of substantially all of our assets, tender offer, exchange offer or any similar fundamental transaction and (iv) limitation on the exercise of the Conversion Warrants if such exercise would result in the holder owning more than 4.99% of our outstanding shares of common stock.

Special Bridge Warrants

In connection with the Bridge Financing, we issued to the purchasers of the Bridge Notes warrants to purchase 795,200 shares of common stock. These Special Bridge Warrants are exercisable for five years to purchase one share of our common stock at an exercise price of $2.75 per share.

Registration Rights

We agreed with the investors in the Bridge Financing to register the resale of the Conversion Shares, Conversion Warrants and Special Bridge Warrants within thirty days of the closing of the Bridge Financing. We also agreed to use our best efforts to cause the registration statement to be declared effective as promptly as possible after filing and to keep the registration statement continuously effective until all such shares may be sold pursuant to Rule 144. In the event the shares are not covered by an effective registration statement, the holders of the Conversion Warrants and Special Bridge Warrants may exercise such warrants in accordance with the cashless exercise provisions set forth in such warrant. In the event we are unable to register all the shares of common stock in the registration statement in connection with our initial public offering, we agreed to file an additional registration statement to cover any such unregistered shares within six months of the consummation of our initial public offering. We agreed to pay all fees and expenses related to the filing of such registration statements.

[Alternate Page for Selling Securityholder Prospectus]

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the common stock by the selling securityholders named in this prospectus. All proceeds from the sale of the common stock will be paid directly to the selling securityholders. We may receive proceeds from the exercise of the warrants. If all of the warrants exercisable for shares of common stock being registered in this offering are exercised, we could receive net proceeds of up to approximately $10.9 million. The holders of the warrants are not obligated to exercise the warrants and we cannot assure that the holders of the warrants will choose to exercise all or any of the warrants.

We intend to use the estimated net proceeds received upon exercise of the warrants, if any, for working capital and general corporate purposes.

[Alternate Page for Selling Securityholder Prospectus]

SELLING SECURITYHOLDERS

An aggregate of up to 3,180,800 shares may be offered by certain securityholders who received notes and warrants in connection with our private placement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*" and "*Description of Securities* ."

The following table sets forth certain information with respect to each selling securityholder for whom we are registering shares for resale to the public. No material relationships exist between any of the selling securityholders and us nor have any such material relationships existed within the past three years, except that (i) David Goldfarb is one of our co-founders and our chief technology officer and was previously one of our officers and directors, (ii) Seth M. Siegel serves on our board of directors, and (iii) Iroquois Master Fund Ltd. is a 5% stockholder.

Substantially all of the shares of common stock held by the selling securityholders are subject to a lock-up agreement under which the sale of such shares will be restricted for a period of up to six months after the date of this prospectus depending on the trading volume and market price of our common stock following the date of our initial public offering. The representative of the underwriters in our initial public offering may waive the terms of these lock-ups.

The representative of the underwriters may in its sole discretion and at any time without notice release some or all of the shares subject to lock-up agreements prior to the expiration of the lock-up period. When determining whether or not to release shares from the lock-up agreements, the representative will consider, among other factors, the securityholder's reasons for requesting the release, the number of shares for which the release is being requested and market conditions at the time.

In addition, each of the holders of the shares of common stock issuable upon automatic conversion of the Bridge Notes, the shares of common stock issuable upon exercise of warrants issuable upon automatic conversion of the Bridge Notes, and the shares of common stock issuable upon exercise of the Special Bridge Warrants may sell: (i) 25% of its shares, if the market price of our common stock exceeds $7.00 for five consecutive trading days; (ii) 50% of its shares, if the market price of our common stock exceeds $7.50 for five consecutive trading days; (iii) 75% of its shares, if the market price of our common stock exceeds $8.00 for five consecutive trading days; and (iv) 100% of its shares, if the market price of our common stock exceeds $8.50 for five consecutive trading days.

			Common Stock Beneficially Owned After Offering	
Selling Securityholder	Number of Shares of Common Stock Beneficially Owned (1)	Shares Being Offered	Number of Shares Outstanding	Percent of Shares
David Goldfarb +	230,600	53,333	177,267	3.5%
Seth M. Siegel +	165,459	106,667	58,792	1.2%
Iroquois Master Fund Ltd.+ (2)	400,458	357,333	43,125	*
EL Equities, LLC (3)	72,500	53,333	19,167	*
South Ferry #2, LP (4)	147,708	133,333	14,375	*
Aaron Wolfson	36,250	26,667	9,583	*
Daniel S. Senor	29,135	21,333	7,802	*
John Engelman	45,833	26,667	19,167	*
Neil Cohen	21,803	16,000	5,803	*
David Dossetter	73,836	53,333	20,503	*
Isaac Applbaum	42,549	40,000	2,549	*
Dan Laor	40,000	40,000	0	*
Nathan Ron Lawyers Company (5)	80,000	80,000	0	*

Selling Securityholder	Number of Shares of Common Stock Beneficially Owned (1)	Shares Being Offered	Common Stock Beneficially Owned After Offering	
			Number of Shares Outstanding	Percent of Shares
Jeffrey Belk	160,000	160,000	0	*
Charles A. Steiger	106,667	106,667	0	*
Derek G. Fogt	106,667	106,667	0	*
Todd Kronshage	106,667	106,667	0	*
Mike Heller	106,667	106,667	0	*
Robert B. Harpcastle	53,333	53,333	0	*
Gary D. Elliston	40,000	40,000	0	*
George F. Gilder	39,467	39,467	0	*
Silver Mountain Partners LP (6)	213,333	213,333	0	*
Mitchell Kopin	53,333	53,333	0	*
David M. Schneider	40,000	40,000	0	*
Joseph L. Obrant	80,000	80,000	0	*
KB/V LLC (7)	80,000	80,000	0	*
Kingsbrook Opportunities Master Fund LP (8)	26,667	26,667	0	*
KLW Investments LLC (9)	80,000	80,000	0	*
Brio Capital L.P. (10)	80,000	80,000	0	*
Ellis International Ltd. (11)	106,667	106,667	0	*
Rockmore Investment Master Fund Ltd. (12)	80,000	80,000	0	*
Lilac Ventures Master Fund Ltd. (13)	80,000	80,000	0	*
Cranshire Capital LP (14)	53,333	53,333	0	*
Post Family Trust (15)	53,333	53,333	0	*
Alpha Capital Anstalt (16)	426,667	426,667	0	*

* Less than 1%

\+ Except as indicated by +, no selling securityholder is an officer, director, affiliate or 5% securityholder.

^ Except as indicated by a ^, no selling securityholder is a broker dealer or an affiliate of a broker-dealer.

(1) The number of shares of common stock beneficially owned before this offering is 5,031,213, which includes the 2,400,000 units issued in our initial public offering and 366,782 shares of common stock acquired by our existing preferred stock and Bridge Note holders at the closing of our initial offering (based upon an initial offering price of $5.00 per unit).

(2) Richard Abbe has voting and investment control over such securities.

(3) Aaron Wolfson has voting and investment control over such securities.

(4) Aaron Wolfson has voting and investment control over such securities.

(5) Nathan Ron has voting and investment control over such securities.

(6) Colin Smith has voting and investment control over such securities.

(7) Ari Storch has voting and investment control over such securities.

(8) Ari Storch has voting and investment control over such securities.

(9) Lee Lasher, Mitchell Weitzner, and Robert Koppel has voting and investment control over such securities.

(10) Shaye Hirsh has voting and investment control over such securities.

(11) Mendy Sheen has voting and investment control over such securities.

(12) Bruce Bernstein has voting and investment control over such securities.

(13) Bruce Bernstein has voting and investment control over such securities.

(14) Mitchell Kopin has voting and investment control over such securities.

(15) Larry Post has voting and investment control over such securities.

(16) Ari Rabinowitz has voting and investment control over such securities.

Each of the selling securityholders that is an affiliate of a broker-dealer has represented to us that it purchased the shares offered by this prospectus in the ordinary course of business and, at the time of purchase of those shares, did not have any agreements, understandings or other plans, directly or indirectly, with any person to distribute those shares.

[Alternate Page for Selling Securityholder Prospectus]

PLAN OF DISTRIBUTION

The selling securityholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling securityholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling securityholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling securityholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling securityholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling securityholders to include the pledgee, transferee or other successors in interest as selling securityholders under this prospectus. The selling securityholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus; provided, however, that prior to any such transfer the following information (or such other information as may be required by the federal securities laws from time to time) with respect to each such selling beneficial owner must be added to the prospectus by way of a prospectus supplement or post-effective amendment, as appropriate: (1) the name of the selling beneficial owner; (2) any material relationship the selling beneficial owner has had within the past three years with us or any of our predecessors or affiliates; (3) the amount of securities of the class owned by such security beneficial owner before the offering; (4) the amount to be offered for the security beneficial owner’s account; and (5) the amount and (if one percent or more) the percentage of the class to be owned by such security beneficial owner after the offering is complete.

In connection with the sale of our common stock or interests therein, the selling securityholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short

sales of the common stock in the course of hedging the positions they assume. The selling securityholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling securityholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling securityholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling securityholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering. Upon any exercise of the warrants by payment of cash, however, we will receive the exercise price of the warrants.

The selling securityholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided that they meet the criteria and conform to the requirements of that rule.

The selling securityholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be “underwriters” within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling securityholders who are “underwriters” within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling securityholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

The maximum amount of compensation to be received by any FINRA member or independent broker-dealer for the sale of any securities registered under this prospectus will not be greater than 8.0% of the gross proceeds from the sale of such securities.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling securityholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling securityholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling securityholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling securityholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling securityholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling securityholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or (2) the date on which the shares may be sold pursuant to Rule 144 of the Securities Act.

To our knowledge, no selling securityholder is a broker-dealer or an affiliate of a broker-dealer.

[Alternate Page for Selling Securityholder Prospectus]

LEGAL MATTERS

Ellenoff Grossman & Schole LLP, 150 East 42nd Street, New York, New York 10017, will pass upon the validity of the securities offered in this prospectus.

EXPERTS

The consolidated financial statements of Vringo, Inc. (a development stage company) as of December 31, 2009 and 2008 and for each of the years in the two-year period from December 31, 2009 and for the cumulative period from January 9, 2006 (inception) through December 31, 2009 have been included herein in reliance upon the report of Somekh Chaikin, a member firm of KPMG International, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report covering the December 31, 2009 consolidated financial statements contains an explanatory paragraph that states that our recurring losses from operations raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty. The audit report covering the December 31, 2009 consolidated financial statements also refers to our adoption of the new accounting requirements in FASB ASC 815-40-15, *Derivatives and Hedging*.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the units offered by this prospectus. This prospectus, which is part of the registration statement filed with the SEC, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information with respect to us and the securities offered by this prospectus, please see the registration statement and exhibits filed with the registration statement.

You may also read and copy any materials we have filed with the SEC at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. In addition, our SEC filings, including reports, proxy statements and other information regarding issuers that file electronically with the SEC, are also available to the public at no cost from the SEC's website at http://www.sec.gov. You also may request a copy of the registration statement and these filings by writing us at 18 East 16th Street, 7th Floor, New York, New York 10003 or calling us at (646) 448-8210.

We file periodic reports under the Exchange Act, including annual, quarterly and current reports, and other information with the Securities and Exchange Commission. These periodic reports, and other information, are available for inspection and copying at the public reference room and website of the Securities and Exchange Commission referred to above.

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Until , 2010, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

VRINGO, INC.

3,180,800 shares

Common Stock

, 2010

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, if any, payable by us relating to the sale of the common stock being registered. All amounts are estimates except the SEC registration fee.

SEC registration fee	$	4,584.78
FINRA fee	$	6,537.00
NASDAQ Capital Market fee	$	40,000.00
Printing and engraving expenses	$	100,000.00
Legal fees and expenses	$	70,000.00
Accounting fees and expenses	$	125,000.00
Transfer and warrant agent fees and expenses	$	30,000.00
Public relations and corporate communications	$	65,000.00
Miscellaneous	$	58,878.22
Total	$	500,000.00

Item 14. Indemnification of Directors and Officers.

The amended and restated certificate of incorporation of the Company provides that all directors, officers, employees and agents of the registrant shall be entitled to be indemnified by the Company to the fullest extent permitted by Section 145 of the Delaware General Corporation Law ("DGCL").

Article V of the Company's certificate of incorporation provides:

> "The Corporation shall, to the fullest extent permitted by the provisions of Section 145 of the DGCL, as the same may be amended and supplemented from time to time, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section as amended or supplemented (or any successor), and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person."

Pursuant to the Company's bylaws, the directors and officers of the Company shall, to the fullest extent permitted by the DGCL, also have the right to receive from the Company an advancement of expenses incurred in defending any proceeding in advance of its final disposition. To the extent required under the DGCL, an advancement of expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such individual, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Company of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified for such expenses. The Company is not required to provide indemnification or advance expenses in connection with (i) any proceeding initiated by a director or officer of the Company unless such proceeding was authorized by the Board of Directors or otherwise required by law; (ii) any proceeding providing for disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended; (iii) and for amounts for which payment is actually made to or on behalf of such person under any statute, insurance policy or indemnity provisions or law; or (iv) any prohibition by applicable law.

Pursuant to the Company's certificate of incorporation, the Company may also maintain a directors' and officers' insurance policy which insures the Company and any of its directors, officers, employees, agents or other entities, against expense, liability or loss asserted against such persons in such capacity whether or not the Company would have the power to indemnify such person under the DGCL.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the Company's directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, the Company has been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of expenses incurred or paid by a director, officer or controlling person in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by the Company is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Item 15. Recent Sales of Unregistered Securities.

The figures in this Item 15 are historical and do not give effect to the anticipated 1-for-6 reverse stock split.

Issuances of Capital Stock and Warrants

On January 11, 2006, we issued 250 shares of our common stock to each of Jonathan Medved, our chief executive officer and co-founder, and David Goldfarb, our chief technology officer and co-founder, for an aggregate amount of $5.00 in cash at a purchase price of $0.01 per share. The sale and issuance of these securities was deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, as transactions by an issuer not involving a public offering. No underwriting discounts or commissions were paid with respect to such sales.

On May 8, 2006, the Company consummated a private placement of 2,353,887 shares of its Series A Convertible Preferred Stock for an aggregate purchase price of $2,353,887. No underwriting discounts or commissions were paid with respect to such sales.

On February 26, 2007, the Company entered into a convertible loan agreement pursuant to which it received loans in the aggregate amount of $2,063,974 from the lenders named therein.

On July 30, 2007, the Company consummated a private placement of 4,592,794 shares of Series B Convertible Preferred Stock, 200,694 shares of common stock and warrants to purchase 1,201,471 shares of common stock for an aggregate purchase price of $12,118,214 (the "Series B Financing"), which amount included the conversions of the Convertible Loan, including the amounts indicated above. Investors and those converting outstanding loan amounts in the Series B Financing included the following directors and officers of the Company and their affiliates and 5% stockholders: Jonathan Medved, Seth M. Siegel, Shea Ventures LLC, a 5% stockholder at the time of the transaction, Warburg Pincus Private Equity (purchased $10,000,000 of securities in the Series B Financing). The holders of the Series B Convertible Preferred Stock have agreed to convert all shares of the Series B Convertible Preferred Stock into an aggregate of 6,108,416 shares of common stock of the Company and to forgo certain rights contained in the Investor Rights Agreement in connection with and upon the consummation of this offering.

On December 29, 2009, the Company consummated a private placement of its 5% subordinated convertible promissory notes in the aggregate amount of $2.98 million and warrants to purchase 4,771,200 shares of common stock for an aggregate purchase price of $3.0 million (the "Bridge Financing"). The lead investors in the Bridge Financing also received additional warrants to purchase 2,894,076 shares of common stock. The senior lenders of the Company's venture loan received warrants to purchase 1,500,000 shares of common stock in exchange for granting the Company a six-month moratorium on its principal payments in connection with the Bridge Financing. Maxim Group LLC was the placement agent for the Bridge Financing and it received $208,740 and warrants to purchase 333,984 shares of common stock for their services. All of the purchasers in the private placement were accredited investors. The sale and issuance of these securities was deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, as transactions by an issuer not involving a public offering.

Certain Grants and Exercises of Stock Options

The sale and issuance of the securities described below were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, as transactions by an issuer not involving a public offering.

Pursuant to our 2006 Stock Option Plan and certain stand-alone stock option agreements, we have issued options to purchase an aggregate of 2,691,000 shares of common stock. Of these options, as of December 31, 2009:

- options to purchase 524,063 shares of common stock have been canceled or lapsed without being exercised;
- no options to purchase shares of common stock have been exercised; and
- options to purchase a total of 1,697,561 shares of common stock are currently outstanding at a weighted average exercise price of $0.43 per share.

Item 16. Exhibits and Financial Statements.

Exhibit No.	Description
1.1	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation*
3.2	Amended and Restated Bylaws**
4.1	Specimen unit certificate*
4.2	Specimen common stock certificate*
4.3	Specimen warrant certificate*
4.4	Form of Warrant Agreement
4.5	Form of Management Option Agreement
4.6	Form of Underwriter Unit Purchase Option
5.1	Opinion of Ellenoff Grossman & Schole LLP
10.1	Employment Agreement, dated July 29, 2007, by and between the Registrant and Jonathan Medved, as amended to date**
10.2	Employment Agreement, dated June 1, 2006, by and between the Registrant and David Corre, as amended to date**
10.3	Employment Agreement, dated January 1, 2007, by and between the Registrant and Stuart Frohlich, as amended to date**
10.4	Employment Agreement, dated June 18, 2006, by and between the Registrant and Steven Glanz, as amended to date**
10.5	Amended and Restated 2006 Stock Option Plan, as amended**
10.6^	Master Content Provider Agreement, dated June 3, 2009, by and between the Registrant and Maxis Mobile Services SDN BHD**
10.7^	Marketing Agreement, dated August 8, 2008, by and between the Registrant and Avea Iletisim Hizmetleri A.S.**

Exhibit No.	Description
10.8^	Marketing Agreement, dated June 30, 2009, by and between the Registrant and Emirates Telecommunications Corporation**
10.9^	Marketing Agreement, dated December 29, 2009, by and between the Registrant and Hungama Digital Media Entertainment Pvt. Ltd.**
10.10	Loan and Security Agreement, dated January 29, 2008, by and between Registrant and Silicon Valley Bank, as agent, and the lenders thereto (the "Loan Agreement")**
10.11	First Loan Modification Agreement, dated December 29, 2009, by and between Registrant and Silicon Valley Bank, as agent, and the lenders thereto**
10.12	Intellectual Property Security Agreement, dated December 29, 2009, by and between Registrant and Silicon Valley Bank, as agent, and the lenders to the Loan Agreement**
10.13	Registration Rights Agreement, dated December 29, 2009, by and between Registrant and the signatories thereto**
10.14	Summary of Rental Agreement, dated March 27, 2006, by and between Registrant and BIG Power Centers**
10.15	Form of 5% Subordinated Convertible Promissory Note, dated December 29, 2009**
10.16	Form of Special Bridge Warrants, dated December 29, 2009**
10.17	Form of Lead Investor Warrants, dated December 29, 2009**
10.18	Form of Senior Lender Warrants, dated December 29, 2009**
10.19	Form of Stock Purchase Agreement, dated December 29, 2009, by and between Registrant and the signatories thereto
10.20	Form of Exchange Agreement, dated December 29, 2009, by and between Registrant and the holders of the Series A Convertible Preferred Stock
10.21	Form of Exchange Agreement, dated December 29, 2009, by and between Registrant and the holders of the Series B Convertible Preferred Stock
10.22	Employment Agreement, dated March 18, 2010, by and between the Registrant and Andrew Perlman
10.23^	Marketing Agreement, dated February 2, 2010, by and between the Registrant and RTL Belgium S.A.
14	Code of Ethics*
21	List of Subsidiaries**
23.1	Consent of independent registered public accounting firm
23.2	Consent of Ellenoff Grossman & Schole LLP (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page)
99.1	Audit Committee Charter*
99.2	Compensation Committee Charter*
99.3	Nominating Committee Charter*

^ Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been filed separately with the SEC.
* To be filed by amendment
** Previously filed

Item 17. Undertakings.

(A) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increases or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) For the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) To provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

(B) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(C) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, State of New York, on March 26, 2010.

VRINGO, INC.

By: /s/ JONATHAN MEDVED
Name: **Jonathan Medved**
Title: **Chief Executive Officer**

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jonathan Medved his true and lawful attorney-in-fact, with full power of substitution and resubstitution for him and in his name, place and stead, in any and all capacities to sign any and all amendments including post-effective amendments to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, hereby ratifying and confirming all that said attorney-in-fact or his substitute, each acting alone, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Position	Date
/s/ JONATHAN MEDVED **Jonathan Medved**	Chief Executive Officer and Director *(principal executive officer)*	March 26, 2010
/s/ DAVID CORRE **David Corre**	Vice President, Finance and Administration *(principal financial officer and principal accounting officer)*	March 26, 2010
/s/ SETH M. SIEGEL **Seth M. Siegel**	Director	March 26, 2010
/s/ RALPH SIMON **Ralph Simon**	Director	March 26, 2010
/s/ ANDREW PERLMAN **Andrew Perlman**	Director	March 26, 2010
/s/ EDO SEGAL **Edo Segal**	Director	March 26, 2010

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Exhibit Index

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) were qualified by disclosures that ere made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs of the date they were made or at any other time. The registrant acknowledges that, notwithstanding the inclusion of the foregoing cautionary language, it is responsible for considering whether additional specific disclosure of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading. Additional information about the registrant may be found elsewhere in this registration statement and in the registrant's other public filings, which are available without charge through the SEC's website at www.sec.gov.

Exhibit No.	Description
1.1	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation*
3.2	Amended and Restated Bylaws**
4.1	Specimen unit certificate*
4.2	Specimen common stock certificate*
4.3	Specimen warrant certificate*
4.4	Form of Warrant Agreement
4.5	Form of Management Option Agreement
4.6	Form of Underwriter Unit Purchase Option
5.1	Opinion of Ellenoff Grossman & Schole LLP
10.1	Employment Agreement, dated July 29, 2007, by and between the Registrant and Jonathan Medved, as amended to date**
10.2	Employment Agreement, dated June 1, 2006, by and between the Registrant and David Corre, as amended to date**
10.3	Employment Agreement, dated January 1, 2007, by and between the Registrant and Stuart Frohlich, as amended to date**
10.4	Employment Agreement, dated June 18, 2006, by and between the Registrant and Steven Glanz, as amended to date**
10.5	Amended and Restated 2006 Stock Option Plan, as amended**
10.6^	Master Content Provider Agreement, dated June 3, 2009, by and between the Registrant and Maxis Mobile Services SDN BHD**
10.7^	Marketing Agreement, dated August 8, 2008, by and between the Registrant and Avea Iletisim Hizmetleri A.S.**

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Exhibit No.	Description
10.8^	Marketing Agreement, dated June 30, 2009, by and between the Registrant and Emirates Telecommunications Corporation**
10.9^	Marketing Agreement, dated December 29, 2009, by and between the Registrant and Hungama Digital Media Entertainment Pvt. Ltd.**
10.10	Loan and Security Agreement, dated January 29, 2008, by and between Registrant and Silicon Valley Bank, as agent, and the lenders thereto (the "Loan Agreement")**
10.11	First Loan Modification Agreement, dated December 29, 2009, by and between Registrant and Silicon Valley Bank, as agent, and the lenders thereto**
10.12	Intellectual Property Security Agreement, dated December 29, 2009, by and between Registrant and Silicon Valley Bank, as agent, and the lenders to the Loan Agreement**
10.13	Registration Rights Agreement, dated December 29, 2009, by and between Registrant and the signatories thereto**
10.14	Summary of Rental Agreement, dated March 27, 2006, by and between Registrant and BIG Power Centers**
10.15	Form of 5% Subordinated Convertible Promissory Note, dated December 29, 2009**
10.16	Form of Special Bridge Warrants, dated December 29, 2009**
10.17	Form of Lead Investor Warrants, dated December 29, 2009**
10.18	Form of Senior Lender Warrants, dated December 29, 2009**
10.19	Form of Stock Purchase Agreement, dated December 29, 2009, by and between Registrant and the signatories thereto
10.20	Form of Exchange Agreement, dated December 29, 2009, by and between Registrant and the holders of the Series A Convertible Preferred Stock
10.21	Form of Exchange Agreement, dated December 29, 2009, by and between Registrant and the holders of the Series B Convertible Preferred Stock
10.22	Employment Agreement, dated March 18, 2010, by and between the Registrant and Andrew Perlman
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99.3	Nominating Committee Charter*

^ Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been filed separately with the SEC.
* To be filed by amendment
** Previously filed

Exhibit 1.1

[•] UNITS

VRINGO, INC.

UNDERWRITING AGREEMENT

[•], 2010

MAXIM GROUP LLC
405 Lexington Avenue
New York, NY 10174

As Representative of the Underwriters
named on Schedule A hereto

Ladies and Gentlemen:

Vringo, Inc., a corporation organized and existing under the laws of the State of Delaware (the "**Company**"), confirms its agreement, subject to the terms and conditions set forth herein, with each of the underwriters listed on Exhibit A hereto (collectively, the "**Underwriters**"), for whom Maxim Group LLC is acting as representative (in such capacity, the "**Representative**"), to sell and issue to the Underwriters an aggregate of [•] Units (as defined below), with each Unit consisting of (i) one (1) share of common stock, par value $0.01 per share, ("**Common Stock**"), and (ii) two (2) warrants (each, a "**Warrant**" and collectively, the "**Warrants**") of the Company. Each Warrant entitles its holder to purchase one (1) share of Common Stock at an exercise price equal to $[•]. The Units are more fully described in the Registration Statement and Prospectus referred to below.

The offering and sale of the Units contemplated by this underwriting agreement (this "**Agreement**") is referred to herein as the "**Offering**."

1. Units; Over-Allotment Option.

(a) Purchase of Firm Units. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell, severally and not jointly, to the several Underwriters, an aggregate of [•] Firm Units of the Company at a purchase price (net of discounts and commissions) of $[•] per Firm Unit. The Underwriters, severally and not jointly, agree to purchase from the Company the number of Firm Units set forth opposite their respective names on Schedule A attached hereto and made a part hereof at a purchase price (net of discounts and commissions) of $[•] per Firm Unit. In addition, the Company shall pay the Underwriters a corporate finance fee equal to two percent (2%), or $[•] per Unit. The corporate finance fee shall be paid to the Underwriters for the structuring of the terms of the Offering. The shares of

Common Stock and Warrants included in the Units will not be separately transferable until the 90th day after the date of the prospectus relating to the Offering, unless the Representative determines that an earlier date is acceptable.

(b) Payment and Delivery. Delivery and payment for the Firm Units shall be made at 10:00 A.M., New York time, on the third Business Day following the effective date (the **"Effective Date"**) of the Registration Statement (or the fourth Business Day following the Effective Date, if the Registration Statement is declared effective after 4:30 p.m.) or at such earlier time as shall be agreed upon by the Representative and the Company at the offices of the Representative or at such other place as shall be agreed upon by the Representative and the Company. The hour and date of delivery and payment for the Firm Units is called the "**Closing Date**." The closing of the payment of the purchase price for, and delivery of certificates representing, the Firm Units is referred to herein as the "**Closing**." Payment for the Units shall be made on the Closing Date at the Representative's election by wire transfer in Federal (same day) funds or by certified or bank cashier's check(s) in New York Clearing House funds. Any remaining proceeds (less commissions, expense allowance and actual expense payments or other fees payable pursuant to this Agreement) shall be paid to the order of the Company upon delivery to you of certificates (in form and substance satisfactory to the Underwriters) representing the Firm Units (or through the full fast transfer facilities of the Depository Trust Company (the "**DTC**")) for the account of the Underwriters. The Firm Units shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two Business Days prior to the Closing Date. The Company will permit the Representative to examine and package the Firm Units for delivery, at least one full Business Day prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Units except upon tender of payment by the Representative for all the Firm Units.

(c) Option Units. For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Units, the Representative on behalf of the Underwriters is, hereby granted, an option to purchase up to an additional 15% of the number of Units, or [•] Units (the "**Option Units**") to be offered by the Company in the Offering (the "**Over-allotment Option**"). The Firm Units and the Option Units are hereinafter, collectively, referred to as the "**Units**". The Units, the shares of Common Stock underlying the Units, the Warrants, the shares of Common Stock issuable upon exercise of the Warrants, and the Representative's Securities (as hereinafter defined) are referred to as (the "**Securities**"). The purchase price to be paid for the Option Units (net of discounts and commissions) will be $[•] per Option Unit. In addition, the Company shall pay the Underwriters a corporate finance fee equal to two percent (2%), or $[•] per Option Unit. The corporate finance fee shall be paid to the Underwriters for the structuring of the terms of the Offering.

(d) Exercise of Option. The Over-allotment Option granted pursuant to Section 1(c) hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Units within 45 days after the Effective Date. The Underwriters will not be under any obligation to purchase any Option Units prior to the exercise of the Over-allotment Option. The Over-allotment Option granted hereby may be exercised by

the giving of oral notice to the Company from the Representative, which must be confirmed in writing by overnight mail or facsimile transmission setting forth the number of Option Units to be purchased and the date and time for delivery of and payment for the Option Units, which will not be later than five Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of the Representative or at such other place as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Units does not occur on the Closing Date, the date and time of the closing for such Option Units will be as set forth in the notice (hereinafter the "**Option Closing Date**"). Upon exercise of the Over-allotment Option, the Company will become obligated to convey to the Underwriters, and, subject to the terms and conditions set forth herein, the Underwriters will become obligated to purchase, the number of Option Units specified in such notice.

(e) Payment and Delivery of Option Units. Payment for the Option Units shall be made on the Option Closing Date at the Representative's election by wire transfer in Federal (same day) funds or by certified or bank cashier's check(s) in New York Clearing House funds, by deposit of the price per Option Unit to the Company upon delivery to the Underwriters of certificates (in form and substance satisfactory to the Underwriters) representing the Option Units (or through the full fast transfer facilities of DTC) for the account of the Underwriters. The certificates representing the Option Units to be delivered will be in such denominations and registered in such names as the Representative requests not less than two Business Days prior to the Closing Date or the Option Closing Date, as the case may be, and will be made available to the Representative for inspection, checking and packaging at the aforesaid office of the Company's transfer agent or correspondent not less than one full Business Day prior to such Closing Date or Option Closing Date.

(f) Representative's Purchase Option. The Company hereby agrees to issue and sell to the Representative (and/or its respective designees) on the Closing Date an option ("**Representative's Purchase Option**") to purchase up to an aggregate of [•] units [5% OF THE NUMBER OF UNITS SOLD IN THE OFFERING] (the "**Representative's Units**") for an aggregate purchase price of $100.00. The Representative's Purchase Option shall be exercisable, in whole or in part, commencing twelve months from the Effective Date and expiring on the five-year anniversary of the Effective Date at an initial exercise price per Representative's Unit of $[•], which is equal to one hundred and twenty percent (120%) of the initial public offering price of a Unit. The Representative's Purchase Option, the Representative's Units, the shares of Common Stock and the Warrants (the "**Representative's Warrants**") included in the Representative's Units and the Common Stock issuable upon exercise of the Representative's Warrants are hereinafter referred to collectively as the "**Representative's Securities**."

2. Representations and Warranties of the Company.

2.1 The Company represents, warrants and covenants to, and agrees with, each of the Underwriters that, as of the date hereof and as of the Closing Date:

(a) The Company has prepared and filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form S-1 (Registration No. 333-164575), and amendments thereto, and related preliminary prospectuses for the registration under the Securities Act of 1933, as amended (the "**Securities Act**"), of the Securities which registration statement, as so amended (including post-effective amendments, if any), has been declared effective by the Commission and copies of which have heretofore been delivered to the Underwriters. The registration statement, as amended at the time it became effective, including the prospectus, financial statements, schedules, exhibits and other information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act, is hereinafter referred to as the "**Registration Statement**." If the Company has filed or is required pursuant to the terms hereof to file a registration statement pursuant to Rule 462(b) under the Securities Act registering additional shares of Common Stock (a "**Rule 462(b) Registration Statement**"), then, unless otherwise specified, any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462(b) Registration Statement. Other than a Rule 462(b) Registration Statement, which, if filed, becomes effective upon filing, no other document with respect to the Registration Statement has heretofore been filed with the Commission. All of the Securities have been registered under the Securities Act pursuant to the Registration Statement or, if any Rule 462(b) Registration Statement is filed, will be duly registered under the Securities Act with the filing of such Rule 462(b) Registration Statement. The Company has responded to all requests of the Commission for additional or supplemental information. Based on communications from the Commission, no stop order suspending the effectiveness of either the Registration Statement or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission. The Company, if required by the Securities Act and the rules and regulations of the Commission (the "**Rules and Regulations**"), proposes to file the Prospectus with the Commission pursuant to Rule 424(b) under the Securities Act ("**Rule 424(b)**"). The prospectus, in the form in which it is to be filed with the Commission pursuant to Rule 424(b), or, if the prospectus is not to be filed with the Commission pursuant to Rule 424(b), the prospectus in the form included as part of the Registration Statement at the time the Registration Statement became effective, is hereinafter referred to as the "**Prospectus**," except that if any revised prospectus or prospectus supplement shall be provided to the Underwriters by the Company for use in connection with the Offering which differs from the Prospectus (whether or not such revised prospectus or prospectus supplement is required to be filed by the Company pursuant to Rule 424(b)), the term "Prospectus" shall also refer to such revised prospectus or prospectus supplement, as the case may be, from and after the time it is first provided to the Underwriters for such use. Any preliminary prospectus or prospectus subject to completion included in the Registration Statement or filed with the Commission pursuant to Rule 424 under the Securities Act is hereafter called a "**Preliminary Prospectus**." Any reference herein to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the exhibits incorporated by reference therein pursuant to the Rules and Regulations on or before the effective date of the Registration Statement, the date of such Preliminary Prospectus or the date of the Prospectus, as the case may be. Any reference herein to the terms "amend", "amendment" or "supplement" with respect to the Registration Statement, any Preliminary

Prospectus or the Prospectus shall be deemed to refer to and include: (i) the filing of any document under the Securities Exchange Act of 1934, as amended, and together with the Rules and Regulations promulgated thereunder (the "**Exchange Act**") after the effective date of the Registration Statement, the date of such Preliminary Prospectus or the date of the Prospectus, as the case may be, which is incorporated therein by reference, and (ii) any such document so filed. All references in this Agreement to the Registration Statement, the Rule 462(b) Registration Statement, a Preliminary Prospectus and the Prospectus, or any amendments or supplements to any of the foregoing shall be deemed to include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**").

(b) The Company has filed with the Commission a Form 8-A (File Number 001-[•]) providing for the registration under the Exchange Act of the shares of Common Stock. The registration of the shares of Common Stock under the Exchange Act has been declared effective by the Commission on the date hereof.

(c) At the time of the effectiveness of the Registration Statement or any Rule 462(b) Registration Statement or the effectiveness of any post-effective amendment to the Registration Statement, when the Prospectus is first filed with the Commission pursuant to Rule 424(b), when any supplement to or amendment of the Prospectus is filed with the Commission, when any document filed under the Exchange Act was or is filed, at all other subsequent times until the completion of the public offer and sale of the Securities, and at the Closing Date (as hereinafter defined), if any, the Registration Statement and the Prospectus and any amendments thereof and supplements or exhibits thereto complied or will comply in all material respects with the applicable provisions of the Securities Act, the Exchange Act and the Rules and Regulations, and did not and will not contain an untrue statement of a material fact and did not and will not omit to state any material fact required to be stated therein or necessary in order to make the statements therein: (i) in the case of the Registration Statement, not misleading, and (ii) in the case of the Prospectus in light of the circumstances under which they were made, not misleading. When any Preliminary Prospectus was first filed with the Commission (whether filed as part of the registration statement for the registration of the Securities or any amendment thereto or pursuant to Rule 424(a) under the Securities Act) and when any amendment thereof or supplement thereto was first filed with the Commission, such Preliminary Prospectus and any amendments thereof and supplements thereto complied in all material respects with the applicable provisions of the Securities Act, the Exchange Act and the Rules and Regulations and did not contain an untrue statement of a material fact and did not omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. No representation and warranty is made in this subsection (c), however, with respect to any information contained in or omitted from the Registration Statement or the Prospectus or any related Preliminary Prospectus or any amendment thereof or supplement thereto in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Underwriter through the Representative specifically for use therein. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the subsections of the "Underwriting" section of the Prospectus captioned "[Stabilization]," "[Pricing of Securities]," the last sentence of "[Other Matters]" and the penultimate paragraph on the cover page of the Preliminary Prospectus and the Prospectus (the **"Underwriters' Information"**).

(d) Neither: (i) any Issuer-Represented General Free Writing Prospectus(es) (as defined below) issued at or prior to the Time of Sale (as defined below) and the Statutory Prospectus (as defined below), all considered together (collectively, the "**General Disclosure Package**"), nor (ii) any individual Issuer-Represented Limited-Use Free Writing Prospectus(es) (as defined below), when considered together with the General Disclosure Package, includes or included as of the Time of Sale, any untrue statement of a material fact or omits or omitted as of the Time of Sale to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus included in the Registration Statement or any Issuer-Represented Free Writing Prospectus (as defined below) based upon and in conformity with written information furnished to the Company by the Representative specifically for use therein.

(e) Each Issuer-Represented Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Securities or until any earlier date that the Company notified or notifies the Representative as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, any Statutory Prospectus or the Prospectus. If at any time following issuance of an Issuer-Represented Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer-Represented Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, any Statutory Prospectus or the Prospectus relating to the Securities or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company has notified or will notify promptly the Representative so that any use of such Issuer-Represented Free Writing Prospectus may cease until it is promptly amended or supplemented by the Company, at its own expense, to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer-Represented Free Writing Prospectus based upon and in conformity with written information furnished to the Company by the Representative specifically for use therein.

(f) The Company has not distributed and will not distribute any prospectus or other offering material in connection with the offering and sale of the Securities other than the General Disclosure Package or the Prospectus or other materials permitted by the Act to be distributed by the Company. Unless the Company obtains the prior consent of the Representative, the Company has not made and will not make any offer relating to the Securities that would constitute an "issuer free writing prospectus," as defined in Rule 433 under the Act, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 under the Act, required to be filed with the Commission. The Company has complied and will comply with the requirements of Rules 164 and 433 under the Act applicable to any Issuer-Represented

Free Writing Prospectus as of its issue date and at all subsequent times through the completion of the public offer and sale of the Securities, including timely filing with the Commission where required, legending and record keeping. The Company has satisfied and will satisfy the conditions in Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show.

(g) Each Underwriter agrees that, unless it obtains the prior written consent of the Company, it will not make any offer relating to the Securities that would constitute an Issuer-Represented Free Writing Prospectus (as defined below) or that would otherwise (without taking into account any approval, authorization, use or reference thereto by the Company) constitute a "free writing prospectus" required to be filed by the Company with the Commission (as defined herein) or retained by the Company under Rule 433 of the Securities Act; provided that the prior written consent of the Company hereto shall be deemed to have been given in respect of any Issuer-Represented General Free Writing Prospectuses referenced on Schedule C attached hereto.

As used in this Agreement, the terms set forth below shall have the following meanings:

(i) "**Time of Sale**" means 4:30 P.M. (Eastern time) on the date of this Agreement.

(ii) "**Statutory Prospectus**" as of any time means the prospectus that is included in the Registration Statement immediately prior to that time. For purposes of this definition, information contained in a form of prospectus that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430A or 430B shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) under the Act.

(iii) "**Issuer-Represented Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433 under the Act, relating to the Securities that (A) is required to be filed with the Commission by the Company, or (B) is exempt from filing pursuant to Rule 433(d)(5)(i) under the Act because it contains a description of the Securities or of the Offering that does not reflect the final terms or pursuant to Rule 433(d)(8)(ii) because it is a "bona fide electronic road show," as defined in Rule 433 of the Regulations, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Act.

(iv) "**Issuer-Represented General Free Writing Prospectus**" means any Issuer-Represented Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being specified in Schedule C to this Agreement.

(v) "**Issuer-Represented Limited-Use Free Writing Prospectus**" means any Issuer-Represented Free Writing Prospectus that is not an Issuer-Represented General

Free Writing Prospectus. The term Issuer-Represented Limited-Use Free Writing Prospectus also includes any "bona fide electronic road show," as defined in Rule 433 of the Regulations, that is made available without restriction pursuant to Rule 433(d)(8)(ii), even though not required to be filed with the Commission.

(h) [KPMG - Somekh Chaikin (**"KPMG"**)], whose reports relating to the Company are included in the Registration Statement, are independent registered public accounting firm as required by the Securities Act, the Exchange Act and the Rules and Regulations and, to the Company's knowledge, such accountants are not in violation of the auditor independence requirements of the Sarbanes-Oxley Act of 2002 ("**Sarb-Ox**").

(i) Subsequent to the respective dates as of which information is presented in the Registration Statement, the General Disclosure Package and the Prospectus, and except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus: (i) the Company has not declared, paid or made any dividends or other distributions of any kind on or in respect of its capital stock, and (ii) there has been no material adverse change (or, to the knowledge of the Company, any development which has a high probability of involving a material adverse change in the future), whether or not arising from transactions in the ordinary course of business, in or affecting: (A) the business, condition (financial or otherwise), results of operations, shareholders' equity, properties or prospects of the Company and its Subsidiary (as defined below), taken as a whole; (B) the long-term debt or capital stock of the Company or any of its Subsidiary; or (C) the Offering or consummation of any of the other transactions contemplated by this Agreement, the Registration Statement, the General Disclosure Package and the Prospectus (a "**Material Adverse Change**"). Since the date of the latest balance sheet presented in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company nor any Subsidiary has incurred or undertaken any liabilities or obligations, whether direct or indirect, liquidated or contingent, matured or unmatured, or entered into any transactions, including any acquisition or disposition of any business or asset, which are material to the Company and the Subsidiary taken as a whole, except for liabilities, obligations and transactions which are disclosed in the Registration Statement and the Prospectus.

(j) As of the dates indicated in the Registration Statement, the General Disclosure Package and the Prospectus, the authorized, issued and outstanding shares of capital stock of the Company were as set forth in the Registration Statement, the General Disclosure Package and the Prospectus in the column headed "Actual" under the section thereof captioned "Capitalization" and, after giving effect to the Offering and the other transactions (excluding the offer and sale of the Over-allotment Units) contemplated by this Agreement, the Registration Statement, the General Disclosure Package and the Prospectus, will be as set forth in the column headed "As Adjusted" in such section. All of the issued and outstanding shares of capital stock of the Company, including the outstanding Units and Warrants of the Company, are fully paid and non-assessable and have been duly and validly authorized and issued, in compliance with all applicable state, federal and foreign securities laws and not in violation of or subject to any preemptive or similar right that does or will entitle any Person (as defined below), upon the issuance or sale of any security, to acquire from the Company or any Subsidiary any Relevant

Security. As used herein, the term "**Relevant Security**" means any shares of Common Stock or other security of the Company or any Subsidiary that is convertible into, or exercisable or exchangeable for shares of Common Stock or equity securities, or that holds the right to acquire any shares of Common Stock or equity securities of the Company or any Subsidiary or any other such Relevant Security, except for such rights as may have been fully satisfied or waived prior to the effectiveness of the Registration Statement. As used herein, the term "**Person**" means any foreign or domestic individual, corporation, trust, partnership, joint venture, limited liability company or other entity. Except as set forth in, or contemplated by, the Registration Statement, the General Disclosure Package and the Prospectus, on the Effective Date and on the Closing Date, there will be no options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock or any security convertible into shares of Common Stock, or any contracts or commitments to issue or sell shares of Common Stock or any such options, warrants, rights or convertible securities.

(k) The Securities have been duly authorized and reserved for issuance and, when issued and paid for, will be duly and validly issued, fully paid and non-assessable, will have been issued in compliance with all applicable state, federal and foreign securities laws and will not have been issued in violation of or subject to any preemptive or similar right that does or will entitle any Person to acquire any Relevant Security from the Company or any Subsidiary upon issuance or sale of the Units in the Offering. The Units, the shares of Common Stock and the Warrants conform to the descriptions thereof contained in the Registration Statement, the General Disclosure Package and the Prospectus. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, neither the Company nor any Subsidiary has outstanding warrants, options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, or any contracts or commitments to issue or sell, any Relevant Security.

(l) The shares of Common Stock underlying the Warrants and the shares of Common Stock underlying the Warrants included in the Representative's Units have been duly authorized for issuance, will conform to the description thereof in the Registration Statement and in the Prospectus and have been validly reserved for future issuance and will, upon exercise of the Warrants and/or Warrants included in the Representative's Units and payment of the exercise price thereof, be duly and validly issued, fully paid and non-assessable and will not have been issued in violation of or subject to preemptive or similar rights to subscribe for or purchase securities of the Company. The issuance of such securities is not subject to any statutory preemptive rights under the laws of the State of Delaware or the Company's organization documents as in effect at the time of issuance, rights of first refusal or other similar rights of any securityholder of the Company (except for such preemptive or contractual rights as were waived).

(m) The subsidiary of the Company (the "**Subsidiary**") is Vringo (Israel) Ltd., a company organized under the laws of the State of Israel ("**Vringo Israel**"), which is owned 100% by the Company. Vringo Israel is the only subsidiary of the Company within the meaning of Rule 405 under the Securities Act. Except for the Subsidiary, the Company holds no

ownership or other interest, nominal or beneficial, direct or indirect, in any corporation, partnership, joint venture or other business entity. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding shares of capital stock of, or other ownership interests in, the Subsidiary have been duly and validly authorized and issued and are fully paid and non-assessable and are owned, directly or indirectly, by the Company, free and clear of any lien, charge, mortgage, pledge, security interest, claim, equity, trust or other encumbrance, preferential arrangement, defect or restriction of any kind whatsoever (any "**Lien**"). No director, officer or key employee of the Company named in the Prospectus holds any direct equity, debt or other pecuniary interest in any Subsidiary or any Person with whom the Company or any Subsidiary does business or is in privity of contract with, other than, in each case, indirectly through the ownership by such individuals of shares of Common Stock.

(n) Each of the Company and the Subsidiary has been duly incorporated, formed or organized, and validly exists as a corporation, partnership or limited liability company in good standing under the laws of its jurisdiction of incorporation, formation or organization. Each of the Company and the Subsidiary has all requisite power and authority to carry on its business as it is currently being conducted and as described in the Registration Statement, the General Disclosure Package and the Prospectus, and to own, lease and operate its respective properties. Each of the Company and the Subsidiary is duly qualified to do business and is in good standing as a foreign corporation, partnership or limited liability company in each jurisdiction in which the character or location of its properties (owned, leased or licensed) or the nature or conduct of its business makes such qualification necessary, except, in each case, for those failures to be so qualified or in good standing which (individually and in the aggregate) would not reasonably be expected to have a material adverse effect on: (i) the business, condition (financial or otherwise), results of operations, shareholders' equity, properties or prospects of the Company and the Subsidiary, taken as a whole; (ii) the long-term debt or capital stock of the Company or any Subsidiary; or (iii) the Offering or consummation of any of the other transactions contemplated by this Agreement, the Registration Statement, the General Disclosure Package and the Prospectus (any such effect being a "**Material Adverse Effect**").

(o) Neither the Company nor any Subsidiary: (i) is in violation of its certificate or articles of incorporation, memorandum and articles of association, by-laws, certificate of formation, limited liability company agreement, joint venture agreement, partnership agreement or other organizational documents, (ii) is in default under, and no event has occurred which, with notice or lapse of time or both, would constitute a default under or result in the creation or imposition of any Lien upon any of its property or assets pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its property or assets is subject, or (iii) is in violation in any respect of any law, rule, regulation, ordinance, directive, judgment, decree or order of any judicial, regulatory or other legal or governmental agency or body, foreign or domestic, except (in the case of clause (ii) above) for any Lien disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, except in the case of clauses (ii) and (iii) where such violation or default, as the case may be, would not have or reasonably be expected to result in a Material Adverse Effect.

(p) The Company has full right, power and authority to execute and deliver this Agreement, the Warrants, the Representative's Purchase Option and all other agreements, documents, certificates and instruments required to be delivered pursuant to this Agreement. The Company has duly and validly authorized this Agreement, the Warrants, the Representative's Purchase Option and each of the transactions contemplated thereby. This Agreement, the Warrants and the Representative's Purchase Option have been duly and validly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company and are enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(q) When issued, the Representative's Purchase Option, the Representative's Warrants and the Warrants will constitute valid and binding obligations of the Company to issue and sell, upon exercise thereof and payment of the respective exercise prices therefor, the number and type of securities of the Company called for thereby in accordance with the terms thereof and such Representative's Purchase Option, Representative's Warrants and Warrants are enforceable against the Company in accordance with their respective terms, except: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under foreign, federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. The shares of Common Stock issuable upon exercise of the Representative's Purchase Option, the Representative's Warrants and the Warrants have been reserved for issuance upon the exercise of the Purchase Option, the Representative's Warrants and Warrants, respectively, upon payment of the consideration therefor, and when issued in accordance with the terms thereof, will be duly and validly authorized, validly issued, fully paid and non-assessable; the holders thereof are not and will not be subject to personal liability by reason of being such holders.

(r) The execution, delivery, and performance of this Agreement, the Warrants, Representative's Purchase Option and all other agreements, documents, certificates and instruments required to be delivered pursuant to this Agreement, and consummation of the transactions contemplated by this Agreement do not and will not: (i) conflict with, require consent under or result in a breach of any of the terms and provisions of, or constitute a default (or an event which with notice or lapse of time, or both, would constitute a default) under, or result in the creation or imposition of any Lien upon any property or assets of the Company or any Subsidiary pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement, instrument, franchise, license or permit to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary or their respective properties, operations or

assets may be bound or (ii) violate or conflict with any provision of the certificate or articles of incorporation, by-laws, certificate of formation, limited liability company agreement, partnership agreement or other organizational documents of the Company or any Subsidiary, or (iii) violate or conflict with any law, rule, regulation, ordinance, directive, judgment, decree or order of any judicial, regulatory or other legal or governmental agency or body, domestic or foreign, except in the case of subsections (i) and (iii) for any default, conflict or violation that would not have or reasonably be expected to have a Material Adverse Effect.

(s) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, each of the Company and the Subsidiary has all consents, approvals, authorizations, orders, registrations, qualifications, licenses, filings and permits of, with and from all judicial, regulatory and other legal or governmental agencies and bodies and all third parties, foreign and domestic (collectively, the "**Consents**"), to own, lease and operate its properties and conduct its business as it is now being conducted and as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, and each such Consent is valid and in full force and effect, except where such failure would not have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary has received notice of any investigation or proceedings which results in or, if decided adversely to the Company or any Subsidiary, could reasonably be expected to result in, the revocation of, or imposition of a materially burdensome restriction on, any Consent. No Consent contains a materially burdensome restriction not adequately disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(t) Each of the Company and the Subsidiary is in compliance with all applicable laws, rules, regulations, ordinances, directives, judgments, decrees and orders, foreign and domestic, except for any non-compliance the consequences of which would not have or reasonably be expected to have a Material Adverse Effect. Neither the Company, nor any of its Affiliates (within the meaning of Rule 144 under the Securities Act) ("**Affiliates**") has received any notice or other information from any regulatory or other legal or governmental agency which could reasonably be expected to result in any default or potential decertification by the Company, or any of its Affiliates.

(u) No Consent of, with or from any judicial, regulatory or other legal or governmental agency or body or any third party, foreign or domestic is required for the execution, delivery and performance of this Agreement, the Warrants, the Representative's Purchase Option or consummation of each of the transactions contemplated by this Agreement, including the issuance, sale and delivery of the Securities to be issued, sold and delivered hereunder, except the registration under the Securities Act of the Securities, which has become effective, and such Consents as may be required under state securities or blue sky laws or the by-laws and rules of the NASDAQ Capital Market, where the shares of Common Stock has been approved for listing, and the Financial Industry Regulatory Authority, Inc. ("**FINRA**") in connection with the purchase and distribution of the Securities by the Underwriters, each of which has been obtained and is in full force and effect.

(v) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there is no judicial, regulatory, arbitral or other legal or governmental proceeding or other litigation or arbitration, domestic or foreign, pending to which the Company or any Subsidiary is a party or of which any property, operations or assets of the Company or any Subsidiary is the subject which, individually or in the aggregate, if determined adversely to the Company or any Subsidiary, would reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no such proceeding, litigation or arbitration is threatened or contemplated; and the defense of all such proceedings, litigation and arbitration against or involving the Company or any Subsidiary would not reasonably be expected to have a Material Adverse Effect.

(w) The financial statements, including the notes thereto, and the supporting schedules included in the Registration Statement, the General Disclosure Package and the Prospectus comply in all material respects with the requirements of the Securities Act, the Exchange Act and present fairly the financial position as of the dates indicated and the cash flows and results of operations for the periods specified of the Company and its consolidated Subsidiary. Except as otherwise stated in the Registration Statement, the General Disclosure Package and the Prospectus, said financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis throughout the periods involved, except in the case of unaudited financials which are subject to normal year end adjustments and do not contain certain footnotes. The supporting schedules included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly the information required to be stated therein. No other financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus. The other financial and statistical information included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly the information included therein and have been prepared on a basis consistent with that of the financial statements that are included in the Registration Statement, the General Disclosure Package and the Prospectus and the books and records of the respective entities presented therein.

(x) There are no pro forma or as adjusted financial statements which are required to be included in the Registration Statement, the General Disclosure Package and the Prospectus in accordance with Regulation S-X which have not been included as so required. The pro forma and pro forma as adjusted financial information included in the Registration Statement, the General Disclosure Package and the Prospectus has been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Rules and Regulations and include all adjustments necessary to present fairly in accordance with generally accepted accounting principles the pro forma and as adjusted financial position of the respective entity or entities presented therein at the respective dates indicated and their cash flows and the results of operations for the respective periods specified. The assumptions used in preparing the pro forma and pro forma as adjusted financial information included in the Registration Statement, the General Disclosure Package and the Prospectus provide a reasonable basis for presenting the significant effects directly attributable to the transactions or events described

therein. The related pro forma and pro forma as adjusted adjustments give appropriate effect to those assumptions; and the pro forma and pro forma as adjusted financial information reflect the proper application of those adjustments to the corresponding historical financial statement amounts.

(y) The statistical, industry-related and market-related data included in the Registration Statement, the General Disclosure Package and the Prospectus are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate, and such data agree with the sources from which they are derived.

(z) The Company has established and maintains disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Exchange Act) and such controls and procedures are effective in ensuring that material information relating to the Company, including its Subsidiary, is made known to the principal executive officer and the principal financial officer. The Company has utilized such controls and procedures in preparing and evaluating the disclosures in the Registration Statement, in the General Disclosure Package and in the Prospectus.

(aa) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and the Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with United States generally accepted accounting principles and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the General Disclosure Package or in the Prospectus, since the date of the Company's formation, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(bb) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company's board of directors has validly appointed an audit committee whose composition satisfies the requirements of the rules and regulations of the NASDAQ Stock Market and the board of directors and/or audit committee has adopted a charter that satisfies the requirements of the rules and regulations of the NASDAQ Stock Market. The audit committee has reviewed the adequacy of its charter within the past twelve months. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the board of directors nor the audit committee has been informed, nor is any director of the Company aware, of: (i) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

(cc) Neither the Company nor any of its Affiliates has taken, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Securities.

(dd) Neither the Company nor any of its Affiliates has, prior to the date hereof, made any offer or sale of any securities which are required to be "integrated" pursuant to the Securities Act or the Rules and Regulations with the offer and sale of the Securities pursuant to the Registration Statement. Except as disclosed in the Registration Statement, the General Disclosure Package, the Prospectus, neither Company nor any of its Affiliates has sold or issued any Relevant Security during the six-month period preceding the date of the Prospectus, including but not limited to any sales pursuant to Rule 144A or Regulation D or S under the Securities Act, other than shares of Common Stock issued pursuant to employee benefit plans, qualified stock option plans or the employee compensation plans or pursuant to outstanding options, rights or warrants as described in the Registration Statement, the General Disclosure Package and the Prospectus.

(ee) All information contained in the questionnaires completed by each of the Company's officers and directors immediately prior to the Offering and provided to the Representative as well as the biographies of such individuals in the Registration Statement is true and correct in all material respects and the Company has not become aware of any information which would cause the information disclosed in the questionnaires completed by the directors and officers to become inaccurate and incorrect.

(ff) No director or officer of the Company is subject to any non-competition agreement or non-solicitation agreement with any employer or prior employer which could materially affect his ability to be and act in his respective capacity of the Company.

(gg) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, no holder of any Relevant Security has any rights to require registration of any Relevant Security as part or on account of, or otherwise in connection with, the offer and sale of the Securities contemplated hereby, and any such rights so disclosed have either been fully complied with by the Company or effectively waived by the holders thereof, and any such waivers remain in full force and effect.

(hh) The conditions for use of Form S-1 to register the Offering under the Securities Act, as set forth in the General Instructions to such Form, have been satisfied.

(ii) The Company is not and, at all times up to and including consummation of the transactions contemplated by this Agreement, and after giving effect to application of the net proceeds of the Offering, will not be, subject to registration as an "investment company" under the Investment Company Act of 1940, as amended, and is not and will not be an entity "controlled" by an "investment company" within the meaning of such act.

(jj) No relationship, direct or indirect, exists between or among any of the Company or any Affiliate of the Company, on the one hand, and any director, officer, shareholder, customer or supplier of the Company or any Affiliate of the Company, on the other hand, which is required by the Securities Act, the Exchange Act or the Rules and Regulations to be described in the Registration Statement or the Prospectus which is not so described as required. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members, except as described in the Registration Statement, the General Disclosure Package and the Prospectus. The Company has not, in violation of the Sarb-Ox directly or indirectly, including through a Subsidiary (other than as permitted under the Sarb-Ox for depositary institutions), extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer of the Company.

(kk) The Company is in material compliance with the provisions of Sarb-Ox and the Rules and Regulations promulgated thereunder and related or similar rules and regulations promulgated by the NASDAQ Stock Market or any other governmental or self regulatory entity or agency, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect. Without limiting the generality of the foregoing: (i) all members of the Company's board of directors who are required to be "independent" (as that term is defined under applicable laws, rules and regulations), including, without limitation, all members of the audit committee of the Company's board of directors, meet the qualifications of independence as set forth under applicable laws, rules and regulations and (ii) the audit committee of the Company's board of directors has at least one member who is an "audit committee financial expert" (as that term is defined under applicable laws, rules and regulations).

(ll) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there are no contracts, agreements or understandings between the Company and any Person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated by this Agreement or, to the Company's knowledge, any arrangements, agreements, understandings, payments or issuance with respect to the Company or any of its officers, directors, shareholders, partners, employees, Subsidiary or Affiliates that may affect the Underwriters' compensation as determined by FINRA.

(mm) The Company and the Subsidiary owns or leases all such properties as are necessary to the conduct of its business as presently operated and as proposed to be operated as described in the Registration and the Prospectus. The Company and the Subsidiary have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all Liens except such as are

described in the Registration Statement, the General Disclosure Package and the Prospectus or such as do not (individually or in the aggregate) materially affect the business or prospects of the Company or any of the Subsidiary. Any real property and buildings held under lease or sublease by the Company and the Subsidiary are held by them under valid, subsisting and enforceable leases with such exceptions as are not material to, and do not interfere with, the use made and proposed to be made of such property and buildings by the Company and the Subsidiary. Neither the Company nor any Subsidiary has received any notice of any claim adverse to its ownership of any real or personal property or of any claim against the continued possession of any real property, whether owned or held under lease or sublease by the Company or any Subsidiary.

(nn) The Company and the Subsidiary: (i) owns or possesses adequate right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, formulae, customer lists, and know-how and other intellectual property (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures, "**Intellectual Property**") necessary for the conduct of their respective businesses as being conducted and as described in the Registration Statement, the General Disclosure and Prospectus and (ii) have no knowledge that the conduct of their respective businesses do or will conflict with, and they have not received any notice of any claim of conflict with, any such right of others. Except as set forth in the Registration Statement, the General Disclosure Package or the Prospectus, neither the Company nor any Subsidiary has granted or assigned to any other Person any right to sell the current products and services of the Company and its Subsidiary or those products and services described in the Registration Statement and Prospectus. To the Company's best knowledge, there is no infringement by third parties of any such Intellectual Property; there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's or any Subsidiary's rights in or to any such Intellectual Property, and the Company is unaware of any facts which would form a reasonable basis for any such claim; and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any Subsidiary infringes or otherwise violates any patent, trademark, copyright, trade secret or other proprietary rights of others, and the Company is unaware of any other fact which would form a reasonable basis for any such claim.

(oo) The agreements and documents described in the Registration Statement, the General Disclosure Package and the Prospectus conform to the descriptions thereof contained therein and there are no agreements or other documents required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which its property or business is or may be bound or affected and (i) that is referred to in the Registration Statement, the General Disclosure Package or the Prospectus or attached as an exhibit thereto, or (ii) is material to the Company's business, has been duly and validly executed by the Company, is in full force and effect in all material respects and is enforceable against the Company and, to the Company's knowledge, the other parties thereto, in

accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the foreign, federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought, and none of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company's knowledge, any other party is in breach or default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a breach or default thereunder. To the Company's knowledge, performance by the Company of the material provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses, including, without limitation, those relating to environmental laws and regulations.

(pp) No securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by, or under common control with the Company since the date of the Company's formation, except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus.

(qq) The disclosures in the Registration Statement, the General Disclosure Package and the Prospectus concerning the effects of foreign, federal, state and local regulation on the Company's business as currently contemplated are correct in all material respects and do not omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(rr) Each of the Company and the Subsidiary has accurately prepared and timely filed all federal, state, foreign and other tax returns that are required to be filed by it and has paid or made provision for the payment of all taxes, assessments, governmental or other similar charges, including without limitation, all sales and use taxes and all taxes which the Company or any Subsidiary is obligated to withhold from amounts owing to employees, creditors and third parties, with respect to the periods covered by such tax returns (whether or not such amounts are shown as due on any tax return). No deficiency assessment with respect to a proposed adjustment of the Company's or any Subsidiary's federal, state, local or foreign taxes is pending or, to the Company's knowledge, threatened. The accruals and reserves on the books and records of the Company and the Subsidiary in respect of tax liabilities for any taxable period not finally determined are adequate to meet any assessments and related liabilities for any such period and, since the date of the Company's most recent audited financial statements, the Company and the Subsidiary have not incurred any liability for taxes other than in the ordinary course of its business. There is no tax lien, whether imposed by any federal, state, foreign or other taxing authority, outstanding against the assets, properties or business of the Company or any Subsidiary.

(ss) No labor disturbance by the employees of the Company or any Subsidiary currently exists or, to the Company's knowledge, is likely to occur.

(tt) Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and the Subsidiary have at all times operated their respective businesses in material compliance with all Environmental Laws, and no material expenditures are or will be required in order to comply therewith. Neither the Company nor any Subsidiary has received any notice or communication that relates to or alleges any actual or potential violation or failure to comply with any Environmental Laws that will result in a Material Adverse Effect. As used herein, the term "**Environmental Laws**" means all applicable laws and regulations, including any licensing, permits or reporting requirements, and any action by a federal state or local government entity pertaining to the protection of the environment, protection of public health, protection of worker health and safety, or the handling of hazardous materials, including without limitation, the Clean Air Act, 42 U.S.C. § 7401, et seq., the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601, et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1321, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 690-1, et seq., and the Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.

(uu) Except as set forth in the Registration Statement, the General Disclosure Package or the Prospectus, neither the Company nor any Subsidiary is a party to an "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("**ERISA**") which: (i) is subject to any provision of ERISA and (ii) is or was at any time maintained, administered or contributed to by the Company or any Subsidiary and covers any employee or former employee of the Company or any Subsidiary or any ERISA Affiliate (as defined hereafter). These plans are referred to collectively herein as the "**Employee Plans**." For purposes of this Section, "**ERISA Affiliate**" of any person or entity means any other person or entity which, together with that person or entity, could be treated as a single employer under Section 414(m) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or is an "affiliate," whether or not incorporated, as defined in Section 407(d)(7) of ERISA, of the person or entity.

(vv) The Registration Statement, the General Disclosure Package and the Prospectus identify each employment, severance or other similar agreement, arrangement or policy and each material plan or arrangement providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, severance benefits, supplemental unemployment benefits, vacation benefits, retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation or other forms of incentive compensation, or post-retirement insurance, compensation or benefits which: (i) is not an Employee Plan, (ii) is entered into, maintained or contributed to, as the case may be, by the Company or any Subsidiary or any of their respective ERISA Affiliates, and (iii) covers any officer or director or former officer or director of the Company or any Subsidiary or any of their respective ERISA Affiliates. These contracts, plans and arrangements are referred to collectively

in this Agreement as the "**Benefit Arrangements**." Each Benefit Arrangement has been maintained in substantial compliance with its terms and with requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to that Benefit Arrangement.

(ww) Except as set forth in the Registration Statement, the General Disclosure Package or the Prospectus, there is no liability in respect of post-retirement health and medical benefits for retired employees of the Company or any Subsidiary or any of their respective ERISA Affiliates other than medical benefits required to be continued under applicable law, determined using assumptions that are reasonable in the aggregate, over the fair market value of any fund, reserve or other assets segregated for the purpose of satisfying such liability (including for such purposes any fund established pursuant to Section 401(h) of the Code). With respect to any of the Company's or any Subsidiary's Employee Plans which are "group health plans" under Section 4980B of the Code and Section 607(1) of ERISA, there has been material compliance with all requirements imposed there under such that the Company or any Subsidiary or their respective ERISA Affiliates have no (and will not incur any) loss, assessment, tax penalty, or other sanction with respect to any such plan.

(xx) As set forth in the Registration Statement, the General Disclosure Package or the Prospectus, neither the Company nor any Subsidiary is a party to or subject to any employment contract or arrangement providing for annual future compensation, or the opportunity to earn annual future compensation (whether through fixed salary, bonus, commission, options or otherwise) of more than $120,000 to any officer, or director.

(yy) The execution of this Agreement, the Warrants, the Representative's Purchase Option or consummation of the Offering does not constitute a triggering event under any Employee Plan or any other employment contract, whether or not legally enforceable, which (either alone or upon the occurrence of any additional or subsequent event) will or may result in any payment (of severance pay or otherwise), acceleration, increase in vesting, or increase in benefits to any current or former participant, employee or director of the Company or any Subsidiary other than an event that is not material to the financial condition or business of the Company or any Subsidiary, either individually or taken as a whole.

(zz) No "prohibited transaction" (as defined in either Section 406 of the ERISA or Section 4975 of Code), "accumulated funding deficiency" (as defined in Section 302 of ERISA) or other event of the kind described in Section 4043(b) of ERISA (other than events with respect to which the 30-day notice requirement under Section 4043 of ERISA has been waived) has occurred with respect to any employee benefit plan for which the Company or any Subsidiary would have any liability; each employee benefit plan of the Company or any Subsidiary is in compliance in all material respects with applicable law, including (without limitation) ERISA and the Code; the Company has not incurred and does not expect to incur liability under Title IV of ERISA with respect to the termination of, or withdrawal from any "pension plan"; and each employee benefit plan of the Company or any Subsidiary that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or by failure to act, which could cause the loss of such qualification.

(aaa) Neither the Company, any Subsidiary nor, to the Company's knowledge, any of their respective employees or agents has at any time during the last five (5) years: (i) made any unlawful contribution to any candidate for foreign office, or failed to disclose fully any contribution in violation of law, or (ii) made any payment to any federal or state governmental officer or official or other Person charged with similar public or quasi-public duties, other than payments that are not prohibited by the laws of the United States of any jurisdiction thereof.

(bbb) The Company has not offered, or caused the Underwriters to offer, the Units to any Person or entity with the intention of unlawfully influencing: (i) a customer or supplier of the Company or any Subsidiary to alter the customer's or supplier's level or type of business with the Company or any Subsidiary or (ii) a journalist or publication to write or publish favorable information about the Company, any Subsidiary or its products or services.

(ccc) As of the date hereof and as of the Closing Date, and except as contemplated by this Agreement, neither the Company nor any Subsidiary operates within the United States or any state or territory thereof in such a manner so as to subject the Company or its operations or businesses to registration as a foreign company doing business in any state within the United States or to any of the following laws in any material respect: (i) the Bank Secrecy Act, as amended, (ii) the Uniting and Strengthening of America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, (iii) the Foreign Corrupt Practices Act of 1977, as amended, (iv) the Currency and Foreign Transactions Reporting Act of 1970, as amended, (v) the Employee Retirement Income Security Act of 1974, as amended, (vi) the Money Laundering Control Act of 1986, as amended, (vii) the rules and regulations promulgated under any such law, or any successor law, or any judgment, decree or order of any applicable administrative or judicial body relating to such law, and (viii) any corresponding law, rule, regulation, ordinance, judgment, decree or order of any state or territory of the United States or any administrative or judicial body thereof.

(ddd) The operations of the Company and its Subsidiary are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes of the United States and, to the Company's knowledge, all other jurisdictions to which the Company and its Subsidiary are subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiary with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(eee) Except as set forth in the Registration Statement and the Prospectus, no holders of any securities of the Company or any rights exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Act or to include any such securities in a registration statement to be filed by the Company.

(fff) Neither the Company nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company (as such term is defined under Rule 144 under the Securities Act, an "**Affiliate**") is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(ggg) Except as described in the Registration Statement and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or any officer, director or stockholder of the Company (each, an "**Insider**") with respect to the sale of the Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its shareholders that may affect the Underwriter's compensation, as determined by FINRA. Except as described in the Registration Statement and the Prospectus, the Company has not made any direct or indirect payments (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) to any FINRA member; or (iii) to any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the 180 days prior to the Effective Date, other than the prior payment of $[•] to the Underwriter as provided hereunder in connection with the Offering. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein. No officer, director or any beneficial owner of the Company's securities (whether debt or equity, registered or unregistered, regardless of the time acquired or the source from which derived) (any such individual or entity, a "**Company Affiliate**") has any direct or indirect affiliation or association with any FINRA member (as determined in accordance with the rules and regulations of FINRA); no Company Affiliate is an owner of stock or other securities of any member of FINRA (other than securities purchased on the open market); no Company Affiliate has made a subordinated loan to any member of FINRA; no proceeds from the sale of Shares (excluding underwriting compensation as disclosed in the Registration Statement or Prospectus) will be paid to any FINRA member, or any persons associated with or affiliated with any member of FINRA. Except as disclosed in the Registration Statement or the Prospectus, the Company has not issued any warrants or other securities or granted any options, directly or indirectly, to anyone who is a potential underwriter in the offering or a related person (as defined by FINRA rules) of such an underwriter within the 180-day period prior to the initial filing date of the Registration Statement; no person to whom securities of the Company have been privately issued within 180-day period prior to the initial filing date of the Registration Statement has any relationship or affiliation or association with any member of FINRA; and no FINRA member participating in the offering has a conflict of interest with the Company. For this purpose, a

"conflict of interest" exists when a member of FINRA and/or its associated persons, parent or affiliates in the aggregate beneficially own 10% or more of the Company's outstanding subordinated debt or common equity, or 10% or more of the Company's preferred equity. "FINRA member participating in the offering" includes any associated person of a FINRA member that is participating in the offering, any member of such associated person's immediate family and any affiliate of a FINRA member that is participating in the offering.

(hhh) None of the entities or natural persons holding any shares or other equity securities of the Company, directly or indirectly, immediately before the Offering, shall be subject to the approval and registration requirements under the laws and regulations of any jurisdiction in connection with its holding of shares or equity securities in the Company, including the Notice on Issues Relating to Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies and any implementing rules and guidelines related thereto.

(iii) As used in this Agreement, references to matters being "**material**" with respect to the Company or its Subsidiary shall mean a material event, change, condition, status or effect related to the condition (financial or otherwise), properties, assets (including intangible assets), liabilities, business, prospects, operations or results of operations of the Company or the Subsidiary, either individually or taken as a whole, as the context requires.

(jjj) As used in this Agreement, the term "**knowledge of the Company**" (or similar language) shall mean the knowledge of the officers and directors of the Company and the Subsidiary who are named in the Prospectus, with the assumption that such officers and directors shall have made reasonable and diligent inquiry of the matters presented (with reference to what is customary and prudent for the applicable individuals in connection with the discharge by the applicable individuals of their duties as officers, directors or managers of the Company or the Subsidiary).

Any certificate signed by or on behalf of the Company and delivered to the Underwriters or to Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. ("**Underwriters' Counsel**") shall be deemed to be a representation and warranty by the Company to each Underwriter listed on Schedule A hereto as to the matters covered thereby.

3. Offering. Upon authorization of the release of the Units by the Representative, the Underwriters propose to offer the Units for sale to the public upon the terms and conditions set forth in the Prospectus.

4. Covenants of the Company. The Company acknowledges, covenants and agrees with the Underwriters that:

(a) The Registration Statement and any amendments thereto have been declared effective, and if Rule 430A is used or the filing of the Prospectus is otherwise required under Rule 424(b), the Company will file the Prospectus (properly completed if Rule 430A has been used) pursuant to Rule 424(b) within the prescribed time period and will provide evidence satisfactory to the Representative of such timely filing.

(b) During the period beginning on the date hereof and ending on the later of the Closing Date or such date, as in the opinion of counsel for the Underwriter, the Prospectus is no longer required by law to be delivered (or in lieu thereof the notice referred to in Rule 173(a) under the Securities Act is no longer required to be provided), in connection with sales by an underwriter or dealer (the "**Prospectus Delivery Period**"), prior to amending or supplementing the Registration Statement, the General Disclosure Package or the Prospectus, the Company shall furnish to the Underwriter for review a copy of each such proposed amendment or supplement, and the Company shall not file any such proposed amendment or supplement to which the Underwriter reasonably object within 36 hours of delivery thereof to the Underwriter and its counsel.

(c) After the date of this Agreement, the Company shall promptly advise the Underwriter in writing (i) of the receipt of any comments of, or requests for additional or supplemental information from, the Commission, (ii) of the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any Prospectus, the General Disclosure Package or the Prospectus, (iii) of the time and date that any post-effective amendment to the Registration Statement becomes effective, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or of any order preventing or suspending its use or the use of any Prospectus, the General Disclosure Package, the Prospectus or any Issuer-Represented Free Writing Prospectus, or of any proceedings to remove, suspend or terminate from listing the Common Stock from any securities exchange upon which it is listed for trading, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time, the Company will use its reasonable efforts to obtain the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with the provisions of Rules 424(b), 430A and 430B, as applicable, under the Securities Act and will use its reasonable efforts to confirm that any filings made by the Company under Rule 424(b) or Rule 433 were received in a timely manner by the Commission (without reliance on Rule 424(b)(8) or Rule 164(b)).

(d) (i) During the Prospectus Delivery Period, the Company will comply as far as it is able with all requirements imposed upon it by the Securities Act, as now and hereafter amended, and by the Rules and Regulations, as from time to time in force, and by the Exchange Act so far as necessary to permit the continuance of sales of or dealings in the Securities as contemplated by the provisions hereof, the General Disclosure Package, and the Registration Statement and the Prospectus. If during such period any event occurs as a result of which the Prospectus (or if the Prospectus is not yet available to prospective purchasers, the General Disclosure Package) would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary or appropriate in the opinion of the Company or its counsel or the Underwriter or counsel to the Underwriter to amend the

Registration Statement or supplement the Prospectus (or if the Prospectus is not yet available to prospective purchasers, the General Disclosure Package) to comply with the Securities Act or to file under the Exchange Act any document which would be deemed to be incorporated by reference in the Prospectus in order to comply with the Securities Act or the Exchange Act, the Company will promptly notify the Underwriter and will amend the Registration Statement or supplement the Prospectus (or if the Prospectus is not yet available to prospective purchasers, the General Disclosure Package) or file such document (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(ii) If at any time following issuance of an Issuer-Represented Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer-Represented Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, the Statutory Prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company has promptly notified or promptly will notify the Underwriter and has promptly amended or will promptly amend or supplement, at its own expense, such Issuer-Represented Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(e) The Company will promptly deliver to the Underwriters and Underwriters' Counsel a signed copy of the Registration Statement, as initially filed and all amendments thereto, including all consents and exhibits filed therewith, and will maintain in the Company's files manually signed copies of such documents for at least five (5) years after the date of filing thereof. The Company will promptly deliver to each of the Underwriters such number of copies of any Preliminary Prospectus, the Prospectus, the Registration Statement, and all amendments of and supplements to such documents, if any, and all documents which are exhibits to the Registration Statement and Prospectus or any amendment thereof or supplement thereto, as the Underwriters may reasonably request. Prior to 10:00 A.M., New York time, on the business day next succeeding the date of this Agreement and from time to time thereafter, the Company will furnish the Underwriters with copies of the Prospectus in New York City in such quantities as the Underwriters may reasonably request.

(f) The Company consents to the use and delivery of the Preliminary Prospectus by the Underwriters in accordance with Rule 430 and Section 5(b) of the Securities Act.

(g) If the Company elects to rely on Rule 462(b) under the Securities Act, the Company shall both file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) and pay the applicable fees in accordance with Rule 111 of the Act by the earlier of: (i) 10:00 p.m., New York City time, on the date of this Agreement, and (ii) the time that confirmations are given or sent, as specified by Rule 462(b)(2).

(h) The Company will use its best efforts, in cooperation with the Representative, at or prior to the time of effectiveness of the Registration Statement, to qualify

the Securities for offering and sale under the securities laws relating to the offering or sale of the Securities of such jurisdictions, domestic or foreign, as the Representative may designate and to maintain such qualification in effect for so long as required for the distribution thereof; except that in no event shall the Company be obligated in connection therewith to qualify as a foreign corporation or to execute a general consent to service of process or to subject itself to taxation if it is otherwise not so subject.

(i) The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement (which need not be audited) covering a 12-month period that shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Rules and Regulations.

(j) Following the Closing Date, the Company and any of the individuals listed on Schedule B hereto (the "**Lock-Up Parties**") shall not sell or otherwise dispose of any securities of the Company, whether publicly or in a private placement during the period that their respective lock-up agreements are in effect. The Company will deliver to the Representative the agreements of Lock-Up Parties to the foregoing effect prior to the Closing Date, which agreements shall be substantially in the form attached hereto as Annex II.

(k) For a period of three (3) year from the Closing Date, the Company shall permit Representative to attend all meetings of its board of directors and shall deliver to Representative all notices and other correspondence and communications sent by the Company to members of the board of directors. The Company consents to reimburse Representative for all costs incurred in connection with attendance at such meetings including, food, lodging and transportation. The Company agrees, to the fullest extent permitted by law, to indemnify and hold Representative harmless against any and all claims, actions, damages, costs and expenses, and judgments arising solely out of the attendance and participation at any such meetings.

(l) If the Company fails to maintain the listing of its shares of Common stock on a nationally recognized exchange, for a period of three (3) years from the effective date of the Registration Statement, the Company, at its expense, shall obtain and keep current a listing in the Standard & Poor's Corporation Records Services or the Moody's Industrial Manual; provided that Moody's OTC Industrial Manual is not sufficient for these purposes.

(m) During the period of three (3) years from the effective date of the Registration Statement, the Company will make available to the Underwriters copies of all reports or other communications (financial or other) furnished to security holders or from time to time published or publicly disseminated by the Company, and will deliver to the Underwriters: (i) as soon as they are available, copies of any reports, financial statements and proxy or information statements furnished to or filed with the Commission or any national securities

exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as the Representative may from time to time reasonably request (such financial information to be on a consolidated basis to the extent the accounts of the Company and the Subsidiary are consolidated in reports furnished to its security holders generally or to the Commission); provided, that any such item which is available on the EDGAR system (or successor thereto) need not be furnished in physical form.

(n) The Company will not issue press releases or engage in any other publicity, without the Representative's prior written consent, for a period ending at 5:00 p.m. Eastern time on the first business day following the forty-fifth (45th) day following the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business, or as required by law.

(o) Prior to the consummation of the Offering, the Company will engage or continue to engage (for no less than two (2) years from the date of the Closing Date) a financial public relations firm mutually acceptable to the Company and the Representative.

(p) The Company has or will retain American Stock Transfer & Trust Company (or a transfer agent of similar competence and quality) as transfer agent for the Securities and shall continue to retain such transfer agent for a period of three (3) years following the Closing Date.

(q) The Company will apply the net proceeds from the sale of the Securities as set forth under the caption "Use of Proceeds" in the Prospectus. Without the written consent of the Representative, no proceeds of the Offering will be used to pay outstanding loans from officers, directors or stockholders

(r) The Company will use its best efforts to effect and maintain the listing of the Securities on the NASDAQ Capital Market for at least three (3) years after the Closing Date.

(s) The Company, during the period when the Prospectus is required to be delivered under the Securities Act or the Exchange Act, will file all documents required to be filed with the Commission pursuant to the Securities Act, the Exchange Act and the Rules and Regulations within the time periods required thereby.

(t) The Company will use its best efforts to do and perform all things required to be done or performed under this Agreement by the Company prior to the Closing Date, and to satisfy all conditions precedent to the delivery of the Units.

(u) The Company will not take, and will cause its Affiliates not to take, directly or indirectly, any action which constitutes or is designed to cause or result in, or which could reasonably be expected to constitute, cause or result in, the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Securities.

(v) The Company shall cause to be prepared and delivered to the Representative, at its expense, within one (1) business day from the effective date of this Agreement, an Electronic Prospectus to be used by the Underwriters in connection with the Offering. As used herein, the term "**Electronic Prospectus**" means a form of prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Representative, that may be transmitted electronically by the other Underwriters to offerees and purchasers of the Securities for at least the period during which a Prospectus relating to the Securities is required to be delivered under the Securities Act; (ii) it shall disclose the same information as the paper prospectus and prospectus filed pursuant to EDGAR, except to the extent that graphic and image material cannot be disseminated electronically, in which case such graphic and image material shall be replaced in the electronic prospectus with a fair and accurate narrative description or tabular representation of such material, as appropriate; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to the Representative, that will allow recipients thereof to store and have continuously ready access to the prospectus at any future time, without charge to such recipients (other than any fee charged for subscription to the Internet as a whole and for on-line time). The Company hereby confirms that it has included or will include in the Prospectus filed pursuant to EDGAR or otherwise with the Commission and in the Registration Statement at the time it was declared effective an undertaking that, upon receipt of a request by an investor or his or her representative within the period when a prospectus relating to the Securities is required to be delivered under the Securities Act, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of the Prospectus.

(w) The Company represents and agrees that, unless it obtains the prior written consent of the Representative, and the Representative represents and agrees that, unless it obtains the prior written consent of the Company, it has not made and will not make any offer relating to the Securities that would constitute an "issuer free writing prospectus," as defined in Rule 433 under the Securities Act, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405 under the Securities Act, required to be filed with the Commission; provided that the prior written consent of the parties hereto shall be deemed to have been given in respect of the free writing prospectuses included in Schedule C. Any such free writing prospectus consented to by the Company and the Representative is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping.

(x) For a period of three (3) years from the Closing Date the Company agrees to hold all special and annual meetings of its shareholders within the United States.

(y) The Company shall maintain, for a period of no less than three (3) years from the Closing Date, a liability insurance policy affording coverage for the acts of its officers and directors and shall use its best efforts to include Representative who attends the board of directors meetings pursuant to Section 4(m) of this Agreement as an insured under such policy.

(z) The Company shall maintain key person life insurance with an insurer rated at least AA or better in the most recent addition of "Best's Life Reports" in the amount of $[•] on the life of [•] in full force and effect for a period of [•] ([•]) years from the Closing Date. The Company shall be the sole beneficiary of such policy.

5. Consideration; Payment of Expenses.

(a) In consideration of the services to be provided for hereunder, the Company shall pay to the Underwriters or their respective designees their pro rata portion (based on the Securities purchased) of the following compensation with respect to the Units which they are offering:

(i) An underwriting discount of eight percent (8%) as set forth in Section 1(a) and (c);

(ii) A corporate finance fee of two percent (2%) as set forth in Section 1(a) and (c); and

(iii) The Representative's Purchase Option.

(b) The Company grants the Representative the right of first refusal for a period of eighteen (18) months from the Closing Date to act as co-lead manager and book runner, for any and all transactions where the Company has elected to employ a banker and any and all public and private equity offerings of the Company or any successor to or any subsidiary of the Company. The Company shall provide written notice to Representative with terms of such offering and if Representative fails to accept in writing any such proposal for such public or private sale within 15 days after receipt of a written notice from the Company containing such proposal, then Representative will have no claim or right with respect to any such sale contained in any such notice.

(c) The Representative reserves the right to reduce any item of compensation or adjust the terms thereof as specified herein in the event that a determination shall be made by FINRA to the effect that the Underwriters' aggregate compensation is in excess of FINRA Rules or that the terms thereof require adjustment.

(d) Whether or not the transactions contemplated by this Agreement, the Registration Statement and the Prospectus are consummated or this Agreement is terminated, the Company hereby agrees to pay all costs and expenses incident to the performance of its obligations hereunder, including the following:

(i) all expenses in connection with the preparation, printing, formatting for EDGAR and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and any and all amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers;

(ii) all fees and expenses in connection with the filing of Corporate Offerings Business & Regulatory Analysis ("**COBRADesk**") filings with FINRA;

(iii) all fees and expenses in connection with filing of the Registration Statement and Prospectus with the Commission;

(iv) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Securities under the Securities Act and the Offering;

(v) all expenses in connection with the qualifications of the Units for offering and sale under state or foreign securities or blue sky laws, including up to $25,000 for the fees of counsel for the Underwriters in connection with such qualification and in connection with any blue sky survey undertaken by such counsel;

(vi) all fees and expenses in connection with listing the Securities on the NASDAQ Capital Market;

(vii) all travel expenses of the Company's officers and employees and any other expense of the Company incurred in connection with attending or hosting meetings with prospective purchasers of the Units ("**Road Show Expenses**");

(viii) any stock transfer taxes incurred in connection with this Agreement or the Offering;

(ix) the cost of preparing stock certificates representing the Securities;

(x) the cost and charges of any transfer agent or registrar for the Securities;

(xi) any cost and expenses in conducting satisfactory due diligence investigation and analysis of the Company's officers and directors;

(xii) any expenses and fees incurred by counsel to the Underwriters subject to a maximum amount of $125,000; and

(xiii) all other costs and expenses incident to the performance of the Company obligations hereunder which are not otherwise specifically provided for in this Section 5.

(e) In addition to the costs and expenses set forth in Section 5(c), the Company will be responsible for: (i) the cost of two (2) "tombstone" advertisements to be placed in appropriate daily or weekly periodicals of the Representative's choice (i.e., The Wall Street Journal and The New York Times); and (ii) the cost of [leather bound] volumes of the Offering documents and Offering commemorative lucite (or other reasonable form) memorabilia, both to be supplied to the Representative, in such quantities as Representative may reasonably request.

(f) It is understood, however, that except as provided in this Section 5, and Sections 6, 7 and 11(d) hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel. Notwithstanding anything to the contrary in this Section 5, in the event that this Agreement is terminated pursuant to Section 5 or 11(b) hereof, or subsequent to a Material Adverse Change, the Company will pay, up to $125,000 (less any advances previously paid (the "**Advances**")), of all out-of-pocket expenses of the Underwriters (including but not limited to fees and disbursements of counsel to the Underwriters) incurred in connection herewith which shall be limited to expenses which are actually incurred as allowed under FINRA Rule 5110. In the event the Offering is completed, any Advances received by Maxim shall be reimbursed to the Company at the Closing.

6. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Firm Units or Option Units, as the case may be, as provided herein shall be subject to: (i) the accuracy of the representations and warranties of the Company herein contained, as of the date hereof and as of the Closing Date (ii) the absence from any certificates, opinions, written statements or letters furnished to the Representative or to Underwriters' Counsel pursuant to this Section 6 of any misstatement or omission (iii) the performance by the Company of its obligations hereunder, and (iv) each of the following additional conditions. For purposes of this Section 6, the terms "Closing Date" and "Closing" shall refer to the Closing Date for the Firm Units or Option Units, as the case may be, and each of the foregoing and following conditions must be satisfied as of each Closing.

(a) The Registration Statement shall have become effective and all necessary regulatory or listing approvals shall have been received not later than 5:30 P.M., New York time, on the date of this Agreement, or at such later time and date as shall have been consented to in writing by the Representative. If the Company shall have elected to rely upon Rule 430A under the Securities Act, the Prospectus shall have been filed with the Commission in a timely fashion in accordance with the terms hereof and a form of the Prospectus containing information relating to the description of the Securities and the method of distribution and similar matters shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period; and, at or prior to the Closing Date or the actual time of the Closing, no stop order suspending the effectiveness of the Registration Statement or any part thereof, or any amendment thereof, nor suspending or preventing the use of the General Disclosure Package, the Prospectus or any Issuer Free Writing Prospectus shall have been issued; no proceedings for the issuance of such an order shall have been initiated or threatened; any request of the Commission for additional information (to be included in the Registration Statement, the General Disclosure Package, the Prospectus,

any Issuer Free Writing Prospectus or otherwise) shall have been complied with to the Representative's satisfaction; and FINRA shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(b) The Representative shall not have reasonably determined, and advised the Company, that the Registration Statement, the General Disclosure Package or the Prospectus, or any amendment thereof or supplement thereto, or any Issuer Free Writing Prospectus, contains an untrue statement of fact which, in the Representative's reasonable opinion, is material, or omits to state a fact which, in the Representative's reasonable opinion, is material and is required to be stated therein or necessary to make the statements therein not misleading.

(c) The Representative shall have received the favorable written opinion of Ellenoff Grossman & Schole LLP, the legal counsel for the Company, dated as of the Closing Date addressed to the Representative of the Underwriters in the form attached hereto as Annex II.

(d) The Representative shall have received a certificate of the Chief Executive Officer and Chief Financial Officer of the Company, dated as of each Closing Date to the effect that: (i) the condition set forth in subsection (a) of this Section 6 has been satisfied, (ii) as of the date hereof and as of the applicable Closing Date, the representations and warranties of the Company set forth in Sections 1 and 2 hereof are accurate, (iii) as of the applicable Closing Date, all agreements, conditions and obligations of the Company to be performed or complied with hereunder on or prior thereto have been duly performed or complied with, (iv) the Company and the Subsidiary have not sustained any material loss or interference with their respective businesses, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, (v) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereof has been issued and no proceedings therefor have been initiated or threatened by the Commission, (vi) there are no pro forma or as adjusted financial statements that are required to be included or incorporated by reference in the Registration Statement and the Prospectus pursuant to the Rules and Regulations which are not so included or incorporated by reference, and (vii) subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus there has not been any Material Adverse Change or any development involving a prospective Material Adverse Change, whether or not arising from transactions in the ordinary course of business.

(e) On the date of this Agreement and on the Closing Date, the Representative shall have received a "cold comfort" letter from KPMG as of the date of the date of delivery and addressed to the Underwriters and in form and substance satisfactory to the Representative and Underwriters' Counsel, confirming that they are independent certified public accountants with respect to the Company and its Subsidiary within the meaning of the Securities Act and the Rules and Regulations, and stating, as of the date of delivery (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Prospectus, as of a date not more than five (5) days prior to the date of such letter), the conclusions and findings of such firm with respect to the financial information and other matters relating to the Registration Statement covered by such letter.

(f) Subsequent to the execution and delivery of this Agreement or, if earlier, the dates as of which information is given in the Registration Statement (exclusive of any amendment thereof) and the Prospectus (exclusive of any supplement thereto), there shall not have been any change in the capital stock or long-term debt of the Company or any Subsidiary or any change or development involving a change, whether or not arising from transactions in the ordinary course of business, in the business, condition (financial or otherwise), results of operations, shareholders' equity, properties or prospects of the Company and the Subsidiary, taken as a whole, including but not limited to the occurrence of any fire, flood, storm, explosion, accident, act of war or terrorism or other calamity, the effect of which, in any such case described above, is, in the sole judgment of the Representative, so material and adverse as to make it impracticable or inadvisable to proceed with the Offering on the terms and in the manner contemplated in the Prospectus (exclusive of any supplement).

(g) The Representative shall have received a lock-up agreement from each Lock-Up Party, duly executed by the applicable Lock-Up Party, in each case substantially in the form attached as Annex I.

(h) The Units, the Common Stock and the Warrants shall have been approved for quotation on the NASDAQ Capital Market.

(i) FINRA shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(j) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Securities; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Securities.

(k) The Company shall have furnished the Underwriters and Underwriters' Counsel with such other certificates, opinions or other documents as they may have reasonably requested.

If any of the conditions specified in this Section 6 shall not have been fulfilled when and as required by this Agreement, or if any of the certificates, opinions, written statements or letters furnished to the Representative or to Underwriters' Counsel pursuant to this Section 6 shall not be reasonably satisfactory in form and substance to the Representative and to Underwriters' Counsel, all obligations of the Underwriters hereunder may be cancelled by the Representative at, or at any time prior to, the consummation of the Closing. Notice of such cancellation shall be given to the Company in writing, or by telephone. Any such telephone notice shall be confirmed promptly thereafter in writing.

7. Indemnification.

(a) The Company agrees to indemnify and hold harmless the Underwriters and each Person, if any, who controls each Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including but not limited to attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, including the information deemed to be a part of the Registration Statement at the time of effectiveness and at any subsequent time pursuant to Rules 430A and 430B of the Rules and Regulations, the General Disclosure Package, the Prospectus, or any amendment or supplement thereto (including any documents filed under the Exchange Act and deemed to be incorporated by reference into the Prospectus), any Issuer Free Writing Prospectus or in any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Units ("**Marketing Materials**"), including any road show or investor presentations made to investors by the Company (whether in person or electronically) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such indemnified party for any legal or other expenses reasonably incurred by it in connection with investigating or defending against such loss, claim, damage, liability or action; or (ii) in whole or in part upon any inaccuracy in the representations and warranties of the Company contained herein; or (iii) in whole or in part upon any failure of the Company to perform its obligations hereunder or under law; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the General Disclosure Package, the Prospectus, or any such amendment or supplement, any Issuer Free Writing Prospectus or in any Marketing Materials, in reliance upon and in conformity with the Underwriters' Information.

(b) Each Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, each of the directors of the Company, each of the officers of the Company who shall have signed the Registration Statement, and each other Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, liabilities, claims, damages and expenses whatsoever as incurred (including but not limited to attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation), joint or several, to which they or any of them may become subject under the

Securities Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, as originally filed or any amendment thereof, or any related Preliminary Prospectus or the Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with the Underwriters' Information; *provided, however,* that in no case shall any Underwriter be liable or responsible for any amount in excess of the underwriting discount applicable to the Securities to be purchased by such Underwriter hereunder. The parties agree that such information provided by or on behalf of any Underwriter through the Representative consists solely of the material referred to in the last sentence of Section 1(b) hereof.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of any claims or the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing of the claim or the commencement thereof (but the failure so to notify an indemnifying party shall not relieve the indemnifying party from any liability which it may have under this Section 7 to the extent that it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability that such indemnifying party may have otherwise than on account of the indemnity agreement hereunder). In case any such claim or action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate, at its own expense in the defense of such action, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party; provided however, that counsel to the indemnifying party shall not (except with the written consent of the indemnified party) also be counsel to the indemnified party. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by one of the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to have charge of the defense of such action within a reasonable time after notice of commencement of the action, (iii) the indemnifying party does not diligently defend the action after assumption of the defense, or (iv) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events such fees and expenses shall be borne by the indemnifying parties. No indemnifying party shall, without the prior written consent of the

indemnified parties, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened claim, investigation, action or proceeding in respect of which indemnity or contribution may be or could have been sought by an indemnified party under this Section 7 or Section 8 hereof (whether or not the indemnified party is an actual or potential party thereto), unless (x) such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such claim, investigation, action or proceeding and (ii) does not include a statement as to or an admission of fault, culpability or any failure to act, by or on behalf of the indemnified party, and (y) the indemnifying party confirms in writing its indemnification obligations hereunder with respect to such settlement, compromise or judgment.

8. Contribution. In order to provide for contribution in circumstances in which the indemnification provided for in Section 8 hereof is for any reason held to be unavailable from any indemnifying party or is insufficient to hold harmless a party indemnified thereunder, the Company and the Underwriters shall contribute to the aggregate losses, claims, damages, liabilities and expenses of the nature contemplated by such indemnification provision (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting in the case of losses, claims, damages, liabilities and expenses suffered by the Company, any contribution received by the Company from Persons, other than the Underwriters, who may also be liable for contribution, including Persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, officers of the Company who signed the Registration Statement and directors of the Company) as incurred to which the Company and one or more of the Underwriters may be subject, in such proportions as is appropriate to reflect the relative benefits received by the Company and the Underwriters from the Offering or, if such allocation is not permitted by applicable law, in such proportions as are appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Company and the Underwriters in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion as (x) the total proceeds from the Offering (net of underwriting discounts and commissions but before deducting expenses) received by the Company bears to (y) the underwriting discount or commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of each of the Company and of the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be

deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any judicial, regulatory or other legal or governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 8: (i) no Underwriter shall be required to contribute any amount in excess of the amount by which the discounts and commissions applicable to the Units underwritten by it and distributed to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (ii) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each Person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to clauses (i) and (ii) of the immediately preceding sentence. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties, notify each party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any obligation it or they may have under this Section 8 or otherwise. The obligations of the Underwriters to contribute pursuant to this Section 8 are several in proportion to the respective number of Units to be purchased by each of the Underwriters hereunder and not joint.

9. Underwriter Default.

(a) If any Underwriter or Underwriters shall default in its or their obligation to purchase Firm Units hereunder, and if the Firm Units with respect to which such default relates (the "**Default Units**") do not (after giving effect to arrangements, if any, made by the Representative pursuant to subsection (b) below) exceed in the aggregate 10% of the number of Firm Units, each non-defaulting Underwriter, acting severally and not jointly, agrees to purchase from the Company that number of Default Units that bears the same proportion of the total number of Default Units then being purchased as the number of Firm Units set forth opposite the name of such Underwriter on Schedule A hereto bears to the aggregate number of Firm Units set forth opposite the names of the non-defaulting Underwriters, subject, however, to such adjustments to eliminate fractional shares as the Representative in its sole discretion shall make.

(b) In the event that the aggregate number of Default Units exceeds 10% of the number of Firm Units, the Representative may in their discretion arrange for themselves or for another party or parties (including any non-defaulting Underwriter or Underwriters who so agree) to purchase the Default Units on the terms contained herein. In the event that within five

calendar days after such a default the Representative do not arrange for the purchase of the Default Units as provided in this Section 9, this Agreement shall thereupon terminate, without liability on the part of the Company with respect thereto (except in each case as provided in Sections 4, 6, 7, 9 and 11(d)) or the Underwriters, but nothing in this Agreement shall relieve a defaulting Underwriter or Underwriters of its or their liability, if any, to the other Underwriters and the Company for damages occasioned by its or their default hereunder.

(c) In the event that any Default Units are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Representative or the Company shall have the right to postpone the Closing Date for a period, not exceeding five (5) business days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment or supplement to the Registration Statement or the Prospectus which, in the reasonable opinion of Underwriters' Counsel, may thereby be made necessary or advisable. The term "Underwriter" as used in this Agreement shall include any party substituted under this Section 9 with like effect as if it had originally been a party to this Agreement with respect to such Firm Units.

10. Survival of Representations and Agreements. All representations and warranties, covenants and agreements of the Company and the Underwriters contained in this Agreement or in certificates of officers of the Company or any Subsidiary submitted pursuant hereto, including the agreements contained in Section 5, the indemnity agreements contained in Section 7 and the contribution agreements contained in Section 8 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling Person thereof or by or on behalf of the Company, any of its officers and directors or any controlling Person thereof, and shall survive delivery of and payment for the Units to and by the Underwriters. The representations contained in Section 2 hereof and the covenants and agreements contained in Sections 4, 5, 7, 8, this Section 10 and Sections 14 and 15 hereof shall survive any termination of this Agreement, including termination pursuant to Section 9 or 11 hereof.

11. Effective Date of Agreement; Termination.

(a) This Agreement shall become effective upon the later of: (i) receipt by the Representative and the Company of notification of the effectiveness of the Registration Statement or (ii) the execution of this Agreement. Notwithstanding any termination of this Agreement, the provisions of this Section 11 and of Sections 1, 4, 6, 7 and 12 through 16, inclusive, shall remain in full force and effect at all times after the execution hereof.

(b) The Representative shall have the right to terminate this Agreement at any time prior to the consummation of the Closing if: (i) any domestic or international event or act or occurrence has materially disrupted, or in the opinion of the Representative will in the immediate future materially disrupt, the market for the Company's securities or securities in general; or (ii) trading on the NYSE Euronext or the NASDAQ Stock Market shall have been suspended or

been made subject to material limitations, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required, on the NYSE Euronext or the NASDAQ Stock Market or by order of the Commission, FINRA or any other governmental authority having jurisdiction; or (iii) a banking moratorium has been declared by any state or federal authority or if any material disruption in commercial banking or securities settlement or clearance services shall have occurred; or (iv) (A) there shall have occurred any outbreak or escalation of hostilities or acts of terrorism involving the United States or there is a declaration of a national emergency or war by the United States or (B) there shall have been any other calamity or crisis or any change in political, financial or economic conditions if the effect of any such event in (A) or (B), in the judgment of the Representative, is so material and adverse that such event makes it impracticable or inadvisable to proceed with the offering, sale and delivery of the Firm Units on the terms and in the manner contemplated by the Prospectus.

(c) Any notice of termination pursuant to this Section 11 shall be in writing.

(d) If this Agreement shall be terminated pursuant to any of the provisions hereof (other than pursuant to Section 9(b) hereof), or if the sale of the Units provided for herein is not consummated because any condition to the obligations of the Underwriters set forth herein is not satisfied or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof, the Company will, subject to demand by the Representative, reimburse the Underwriters for only those out-of-pocket expenses (including the fees and expenses of their counsel), actually incurred by the Underwriters in connection herewith up to $125,000 less any amounts previously paid by the Company.

12. Notices. All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing, and:

(a) if sent to the Representative or any Underwriter, shall be mailed, delivered, or faxed and confirmed in writing, to Maxim Group LLC, 405 Lexington Avenue, New York, New York 10174, Attention: Clifford A. Teller, Executive Managing Director of Investment Banking, with a copy to Underwriters' Counsel at Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., 666 Third Avenue, New York, New York, Attention: Kenneth R. Koch, Esq.; and

(b) if sent to the Company, shall be mailed, delivered, or faxed and confirmed in writing to the Company and its counsel at the addresses set forth in the Registration Statement,.

provided, however, that any notice to an Underwriter pursuant to Section 7 shall be delivered or sent by mail or facsimile transmission to such Underwriter at its address set forth in its acceptance facsimile to the Representative, which address will be supplied to any other party hereto by the Representative upon request. Any such notices and other communications shall take effect at the time of receipt thereof.

13. Parties; Limitation of Relationship. This Agreement shall inure solely to the benefit of, and shall be binding upon, the Underwriters, the Company and the controlling Persons, directors, officers, employees and agents referred to in Sections 6 and 7 hereof, and their respective successors and assigns, and no other Person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and said controlling Persons and their respective successors, officers, directors, heirs and legal Representative, and it is not for the benefit of any other Person. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of Units from any of the Underwriters.

14. Governing Law. This Agreement shall be deemed to have been executed and delivered in New York and both this Agreement and the transactions contemplated hereby shall be governed as to validity, interpretation, construction, effect, and in all other respects by the laws of the State of New York, without regard to the conflicts of laws principals thereof (other than Section 5-1401 of The New York General Obligations Law). Each of the Underwriters and the Company: (a) agrees that any legal suit, action or proceeding arising out of or relating to this Agreement and/or the transactions contemplated hereby shall be instituted exclusively in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York, (b) waives any objection which it may have or hereafter to the venue of any such suit, action or proceeding, and (c) irrevocably consents to the jurisdiction of Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York in any such suit, action or proceeding. Each of the Underwriters and the Company further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the Supreme Court of the State of New York, New York County, or in the United States District Court for the Southern District of New York and agrees that service of process upon the Company mailed by certified mail to the Company's address or delivered by Federal Express via overnight delivery shall be deemed in every respect effective service of process upon the Company, in any such suit, action or proceeding, and service of process upon the Underwriters mailed by certified mail to the Underwriters' address or delivered by Federal Express via overnight delivery shall be deemed in every respect effective service process upon the Underwriter, in any such suit, action or proceeding. THE COMPANY (ON BEHALF OF ITSELF, THE SUBSIDIARY AND, TO THE FULLEST EXTENT PERMITTED BY LAW, ON BEHALF OF ITS RESPECTIVE EQUITY HOLDERS AND CREDITORS) HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE REGISTRATION STATEMENT AND THE PROSPECTUS.

15. Entire Agreement. This Agreement, together with the schedule and exhibits attached hereto and as the same may be amended from time to time in accordance with the terms hereof, contains the entire agreement among the parties hereto relating to the subject matter hereof and there are no other or further agreements outstanding not specifically mentioned herein.

16. Severability. If any term or provision of this Agreement or the performance thereof shall be invalid or unenforceable to any extent, such invalidity or unenforceability shall not affect or render invalid or unenforceable any other provision of this Agreement and this Agreement shall be valid and enforced to the fullest extent permitted by law.

17. Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

18. Waiver, etc. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

19. No Fiduciary Relationship. The Company hereby acknowledges that the Underwriters are acting solely as underwriters in connection with the offering of the Company's securities. The Company further acknowledge that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Company, its management, shareholders, creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the offering of the Company's securities, either before or after the date hereof,. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company hereby confirms its understanding and agreement to that effect. The Company hereby further confirms its understanding that no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company with respect to the Offering contemplated hereby or the process leading thereto, including any negotiation related to the pricing of the Units; and the Company has consulted its own legal and financial advisors to the extent it has deemed appropriate in connection with this Agreement and the Offering. The Company and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions, and that any opinions or views expressed by the Underwriters to the Company regarding such transactions, including but not limited to any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against the Underwriters with respect to any breach or alleged breach of any fiduciary or similar duty to the Company in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. Delivery of a signed counterpart of this Agreement by facsimile transmission shall constitute valid and sufficient delivery thereof.

21. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

22. Time is of the Essence. Time shall be of the essence of this Agreement. As used herein, the term “business day” shall mean any day other than a Saturday, Sunday or any day on which the major stock exchanges in New York, New York are not open for business.

[Signature Pages Follow]

If the foregoing correctly sets forth your understanding, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among us.

Very truly yours,

VRINGO, INC.

By: _____
Name:
Title:

Accepted by the Representative, acting for themselves and as Representative of the Underwriters named on Schedule A attached hereto, as of the date first written above:

MAXIM GROUP LLC

By: _____
Name:
Title:

SCHEDULE A

Underwriters

Underwriter	Number of Firm Units to be Purchased from the Company	Over-Allotment Option Units
Maxim Group LLC		
Total		

SCHEDULE B

Lock-Up Parties

SCHEDULE C

Issuer-Represented General Free Writing Prospectus

ANNEX I

Form of Lock-Up Agreement

ANNEX II

Form of Legal Opinion

Exhibit 4.4

WARRANT AGREEMENT

This Warrant Agreement ("**Warrant Agreement**") is made as of _____, 2010, by and between Vringo, Inc., a Delaware corporation, (the "**Company**"), and American Stock Transfer & Trust Company (the "**Warrant Agent**").

WHEREAS, the Company is engaged in a public offering (the "**Public Offering**") of 2,760,000 units (the "**Units**") of the Company (including 360,000 additional Units if the underwriters' over-allotment option is exercised in full), each Unit consisting of one share of common stock, par value $.01 per share (the "**Common Stock**") and two warrants (the "**Warrants**"), each warrant entitling its holder to purchase one share of Common Stock (the "**Warrant Shares**");

WHEREAS, the Company has filed, with the Securities and Exchange Commission (the "**SEC**"), a registration statement on Form S-1 (Registration No. 333-164575), as amended (the "**Registration Statement**"), for the registration, under the Securities Act of 1933, as amended (the "**Act**"), of, among other securities, the Warrants and the Warrant Shares; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing to so act, in connection with the issuance, registration, transfer, exchange, redemption and exercise of the Warrants; and

WHEREAS, the Company desires to provide for the form and provisions of the Warrants, the terms upon which they shall be issued and exercised, and the respective rights, limitation of rights and immunities of the Company, the Warrant Agent and the holders of the Warrants; and

WHEREAS, all acts and things have been done and performed which are necessary to make the Warrants, when executed on behalf of the Company and countersigned by or on behalf of the Warrant Agent, as provided herein, the legally valid and binding obligations of the Company, and to authorize the execution and delivery of this Warrant Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company for the Warrants, and the Warrant Agent hereby accepts such appointment and agrees to perform the same in accordance with the terms and conditions set forth in this Warrant Agreement.

2. Warrants.

2.1 Form of Warrant. Each Warrant shall be: (a) issued in registered form only, (b) in substantially the form of Exhibit A hereto, the provisions of which are incorporated herein, (c) signed by, or bear the facsimile signature of, the Chairman of the Board or, the Chief Executive Officer or the President, and the Treasurer, Secretary or Assistant Secretary of the Company, and (d) shall bear a facsimile of the Company's seal. In the event the person whose facsimile signature has been placed upon any Warrant shall have ceased to serve in the capacity in which such person signed the Warrant before such Warrant is issued, it may be issued with the same effect as if he or she had not ceased to be such at the date of issuance.

2.2 Effect of Countersignature. Unless and until countersigned by the Warrant Agent pursuant to this Warrant Agreement, a Warrant shall be invalid and of no effect and may not be exercised by the holder thereof.

2.3 Registration.

2.3.1 Warrant Register. The Warrant Agent shall maintain books (the "**Warrant Register**"), for the registration of the original issuance and transfers of the Warrants. Upon the initial issuance of the Warrants, the Warrant Agent shall issue and register the Warrants in the names of the respective holders thereof in such denominations and otherwise in accordance with instructions delivered to the Warrant Agent by the Company.

2.3.2 Registered Holder. Prior to due presentment for registration of transfer of any Warrant, the Company and the Warrant Agent may deem and treat the person in whose name such Warrant shall be registered upon the Warrant Register ("**Registered Holder**") as the absolute owner of such Warrant and of each Warrant represented thereby (notwithstanding any notation of ownership or other writing on the Warrant certificate made by anyone other than the Company or the Warrant Agent), for the purpose of any exercise thereof, and for all other purposes, and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary.

2.4 Detachability of Warrants. The Common Stock and the Warrants comprising the Units will begin to trade separately on or prior to the date that is the 90th day following the effectiveness of the Registration Statement (the "**Detachment Date**"), provided that in no event will separate trading of the securities comprising the Units commence until the Company issues a press release announcing when such separate trading will begin.

3. Terms and Exercise of Warrants.

3.1 Warrant Price. Each Warrant shall, when countersigned by the Warrant Agent, entitle the Registered Holder thereof, subject to the provisions of such Warrant and of this Warrant Agreement, to purchase from the Company the number of shares of Common Stock stated therein, at the price of $_____ per whole share of Common Stock, subject to the adjustments provided in Section 4 hereof and in the last sentence of this Section 3.1. The term "**Warrant Price**" as used in this Warrant Agreement refers to the price per whole share at which Common Stock may be purchased at the time such Warrant is exercised. The Company, in its sole discretion, may lower the Warrant Price at any time prior to the Expiration Date (as defined below); provided, that any such reduction shall be identical in percentage terms among all of the then outstanding Warrants.

3.2 Duration of Warrants. A Warrant may be exercised only during the period ("**Exercise Period**") commencing on the effective date of the Registration Statement and terminating at 5:00 p.m., New York City time, on the earlier to occur of (i) _____, 2015 [5 years following the effective date], or (ii) the date fixed for redemption of the Warrants as provided in Section 6 of this Warrant Agreement ("**Expiration Date**"). Except with respect to the right to receive the Redemption Price (as set forth in Section 6 hereunder), each Warrant not exercised on or before the Expiration Date shall become void, and all rights thereunder and all rights in respect thereof under this Warrant Agreement shall cease at the close of business on the Expiration Date. The Company may extend the duration of the Warrants by delaying the Expiration Date; provided, however, that the Company will provide notice of not less than 20 days to Registered Holders of such extension and that such extension shall be identical in duration among all of the then outstanding Warrants.

3.3 Exercise of Warrants.

3.3.1 Payment. Subject to the provisions of the Warrant and this Warrant Agreement, a Warrant, when countersigned by the Company, may be exercised by the Registered Holder thereof by surrendering it at the office of the Warrant Agent, or at the office of its successor as Warrant Agent, in the Borough of Manhattan, City and State of New York, with the subscription form, as set forth in the Warrant, duly executed, and by paying in full, in lawful money of the United States, in cash or by certified or bank cashier's check payable to the order of the Company, the Warrant Price for each whole Warrant Share as to which the Warrant is exercised and any and all applicable taxes due in connection with the exercise of the Warrant, the exchange of the Warrant for the Warrant Shares, and the issuance of the Warrant Shares.

3.3.2 Fractional Shares. Notwithstanding any provision to the contrary contained in this Warrant Agreement, the Company shall not be required to issue any fraction of a Warrant Share in connection with the exercise of Warrants, and in any case where the Registered Holder would be entitled under the terms of the Warrants to receive a fraction of a Warrant Share upon the exercise of such Registered Holder's Warrants, issue or cause to be issued only the largest whole number of Warrant Shares issuable on such exercise (and such fraction of a Warrant Share will be disregarded); provided, that if more than one Warrant certificate is presented for exercise at the same time by the same Registered Holder, the number of whole Warrant Shares which shall be issuable upon the exercise thereof shall be computed on the basis of the aggregate number of Warrant Shares issuable on exercise of all such Warrants.

3.3.3 Issuance of Certificates. As soon as practicable after the exercise of any Warrant and the clearance of the funds in payment of the Warrant Price, the Company shall issue to the Registered Holder of such Warrant a certificate or certificates representing the number of full shares of Common Stock to which he, she or it is entitled, registered in such name or names as may be directed by him, her or it, and, if such Warrant shall not have been exercised or surrendered in full, a new countersigned Warrant for the number of shares as to which such Warrant shall not have been exercised or surrendered. Notwithstanding the foregoing, the Company shall not be obligated to deliver any securities pursuant to the exercise of a Warrant unless (a) a registration statement under the Act with respect to the Common Stock issuable upon exercise of such Warrants is effective and a current prospectus relating to the shares of Common Stock issuable upon exercise of the Warrants is available for delivery to the Registered Holder of the Warrant or (b) in the opinion of counsel to the Company, the exercise of the Warrants is exempt from the registration requirements of the Act and such securities are qualified for sale or exempt from qualification under applicable securities laws of the states or other jurisdictions in which the Registered Holder resides. Warrants may not be exercised by, or securities issued to, any Registered Holder in any state in which such exercise or issuance would be unlawful. In the event a registration statement under the Act with respect to the Common Stock underlying the Warrants is not effective or a prospectus is not available, or because such exercise would be unlawful with respect to a Registered Holder in any state, the Registered Holder shall not be entitled to exercise such Warrants and such Warrants may have no value and expire worthless. In no event will the Company be obligated to pay such Registered Holder any cash consideration upon exercise or otherwise "net cash settle" the Warrant. In the event that a Registration Statement is not effective for the exercised Warrants, the purchaser of a Unit containing such Warrants, will have paid the full purchase price for the Unit solely for the shares of Common Stock included in such Unit.

3.3.4 Valid Issuance. All shares of Common Stock issued upon the proper exercise or surrender of a Warrant in conformity with this Warrant Agreement shall be validly issued, fully paid and nonassessable.

3.3.5 Date of Issuance. Each person or entity in whose name any such certificate for shares of Common Stock is issued shall, for all purposes, be deemed to have become the holder of record of such shares on the date on which the Warrant was surrendered and payment of the Warrant Price was made, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open.

3.4 Warrant Solicitation and Warrant Solicitation Fee.

3.4.1 The Company has engaged Maxim Group LLC ("**Maxim**"), on a non-exclusive basis, as its agent for the solicitation of the exercise of the Warrants. The Company, at its cost, will: (i) assist Maxim with respect to such solicitation, if requested by Maxim, and (ii) provide Maxim, and direct the Company's transfer agent and the Warrant Agent to deliver to Maxim, lists of the record and, to the extent known, beneficial owners of the Company's Warrants. The Company hereby instructs the Warrant Agent to cooperate with Maxim in every respect in connection with Maxim's solicitation activities, including, but not limited to, providing to Maxim, at the Company's cost, a list of record and beneficial

holders of the Warrants and circulating a prospectus or offering circular disclosing the compensation arrangements referenced in Section 3.4.2 below to holders of the Warrants at the time of exercise of the Warrants. In addition to the conditions set forth in Section 3.4.2, Maxim shall accept payment of the warrant solicitation fee provided in Section 3.4.2 only if permitted under the rules and regulations of FINRA and only to the extent that a holder who exercises his Warrants specifically designates, in writing, that Maxim solicited the exercise. In addition to soliciting, either orally or in writing, the exercise of Warrants by a Warrant holder, such services may also include disseminating information, either orally or in writing, to Warrant holders about the Company or the market for the Company's securities, or assisting in the processing of the exercise of Warrants.

3.4.2 In each instance in which a Warrant is exercised, the Warrant Agent shall promptly give written notice ("**Warrant Agent's Exercise Notice**") of such exercise to the Company and Maxim. If, upon the exercise of any Warrant more than one year from the effective date of the Registration Statement: (i) the market price of the Company's Common Stock is greater than the Warrant Price, (ii) disclosure of compensation arrangements between the Company and Maxim with respect to the solicitation of the exercise of the Warrants was made both at the time of the Public Offering and at the time of exercise (by delivery of a prospectus or as otherwise required by applicable law, rule or regulation), (iii) the holder of the Warrant confirms in writing that the exercise of the Warrant was solicited by Maxim, (iv) the Warrant was not held in a discretionary account, and (v) the solicitation of the exercise of the Warrant was not in violation of Regulation M (as such rule or any successor rule may be in effect as of such time of exercise) promulgated under the Securities Exchange Act of 1934, as amended, then the Warrant Agent, simultaneously with the distribution of the common stock underlying the Warrants so exercised in accordance with the instructions from the Company following receipt of the proceeds to the Company received upon exercise of such Warrant(s), shall, on behalf of the Company, pay a fee of 3% of the Warrant Price to Maxim, provided that Maxim delivers to the Warrant Agent within ten (10) business days from the date on which Maxim has received the Warrant Agent's Exercise Notice, a certificate that the conditions set forth in the preceding clauses (iii), (iv) and (v) have been satisfied. Notwithstanding the foregoing, no fee will be paid to Maxim or its affiliates of Warrants purchased by it or them and still held by it her them for its or their own account. Maxim and the Company may, at any time during business hours, examine the records of the Warrant Agent, including its ledger of original Warrant certificates returned to the Warrant Agent upon exercise of Warrants.

3.4.3 The provisions of this Section 3.4 may not be modified, amended or deleted without the prior written consent of Maxim.

4. Adjustments.

4.1 Stock Dividends, Split-Ups. If, after the date hereof, and subject to the provisions of Section 4.6 below, the number of outstanding shares of Common Stock is increased by a stock dividend payable in shares of Common Stock, or by a split-up of shares of Common Stock, or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be increased in proportion to such increase in outstanding shares of Common Stock.

4.2 Extraordinary Dividend. If the Company, at any time during the Exercise Period, shall pay a dividend or make a distribution in cash, securities or other assets to the holders of Common Stock (or other shares of the Company's capital stock into which the Warrants are exerciseable), other than (a) as described in Sections 4.1, 4.3 or 4.5, (b) regular quarterly or other periodic dividends, (c) in connection with the conversion rights of the holders of Common Stock upon consummation of a business combination, or (d) in connection with the Company's liquidation and the distribution of its assets (any such non-excluded event being referred to herein as an "Extraordinary Dividend"), then the Warrant Price shall be decreased, effective immediately after the effective date of such Extraordinary Dividend, by the amount of cash and/or the fair market value (as determined by the Company's Board of Directors, in good faith) of any securities or other assets paid on each share of Common Stock in respect of such Extraordinary Dividend.

4.3 Aggregation of Shares. If, after the date hereof, and subject to the provisions of Section 4.7, the number of outstanding shares of Common Stock is decreased by a consolidation, combination, reverse stock split or reclassification of shares of Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of shares of Common Stock issuable on exercise of each Warrant shall be decreased in proportion to such decrease in outstanding shares of Common Stock.

4.4 Adjustments in Exercise Price. Whenever the number of shares of Common Stock purchasable upon the exercise of the Warrants is adjusted, as provided in Sections 4.1 and 4.3 above, the Warrant Price shall be adjusted (to the nearest cent) by multiplying such Warrant Price, immediately prior to such adjustment, by a fraction, (a) the numerator of which shall be the number of shares of Common Stock purchasable upon the exercise of the Warrants immediately prior to such adjustment, and (b) the denominator of which shall be the number of shares of Common Stock so purchasable immediately thereafter.

4.5 Replacement of Securities upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding shares of Common Stock (other than a change covered by Sections 4.1 or 4.3 hereof or one that solely affects the par value of such shares of Common Stock), or, in the case of any merger or consolidation of the Company with or into another corporation (other than a consolidation or merger in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding shares of Common Stock), or, in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety, in connection with which the Company is dissolved, the Registered Holders shall thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Warrants and in lieu of the shares of Common Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Registered Holder would have received if such Registered Holder had exercised his, her or its Warrant(s) immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Sections 4.1 or 4.3, then such adjustment shall be made pursuant to Sections 4.1, 4.3, 4.4 and this Section 4.5. The provisions of this Section 4.5 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

4.6 Notices of Changes in Warrant. Upon every adjustment of the Warrant Price or the number of shares issuable upon exercise of a Warrant, the Company shall give written notice thereof to the Warrant Agent, which notice shall state the Warrant Price resulting from such adjustment and the increase or decrease, if any, in the number of shares purchasable at such price upon the exercise of a Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Upon the occurrence of any event specified in Sections 4.1, 4.2, 4.3 or 4.4 the Company shall give written notice to each Registered Holder, at the last address set forth for such Registered Holder in the Warrant Register, of the record date or the effective date of the event. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such event.

4.7 Form of Warrant. The form of Warrant need not be changed because of any adjustment pursuant to this Section 4, and Warrants issued after such adjustment may state the same Warrant Price and the same number of shares as is stated in the Warrants initially issued pursuant to this Warrant Agreement. However, the Company may, at any time, in its sole discretion, make any change in the form of Warrant that the Company may deem appropriate and that does not affect the substance thereof, and any Warrant thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant or otherwise, may be in the form as so changed.

4.8 Notice of Certain Transactions. In the event that the Company shall (a) offer to holders of all its Common Stock rights to subscribe for or to purchase any securities convertible into shares of Common Stock or shares of stock of any class or any other securities, rights or options, (b) issue any rights, options or warrants entitling all the holders of Common Stock to subscribe for shares of Common

Stock, or (c) make a tender offer, redemption offer or exchange offer with respect to the Common Stock, the Company shall send to the Registered Holders a notice of such action or offer. Such notice shall be mailed to the Registered Holders at their addresses as they appear in the Warrant Register, which shall specify the record date for the purposes of such dividend, distribution or rights, or the date such issuance or event is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall briefly indicate the effect of such action on the Common Stock and on the number and kind of any other shares of stock and on other property, if any, and the number of shares of Common Stock and other property, if any, issuable upon exercise of each Warrant and the Warrant Price after giving effect to any adjustment pursuant to this Section 4 which would be required as a result of such action. Such notice shall be given as promptly as practicable after the Company has taken any such action.

5. Transfer and Exchange of Warrants.

5.1 Transfer of Warrants. Prior to the Detachment Date, the Warrants may be transferred or exchanged only together with the Unit in which such Warrant is included, and only for the purpose of effecting, or in conjunction with, a transfer or exchange of such Unit. Furthermore, each transfer of a Unit on the register relating to such Units shall operate also to transfer the Warrants included in such Unit. From and after the Detachment Date, this Section 5.1 will have no further force and effect.

5.2 Registration of Transfer. The Warrant Agent shall register the transfer, from time to time, of any outstanding Warrant into the Warrant Register, upon surrender of such Warrant for transfer, properly endorsed with signatures properly guaranteed and accompanied by appropriate instructions for transfer. Upon any such transfer, a new Warrant representing an equal aggregate number of Warrants shall be issued and the old Warrant shall be cancelled by the Warrant Agent. The Warrants so cancelled shall be delivered by the Warrant Agent to the Company from time to time upon the Company's request.

5.3 Procedure for Surrender of Warrants. Warrants may be surrendered to the Warrant Agent, together with a written request for exchange or transfer, and, thereupon, the Warrant Agent shall issue in exchange therefor one or more new Warrants as requested by the Registered Holder of the Warrants so surrendered, representing an equal aggregate number of Warrants; provided, however, that, in the event a Warrant surrendered for transfer bears a restrictive legend, the Warrant Agent shall not cancel such Warrant and shall issue new Warrants in exchange therefor until the Warrant Agent has received an opinion of counsel for the Company stating that such transfer may be made and indicating whether the new Warrants must also bear a restrictive legend.

5.4 Fractional Warrants. The Warrant Agent shall not be required to effect any registration of transfer or exchange which will result in the issuance of a warrant certificate for a fraction of a warrant.

5.5 Service Charges. No service charge shall be made for any exchange or registration of transfer of Warrants.

5.6 Warrant Execution and Countersignature. The Warrant Agent is hereby authorized to countersign and to deliver, in accordance with the terms of this Warrant Agreement, the Warrants required to be issued pursuant to the provisions of this Section 5, and the Company, whenever required by the Warrant Agent, will supply the Warrant Agent with Warrants duly executed on behalf of the Company for such purpose.

6. Redemption.

6.1 Redemption. Subject to the second sentence of this Section 6.1, all (and not less than all) of the outstanding Warrants may be redeemed, at the option of the Company, at any time after they become exercisable and prior to their expiration, at the office of the Warrant Agent, upon the notice referred to in Section 6.2, at the price of $.01 per Warrant ("Redemption Price"); provided that the last sales

price of the Common Stock has been equal to or greater than $[ ] per share (subject to adjustment for splits, dividends, recapitalizations and other similar events), on each of twenty (20) trading days within any thirty (30) trading day period ending on the third business day prior to the date on which notice of redemption is given. Notwithstanding the foregoing, a registration statement under the Act with respect to the shares of Common Stock issuable upon exercise must be effective and a current prospectus must be available for use by the Registered Holders thereof in order for the Company to exercise its redemption rights pursuant to this Section 6.

6.2 Date Fixed for, and Notice of, Redemption. In the event the Company shall elect to redeem all of the Warrants, the Company shall fix a date for the redemption. Notice of redemption shall be mailed by first class mail, postage prepaid, by the Company not less than 30 days prior to the date fixed for redemption to the Registered Holders of the Warrants to be redeemed at their last addresses as they shall appear on the Warrant Register. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Registered Holder received such notice.

6.3 Exercise After Notice of Redemption. The Warrants may be exercised in accordance with Section 3 of this Warrant Agreement at any time after notice of redemption shall have been given by the Company pursuant to Section 6.2 hereof and prior to the time and date fixed for redemption. On and after the redemption date, the Registered Holder of the Warrants shall have no further rights except to receive, upon surrender of the Warrants, the Redemption Price.

6.4 No Other Rights to Cash Payment. Except for a redemption in accordance with this Section 6, no Registered Holder of any Warrant shall be entitled to any cash payment whatsoever from the Company in connection with the ownership, exercise or surrender of any Warrant under this Warrant Agreement, regardless of whether a registration statement under the Act with respect to the shares of Common Stock issuable upon exercise is effective and a current prospectus is available for use by the Registered Holders thereof.

7. Other Provisions Relating to Rights of Registered Holders of Warrants.

7.1 No Rights as Stockholder. A Warrant does not entitle the Registered Holder thereof to any of the rights of a stockholder of the Company, including, without limitation, the right to receive dividends, or other distributions, exercise any preemptive rights to vote or to consent or to receive notice as stockholders in respect of the meetings of stockholders or the election of directors of the Company or any other matter.

7.2 Lost, Stolen Mutilated or Destroyed Warrants. If any Warrant is lost, stolen, mutilated or destroyed, the Company and the Warrant Agent may, on such terms as to indemnity or otherwise as they may in their discretion impose (which terms shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new Warrant of like denomination, tenor and date as the Warrant so lost, stolen, mutilated or destroyed. Any such new Warrant shall constitute a substitute contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

7.3 Reservation of Common Stock. The Company shall at all times reserve and keep available a number of its authorized but unissued shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding Warrants issued pursuant to this Warrant Agreement.

7.4 Registration of Common Stock. The Company agrees that prior to the commencement of the Exercise Period, it shall file with the SEC a post-effective amendment to the Registration Statement, or a new registration statement, for the registration, under the Act, of the Common Stock issuable upon exercise of the Warrants, and it shall take such action as is necessary to qualify for sale, in those states in which the Warrants were initially offered by the Company, the Common Stock issuable upon exercise of the Warrants. In either case, the Company will use its best efforts to cause the same to become effective on or prior to the commencement of the Exercise Period and to use its best efforts

to maintain the effectiveness of such registration statement until the expiration of the Warrants in accordance with the provisions of this Warrant Agreement; provided, however, that the Company shall not be obligated to deliver Common Stock and shall not have penalties for failure to deliver Common Stock if a registration statement is not effective or a current prospectus is not on file with the SEC at the time of exercise by the Registered Holder. In addition, the Company agrees to use its reasonable efforts to register such securities under the blue sky laws of the states of residence of the exercising Registered Holders to the extent an exemption under the Act is not available for the exercise of the Warrants. In no event will the Registered Holder of a Warrant be entitled to receive a net-cash settlement or shares of Common Stock or other consideration as of result of the Company's non-compliance with this Section 7.4. The provisions of this Section 7.4 may not be modified, amended or deleted without the prior written consent of Maxim, the representative of the underwriters (the "**Underwriters**").

8. Concerning the Warrant Agent and Other Matters.

8.1 Payment of Taxes. The Company will, from time to time, promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the issuance or delivery of shares of Common Stock upon the exercise of Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or such shares.

8.2 Resignation, Consolidation, or Merger of Warrant Agent.

8.2.1 Appointment of Successor Warrant Agent. The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving sixty (60) days' notice in writing to the Company. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint, in writing, a successor Warrant Agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of 30 days after it has been notified in writing of such resignation or incapacity by the Warrant Agent or by the Registered Holder of the Warrant (who shall, with such notice, submit his, her or its Warrant for inspection by the Company), then the Registered Holder of any Warrant may apply to the Supreme Court of the State of New York for the County of New York for the appointment of a successor Warrant Agent. Any successor Warrant Agent, whether appointed by the Company or by such court, shall be a corporation organized and existing under the laws of the State of New York, in good standing and having its principal office in the Borough of Manhattan, City and State of New York, and be authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authorities. After appointment, any successor Warrant Agent shall be vested with all the authority, powers, rights, immunities, duties and obligations of its predecessor Warrant Agent with like effect as if originally named as Warrant Agent hereunder, without any further act or deed; but, if for any reason it becomes necessary or appropriate, the predecessor Warrant Agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor Warrant Agent all the authority, powers, and rights of such predecessor Warrant Agent hereunder; and, upon request of any successor Warrant Agent, the Company shall make, execute, acknowledge, and deliver any and all instruments in writing for more fully and effectually vesting in and confirming to such successor Warrant Agent all such authority, powers, rights, immunities, duties and obligations.

8.2.2 Notice of Successor Warrant Agent. In the event a successor Warrant Agent shall be appointed, the Company shall give notice thereof to the predecessor Warrant Agent and the transfer agent for the Common Stock not later than the effective date of any such appointment.

8.2.3 Merger or Consolidation of Warrant Agent. Any corporation into which the Warrant Agent may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party shall be the successor Warrant Agent under this Warrant Agreement without any further act on the part of the Company or the Warrant Agent.

8.3 Fees and Expenses of Warrant Agent.

8.3.1 Remuneration. The Company agrees to pay the Warrant Agent reasonable remuneration for its services as Warrant Agent hereunder as set forth on Exhibit B hereto and will reimburse the Warrant Agent upon demand for all expenditures that the Warrant Agent may reasonably incur in the execution of its duties hereunder.

8.3.2 Further Assurances. The Company agrees to perform, execute, acknowledge and deliver, or cause to be performed, executed, acknowledged and delivered, all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Warrant Agreement.

8.4 Liability of Warrant Agent.

8.4.1 Reliance on Company Statement. Whenever, in the performance of its duties under this Warrant Agreement, the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement signed by the Chief Executive Officer, Chief Financial Officer or Chairman of the Board of the Company and delivered to the Warrant Agent. The Warrant Agent may rely upon such statement for any action taken or suffered in good faith by it pursuant to the provisions of this Warrant Agreement.

8.4.2 Indemnity. The Warrant Agent shall be liable hereunder only for its own negligence, willful misconduct or bad faith. The Company agrees to indemnify the Warrant Agent and hold it harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted by the Warrant Agent in the execution of this Warrant Agreement, except as a result of the Warrant Agent's negligence, willful misconduct or bad faith.

8.4.3 Exclusions. The Warrant Agent shall have no responsibility with respect to the validity of this Warrant Agreement or with respect to the validity or execution of any Warrant (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Warrant Agreement or in any Warrant; nor shall it be responsible to make any adjustments required under the provisions of Section 4 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment; nor shall it, by any act hereunder, be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Warrant Agreement or any Warrant or as to whether any shares of Common Stock will when issued be valid and fully paid and nonassessable.

8.5 Acceptance of Agency. The Warrant Agent hereby accepts the agency established by this Warrant Agreement and agrees to perform the same upon the terms and conditions herein set forth and, among other things, shall account promptly to the Company with respect to Warrants exercised and concurrently account for, and pay to the Company, all moneys received by the Warrant Agent for the purchase of shares of the Company's Common Stock through the exercise of Warrants.

9. Miscellaneous Provisions.

9.1 Successors. All the covenants and provisions of this Warrant Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns.

9.2 Notices. Any notice, statement or demand authorized by this Warrant Agreement to be given or made by the Warrant Agent or by the Registered Holder of any Warrant to or on the Company shall be delivered by hand or sent by registered or certified mail or overnight courier service, addressed (until another address is filed in writing by the Company with the Warrant Agent) as follows:

Vringo, Inc.
18 East 16th Street, 7th Floor
New York, New York 10003
Tel: (646) 448-8210
Attention: Jonathan Medved

and

Ellenoff Grossman & Schole LLP
150 East 42nd Street
New York, NY 10017
Tel: (212) 370-1300
Fax: (212) 370-7889
Attention: Barry I. Grossman, Esq.

Any notice, statement or demand authorized by this Warrant Agreement to be given or made by the Registered Holder of any Warrant or by the Company to or on the Warrant Agent shall be delivered by hand or sent by registered or certified mail or overnight courier service, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

American Stock Transfer & Trust Company
59 Maiden Lane, Plaza Level
New York, NY 10038

with a copy in each case to (which shall not constitute notice):

Maxim Group LLC
405 Lexington Avenue
New York, NY 10174
Tel: (212) 895-3500
Fax: (212) 895-3555
Attention: Clifford Teller

and

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
666 Third Avenue
New York, NY 10017
Tel: (212) 935-3000
Fax: (212) 983-3115
Attention: Kenneth R. Koch, Esq.

Any notice, sent pursuant to this Warrant Agreement shall be effective, if delivered by hand, upon receipt thereof by the party to whom it is addressed, if sent by overnight courier, on the next business day of the delivery to the courier, and if sent by registered or certified mail on the third day after registration or certification thereof

9.3 Applicable Law. The validity, interpretation, and performance of this Warrant Agreement and of the Warrants shall be governed in all respects by the laws of the State of New York, without giving effect to conflict of laws. The Company and the Warrant Agent hereby agree that any action, proceeding or claim against either of them arising out of or relating in any way to this Warrant Agreement shall be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company and the Warrant Agent hereby waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons

to be served upon the Company or the Warrant Agent may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.2 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the party receiving such service in any action, proceeding or claim.

9.4 Persons Having Rights under this Warrant Agreement. Nothing in this Warrant Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the Registered Holders of the Warrants and, for the purposes of Sections 6.1, 7.4, 9.2 and 9.8 hereof, the Underwriters, any right, remedy, or claim under or by reason of this Warrant Agreement or of any covenant, condition, stipulation, promise, or agreement hereof. Each Underwriter shall be deemed to be a third-party beneficiary of this Warrant Agreement with respect to Sections 6.1, 7.4, 9.2 and 9.8 hereof. All covenants, conditions, stipulations, promises, and agreements contained in this Warrant Agreement shall be for the sole and exclusive benefit of the parties hereto (and the Underwriters with respect to the Sections 6.1, 7.4, 9.2 and 9.8 hereof) and their successors and assigns and of the Registered Holders of the Warrants.

9.5 Examination of the Warrant Agreement. A copy of this Warrant Agreement shall be available at all reasonable times at the office of the Warrant Agent in the Borough of Manhattan, City and State of New York, for inspection by the Registered Holder of any Warrant. The Warrant Agent may require any such Registered Holder to submit his, her or its Warrant for inspection.

9.6 Counterparts- Facsimile Signatures. This Warrant Agreement may be executed in any number of counterparts, and each of such counterparts shall, for all purposes, be deemed to be an original, and all such counterparts shall together constitute one and the same instrument. Facsimile signatures shall constitute original signatures for all purposes of this Warrant Agreement.

9.7 Effect of Headings. The section headings herein are for convenience only and are not part of this Warrant Agreement and shall not affect the interpretation thereof

9.8 Amendments. This Warrant Agreement and any Warrant certificate may be amended by the parties hereto by executing a supplemental warrant agreement (a "**Supplemental Agreement**"**),** without the consent of any of the Warrant Holders, for the purpose of (i) curing any ambiguity, or curing, correcting or supplementing any defective provision contained herein, or making any other provisions with respect to matters or questions arising under this Warrant Agreement that is not inconsistent with the provisions of this Warrant Agreement or the Warrant certificates, (ii) evidencing the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company contained in this Warrant Agreement and the Warrants, (iii) evidencing and providing for the acceptance of appointment by a successor Warrant Agent with respect to the Warrants, (iv) adding to the covenants of the Company for the benefit of the Registered Holders or surrendering any right or power conferred upon the Company under this Warrant Agreement, or (viii) amending this Warrant Agreement and the Warrants in any manner that the Company may deem to be necessary or desirable and that will not adversely affect the interests of the Registered Holders in any material respect. All other modifications or amendments, including any amendment to increase the Warrant Price or shorten the Exercise Period, shall require the written consent of each of the Underwriter and the Registered Holders of a majority of the then outstanding Warrants. Notwithstanding the foregoing, the Company may lower the Warrant Price or extend the duration of the Exercise Period in accordance with Sections 3.1 and 3.2, respectively, without such consent.

9.9 Severability. This Warrant Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Warrant Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Warrant Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

[SIGNATURE PAGE FOLLOWS]

[SIGNATURE PAGE TO THE WARRANT AGREEMENT]

IN WITNESS WHEREOF, this Warrant Agreement has been duly executed by the parties hereto as of the day and year first above written.

VRINGO, INC.

By: _____
Name:
Title:

AMERICAN STOCK TRANSFER & TRUST COMPANY

By: _____
Name:
Title:

EXHIBIT A

Form of Warrant

EXHIBIT B

Warrant Agent Fees

2

Exhibit 4.5

VRINGO, INC.

2006 STOCK OPTION PLAN

OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2006 Stock Option Plan of Vringo, Inc. (the "Plan") shall have the same defined meanings in this Option Agreement.

I. **NOTICE OF STOCK OPTION GRANT**

[NAME AND ADDRESS]

_____

_____

The undersigned Optionee has been granted an option to purchase Common Stock of the Company, subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Date of Grant	*[ ]*
Vesting Commencement Date	*[ ]*
Exercise Price per Share	*[ ]*
Total Number of Options Granted	*[ ]*
Total Exercise Price	*$[ ]*
Type of Option	*[ ]*
Term/Expiration Date	*[ ]*

Vesting Schedule:

The Options subject to this Option Agreement (the "Option" or "Options") shall be exercisable, in whole or in part, according to the following four-year vesting schedule:

25% of the Options shall vest in arrears on the date which is twelve months after the Vesting Commencement Date set forth above, subject to the Optionee's Continuous Service Status on such date. The remaining 75% of the Options shall vest in twelve equal increments, quarterly in arrears (that is, 6.25% per quarter), over the following three years, in each case subject to the Optionee's Continuous Service Status on the relevant vesting date.

Termination Period:

This Option, if vested, shall be exercisable for 90 (ninety) days after Optionee ceases to be a Service Provider, unless Optionee is terminated for Cause (as defined in the Plan). Upon Optionee's (i) termination for Cause, (ii) engaging in acts competitive with the Company's business, or (iii) breaching any confidentiality obligation to the Company, this Option shall terminate, as provided in the Plan.

Upon Optionee's death or disability, this Option may be exercised for such longer period as provided in the Plan. In no event may Optionee exercise this Option after the Term/Expiration Date as provided above.

II. AGREEMENT

1. Grant of Option. The Plan Administrator of the Company hereby grants to the Optionee named in the above-mentioned Notice of Stock Option Grant (the "Optionee"), an option (the "Option") to purchase the number of Shares set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 14(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Agreement shall prevail.

If designated in the Notice of Stock Option Grant as an Incentive Stock Option ("ISO"), this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code, but only to the extent it is qualified. Nevertheless, to the extent that it exceeds the $100,000 rule of Code Section 422(d), this Option shall be treated as a Nonstatutory Stock Option ("NSO").

2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant (in Section 1 hereof) and with the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised, and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price. Optionee has read the Exercise Notice, and is aware of and consents to the relevant issues and liabilities arising from an exercise notice.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise complies with Applicable Laws.

3. Optionee's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended, at the time this Option is exercised, the Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company an "Investment Representation Statement" in the form attached hereto as Exhibit B.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during the 180-day period (or such other period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) (the "Market Standoff Period") following the effective date of a registration statement of the Company filed under the Securities Act. Such restriction shall apply only to the first registration statement of the Company to become effective under the Securities Act that includes securities to be sold on behalf of the Company to the public in an underwritten public offering under the Securities Act. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period.

5. Method of Payment. Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee:

(a) cash or check;

(b) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(c) surrender of other Shares which, (i) in the case of Shares acquired upon exercise of an option, have been owned by the Optionee for more than six (6) months on the date of surrender, and (ii) have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares.

6. Restrictions on Exercise. This Option may not be exercised (a) until such time as the Plan has been approved by the stockholders of the Company, or (b) if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Laws.

7. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Optionee only by Optionee. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

8. Term of Option. This Option may be exercised only within the term set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

9. Tax Consequences.

(a) THE OPTIONEE ACKNOWLEDGES AND UNDERSTANDS THAT THE TAX CONSEQUENCES OF EXERCISING THIS OPTION AND DISPOSING OF THE SHARES UNDERLYING THIS OPTION ARE COMPLEX AND WILL DIFFER DEPENDING ON A VARIETY OF FACTORS, INCLUDING, WITHOUT LIMITATION, WHETHER THE OPTIONEE IS SUBJECT TO THE INCOME TAX LAWS AND REGULATIONS OF THE UNITED STATES OR OTHER COUNTRIES OR JURISDICTIONS. THE OPTIONEE ALSO ACKNOWLEDGES AND

UNDERSTANDS THAT THE TAX LAWS AND REGULATIONS APPLICABLE TO HIM OR HER ARE SUBJECT TO CHANGE AND THAT THE OPTIONEE HAS BEEN ADVISED BY THE COMPANY TO CONSULT WITH HIS OR HER PERSONAL TAX ADVISOR BEFORE EXERCISING THIS OPTION OR DISPOSING OF THE SHARES UNDERLYING THIS OPTION. OPTIONEE UNDERSTANDS AND AGREES THAT OPTIONEE MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF OPTIONEE'S PURCHASE OR DISPOSITION OF THE SHARES UNDERLYING THIS OPTION. OPTIONEE REPRESENTS THAT OPTIONEE HAS CONSULTED WITH OR MAY CONSULT WITH ANY TAX CONSULTANTS OPTIONEE DEEMS ADVISABLE IN CONNECTION WITH THE EXERCISE OF THIS OPTION AND THE DISPOSITION OF THE SHARES AND THAT OPTIONEE IS NOT RELYING ON THE COMPANY OR ANY SUBSIDIARY OF THE COMPANY FOR ANY TAX ADVICE.

(b) If the Option being exercised is an Incentive Stock Option, and if Optionee sells or otherwise disposes of any of the Shares hereby acquired pursuant to the Incentive Stock Option on or before the later of (1) the date two years after the Date of Grant, or (2) the date one year after this date of exercise, the Optionee shall immediately notify the Company in writing of such disposition. Optionee agrees that Optionee may be subject to income tax withholding by the Company on the compensation income recognized by the Optionee.

(c) The Optionee agrees, understands and acknowledges that if the Optionee is an employee or a former employee, the Company is required to withhold from Optionee's compensation or collect from Optionee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at this time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered concurrently with the Exercise Notice.

(d) Any tax consequences arising from the grant or exercise of this Option, from the payment for Shares or from any other event or act (of the Company, any Subsidiary or the Optionee) under the Plan, this Option Agreement or the Exercise Notice, shall be borne solely by the Optionee. The Optionee agrees to indemnify the Company and/or its Subsidiaries and hold them harmless against and from any and all liability for any such tax or interest or penalty thereof, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Optionee.

10. No Guarantee of Continued Service. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE's RIGHT OR THE COMPANY's RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

11. Entire Agreement; Governing Law.

The Plan is incorporated herein by reference. The Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee. If this Option is an NSO or an ISO, this agreement shall be governed by the internal laws (but not the choice of law rules) of the State of New York. With respect to any other type of Option, this Option Agreement shall be governed by the internal laws of the State of Israel.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option Agreement. Optionee further agrees to notify the Company upon any change in the residence address indicated above.

OPTIONEE:

VRINGO, INC.

_____

_____

Signature

By: _____

Title: _____

Date: _____

Date: _____

Print Name: _____

Residence Address: _____

_____

EXHIBIT A

2006 STOCK OPTION PLAN

EXERCISE NOTICE

Vringo, Inc.

_____

_____

Attention: _____

1. Exercise of Option. Effective as of today, _____, 20__, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of Vringo, Inc. (the "Company") under and pursuant to the 2006 Stock Option Plan (the "Plan") and the Option Agreement dated by the Company_____ (the "Option Agreement").

2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares, as set forth in the Option Agreement.

3. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions. Optionee acknowledges that under the Plan the Shares will be subject to a voting proxy.

(a) Securities Act of 1933. Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Restricted Securities. Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. In this connection, Optionee understands that, in the view of the Securities and Exchange

Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company, and any other legend required under applicable state securities laws.

(c) Securities Exchange Act of 1934. Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including, inter-alia: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than two years after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than three years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Exemption from Registration. Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for

such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

4. Rights as Stockholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Shares shall be issued to the Optionee as soon as practicable after the Option is exercised, provided, however, that all of the Plan's conditions and the Agreement's provisions have been fulfilled. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in the Plan. Under the Plan, so long as the Shares are not registered for trading, the voting rights associated with Shares issued upon exercise of this Option will be given to the Company's CEO or another person designated by the Administrator of the Plan, pursuant to an irrevocable proxy. Furthermore, upon the issuance of Shares pursuant to the exercise of this Option, Optionee may be required to enter into a stockholder's agreement containing provisions similar to those contained in the stockholders' agreements executed by other shareholders of the Company.

5. Company's Right of First Refusal. Before any Shares held by Optionee or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (iii) the number of Shares to be transferred to each Proposed Transferee; and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within 30 days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within 120 days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's immediate family or a trust for the benefit of the Optionee's immediate family shall be exempt from the provisions of this Section. "Immediate Family" as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section, and there shall be no further transfer of such Shares except in accordance with the terms of this Section.

(g) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the first sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended.

6. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

7. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR UNDER THE LAWS OF ANY OTHER FOREIGN LAW, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COMPANY COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

8. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

9. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

10. Governing Law; Severability. The governing law to which this Agreement is subject shall be as set forth in the Agreement.

11. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof, and may not be modified adversely to the Optionee's interest except by means of a writing signed by the Company and Optionee.

Submitted by:

OPTIONEE:

Signature

Print Name:

Address:

Social Security Number

Accepted by:

By:

Title:

Address:

Date Received:

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE: _____

COMPANY: VRINGO, INC.

SECURITY: COMMON STOCK

AMOUNT:

DATE:

In connection with the purchase of the above-listed Securities, the undersigned Optionee represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. In this connection, Optionee understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Optionee's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one year or any other fixed period in the future. Optionee further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company, and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the

satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to the Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which requires the resale to occur not less than one year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, in the case of acquisition of the Securities by an affiliate, or by a non-affiliate who subsequently holds the Securities less than two years, the satisfaction of the conditions set forth in sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

Signature of Optionee:

_____

Date _____

[FORM OF UNIT PURCHASE OPTION]

THE REGISTERED HOLDER OF THIS PURCHASE OPTION BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS UNIT PURCHASE OPTION EXCEPT AS HEREIN PROVIDED AND THE REGISTERED HOLDER OF THIS UNIT PURCHASE OPTION AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS UNIT PURCHASE OPTION FOR A PERIOD OF TWELVE MONTHS FOLLOWING THE EFFECTIVE DATE (DEFINED BELOW) TO ANYONE OTHER THAN (I) MAXIM GROUP LLC (THE "INITIAL HOLDER") OR ANY OTHER UNDERWRITER OR SELECTED DEALER PARTICIPATING IN THE OFFERING, OR (II) ANY SUCCESSOR, OFFICER , MANAGER, PARTNER OR MEMBER OF THE INITIAL HOLDER OR OF ANY SUCH UNDERWRITER OR SELECTED DEALER.

THIS UNIT PURCHASE OPTION IS NOT EXERCISABLE PRIOR TO [—]**[TWELVE MONTHS FROM THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT]**, ASSUMING THE SECURITIES UNDERLYING THIS UNIT PURCHASE OPTION ARE COVERED BY AN EFFECTIVE REGISTRATION STATEMENT AND A CURRENT PROSPECTUS IS AVAILABLE OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IS AVAILABLE (AS DESCRIBED MORE FULLY IN THE COMPANY'S REGISTRATION STATEMENT (DEFINED HEREIN)). THIS UNIT PURCHASE OPTION SHALL BE VOID AFTER 5:00 P.M. EASTERN TIME, [—], 2015 **[FIVE YEARS FROM THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT]**.

UNIT PURCHASE OPTION

FOR THE PURCHASE OF

[—] **[5% OF THE UNITS SOLD]** UNITS

OF

VRINGO, INC.

1. Purchase Option.

THIS CERTIFIES THAT, in consideration of $[100.00] duly paid by or on behalf of MAXIM GROUP LLC (the "Initial Holder"), as registered owner of this Unit Purchase Option (this "Purchase Option"), to VRINGO, INC. (the "Company"), the Initial Holder is entitled, at any time or from time to time commencing on [—]**[TWELVE MONTHS FROM THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT]** (the "Commencement Date"), and at or before 5:00 p.m., Eastern Time, on [—], 2015 **[FIVE YEARS FROM THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT]** (the "Expiration Date"), which is five years from the effective date (the "Effective Date") of the registration statement (the "Registration Statement") pursuant to which the Units (as defined below) are offered for sale to the public (the "Offering"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to [—] **[5% OF THE UNITS SOLD]** units (the "Units") of the Company, each Unit consisting of one share of common stock of the Company, par value $0.01 per share (the "Common Stock"), and two warrants, each to purchase one share of Common Stock, at an exercise price of $[—] (each, a "Warrant" and together, the "Warrants") expiring on [—], 2015 **[FIVE YEARS FROM THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT]**. Each Warrant is the same as

the warrants included in the Units being registered for sale to the public by way of the Registration Statement (the "Public Warrants"). If the Expiration Date is not a Business Day (as defined below), then this Purchase Option may be exercised on the next succeeding Business Day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate the Purchase Option. This Purchase Option is initially exercisable at $[—] **[120% OF THE PRICE OF THE UNITS SOLD IN THE PUBLIC OFFERING]** per Unit so purchased; provided, however, that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Purchase Option, including the exercise price per Unit and the number of shares of Common Stock included in the Units (and shares of Common Stock underlying the Warrants) to be received upon such exercise, shall be adjusted as therein specified.

The term "Exercise Price" shall mean the initial exercise price or the adjusted exercise price, depending on the context.

The term "Holder" shall mean, as of any date, the Initial Holder and/or any transferee who acquires this Purchase Option (in whole or in part) in accordance with Section 3.1 hereof.

The term "Business Day" shall mean any day, except a Saturday, Sunday or legal holiday on which the banking institutions in the State of New York are authorized or obligated by law or executive order to close.

2. Exercise.

2.1 Exercise Form. In order to exercise this Purchase Option, the exercise form attached hereto must be duly executed and completed and delivered to the Company, together with this Purchase Option and payment of the Exercise Price for the Units being purchased (payable in cash or by certified check or official bank check). If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Purchase Option shall become null and void, without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Legend. Each certificate for the securities purchased under this Purchase Option shall bear a legend as follows unless such securities are covered by an effective registration statement under the Securities Act of 1933, as amended (the "Act"):

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state law. The securities may not be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law."

2.3 Cashless Exercise.

2.3.1 Determination of Amount. In lieu of the payment of the Exercise Price multiplied by the number of Units for which this Purchase Option is exercisable and in lieu of being entitled to receive Units in the manner required by Section 2.1, the Holder shall have the right (but not the obligation) to convert any exercisable but unexercised portion of this Purchase Option into Units (the "Conversion Right") as follows: upon exercise of the Conversion Right, the Company shall deliver to the Holder (without payment by the Holder of any of the Exercise Price in cash) that number of Units equal to the quotient obtained by dividing (x) the "Value" (as defined below) of the portion of this Purchase Option being converted by (y) the "Current Market Price" (as defined below) of the portion of the Purchase Option being converted. The "Value" of the portion of this Purchase Option being converted shall equal the remainder derived from subtracting (a) the product of (i) the Exercise Price multiplied by (ii) the number of Units underlying the portion of this Purchase Option being converted from (b) the product of (i)

Current Market Price of a Unit multiplied by (ii) the number of Units underlying the portion of this Purchase Option being converted. The "Current Market Price" of a Unit at any day shall mean (i) if the Units are listed on a national securities exchange (including, without limitation, the NYSE Euronext and the NASDAQ Stock Market) or quoted on the Over the Counter Bulletin Board (or any successor electronic inter-dealer quotation system), the average closing price of a Unit for the thirty (30) trading days immediately preceding the date of determination of the Current Market Price in the principal trading market for the Units as reported by the exchange or the quotation system, as the case may be; (ii) if the Units are not listed on a national securities exchange or quoted on Over the Counter Bulletin Board (or any successor electronic inter-dealer quotation system), but are traded in the residual over-the-counter market, the closing bid price for a Unit on the last trading day preceding the date in question for which such quotations are reported by the Pink Sheets, LLC or similar publisher of such quotations; and (iii) if the fair market value of the Units cannot be determined pursuant to clause (i) or (ii) above, such price as the Board of Directors of the Company shall determine, in good faith.

2.3.2 Mechanics of Cashless Exercise. The Conversion Right described in this Section 2.3 may be exercised by the Holder on any Business Day on or after the Commencement Date and not later than the Expiration Date by delivering this Purchase Option, with the duly executed exercise form attached hereto and with the cashless exercise section completed, specifying the total number of Units the Holder will purchase pursuant to such Conversion Right, to the Company.

2.4 No Obligation to Net Cash Settle. In no event will the Company be obligated to pay the registered Holder of the Purchase Option any cash or otherwise "net cash settle" the Purchase Option or the Warrants underlying the Purchase Option.

2.5 Warrant Exercise. Any Warrants underlying the Units shall be issued pursuant and subject to the terms and conditions set forth in the Warrant Agreement, dated [—], by and between the Company and [—] (the "Warrant Agreement").

3. Transfer.

3.1 General Restrictions. The registered Holder of this Purchase Option, by its acceptance hereof, agrees that, in accordance with the Financial Industry Regulatory Authority Inc. (FINRA) Rule 5110(g)(1), it will not sell, transfer, assign, pledge or hypothecate this Purchase Option (in whole or in part) or any interest herein for a period of one year following the Effective Date to anyone other than (i) the Initial Holder or an underwriter or a selected dealer participating in the Offering or (ii) any successor, officer, manager, partner or member of the Initial Holder or of any such underwriter, selected dealer or successor (each, a "Permitted Transferee"). On and after the first anniversary of the Effective Date, this Purchase Option may be sold, transferred, assigned, pledged, hypothecated or otherwise disposed of, in whole or in part, subject to compliance with applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto duly executed and completed, together with the Purchase Option and payment of all transfer taxes, if any, payable in connection therewith. The Company shall, within five (5) Business Days following receipt thereof, transfer this Purchase Option on the books of the Company and shall execute and deliver a new Purchase Option or Purchase Options of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of Units purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Act. The securities evidenced by this Purchase Option shall not be transferred unless and until (a) the Company has received a written opinion of counsel for the Holder that the securities may be transferred pursuant to an exemption from registration under the Act and applicable state securities laws, the availability of which is established to the reasonable satisfaction of the Company

(the Company hereby agrees that the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. shall be deemed satisfactory evidence of the availability of an exemption) or (b) a new registration statement or a post-effective amendment to the Registration Statement relating to such securities has been filed by the Company and declared effective by the Securities and Exchange Commission (the "Commission"), a current prospectus is available and compliance with applicable state securities laws has been established.

4. New Purchase Options to be Issued.

4.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Purchase Option may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Purchase Option for cancellation, together with the duly executed exercise or assignment form and funds sufficient to pay any Exercise Price (except to the extent the Holder elects to exercise this Purchase Option by means of a cashless exercise as provided by Section 2.3 above) and/or transfer tax, the Company shall cause to be delivered to the Holder without charge a new Purchase Option of like tenor to this Purchase Option in the name of the Holder evidencing the right of the Holder to purchase the number of Units purchasable hereunder as to which this Purchase Option has not been exercised or assigned. In addition, the Company shall cause to be delivered to any Permitted Transferee without charge a new Purchase Option of like tenor to this Purchase Option in the name of such transferee evidencing the right of such transferee to purchase the number of Units purchasable hereunder as to which this Purchase Option has been transferred to such transferee.

4.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Purchase Option and of reasonably satisfactory indemnification or the posting of a bond, the Company shall execute and deliver a new Purchase Option of like tenor and date. Any such new Purchase Option executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

5. Registration Rights.

5.1 General. As used in this Section 5, the term "Registrable Securities" means the securities underlying this Purchase Option, including the Units, the shares of Common Stock and Warrants issued as part of the Units and the shares of Common Stock underlying the Warrants; provided, that, any such securities shall cease to be Registrable Securities when: (a) a registration statement with respect to the sale of such securities shall have become effective under the Act and such securities shall have been sold, transferred, disposed of or exchanged in accordance with such registration statement; (b) such securities shall have been transferred pursuant to Rule 144 of the Act (or any similar rule or regulation then in force), new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and they may be publicly resold without volume or method of sale restrictions without registration under the Securities Act; (c) such securities may be sold under Rule 144 by the Holder without volume limitation restrictions; or (d) such securities shall have ceased to be outstanding. A "majority" of the Registrable Securities shall be calculated by assuming that any outstanding Purchase Options are exercised for Units in accordance with the terms of such Purchase Options and that any Warrants are exercised for shares of Common Stock in accordance with the terms of such Warrants.

5.2 Demand Registration.

5.2.1 Grant of Right. At any one time during the five-year period following the Effective Date, the Holders of at least 51% of the Registrable Securities ("Majority Holders") may make a written demand for registration under the Act of all or part of their Registrable Securities (a "Demand Registration"). Any request for a Demand Registration (a "Demand Request") shall specify the number and type of

Registrable Securities proposed to be sold and the intended method(s) of distribution thereof. The Company will notify all Holders of Registrable Securities of the demand, and any Holder of Registrable Securities who wishes to include all or a portion of such Holder's Registrable Securities in the Demand Registration shall so notify the Company within fifteen (15) Business Days following delivery of the notice from the Company (such Holders who timely deliver notice together with the Majority Holders, the "Demanding Holders"). The Company will then use its reasonable best efforts (a) to prepare and file within sixty (60) days a new registration statement or a post-effective amendment to the Registration Statement covering the resale of the Registrable Securities which the Demanding Holders have requested to be registered and (b) to cause such registration statement to be declared effective as soon as possible thereafter, subject to Section 5.2.4.

5.2.2 Terms. With respect to any offerings under this Section 5.2, other than offerings made pursuant to Section 5.2.4, the Company shall bear all fees and expenses attendant to registering the Registrable Securities, including the reasonable fees and expenses of one legal counsel selected by the Majority Holders to represent them in connection with the sale of the Registrable Securities, except that the Company shall not be required to pay any underwriting commissions (which commissions, if any, shall be borne by the Demanding Holders participating in the registration) and shall not be obligated to effect more than two Demand Registrations. The Company agrees to use its reasonable best efforts to qualify or register the Registrable Securities in such states as are reasonably requested by the Majority Holder(s); provided, however, that in no event shall the Company be required to register the Registrable Securities in a state in which such registration would cause (a) the Company to be obligated to qualify to do business in such state or would subject the Company to taxation as a foreign corporation doing business in such jurisdiction or (b) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall use its reasonable best efforts to cause any registration statement or post-effective amendment filed pursuant to the demand rights granted under Section 5.2.1 to remain effective for a period of twelve (12) consecutive months from the effective date of such registration statement or post-effective amendment, plus any period during which disposition of securities thereunder is interfered with by any stop order or injunction of the Commission or any governmental agency or court.

5.2.3 Effective Registration. A registration will not count as a Demand Registration until the registration statement filed with the Commission with respect to such Demand Registration has been declared effective and the Company has complied with all of its obligations under this Agreement with respect thereto; provided, however, that if, after such registration statement has been declared effective, the offering of Registrable Securities pursuant to a Demand Registration is interfered with by any stop order or injunction of the Commission or any other governmental agency or court, the registration statement with respect to such Demand Registration will be deemed not to have been declared effective unless and until (i) such stop order or injunction is removed, rescinded or otherwise terminated, and (ii) a majority-in-interest of the Demanding Holders thereafter elect to continue the offering.

5.2.4 Underwritten Offerings. If a majority-in-interest (based on the number of Registrable Securities being registered (assuming any securities exercisable for shares of Common Stock are so exercised)) of the Demanding Holders so elect and such holders so advise the Company in writing as part of the Demand Request, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. In such event, the right of any Holder of Registrable Securities to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Demanding Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the majority-in-interest of the Demanding

Holders. If the managing underwriter or underwriters for a Demand Registration that is to be an underwritten offering advises the Company and the Demanding Holders in writing that the dollar amount or number of Registrable Securities which the Demanding Holders desire to sell, taken together with all other securities which the Company desires to sell and all other securities, if any, as to which registration has been requested pursuant to written contractual piggy-back registration rights held by other stockholders of the Company, exceeds the maximum dollar amount or maximum number of securities that can be sold in such offering without adversely affecting the proposed offering price, the timing, the distribution method, or the probability of success of such offering (such maximum dollar amount or maximum number of securities, as applicable, the "Maximum Number of Securities"), then the Company shall include in such registration: (i) first, Registrable Securities as to which Demand Registration has been requested by the Demanding Holders (allocated *pro rata* in accordance with the number of shares or other securities that each such Person has requested be included in such registration, regardless of the number of shares held by each such Person (such proportion is referred to herein as "Pro Rata")) that can be sold without exceeding the Maximum Number of Securities; (ii) second, to the extent that the Maximum Number of Securities has not been reached under the foregoing clause (i), securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Securities; and (iii) third, to the extent that the Maximum Number of Securities have not been reached under the foregoing clauses (i) and (ii), securities for the account of other persons that the Company is obligated to register pursuant to written contractual piggy-back registration rights with such persons and that can be sold without exceeding the Maximum Number of Securities.

5.2.5 Withdrawal. If a majority-in-interest of the Demanding Holders disapprove of the terms of any underwriting or are not entitled to include all of their Registrable Securities in any offering, such majority-in-interest of the Demanding Holders may elect to withdraw from such offering by giving written notice to the Company and the underwriter or underwriters of their request to withdraw prior to the effectiveness of the registration statement filed with the Commission with respect to such Demand Registration. If the majority-in-interest of the Demanding Holders withdraw from a proposed offering relating to a Demand Registration, then the Company shall cease all efforts to secure such registration, and such registration shall not count as a Demand Registration provided for in Section 5.2.

5.2.6 Permitted Delays. The Company shall be entitled to postpone, for up to sixty (60) days from the date of receipt of a Demand Request, the filing of any registration statement under this Section 5.2, if (a) at any time prior to the filing of such registration statement the Company's Board of Directors determines, in its good faith business judgment, that such registration and offering would materially and adversely affect any financing, acquisition, corporate reorganization, or other material transaction involving the Company, and (b) the Company delivers to the Demanding Holders written notice thereof within five (5) business days from the date of receipt of a Demand Request; provided, that the Company may not exercise this postponement right more than once during any 12-month period.

5.3 "Piggy-Back" Registration.

5.3.1 Grant of Right. If at any time during the first five years following the Effective Date the Company proposes to file a registration statement under the Act with respect to an offering of equity securities, or securities exercisable or exchangeable for, or convertible into, equity securities, by the Company for its own account or for securityholders of the Company for their accounts (or by the Company and by securityholders of the Company including, without limitation, pursuant to Section 5.2.1), other than (A) a registration of securities relating solely to an offering and sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit plan arrangement, (B) a registration on Form S-4 or S-8 or any successor form to such forms, (C) an exchange offer or offering of securities solely to the Company's existing stockholders, (D) an offering of debt that

is convertible into equity securities, (E) a dividend reinvestment plan, or (F) solely in connection with a merger, consolidation or non-capital raising bona fide business transaction, then the Company shall (i) give written notice of such proposed filing to the holders of Registrable Securities as soon as practicable but in no event less than ten (10) days before the anticipated filing date, which notice shall describe the amount and type of securities to be included in such offering, the intended method(s) of distribution and the name of the proposed managing underwriter or underwriters, if any, of the offering, and (ii) offer to the holders of Registrable Securities in such notice the opportunity to register the sale of such number of shares of Registrable Securities as such holders may request in writing within five (5) days following receipt of such notice (a "Piggy-Back Registration"). The Company shall cause such Registrable Securities to be included in such registration and shall use its reasonable best efforts to cause the managing underwriter or underwriters of a proposed underwritten offering to permit the Registrable Securities requested to be included in a Piggy-Back Registration to be included on the same terms and conditions as any similar securities of the Company and to permit the sale or other disposition of such Registrable Securities in accordance with the intended method(s) of distribution thereof. All holders of Registrable Securities proposing to distribute their securities through a Piggy-Back Registration that involves an underwriter or underwriters shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such Piggy-Back Registration.

5.3.2 Terms. The Company shall bear all fees and expenses attendant to registering the Registrable Securities, but the Holders shall pay any and all underwriting commissions, including the reasonable fees and expenses of any legal counsel selected by a majority-in-interest of the Holders requesting inclusion of securities pursuant to Section 5.3 to represent them in connection with the sale of the Registrable Securities. The Company agrees to use its reasonable best efforts to qualify or register the Registrable Securities in such states as are reasonably requested by the majority-in-interest of the Holder(s); provided, however, that in no event shall the Company be required to register the Registrable Securities in a state in which such registration would cause (a) the Company to be obligated to qualify to do business in such state, or would subject the Company to taxation as a foreign corporation doing business in such jurisdiction or (b) the principal stockholders of the Company to be obligated to escrow their shares of capital stock of the Company. The Company shall use its commercially reasonable efforts to cause any registration statement or post-effective amendment filed pursuant to the "piggy-back" rights granted under Section 5.3 to remain effective for a period of nine (9) consecutive months from the effective date of such registration statement or post-effective amendment.

5.3.3 Underwritten Offerings. If the managing underwriter or underwriters for a Piggy-Back Registration that is to be an underwritten offering advises the Company and the holders of Registrable Securities in writing that the dollar amount or number of securities which the Company desires to sell, taken together with the securities, if any, as to which registration has been demanded pursuant to written contractual arrangements with persons other than the holders of Registrable Securities and the Registrable Securities as to which registration has been requested under Section 5.3, exceeds the Maximum Number of Securities, then the Company shall include in any such registration:

(a) If the registration is undertaken for the Company's account: (A) first, securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Securities; (B) second, to the extent that the Maximum Number of Securities has not been reached under the foregoing clause (A), Registrable Securities, as to which registration has been requested pursuant to the applicable written contractual piggy-back registration rights of such securityholders, Pro Rata, that can be sold without exceeding the Maximum Number of Securities; and (C) third, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (A) and (B), securities for the account of other persons that the Company is obligated to register pursuant to written contractual piggy-back registration rights with such persons and that can be sold without exceeding the Maximum Number of Securities; and

(b) If the registration is a "demand" registration undertaken at the demand of persons other than either the holders of Registrable Securities, (A) first, securities for the account of the demanding persons that can be sold without exceeding the Maximum Number of Securities; (B) second, to the extent that the Maximum Number of Securities has not been reached under the foregoing clause (A), securities that the Company desires to sell that can be sold without exceeding the Maximum Number of Securities; (C) third, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (A) and (B), Registrable Securities, as to which registration has been requested pursuant to the applicable written contractual piggy-back registration rights of such securityholders, Pro Rata, that can be sold without exceeding the Maximum Number of Securities; and (D) fourth, to the extent that the Maximum Number of Securities has not been reached under the foregoing clauses (A), (B) and (C), securities for the account of other persons that the Company is obligated to register pursuant to written contractual piggy-back registration rights with such persons and that can be sold without exceeding the Maximum Number of Securities.

5.3.4 Maintenance of Priority. Until such time as the Company has registered the Registrable Securities, so long as there are Registrable Securities hereunder, the Company shall not grant to any person piggy-back rights superior to the rights of the Holders of Registrable Securities hereunder.

5.3.5 Withdrawal. Any Holder of Registrable Securities may elect to withdraw such Holder's request for inclusion of Registrable Securities in any Piggy-Back Registration by giving written notice to the Company of such request to withdraw at least five (5) Business Days prior to the effectiveness of the Registration Statement. Notwithstanding any such withdrawal, the Company shall pay all expenses incurred in connection with the withdrawn registration statement in accordance with Section 5.3.2 above.

5.4 General Terms.

5.4.1 Indemnification. The Company shall indemnify the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls any such Holder within the meaning of Section 15 of the Act or Section 20(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), against any loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against litigation, commenced or threatened, or any claim whatsoever whether arising out of any action between the underwriter and the Company or between the underwriter and any third party or otherwise) to which any of them may become subject under the Act, the Exchange Act or otherwise, based upon such registration statement, but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the Initial Holder contained in Section [—] of the Underwriting Agreement (the "Underwriting Agreement") among the Company and the Initial Holder, as representative of the Holders participating in the Offering, dated as of the Effective Date, pursuant to which the Company has agreed to indemnify the Initial Holder. The Holder(s) of the Registrable Securities to be sold pursuant to such registration statement, and their successors and assigns, shall severally, and not jointly, indemnify the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, against any loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against litigation, commenced or threatened, or any claim whatsoever) to which they may become subject under the Act, the Exchange Act or otherwise, arising from information furnished by or on behalf of such Holders, or their successors or assigns, in writing, for specific inclusion in such registration statement to the same extent and with the same effect as the provisions contained in Section [—] of the Underwriting Agreement, pursuant to which the underwriters have agreed to indemnify the Company.

5.4.2 Exercise of Purchase Options. Nothing contained in this Purchase Option shall be construed as requiring the Holder(s) to exercise this Purchase Option or Warrants underlying this Purchase Option prior to or after the initial filing of any registration statement or the effectiveness thereof.

5.4.3 Documents Delivered to Holders. In case of an underwritten offering which includes Registrable Securities pursuant to the terms hereof, the Company shall furnish, or cause to be furnished, to the Initial Holder, as representative of the Holders participating in the offering, (i) an opinion of counsel substantially in the form furnished to the underwriter or underwriters and (ii) a comfort letter from the Company's independent public accountants substantially in the form furnished to the underwriter or underwriters; provided, that, comfort letters are at the time being customarily furnished by independent public accountants to selling securityholders in similar circumstances. The Company shall deliver promptly to the Initial Holder, as representative of the Holders participating in the offering, copies of all correspondence between the Commission, on the one hand, and the Company, its counsel and/or auditors, on the other hand, and permit the Initial Holder, as representative of the Holders participating in the offering, to do such investigation, upon reasonable advance notice, with respect to information contained in or omitted from the registration statement as it deems reasonably necessary to comply with applicable securities laws or rules of the Financial Industry Regulatory Authority. Such investigation shall include access to books, records and properties and opportunities to discuss the business of the Company with its officers and independent auditors, all to such reasonable extent and at such reasonable times and as often as the Initial Holder, as representative of the Holders participating in the offering, shall reasonably request. The Company shall not be required to disclose any confidential information or other records to the Initial Holder, as representative of the Holders participating in the offering, or to any other person, until and unless such persons shall have entered into reasonable confidentiality agreements (in form and substance reasonably satisfactory to the Company) with the Company with respect thereto.

5.4.4 Underwriting Agreement. If an underwritten offering is requested pursuant to Section 5.2.4, the Company shall enter into an underwriting agreement with the managing underwriter(s), if any, selected by any Holders pursuant to Section 5.2.4 or Section 5.3.3, which managing underwriter shall be reasonably acceptable to the Company. Such agreement shall be reasonably satisfactory in form and substance to the Company, each participating Holder and such managing underwriter(s), and shall contain such representations, warranties and covenants by the Company and such other terms as are customarily contained in agreements of that type used by the managing underwriter. The participating Holders shall be parties to any underwriting agreement relating to an underwritten sale of their Registrable Securities and shall agree to such covenants and indemnification and contribution obligations of selling securityholders as are customarily contained in agreements of that type used by the managing underwriter. Further, such Holders shall execute appropriate custody agreements and otherwise cooperate fully in the preparation of the registration statement and other documents relating to any offering in which they include Registrable Securities pursuant to this Section 5. Each Holder shall also furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of the Registrable Securities.

5.4.5 Obligation to Suspend Distribution. The Holder agrees, that upon receipt of any notice from the Company of the happening of any event as a result of which the prospectus included in any registration statement covering Registrable Securities, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, such Holder will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable

Securities until such Holder's receipt of the copies of a supplemental or amended prospectus, and, if so desired by the Company, such Holder shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of such destruction) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Securities at the time of receipt of such notice.

6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Securities. The Exercise Price and the number of securities underlying the Purchase Option shall be subject to adjustment from time to time as hereinafter set forth:

6.1.1 Stock Dividends — Split-Ups. If after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding shares of Common Stock is increased by a stock dividend payable in Common Stock or by a split-up of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock included in each of the Units purchasable hereunder shall be increased in proportion to such increase in outstanding shares. In such case, the number of shares of Common Stock, and the exercise price applicable thereto, underlying the Warrants included in each of the Units purchasable hereunder shall be adjusted in accordance with the terms of the Warrants. For example, if the Company declares a two-for-one stock dividend and, at the time of such dividend, this Purchase Option entitles the holder to purchase one Unit at a price of $[—], upon effectiveness of the dividend, this Purchase Option will be adjusted to allow for the purchase of one Unit at $[—] per Unit, each Unit entitling the Holder to receive two shares of Common Stock and four Warrants (each Warrant exercisable for $[—] per share).

6.1.2 Aggregation of Shares. If after the date hereof, and subject to the provisions of Section 6.3, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock included in each of the Units purchasable hereunder shall be decreased in proportion to such decrease in outstanding shares. In such case, the number of shares of Common Stock, and the exercise price applicable thereto, underlying the Warrants included in each of the Units purchasable hereunder shall be adjusted in accordance with the terms of the Warrants.

6.1.3 Replacement of Securities upon Reorganization, etc. In the case of any reclassification or reorganization of the outstanding Common Stock other than a change covered by Section 6.1.1 or 6.1.2 hereof or one that solely affects the par value of such Common Stock, or in the case of any merger or consolidation of the Company with or into another corporation other than a consolidation or merger in which the Company is the continuing corporation and which does not result in any reclassification or reorganization of the outstanding Common Stock, or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Purchase Option shall have the right thereafter (until the expiration of the right of exercise of this Purchase Option) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, by a holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Purchase Option and the underlying Warrants immediately prior to such event; and if any reclassification also results in a change in shares of Common Stock covered by Section 6.1.1 or 6.1.2, then such adjustment shall be made pursuant to Sections 6.1.1, 6.1.2 and this Section 6.1.3. The provisions of this Section 6.1.3 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

6.1.4 Changes in Form of Purchase Option. This form of Purchase Option need not be changed because of any change pursuant to this Section, and Purchase Options issued after such change may state the same Exercise Price and the same number of Units as are stated in the Purchase Options initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Purchase Options reflecting a required or permissive change shall not be deemed to waive any rights to an adjustment occurring after the Commencement Date or the computation thereof.

6.1.5 Adjustments of Warrants. To the extent the exercise price of the Warrants are changed pursuant to Section [4] of the Warrant Agreement, either due to the anti-dilution provisions thereof or otherwise, the exercise price of the Warrants underlying this Purchase Option shall be proportionately changed.

6.2 Substitute Purchase Option. In the case of any consolidation of the Company with, or merger of the Company with, or merger of the Company into, another corporation (other than a consolidation or merger which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or merger shall execute and deliver to the Holder a supplemental Purchase Option providing that the holder of each Purchase Option then outstanding or to be outstanding shall have the right thereafter (until the stated expiration of such Purchase Option) to receive, upon exercise of such Purchase Option, the kind and amount of shares of stock and other securities and property receivable upon such consolidation or merger, by a holder of the number of shares of Common Stock of the Company for which such Purchase Option might have been exercised immediately prior to such consolidation, merger, sale or transfer. Such supplemental Purchase Option shall provide for adjustments which shall be identical to the adjustments provided in this Section 6. The above provision of this Section 6 shall similarly apply to successive consolidations or mergers. In the event of a merger or consolidation as described in this Section 6, the Warrants underlying the Units shall be adjusted in accordance with and as set forth in Section [4] of the Warrant Agreement.

6.3 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of shares of Common Stock or Warrants upon the exercise of this Purchase Option, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up or down to the nearest whole number of Warrants, shares or other securities, properties or rights.

6.4 Limitations on Monetary Damages. In no event shall the registered Holder of this Purchase Option be entitled to receive any monetary damages if the securities underlying this Purchase Option have not been registered by the Company pursuant to an effective registration statement or a current prospectus is not available, provided the Company has fulfilled its obligation to use reasonable best efforts to effect such registration and to make such prospectus available.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon exercise of this Purchase Option or the Warrants underlying this Purchase Option, such number of shares or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of this Purchase Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable. The Company further covenants and agrees that upon exercise of the Warrants underlying this Purchase Option and payment of the Warrant exercise price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable. As long as this Purchase Option shall be outstanding, the Company shall use its reasonable best efforts to cause all (a) Units issuable upon exercise of this Purchase Option, (b) shares of Common Stock issuable upon exercise of this Purchase Option, (c) Warrants issuable upon exercise of this Purchase Option, and (d) shares of Common Stock issuable upon exercise of the Warrants included in

the Units issuable upon exercise of this Purchase Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Units, the shares of Common Stock or the Public Warrants issued in connection with the Offering may then be listed and/or quoted.

8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holder the right to vote or consent as a stockholder for the election of directors or any other matter, or as having any rights whatsoever as a stockholder of the Company. If, however, at any time prior to the expiration of this Purchase Option and its exercise, any of the events described in Section 8.2 below shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen (15) days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be. Notwithstanding the foregoing, the Company shall deliver to each Holder a copy of each notice given to the other stockholders of the Company at the same time and in the same manner that such notice is given to the stockholders. Notwithstanding the foregoing, the Company's failure to provide such notice shall not invalidate the Company's actions in connection with the events described in Section 8.2.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in Section 8.1 upon the following events: (a) the Company shall offer to all the holders of its Common Stock any additional shares of capital stock of the Company or securities convertible into or exchangeable for shares of capital stock of the Company, or any option, right or warrant to subscribe therefor, (b) the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution payable other than in cash, or a cash dividend or distribution payable other than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, or (c) the dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or merger) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Number of Securities. The Company shall, promptly after an event requiring an adjustment in the number of shares of Common Stock underlying this Purchase Option or the Warrants, send notice to the Holders of such event and change ("Change Notice"). The Change Notice shall describe the event causing the change and the method of calculating the change and shall be certified as being true and accurate by the Company's Chief Executive Officer, Chairman of the Board or Chief Financial Officer.

8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Purchase Option shall be in writing and shall be deemed to have been duly made when hand delivered, sent by facsimile (with confirmation of both transmission and receipt thereof and an additional copy sent by overnight delivery service), or mailed by express mail or private courier service: (a) if to the registered Holder of the Purchase Option, to the address of such Holder as shown on the books of the Company, or (b) if to the Company, to the following address or to such other address as the Company may designate by notice to the Holders:

Vringo, Inc.
18 East 16th Street, 7th Floor
New York, New York 10003
Tel: (646) 448-8210
Attention: Jonathan Medved

9. Miscellaneous.

9.1 Amendments. The Company and the Initial Holder may from time to time supplement or amend this Purchase Option without the approval of any of the Holders in order to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provisions herein, or to make any other provisions in regard to matters or questions arising hereunder that the Company and the Initial Holder may deem necessary or desirable and that the Company and the Initial Holder deem shall not adversely affect the interest of the Holders. All other modifications or amendments to this Purchase Option shall require the written consent of and be signed by the Holder hereof.

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Purchase Option.

9.3 Entire Agreement. This Purchase Option (together with the other agreements and documents being delivered pursuant to or in connection with this Purchase Option) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.4 Binding Effect. This Purchase Option shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their respective successors, legal representatives and permitted assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Purchase Option or any provisions herein contained.

9.5 Governing Law; Submission to Jurisdiction. This Purchase Option shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Purchase Option shall be brought and enforced in the courts of the State of New York or of the United States of America for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company and the Holder agree that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor.

9.6 Waiver, etc. The failure of the Company, the Initial Holder or any Holder to at any time enforce any of the provisions of this Purchase Option shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Purchase Option or any provision hereof or the right of the Company, the Initial Holder or any Holder to thereafter enforce each and every provision of this Purchase Option. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Purchase Option shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

9.7 Execution in Counterparts. This Purchase Option may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto.

9.8 Exchange Agreement. As a condition of the Holder's receipt and acceptance of this Purchase Option, the Holder agrees that, at any time prior to the complete exercise of this Purchase Option by the Holder, if the Company and the Initial Holder enter into an agreement ("Exchange Agreement") pursuant to which they agree that all outstanding Purchase Options will be exchanged for securities or cash or a combination of both, then the Holder shall agree to such exchange and become a party to the Exchange Agreement.

[*Remainder of this page left intentionally blank. Signature pages to follow.*]

IN WITNESS WHEREOF, the Company has caused this Unit Purchase Option to be signed by its duly authorized officer as of the [—]th day of [—], 2010.

VRINGO, INC.

By: _____
Name:
Title:

Form to be used to exercise Unit Purchase Option:

Vringo, Inc.
18 East 16th Street, 7th Floor
New York, New York 10003

Date:_____ __, 20__

The undersigned hereby irrevocably elects to exercise all or a portion of the within Unit Purchase Option and to purchase Units of VRINGO, INC. and hereby makes payment of $_____ (at the rate of $_____ per Unit) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock and Warrants as to which this Unit Purchase Option is exercised in accordance with the instructions given below.

or

The undersigned hereby irrevocably elects to convert its right to purchase Units purchasable under the within Unit Purchase Option by surrender of the unexercised portion of the attached Unit Purchase Option (with a value of $_____). Please issue the securities comprising the Units as to which this Unit Purchase Option is exercised in accordance with the instructions given below.

_____
Signature

_____
Signature Guaranteed

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name _____
(Print in Block Letters)

Address _____

NOTICE: THE SIGNATURE TO THIS FORM MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN UNIT PURCHASE OPTION IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A BANK, OTHER THAN A SAVINGS BANK, OR BY A TRUST COMPANY OR BY A FIRM HAVING MEMBERSHIP ON A REGISTERED NATIONAL SECURITIES EXCHANGE.

Form to be used to assign Unit Purchase Option:

Vringo, Inc.
18 East 16th Street, 7th Floor
New York, New York 10003

ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Unit Purchase Option):

FOR VALUE RECEIVED, does hereby sell, assign and transfer unto the right to purchase Units of VRINGO, INC. ("Company") evidenced by the within Unit Purchase Option and does hereby authorize the Company to transfer such right on the books of the Company.

Date:_____ __, 20__

_____
Signature

_____
Signature Guaranteed

NOTICE: THE SIGNATURE TO THIS FORM MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE WITHIN UNIT PURCHASE OPTION IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER, AND MUST BE GUARANTEED BY A BANK, OTHER THAN A SAVINGS BANK, OR BY A TRUST COMPANY OR BY A FIRM HAVING MEMBERSHIP ON A REGISTERED NATIONAL SECURITIES EXCHANGE.

Exhibit 5.1

ELLENOFF GROSSMAN & SCHOLE LLP
ATTORNEYS AT LAW
150 EAST 42ND STREET, 11th FLOOR
NEW YORK, NEW YORK 10017
TELEPHONE: (212) 370-1300 FACSIMILE: (212) 370-7889
www.egsllp.com

March 29, 2010

Vringo, Inc.
18 East 16th Street, 7th Floor
New York, New York 10003

Ladies and Gentlemen:

Reference is made to the Registration Statement on Form S-1 (File No. 333- 164575), as amended (the "Registration Statement") filed by Vringo, Inc. (the "Company"), a Delaware corporation, under the Securities Act of 1933, as amended (the "Act"), relating to the offering and sale of (i) 2,400,000 units, with each unit consisting of one share of the Company's common stock, par value $.01 per share (the "Common Stock"), and two warrants, each to purchase one share of Common Stock (the "Warrants," and the shares of Common Stock underlying the Warrants, the "Warrant Shares"), (ii) up to 360,000 units which the Underwriters (as defined herein) will have a right to purchase from the Company to cover over-allotments, if any (the "Over-Allotment Units," and collectively with the 2,400,000 units to be sold pursuant to the terms of the Registration Statement, the "Units"), (iii) 120,000 Units issuable to the underwriters for whom Maxim Group LLC (the "Representative") is acting as representative (collectively, the "Underwriters") at their option (the "Purchase Option Units") for their own account or that of their designees; (iv) all Common Stock and all Warrants issued as part of the Units, the Purchase Option Units and the Over-Allotment Units and (v) all Common Stock issuable upon exercise of the Warrants included in the Units, the Purchase Option Units and the Over-Allotment Units. The Registration Statement also relates to the public offering by certain selling securityholders of the Company of a total of 3,180,800 shares of Common Stock for their respective accounts issuable upon conversion of the Bridge Notes and exercise of the Conversion Warrants and Special Bridge Warrants (the "Selling Securityholder Shares"). All capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Registration Statement.

We have examined such documents and considered such legal matters as we have deemed necessary and relevant as the basis for the opinion set forth below. With respect to such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as reproduced or certified copies, and the authenticity of the originals of those latter documents. As to questions of fact material to this opinion, we have, to the extent deemed appropriate, relied upon certain representations of certain officers and employees of the Company.

Based upon the foregoing, we are of the opinion that:

1. Units. When the Registration Statement becomes effective under the Act and when the offering is completed as contemplated by the Registration Statement, such Units will be validly issued, fully paid and non-assessable.

2. Common Stock. When the Registration Statement becomes effective under the Act and when the offering is completed as contemplated by the Registration Statement, the shares of Common Stock will be validly issued, fully paid and non-assessable.

3. Warrants and Warrant Shares. When the Registration Statement becomes effective under the Act, when the warrant agreement under which the Warrants are to be issued (the "Warrant Agreement") is duly executed and delivered, and when such Warrants are duly executed and authenticated in accordance with the Warrant Agreement and issued, delivered, sold and paid for as part of the Units, as contemplated by the Registration Statement, such Warrants will be legally binding obligations of the Company in accordance with its terms, except (a) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by general equitable principles (regardless of whether enforceability is considered in a proceeding in equity or at law); (b) as enforceability of any indemnification or contribution provision may be limited under the Federal and state securities laws, and (c) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought (collectively, the "Exceptions") and such Warrants will be duly issued, fully paid and non-assessable, and the Warrant Shares underlying such Warrants, when duly issued, delivered, sold and paid for upon exercise of such Warrants, as contemplated by the Warrant Agreement, such Warrants and the Registration Statement, will be validly issued, fully paid and non-assessable.

4. **Selling Securityholder Shares.** The Selling Securityholder Shares, when issued and delivered upon conversion of the Bridge Notes upon the effectiveness of the Registration Statement or upon exercise of the Special Bridge Warrants, as applicable, will be validly issued, fully paid and non-assessable.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement, to the use of our name as your counsel and to all references made to us in the Registration Statement and in the Prospectus forming a part thereof. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act, or the rules and regulations promulgated thereunder. This opinion is given as of the effective date of the Registration Statement, and we are under no duty to update the opinions contained herein.

Very truly yours,

/s/ Ellenoff Grossman & Schole LLP

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "**Agreement**") is dated as of December 29, 2009, between Vringo, Inc., a Delaware corporation (the "**Company**"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "**Purchaser**" and collectively, the "**Purchasers**").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "**Act**"), and Rule 506 and Regulation S promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, a 5% Subordinated Convertible Promissory Note ("**Note**") and a warrant ("**Special Bridge Warrant**") to purchase shares of common stock of the Company, $0.01 par value per share (the "**Common Stock**") on the terms described below. The Notes and Special Bridge Warrants are collectively referred to herein as the "**Securities**."

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

1. Purchase and Sale of the Securities.

(a) Closing.

(i) On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company hereby agrees to issue and to sell to Purchaser, and Purchaser hereby agrees to purchase from the Company, (i) a Note in the amount set forth on the signature page hereto, substantially in the form of Exhibit A hereto, and (ii) a Special Bridge Warrant to purchase the number of shares of Common Stock set forth on the signature page hereto, substantially in the form of Exhibit B hereto. For purposes of this Agreement, "**Closing Date**" means the date on which all of the Transaction Documents (as defined herein) have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) Purchaser's obligation to pay the Purchase Price and (ii) the Company's obligation to deliver the Securities, in each case, have been satisfied or waived.

(ii) Purchaser shall deliver to Continental Stock Transfer & Trust Company (the "**Escrow Agent**") via wire transfer or a certified check of immediately available funds equal to the aggregate purchase price for the Securities set forth on the signature page hereof (the "**Purchase Price**") and the Company shall deliver to Purchaser the amount and type of Securities set forth on the signature page. The Company and Purchaser shall each deliver to the other items set forth in Section 1(b) deliverable at the closing (the "**Closing**"). Upon waiver or satisfaction of the covenants and conditions set forth in Sections 1(b) and 1(c), the Closing shall occur at the offices of Ellenoff Grossman & Schole at 150 East 42nd Street, 11th Floor, New York, New York 10017 or such other location as the parties shall mutually agree and the Purchase Price shall be released by the Escrow Agent to the account of the Company in accordance with the terms of the escrow agreement entered into between the Company and the Escrow Agent (the "**Escrow Agreement**").

(b) Deliveries.

(i) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

A. this Agreement duly executed by the Company;

B. a legal opinion of Ellenoff, Grossman & Schole LLP, substantially in the form of Exhibit D attached hereto;

C. a Note in the amount set forth on the signature page hereto;

D. a Special Bridge Warrant to purchase the number of shares of Common Stock set forth on the signature page hereto;

E. the Registration Rights Agreement between the Company and the Purchasers substantially in the form of Exhibit C attached hereto (the "**Registration Rights Agreement**"), duly executed by the Company;

F. the Escrow Agreement, duly executed by the Company;

G. a certificate dated as of the Closing Date and signed by an officer of the Company certifying as to the truth and accuracy of the representations and warranties of the Company contained in this Agreement;

H. a certificate signed by an officer of the Company (a) certifying that all of the conditions to Closing have been met; (b) attaching copies of resolutions of the Board of Directors approving this Agreement, which resolutions shall be in full force and effect; (c) attaching copies certified by the Secretary of State of the State of Delaware of the Company's Certificate of Incorporation, which shall be in full force and effect and (d) attaching a true and complete copy of the Company's bylaws, as amended.

(ii) On or prior to the Closing Date, Purchaser shall deliver or cause to be delivered to the Company the following:

A. this Agreement duly executed by Purchaser;

B. the Purchase Price by wire transfer or certified check to the account of the Escrow Agent;

C. the Registration Rights Agreement, duly executed by Purchaser; and

D. the Confidential Purchaser Questionnaire substantially in the form of Exhibit F attached hereto, duly executed by Purchaser.

(c) Closing Conditions.

(i) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

A. the accuracy in all material respects on the Closing Date of the representations and warranties of Purchaser contained herein (unless as of a specific date specified therein);

B. all obligations, covenants and agreements of Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

C. the delivery by Purchaser of the items set forth in Section 1(b)(ii) of this Agreement.

(ii) The obligations of Purchaser hereunder in connection with the Closing are subject to the following conditions being met:

A. the accuracy in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (except for those which by their terms specifically refer to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (except that any representation and warranty that is qualified as to "materiality" or "Material Adverse Effect" shall be true and correct in all respects) as of such earlier date);

B. all obligations and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

C. the delivery by the Company of the items set forth in Section 1(b)(i) of this Agreement;

D. the aggregate minimum Purchase Price delivered to the Escrow Agent shall equal or exceed Two Million Five Hundred Thousand ($2,500,000) (the "**Minimum Purchase Price**");

E. the Company shall have executed a subordination agreement with Silicon Valley Bank ("**SVB**") and Gold Hill Venture Lending 03, L.P. ("**Gold Hill**" and collectively with SVB, the "**Senior Lenders**") with respect to the Company's outstanding indebtedness (the "**Subordination Agreement**") that is satisfactory to each of Iroquois Master Fund Ltd. and Kingsbrook Opportunities Master Fund LP (collectively, the "**Lead Investors**");

F. a warrant to purchase 482,346 shares of Common Stock (subsequent to the effectiveness of a reverse split of the Common Stock) shall have been issued to the Lead Investors in a form satisfactory to the Lead Investors;

G. the Company shall have executed exchange agreements with holders of the Company's Series A Convertible Preferred Stock and Series B Convertible Preferred Stock that are satisfactory to the Lead Investors (the "**Exchange Agreements**");

H. the Company's officers, directors and stockholders as of the date hereof shall have executed lock-up agreements with respect to the Common Stock held by such persons (the "**Lock-Up Agreements**");

I. the Company shall have received waivers of any existing registration rights that conflict with the Registration Rights Agreement (the "**Waivers**");

J. the Senior Lenders shall have granted the Company a moratorium on its outstanding indebtedness that is satisfactory to the Lead Investors (the "**Moratorium**");

K. the Company shall have executed an Escrow Agreement that is satisfactory to the Lead Investors; and

L. the Lead Investors shall have received evidence of the execution of the Subordination Agreement, the Exchange Agreements, the Lock-Up Agreements, the Waivers, the Escrow Agreement, the Moratorium and all third party waivers.

2. Representations and Warranties of Purchaser. Purchaser represents and warrants to the Company as follows:

(a) Purchaser understands and acknowledges its purchase is part of a private placement by the Company in a minimum amount of $2,500,000 of Securities (the "**Minimum Amount**"), which offering is being made on a "best efforts" basis.

(b) Purchaser (i) is an "accredited investor" as defined by Rule 501 under the Act and/or (ii) is not a "U.S. person" as defined in Rule 902(k) of Regulation S under the Act. Purchaser is capable of evaluating the merits and risks of Purchaser's investment in the Securities and has the ability and capacity to protect Purchaser's interests.

(c) Purchaser understands that the Securities have not been registered. Purchaser understands that the Securities will not be registered under the Act on the ground that the issuance thereof is exempt under Section 4(2) of the Act as a transaction by an issuer not involving any public offering and that, in the view of the United States Securities and Exchange Commission (the "**SEC**"), the statutory basis for the exception claimed would not be present if any of the representations and warranties of Purchaser contained in this Agreement or those of other purchasers of the Securities are untrue or, notwithstanding Purchaser's representations and warranties, Purchaser currently has in mind acquiring any of the Securities for resale upon the occurrence or non-occurrence of some predetermined event.

(d) Purchaser is purchasing the Securities for investment purposes and not with a view to distribution or resale, nor with the intention of selling, transferring or otherwise disposing of all or any part thereof for any particular price, or at any particular time, or upon the happening of any particular event or circumstance, except selling, transferring, or disposing the Securities in full compliance with all applicable provisions of the Act, the rules and regulations promulgated by the SEC thereunder, and applicable state securities laws; and that an investment in the Securities is not a liquid investment.

(e) Purchaser acknowledges that it has had the opportunity to ask questions of, and receive answers from, the Company or any authorized person acting on its behalf concerning the Company and its business and to obtain any additional information, to the extent possessed by the Company (or to the extent it could have been acquired by the Company without unreasonable effort or expense) necessary to verify the accuracy of the information received by Purchaser. In connection therewith, Purchaser acknowledges that it has had the opportunity to discuss the Company's business, management and financial affairs with the Company's management or any authorized person acting on its behalf. Purchaser has received and reviewed all the information concerning the Company and the Securities, both written and oral, that Purchaser desires with respect to the Company's business, management, financial affairs and prospects, including without limitation, the Risk Factors set forth in Exhibit E. In determining whether to make this investment, Purchaser has relied solely on (i) Purchaser's own knowledge and understanding of the Company and its business based upon Purchaser's own due diligence investigations and the information furnished pursuant to this paragraph, and (ii) the information described in subparagraph 2(f) below.

(f) Purchaser has all requisite legal and other power and authority to execute and deliver this Agreement and to carry out and perform Purchaser's obligations under the terms of this Agreement. This Agreement constitutes a valid and legally binding obligation of Purchaser, enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other general principles of equity, whether such enforcement is considered in a proceeding in equity or law.

(g) Purchaser has carefully considered and has discussed with Purchaser's legal, tax, accounting and financial advisors, to the extent Purchaser has deemed necessary, the suitability of this investment and the transactions contemplated by this Agreement for Purchaser's particular federal, state, local and foreign tax and financial situation and has independently determined that this investment and the transactions contemplated by this Agreement are a suitable investment for Purchaser. Purchaser has relied solely on such advisors and not on any statements or representations of the Company or any of its agents. Purchaser understands that Purchaser (and not the Company) shall be responsible for Purchaser's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

(h) Purchaser acknowledges that the Company may not have sufficient funds to repay the principal amount of the Notes and the interest accrued thereon, upon maturity. As a result, Purchaser may lose all or part of its investment.

(i) Purchaser acknowledges that there can be no assurance that the Company will consummate an initial public offering (the "**IPO**") or that the Securities purchased pursuant to this Agreement will be registered under the Act.

(j) There are no actions, suits, proceedings or investigations pending against Purchaser or Purchaser's assets before any court or governmental agency (nor, to Purchaser's knowledge, is there any threat thereof) which would impair in any way Purchaser's ability to enter into and fully perform Purchaser's commitments and obligations under this Agreement or the transactions contemplated hereby.

(k) The execution, delivery and performance of and compliance with this Agreement and the issuance of the Securities to Purchaser will not result in any violation of, or conflict with, or constitute a default under, any of Purchaser's articles of incorporation or by-laws, or equivalent limited liability company, trust or partnership documents, if applicable, or any agreement to which Purchaser is a party or by which it is bound, nor result in the creation of any mortgage, pledge, lien, encumbrance or charge against any of the assets or properties of Purchaser or the Securities purchased by Purchaser.

(l) Purchaser acknowledges that an investment in the Securities is speculative and involves a high degree of risk and that Purchaser can bear the economic risk of the purchase of the Securities, including a total loss of his/her/its investment.

(m) Purchaser recognizes that no federal, state or foreign agency has recommended or endorsed the purchase of the Securities.

(n) Purchaser is aware that the Notes and Special Bridge Warrants are, and the securities issuable upon conversion of the Notes or exercise of the Special Bridge Warrants will be (unless registered by the Company), when issued, "restricted securities" as that term is defined in Rule 144 of the general rules and regulations under the Act, and may not be offered or sold except pursuant to an effective registration statement or an exemption from registration under the Act.

(o) Purchaser understands that the Notes and the Special Bridge Warrants shall bear the following legend or one substantially similar thereto, which Purchaser has read and understands:

NEITHER THIS SECURITY NOR ANY SECURITY INTO WHICH IT MAY BE CONVERTED HAS BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR APPLICABLE STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY SECURITY INTO WHICH IT MAY BE CONVERTED NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF AT ANY TIME IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM REGISTRATION.

(p) Purchaser understands that the Notes are subordinated to the approximately $4.3 million of indebtedness outstanding under that certain Loan and Security Agreement, dated January 29, 2008, by and among the Company, Silicon Valley Bank, as agent, and the lenders named therein, as amended. Purchaser understands that each Note shall bear the following legend or one substantially similar thereto, which Purchaser has read and understands:

NOTICE OF SUBORDINATION

THIS NOTE IS SUBORDINATED TO ALL SENIOR INDEBTEDNESS UNDER THAT CERTAIN LOAN AND SECURITY AGREEMENT, DATED JANUARY 29, 2008, BY AND AMONG THE COMPANY, SILICON VALLEY BANK, AS AGENT, AND THE LENDERS NAMED THEREIN, AS AMENDED. BY ACCEPTANCE OF THIS NOTE, THE HOLDER HEREOF AGREES TO BE BOUND BY THE SUBORDINATION PROVISIONS SET FORTH HEREIN.

(q) Because of the legal restrictions imposed on resale, Purchaser understands that the Company shall have the right to note stop-transfer instructions in its stock transfer records, and Purchaser has been informed of the Company's intention to do so. Any sales, transfers, or other dispositions of the Notes or the Special Bridge Warrants by Purchaser, if any, will be made in compliance with the Act and all applicable rules and regulations promulgated thereunder.

(r) Purchaser acknowledges that Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of an investment in the Securities and of making an informed investment decision with respect thereto.

(s) Purchaser represents that: (i) Purchaser is able to bear the economic risks of an investment in the Securities and to afford a complete loss of the investment, and (ii) (A) Purchaser could be reasonably assumed to have the ability and capacity to protect his/her/its interests in connection with this Agreement; or (B) Purchaser has a pre-existing personal or business relationship with either the Company or any affiliate thereof of such duration and nature as would enable a reasonably prudent purchaser to be aware of the character, business acumen and general business and financial circumstances of the Company or such affiliate and is otherwise personally qualified to evaluate and assess the risks, nature and other aspects of this Agreement.

(t) Purchaser further represents that the address of Purchaser set forth below is his/her principal residence (or, if Purchaser is a company, partnership or other entity, the address of its principal place of business); that Purchaser is purchasing the Securities for Purchaser's own account and not, in whole or in part, for the account of any other person; and that Purchaser has not formed any entity, and is not an entity formed, for the purpose of purchasing the Securities.

(u) Purchaser represents that Purchaser is not purchasing the Securities as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over the Internet, television or radio or presented at any seminar or meeting or any public announcement or filing of or by the Company.

(v) Purchaser has carefully read this Agreement, and Purchaser has accurately completed the Confidential Purchaser Questionnaire which accompanies this Agreement.

(w) No representations or warranties have been made to Purchaser by the Company, or any officer, employee, agent, affiliate or subsidiary of the Company, other than the representations of the Company contained herein, and in purchasing the Securities, Purchaser is not relying upon any representations other than those contained in this Agreement.

(x) Purchaser represents and warrants, to the best of Purchaser's knowledge, that other than Maxim Group LLC (the "**Selling Agent**") no finder, broker, agent, financial advisor or other intermediary, nor any purchaser representative or any broker-dealer acting as a broker, is entitled to any compensation in connection with the transactions contemplated by this Agreement.

(y) Purchaser represents and warrants that Purchaser has: (i) not distributed or reproduced the Term Sheet, in whole or in part, at any time, without the prior written consent of the Company and (ii) kept confidential the existence of the Term Sheet and the information contained therein or made available in connection with any further investigation of the Company.

(z) Purchaser represents and warrants that during the Lock-Up Period (as defined herein), Purchaser will not, directly or indirectly, offer, sell, agree to sell, grant any option with respect to, pledge or otherwise dispose of the Locked-Up Shares (as defined herein), except as set forth in Section 5.

(aa) If Purchaser is a corporation, partnership, limited liability company, trust, or other entity, it represents that: (i) it is duly organized, validly existing and in good standing in its jurisdiction of incorporation or organization and has all requisite power and authority to execute and deliver this Agreement and purchase the Securities as provided herein; (ii) its purchase of the Securities will not result in any violation of, or conflict with, any term or provision of the charter, By-Laws or other organizational documents of Purchaser or any other instrument or agreement to which Purchaser is a party or is subject; (iii) the execution and delivery of this Agreement and Purchaser's purchase of the Securities has been duly authorized by all necessary action on behalf of Purchaser; and (iv) all of the documents relating to Purchaser's purchase of the Securities have been duly executed and delivered on behalf of Purchaser and constitute a legal, valid and binding agreement of Purchaser.

(bb) Purchaser understands and agrees that the securities are anticipated to be sold by the Company through the Selling Agent, a licensed broker-dealer, in a "best efforts" offering and that the Company has engaged the Selling Agent to sell the securities on its behalf, and will pay the Selling Agent certain fees and expenses in connection with the sale of the Securities.

(cc) If Purchaser is a non-U.S. person, it agrees that it will sign the Regulation S Representation Letter on or prior to the Closing Date, substantially in the form set forth on Exhibit G.

3. Representations and Warranties of the Company. The Company represents and warrants to Purchaser as follows:

(a) Subsidiaries. The sole subsidiary of the Company is Vringo (Israel) Ltd. (the "**Subsidiary**"). The Company owns, directly or indirectly, 100% of the Subsidiary and such ownership interest is free and clear of any liens, and all of the issued and outstanding shares of capital stock of the Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to purchase securities. Other than as contemplated by the Transaction Documents (as defined herein), neither the Company nor the Subsidiary is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of the capital stock of the Subsidiary or any convertible securities, rights, warrants or options of the type described in the preceding sentence. Neither the Company nor the Subsidiary is party to, nor has any knowledge of, any agreement restricting the voting or transfer of any shares of the capital stock of the Subsidiary.

(b) Organization and Qualification. Each of the Company and the Subsidiary is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Each of the Company and the Subsidiary is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have or reasonably be expected to result in a material adverse effect on the business, condition (financial or otherwise), operations, prospects or property of the Company or the Subsidiary, taken as a whole ("**Material Adverse Effect**") and no proceeding has been initiated in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection therewith other than in connection with the Required Approvals (as defined herein). Each Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby to which it is a party do not and will not: (i) conflict with or violate any provision of the Company's or the Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any lien upon any of the properties or assets of the Company or the Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or the Subsidiary is a party or by which any property or asset of the Company or the Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than the: (i) filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws (ii) consent of holders of the Company's Series A Preferred Stock and Series B Preferred Stock, (iii) Waivers and (iv) consent of Silicon Valley Bank, as agent, and the lenders to that certain Loan and Security Agreement, dated January 29, 2008, by and among the Company, Silicon Valley Bank, as agent, and the lenders named therein, as amended (collectively, the "**Required Approvals**").

(f) Issuance of the Securities. The Notes and the Special Bridge Warrants are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all liens other than restrictions on transfer provided for in the Transaction Documents. The shares of Common Stock issuable upon exercise of the Special Bridge Warrant, when duly issued, will be duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance of the shares of Common Stock issuable upon conversion of the Notes and the exercise of the Special Bridge Warrants.

(g) Capitalization; Additional Issuances. The issued and outstanding securities of the Company as of November 15, 2009 are as set forth in Schedule 3(g). Except as set forth in Schedule 3(g), as of the date hereof, there are no outstanding agreements or preemptive or similar rights affecting the Common Stock and no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, or agreements or understandings with respect to the sale or issuance of the Common Stock.

(h) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "**Action**") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company.

(i) Regulatory Permits. The Company and the Subsidiary possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as currently conducted, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("**Material Permits**"), and neither the Company nor the Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(j) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 2, no registration under the Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby.

(k) Disclosure. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company, its business and the transactions contemplated hereby is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(l) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 2, neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Act which would require the registration of any such securities under the Act.

(m) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Act.

(n) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(o) Labor Relations. No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company which could reasonably be expected to result in a Material Adverse Effect. None of the Company's or the Subsidiary's employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor the Subsidiary is a party to a collective bargaining agreement, and the Company and the Subsidiary believe that their relationships with their employees are good. No executive officer, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or the Subsidiary to any liability with respect to any of the foregoing matters. The Company and the Subsidiary are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(p) Compliance. Neither the Company nor the Subsidiary: (i) is in violation of any order of any court, arbitrator or governmental body or (ii) is or has been in violation of any statute, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business and all such laws that affect the environment, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(q) Title to Assets. The Company and the Subsidiary have good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiary, in each case free and clear of all liens, except for liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiary and liens for the payment of federal, state, foreign or other taxes, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiary are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiary are in compliance.

(r) Intellectual Property. The Company and the Subsidiary own all right, title and interest in, or possesses adequate and enforceable rights to use, all patents, patent applications, trademarks, trade names, service marks, copyrights, rights, licenses, franchises, trade secrets, confidential information, processes, formulations, software and source and object codes necessary for the conduct of their businesses (collectively, the "**Intangibles**"). Neither the Company nor the Subsidiary have infringed upon the rights of others with respect to the Intangibles and neither the Company nor the Subsidiary have received notice that they have or may have infringed or are infringing upon the rights of others with respect to the Intangibles, or any notice of conflict with the asserted rights of others with respect to the Intangibles that could, individually or in the aggregate, have a Material Adverse Effect.

(s) Insurance. The Company and the Subsidiary are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and the Subsidiary are engaged. Neither the Company nor the Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(t) Transactions With Affiliates and Employees. None of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company or the Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner, in each case in excess of $120,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(u) Certain Fees. Except for fees and expenses to be paid to the Selling Agent, no brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(v) Investment Company. The Company is not, and is not an affiliate of, and immediately after receipt of payment for the Securities, will not be or be an affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become subject to the Investment Company Act of 1940, as amended.

(w) Tax Returns. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and the Subsidiary has filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company or the Subsidiary.

(x) Foreign Corrupt Practices. Neither the Company, nor to the knowledge of the Company, any agent or other person acting on behalf of the Company, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

(y) No Disagreements with Accountants and Lawyers. There are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(z) Indebtedness. Schedule 3(z) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or the Subsidiary, or for which the Company or the Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $50,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor the Subsidiary is in default with respect to any Indebtedness.

(aa) Internal Accounting Controls. The Company and the Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(bb) OFAC. Neither the Company nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

4. Indemnification. Subject to the provisions of this Section 4, the Company will indemnify and hold Purchaser and its directors, officers, shareholders, members, managers, partners, officers, employees, representatives and agents (and any other persons with a functionally equivalent role of a person holding such titles notwithstanding a lack of such title or any other title), each person who "controls" the Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "**Purchaser Party**") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against Purchaser in any capacity, or any of them or their respective affiliates, by any stockholder of the Company who is not an affiliate of Purchaser, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is pleaded with particularity as follows and based upon a breach of Purchaser's representations, warranties or covenants under the Transaction Documents or any agreements or understandings Purchaser may have with any such stockholder or any violations by Purchaser of state or federal securities laws or any conduct by Purchaser which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents.

5. Lock-Up.

(a) For six (6) months subsequent to the consummation of the IPO (the "**Lock-Up Period**"), so long as all officers, directors and existing holders of equity or equity-linked securities of the Company are similarly locked up, Purchaser shall not, directly or indirectly, offer, sell, agree to sell, grant any option with respect to, pledge or otherwise dispose of the shares of Common Stock and warrants issuable upon conversion of the Note or exercise of the Special Bridge Warrant (the "**Locked-Up Shares**").

(b) Notwithstanding the foregoing, Purchaser may sell: (i) 25% of the Locked-Up Shares if the Trading Price exceeds $7.00 for five consecutive Trading Days; (ii) 50% of the Locked-Up Shares if the Trading Price exceeds $7.50 for five consecutive Trading Days; (iii) 75% of the Locked-Up Shares if the Trading Price exceeds $8.00 for five consecutive Trading Days; and (iv) 100% of the Locked-Up Shares if the Trading Price exceeds $8.50 for five consecutive Trading Days. For purposes of this Agreement, "**Trading Price**" shall mean the closing sales price of the Common Stock as reported on a public market in the U.S and "**Trading Day**" means a day on which the principal public market for the Common Stock is open for trading.

(c) Purchaser hereby authorizes the Company during the Lock-Up Period, so long as all officers, directors and existing holders of equity or equity-linked securities of the Company are similarly locked up, to cause any transfer agent for the Common Stock to decline to transfer, and to note stop-transfer restrictions on the stock register and other records relating to, the Locked-Up Shares for which Purchaser is the record holder and, in the case of Locked-Up Shares for which the Purchaser is the beneficial but not the record holder, agrees during the Lock-Up Period to cause the record holder to cause the relevant transfer agent to decline to transfer, and to note stop-transfer restrictions on the stock register and other records relating to, its Locked-Up Shares.

6. Miscellaneous.

(a) The Company agrees not to transfer or assign this Agreement or any of the Company's rights or obligations herein and Purchaser agrees that the transfer or assignment of the Securities acquired pursuant hereto shall be made only in accordance with all applicable laws.

(b) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns.

(c) This Agreement, the Notes, the Special Bridge Warrants and the Registration Rights Agreement (collectively, the "**Transaction Documents**") constitute the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended or waived only by a written instrument signed by all parties.

(d) Purchaser acknowledges that it has been advised and has had the opportunity to consult with Purchaser's own attorney regarding this Agreement and Purchaser has done so to the extent that Purchaser deems appropriate.

(e) Any notice or other document required or permitted to be given or delivered to the parties hereto shall be in writing and sent: (i) by fax if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid) or (c) by a recognized overnight delivery service (with charges prepaid).

If to the Company, at:

Vringo, Inc.
18 East 16th Street
New York, New York 10003
Tel: (646) 525-4319 ext. 2503
Fax: (509) 271-5246

With a copy to:

Barry I. Grossman, Esq.
Ellenoff Grossman & Schole LLP
150 East 42nd Street
New York, NY 10017
Tel: (212) 370-1300
Fax: (212) 370-7889

If to the Purchaser, at its address set forth on the signature page to this Agreement, or such other address as Purchaser shall have specified to the Company in writing.

(f) No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and Purchasers holding at least a majority in interest of the Securities purchased hereunder or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

(g) This Agreement shall be enforced, governed and construed in all respects in accordance with the laws of the State of New York, as such laws are applied by the New York courts except with respect to the conflicts of law provisions thereof.

(h) Any legal suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be instituted exclusively in New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York. The parties hereto hereby: (i) waive any objection which they may now have or hereafter have to the venue of any such suit, action or proceeding, and (ii) irrevocably consent to the jurisdiction of the New York Supreme Court, County of New York, and the United States District Court for the Southern District of New York in any such suit, action or proceeding. The parties further agree to accept and acknowledge service of any and all process which may be

served in any such suit, action or proceeding in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law.

(i) If any provision of this Agreement is held to be invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed modified to conform with such statute or rule of law. Any provision hereof that may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provisions hereof.

(j) The parties understand and agree that money damages would not be a sufficient remedy for any breach of this Agreement by the Company or the Purchaser and that the party against which such breach is committed shall be entitled to equitable relief, including an injunction and specific performance, as a remedy for any such breach, without the necessity of establishing irreparable harm or posting a bond therefor. Such remedies shall not be deemed to be the exclusive remedies for a breach by either party of this Agreement but shall be in addition to all other remedies available at law or equity to the party against which such breach is committed.

(k) All pronouns and any variations thereof used herein shall be deemed to refer to the masculine, feminine, singular or plural, as identity of the person or persons may require.

(l) This Agreement may be executed in counterparts and by facsimile, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

VRINGO, INC.

By: /s/ Jonathan Medved
Name: Jonathan Medved
Title: Chief Executive Officer

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

PURCHASER SIGNATURE PAGES TO SECURITIES PURCHASE AGREEMENT

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Authorized Signatory: _____

Facsimile Number of Authorized Signatory: _____

Address for Notice of Purchaser: _____

Aggregate Amount of Note: $ _____

Special Bridge Warrant Amount: _____

Exhibit 10.20

EXCHANGE OFFER AGREEMENT

This EXCHANGE OFFER AGREEMENT, dated as of December 29, 2009 (the "Agreement") is made and entered into by and among Vringo, Inc., a Delaware corporation (the "Company"), Vringo (Israel) Ltd., a corporation organized under the laws of Israel and a wholly-owned subsidiary of the Company (the "Subsidiary"), and each of the undersigned holders (each a "Series A Holder", and collectively, the "Series A Holders") of the Series A Convertible Preferred Stock of the Company, par value $0.01 per share (the "Series A Shares").

RECITALS

WHEREAS, the Series A Holders currently hold all of the 2,353,887 issued and outstanding shares of the Series A Shares;

WHEREAS, the Company, the Subsidiary, the Series A Holders and the holders of the Series B Convertible Preferred Stock of the Company, par value $0.01 per share (the "Series B Holders") are parties to that certain Investor Rights Agreement dated July 30, 2007 (the "Investor Rights Agreement");

WHEREAS, the Company, the Series A Holders, the Series B Holders and the holders of the common stock of the Company, par value $0.01 per share (the "Common Stock") have entered into that certain Right of First Refusal, Co-Sale and Voting Agreement dated July 30, 2007 (the "ROFR Agreement", and collectively with the Investor Rights Agreement, the "Series A Agreements");

WHEREAS, the Company has engaged Maxim Group LLC ("Maxim") to act as the Company's placement agent in connection with a private placement of convertible notes and warrants of the Company in a minimum amount of $2,500,000 and a maximum amount of $3,000,000 (the "Offering");

WHEREAS, the Company anticipates that subsequent to the consummation of the Offering, it will conduct an underwritten initial public offering of newly issued units, each comprised of one share of Common Stock and two warrants, with each warrant representing a right to purchase one share of Common Stock at an exercise price equal to 110% of the IPO Offering Price (as defined below) ("Units"), at an offering price that is anticipated to be $5.00 per Unit (the actual offering price, the "IPO Offering Price"), following the effective date of, and pursuant to, a registration statement that will be filed with the Securities and Exchange Commission (the "SEC") with respect to the initial public offering of the Units (the "Registration Statement") and that provides for the listing of such Units on the Nasdaq Capital Market, the NYSE Amex, the OTC Bulletin Board or other similarly recognized national trading platform (the "IPO");

WHEREAS, immediately prior to the IPO, the Company will execute a 1 for 6 reverse split of all shares of Common Stock in the event the IPO Offering Price is greater than or equal to $4.00 and a 1 for 6.4 reverse split in the event the IPO Offering Price is less than $4.00 (the "Reverse Split");

WHEREAS, the Company and the Series A Holders desire to conduct a share exchange pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended (the "Act"), pursuant to which the Series A Holders will exchange all of their currently issued and outstanding Series A Shares for shares of Common Stock; and

WHEREAS, the Company, the Subsidiary and the Series A Holders executing this Agreement, constituting at least 75% of the outstanding Series A Shares, desire to terminate the Series A Agreements and accept the consideration set forth herein in lieu of the rights set forth in the Series A Agreements.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations and covenants and agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date. The terms and conditions of this Agreement shall be deemed effective as of the date of the consummation of the IPO (the "Effective Date"). This Agreement shall automatically terminate and become null and void upon the earliest of (i) December 31, 2009 if the Company fails to close the Offering, as contemplated by the term sheet attached hereto as Exhibit A, on or before such date, (ii) January 31, 2010 if the Registration Statement is not filed with the SEC on or before such date, (iii) August 10, 2010 if the SEC has not declared the Registration Statement effective on or before such date and (iv) the date on which the Company files with the SEC an application to withdraw the Registration Statement.

2. Exchange of Shares. On the Effective Date and subject to the Reverse Split thereafter and the terms and conditions of this Agreement, the Series A Holders hereby covenant and agree to exchange and transfer the 2,353,887 Series A Shares they hold to the Company and the Company hereby covenants and agrees to issue to the Series A Holders shares of Common Stock ("New Shares") in the following amounts and as set forth opposite each Series A Holder's name in Exhibit B:

   a. If the IPO Offering Price is greater than $4.49, in a ratio of 1.15 New Shares for each Series A Share so exchanged for an aggregate amount of 2,706,970 New Shares;
   b. If the IPO Offering Price is equal to or greater than $4.00 and equal to or less than $4.49, in a ratio of 1.016 New Shares for each Series A Share so exchanged for an aggregate amount of 2,391,549 New Shares; and
   c. If the IPO Offering Price is less than $4.00, in a ratio of 1.066 New Shares for each Series A Share so exchanged for an aggregate amount of 2,509,244 New Shares.

   Prior to the consummation of the IPO, the Company shall not effect any stock dividend, stock split, stock distribution or combination, subdivision, reclassification or other corporate actions having a similar effect with respect to the Series A Shares or the Common Stock, other than the Reverse Split, without the consent of a Series A Holders holding a majority of the Series A Shares.

The Company represents and warrants that, as of the Effective Date, the New Shares will be duly authorized and, upon issuance, exchange and transfer as contemplated by this Agreement, the New Shares will be validly issued, fully paid and non-assessable shares of the Company.

3. Lockup of Securities. The Series A Holders hereby covenant and agree to comply with the lock-up provisions set forth in Exhibit C.

4. Termination of Series A Agreements. On the Effective Date, the Series A Agreements shall be terminated and cancelled and be of no further force or effect.

5. Waiver. On the Effective Date, each party hereby waives, releases, acquits, and forever discharges the other party and its respective agents, representatives, officers, directors, and employees from any and all claims, causes of action, liability or damages of any kind, whether past or present, known or unknown, real or imagined, asserted or unasserted, foreseen or unforeseen that each party could have asserted in connection with the Series A Agreements. Each party represents and warrants that it has not and will not assign, transfer, or dispose of, in any manner, any interest (either in whole or in part) in any claims, causes of action, liability or damages that are the subject of the foregoing sentence.

6. Condition Precedent. It shall be a condition precedent to the obligations of the parties to consummate this Agreement that the Company enter into an agreement with the Series B Holders that is substantially similar to this Agreement and that the Company deliver a copy of such executed agreement to the Series B Holders.

7. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter thereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

8. Counterparts; Governing Law. This Agreement may be executed in one or more counterparts, which taken together shall constitute one and the same instrument. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

VRINGO, INC.

By: _____
Name:
Title:

VRINGO (ISRAEL) LTD.

By: _____
Name:
Title:

Series A Holder

Name:

Exhibit 10.21

EXCHANGE OFFER AGREEMENT

This EXCHANGE OFFER AGREEMENT, dated as of December 29, 2009 (the "Agreement") is made and entered into by and among Vringo, Inc., a Delaware corporation (the "Company"), Vringo (Israel) Ltd., a corporation organized under the laws of Israel and a wholly-owned subsidiary of the Company (the "Subsidiary"), and each of the undersigned holders (each a "Series B Holder", and collectively, the "Series B Holders") of the Series B Convertible Preferred Stock of the Company, par value $0.01 per share (the "Series B Shares").

RECITALS

WHEREAS, the Series B Holders currently hold all of the 4,592,794 issued and outstanding shares of the Series B Shares and warrants (the "Series B Warrants") to purchase 1,201,471 shares of Common Stock (as defined herein);

WHEREAS, the Company, the Subsidiary, the Series B Holders and the holders of the Series A Convertible Preferred Stock of the Company, par value $0.01 per share (the "Series A Holders") are parties to that certain Investor Rights Agreement dated July 30, 2007 (the "Investor Rights Agreement");

WHEREAS, the Company, the Series B Holders, the Series A Holders and the holders of the common stock of the Company, par value $0.01 per share (the "Common Stock") have entered into that certain Right of First Refusal, Co-Sale and Voting Agreement dated July 30, 2007 (the "ROFR Agreement", and collectively with the Investor Rights Agreement, the "Series B Agreements");

WHEREAS, the Company has engaged Maxim Group LLC ("Maxim") to act as the Company's placement agent in connection with a private placement of convertible notes and warrants of the Company in a minimum amount of $2,500,000 and a maximum amount of $3,000,000 (the "Offering");

WHEREAS, the Company anticipates that subsequent to the consummation of the Offering, it will conduct an underwritten initial public offering of newly issued units, each comprised of one share of Common Stock and two warrants, with each warrant representing a right to purchase one share of Common Stock at an exercise price equal to 110% of the IPO Offering Price (as defined below) ("Units"), at an offering price that is anticipated to be $5.00 per Unit (the actual offering price, the "IPO Offering Price"), following the effective date of, and pursuant to, a registration statement that will be filed with the Securities and Exchange Commission (the "SEC") with respect to the initial public offering of the Units (the "Registration Statement") and that provides for the listing of such Units on the Nasdaq Capital Market, the NYSE Amex, the OTC Bulletin Board or other similarly recognized national trading platform (the "IPO");

WHEREAS, immediately prior to the IPO, the Company will execute a 1 for 6 reverse split of all shares of Common Stock in the event the IPO Offering Price is greater than or equal to $4.00 and a 1 for 6.4 reverse split in the event the IPO Offering Price is less than $4.00 (the "Reverse Split");

WHEREAS, the Company and the Series B Holders desire to conduct a share exchange pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended (the "Act"), pursuant to which the Series B Holders will exchange all of their currently issued and outstanding Series B Shares for shares of Common Stock; and

WHEREAS, the Company, the Subsidiary and the Series B Holders executing this Agreement, constituting at least 75% of the outstanding Series B Shares, desire to terminate the Series B Agreements and accept the consideration set forth herein in lieu of the rights set forth in the Series B Agreements.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations and covenants and agreements herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Effective Date. The terms and conditions of this Agreement shall be deemed effective as of the date of the consummation of the IPO (the "Effective Date"). This Agreement shall automatically terminate and become null and void upon the earliest of (i) December 31, 2009 if the Company fails to close the Offering, as contemplated by the term sheet attached hereto as Exhibit A, on or before such date, (ii) January 31, 2010 if the Registration Statement is not filed with the SEC on or before such date, (iii) August 10, 2010 if the SEC has not declared the Registration Statement effective on or before such date and (iv) the date on which the Company files with the SEC an application to withdraw the Registration Statement.

2. Exchange of Shares. On the Effective Date and subject to the Reverse Split thereafter and the terms and conditions of this Agreement, the Series B Holders hereby covenant and agree to exchange and transfer the 4,592,794 Series B Shares they hold to the Company and the Company hereby covenants and agrees to issue to the Series B Holders shares of Common Stock ("New Shares") in the following amounts and as set forth opposite each Series B Holder's name in Exhibit B:

    a. If the IPO Offering Price is greater than $4.49, in a ratio of 1.33 New Shares for each Series B Share so exchanged for an aggregate amount of 6,108,416 New Shares;
    b. If the IPO Offering Price is equal to or greater than $4.00 and equal to or less than $4.49, in a ratio of 1.40 New Shares for each Series B Share so exchanged for an aggregate amount of 6,429,912 New Shares; and
    c. If the IPO Offering Price is less than $4.00, in a ratio of 1.55 New Shares for each Series B Share so exchanged for an aggregate amount of 7,118,831 New Shares.

Prior to the consummation of the IPO, the Company shall not effect any stock dividend, stock split, stock distribution or combination, subdivision, reclassification or other corporate actions having a similar effect with respect to the Series B Shares or the Common Stock, other than the Reverse Split, without the consent of a Series B Holders holding a majority of the Series B Shares.

The Company represents and warrants that, as of the Effective Date, the New Shares will be duly authorized and, upon issuance, exchange and transfer as contemplated by this Agreement, the New Shares will be validly issued, fully paid and non-assessable shares of the Company.

3. Lockup of Securities. The Series B Holders hereby covenant and agree to comply with the lock-up provisions set forth in Exhibit D.

4. Termination of Series B Agreements and Series B Warrants. On the Effective Date, the Series B Agreements and the Series B Warrants shall be terminated and cancelled and be of no further force or effect.

5. Registration Rights.

   a. As may be requested by Warburg Pincus Private Equity IX, L.P. ("Warburg Pincus") or any transferees thereof (each of Warburg Pincus and any such transferees, a "Holder"), the Company will, at the Company's expense, qualify for registration on, and will promptly file with the SEC within 270 days (the "Registration Deadline") after the IPO, a Form S-3 or any comparable or successor form or forms or any similar short-form registration providing for the registration, and the sale on a continuous or delayed basis, of the Registrable Securities (as defined below) pursuant to Rule 415 under the Securities Act ("Registration Statement"). Notwithstanding the foregoing, the Company shall not be required to effect or take any action to effect a Registration Statement pursuant to this Section 5(a) prior to its filing of a registration statement ("Bridge Registration Statement") covering the Common Stock issuable upon conversion or exercise of the securities issued in the Offering (the "Bridge Shares") unless the filing of the Registration Statement will not limit the number of Bridge Shares which may be registered in a Bridge Registration Statement. In connection with any such Registration Statement, the Company agrees to comply with the registration procedures set forth on Exhibit C attached hereto. Upon filing the Registration Statement, the Company will, if applicable, cause such Registration Statement to be declared effective, will keep such Registration Statement effective with the SEC at all times (including by filing a new Registration Statement if such Registration Statement automatically expires), and shall cooperate in amending or supplementing the prospectus statement related to such Registration Statement as may be requested by any Holder or as otherwise required, until the Holders who would require such registration to effect a sale of the Registrable Securities no longer hold the Registrable Securities or the Registrable Securities may be sold without volume restrictions pursuant to Rule 144 promulgated under the Act. The Company will use its commercially reasonable efforts to remain eligible to use Form S-3 registration or a similar short-form registration. The term "Registrable Securities" shall mean all Common Stock issued to Warburg Pincus pursuant to this Agreement.

b. In connection with any registration under this Section 5, the Company shall, without limitation as to time, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, the officers, directors, agents, partners and employees of each of them, each Person who controls each such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), the officers, directors, agents, partners and employees of each such controlling person and any financial or investment adviser (each, an "Registration Indemnified Party"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, actions or proceedings (whether commenced or threatened), reasonable out-of-pocket costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and reasonable out-of-pocket expenses (including reasonable expenses of investigation) (collectively, "Registration Losses"), as incurred, arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, prospectus or form of prospectus or in any amendment or supplements thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent that the same arise out of or are based upon information furnished in writing to the Company by such Registration Indemnified Party or the related Holder expressly for use therein or (ii) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such Registration Statement.

c. Each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify and hold harmless the Company, each of its directors and officers, legal counsel and accountants, and each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, each other such Holder and each of its officers and directors, and each person controlling such other Holder, against all reasonable out-of-pocket expenses, claims, losses, damages and liabilities (or actions, proceedings or settlements in respect thereof) arising out of or based on (i) any untrue statement or alleged untrue statement of a material fact contained in any prospectus, offering circular or other document, including any related registration statement, notification or the like, incident to any such registration, qualification or compliance or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and such Holders, directors, officers, legal counsel, accountants, persons, underwriters or control persons for any reasonable out-of-pocket legal or any other reasonable out-of-pocket expenses

reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by such Holder under an instrument duly executed by such Holder and stated to be furnished by such Holder specifically for use therein; provided, however, that the obligations of such Holder hereunder shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities (or actions in respect thereof) if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld); and provided that in no event shall any indemnity under this Section 5(c) exceed the net proceeds from the offering received by such Holder.

6. Waiver. On the Effective Date, each party hereby waives, releases, acquits, and forever discharges the other party and its respective agents, representatives, officers, directors, and employees from any and all claims, causes of action, liability or damages of any kind, whether past or present, known or unknown, real or imagined, asserted or unasserted, foreseen or unforeseen that each party could have asserted in connection with the Series B Agreements. Each party represents and warrants that it has not and will not assign, transfer, or dispose of, in any manner, any interest (either in whole or in part) in any claims, causes of action, liability or damages that are the subject of the foregoing sentence.

7. Condition Precedent. It shall be a condition precedent to the obligations of the parties to consummate this Agreement that the Company enter into an agreement with the Series A Holders that is substantially similar to this Agreement and that the Company deliver a copy of such executed agreement to the Series B Holders.

8. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter thereof and merges and supersedes all prior discussions, agreements and understandings of any and every nature among them.

9. Counterparts; Governing Law. This Agreement may be executed in one or more counterparts, which taken together shall constitute one and the same instrument. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

VRINGO, INC.

By: _____
Name:
Title:

VRINGO (ISRAEL) LTD.

By: _____
Name:
Title:

Series B Holder

Name:

Exhibit 10.22

[Vringo letterhead]

March 18, 2010

Andrew Perlman
75 Wall St. Apt. 36-F
New York, NY 10005

Re: Offer Letter

Dear Andrew:

On behalf of Vringo, Inc. (the "**Company**"), I am pleased to share with you this offer letter for the position as President of the Company.

1. **Position.** You will serve in a full-time capacity as President of the Company and will retain your membership on the Board of Directors of the Company (the "**Board**"). As President, you will be responsible for managing operations of the Company, with direct responsibility for content strategy and contracts, corporate marketing including brand management, public relations, lead generation and customer acquisition and strategic partnerships with large content aggregators, ringtone and ringback players. You will report directly to the Company's Chief Executive Officer and the Board, or as otherwise directed by the Board.

2. **Start Date.** Your effective date of employment with the Company will be April 12, 2010 (the "**Effective Date**").

3. **Salary and Bonus.** You will be paid a salary bi-weekly at the annual rate of $175,000 (the "**Salary**") from which appropriate deductions and withholdings shall be made, in accordance with the Company's standard payroll practices. You may also receive an annual bonus of an amount to be determined by the Board or its Compensation Committee. You will receive, at the end of each quarter, an advance of $5,000 towards this annual sum.

4. **Medical and Other Benefits.** As a Company employee, you will be eligible for standard health benefits effective the first day of the first month subsequent to the Effective Date and other standard benefits provided to employees of the Company if and when enacted.

5. **Options to Purchase Common Stock.**

A. Subject to the approval of the Board, the Company will grant you the following two stock options:

(i) an option to purchase seventy thousand (70,000) shares of common stock of the Company ("**Common Stock**") at an exercise price of US $0.01 per share (the "**A Option Shares**"); and

(ii) an option to purchase ninety thousand (90,000) shares of Common Stock at an exercise price per of US $5.50 per share (the "**B Option Shares**").

B. The A Option Shares and B Option Shares will be subject to the terms and conditions of the Company's Amended and Restated 2006 Stock Option Plan, as amended, and the stock option agreements between you and the Company ("**Option Agreements**"), all of which documents are incorporated herein by reference.

C. The A Option Shares will vest over a three (3) year period from the consummation of the initial public offering of the Company (the "**IPO Date**") according to the following schedule: 33% of the A Option Shares will vest on the first anniversary of the IPO Date, and the remaining A Option Shares will vest in equal annual installments for the two (2) years thereafter. Vesting of the A Option Shares will be subject to your continued employment with the Company under the terms of this offer letter on the applicable vesting date.

D. The B Option Shares will vest over a four (4) year period from the Effective Date according to the following schedule: 25% of the B Option Shares will vest on the first anniversary of the Effective Date, and the remaining B Option Shares will vest in equal quarterly installments for the three (3) years thereafter. Vesting of the B Option Shares will be subject to your continued employment with the Company under the terms of this offer letter on the applicable vesting date.

E. Upon a Change of Control (as defined herein), fifty percent (50%) of the unvested portion of each of the A Option Shares and the B Option Shares will automatically and immediately become fully vested. For purposes of this Section 5.E., "Change of Control" shall mean (i) the sale, conveyance, exchange, license or other transfer of all or substantially all of the intellectual property or assets of the Company, (ii) any acquisition of the Company by means of a consolidation, stock exchange, merger or other form of corporate reorganization of the Company with any other corporation or entity in which the Company's stockholders prior to the consolidation or merger own less than a majority of the voting securities of the surviving entity or (iii) any transaction or series of related transactions following which the Company's stockholders prior to such transaction or series of related transactions own less than a majority of the voting securities of the Company (excluding the issuance of equity securities solely for capital raising purposes); provided that in each case that a reorganization by the Company shall not constitute a Change in Control.

F. In addition you will be entitled to participate in the Company's long term incentive plan as and when approved by the Board.

6. **Confidentiality Agreement.** During your employment with the Company, you will be privy to confidential and proprietary information and trade secrets of the Company. That information and material has been developed and acquired by the Company over time through the expenditure of considerable resources, and provides the Company with competitive advantages over others in the same industry who do not possess such information and material. Accordingly, and consistent with Company practices, you agree, as a condition to your employment with the Company, to sign the Company's standard form of Employment, Confidential Information and Inventions Assignment Agreement (the "**Confidentiality Agreement**"). In addition, by signing this offer letter, you hereby represent and warrant to the Company that you have no commitments or obligations inconsistent with your obligations to the Company, including any commitments or obligations made or owed to your prior employers, and that you will indemnify the Company for any reasonable expenses it may incur defending against any asserted claims.

7. **At-Will Employment.**

A. Your employment with the Company will be "at will," meaning that either you or the Company will be entitled to terminate your employment at any time and for any reason, with or without cause. Notwithstanding the foregoing, in the event you terminate your employment without Good Reason, you shall be required to provide the Company with three months notice of your intention to leave the Company. Failure to provide the Company with such notice shall result in (a) the immediate forfeiture of the unvested portion of each of the A Option Shares and B Option Shares and (b) notwithstanding any provision in the stock option agreement relating to the A Option Shares and B Option Shares, the vested portion of each of the A Option Shares and B Option Shares shall cease to be exercisable subsequent to the date your employment with the Company is terminated. Any contrary representations which may have been made to you are superseded by this offer. The foregoing is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's human resources policies and procedures, may, to the extent permitted under this letter agreement, change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.

B. As used herein, "**Good Reason**" means (a) the Company's failure to pay your salary to you within ten (10) days of your standard pay day, which failure is not cured (if curable) within ten (10) days of the Company's receipt of written notice of breach from you; (b) the failure of the Company to grant you the options to purchase the A Option Shares or B Option Shares within ninety (90) days of the date hereof; or (c) the material diminution of the overall level of your responsibilities, duties, powers or authorities.

8. **Outside Activities During Employment; Non-Competition and Non-Solicitation.**

A. During your employment with the Company, you will devote all of your business time and best effort to the performance of services for the Company. Notwithstanding the foregoing, you may conduct activities for the following ventures provided that such activities are conducted on your own time and do not interfere in any way with your responsibilities to the Company: (i) Webworks Holdings, LLC, (ii) AirWorks Funding, LLC, (iii) Spalding Rockwell Music, LLC and (iv) Waterfall Mobile, Inc.

B. During the term of your employment with the Company and for a period of twelve (12) months thereafter (the "Restricted Period"), you will not, directly or indirectly, engage or participate in any Competing Business (as defined below).

C. In addition, during the Restricted Period, you will not, directly or indirectly, either for yourself or any other person or entity: (a) solicit, attempt to solicit, aid in the solicitation of or accept any employment, consulting or orders from any person or entity to purchase products or services from any Competing Business; (b) solicit, attempt to solicit or aid in the solicitation of any person or entity to cease doing business with or adversely alter its business relationship with the Company, if such person or entity has had any business relationship (including, without limitation, as a customer, supplier, licensor or licensee) with the Company any time during the term of your employment with the Company; or (c) solicit or hire any person or entity who performs services for the Company material to its business (whether as a director, officer, employee, independent contractor or agent), or who shall have performed said services for the Company within the prior twelve (12) months.

D. For purposes of this Section 8, a "**Competing Business**" shall mean any person or entity that competes with the business of the Company as such is currently conducted or as such is conducted during the term of your employment with the Company, including any prospective businesses of the Company which were known by you to be actively under development during the term of your employment with the Company.

9. **Withholding Taxes.** All forms of compensation referred to in this letter are subject to reduction to reflect applicable taxes, FICA and all other amounts required to be withheld pursuant to any applicable law.

10. **Entire Agreement.** This letter and the agreements referred to in this letter contain all of the terms of your employment with the Company and supersede any prior understandings or agreements, whether oral or written, between you and the Company with the exception of any agreements in connection with your service on the Board.

11. **Amendment and Governing Law.** This letter agreement may not be amended or modified except by an express written agreement signed by you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes will be governed by the laws of the State of New York without regard to the principles of conflicts of laws.

12. **Headings.** The headings of paragraphs of this letter agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision herein.

13. **Counterparts.** This letter agreement may be executed in multiple counterparts, each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

[*This space left blank intentionally; signature page follows*]

Andrew, we are delighted to extend this offer to you until March 31, 2010 and look forward to working with you. To indicate your acceptance of the Company's offer, please sign and date this letter in the space provided below and return it to me, along with a signed and dated copy of the Confidentiality Agreement.

Very truly yours,

/s/ Jonathan Medved
Name: Jonathan Medved
Title: Chief Executive Officer

ACCEPTED AND AGREED TO this
24th day of March, 2010

/s/ Andrew Perlman
Andrew Perlman

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

Marketing Agreement

This Agreement is entered into as of February 2, 2010 (the "Effective Date"), by and between RTL Belgium S.A., having an office at Avenue Jacques Georgin, 2, 1030 Brussels, Belgium ("RTL") and Vringo Inc., a Delaware corporation having an office at 85 5th Avenue 6th Floor New York, NY 10003.

RECITALS: RTL wishes to engage with Vringo and Vringo wishes to engage with RTL in a relationship whereby RTL will promote a version of Vringo's video ringtone sharing service to end users on the terms and conditions set forth in this Agreement.

I. Vringo's Obligations: Vringo shall:

a. Create for RTL a version of the Vringo video ringtone sharing service which will include a mobile client and a version of the Vringo website (the "Service"). The Service shall contain content provided by RTL as well as content readily available on the internet (such as YouTube and Daily Motion). The Service will be cobranded as PlugRTL and Vringo. The Service will be offered in French. The parties may mutually agree on timing to translate the service into Flemish. Without prejudice of article VII c., Vringo shall hold RTL harmless of any claim or legal action arising from Intellectual Property Rights infringements, including claims or legal actions proceeded by content providers such as Youtube or Daily Motion.

b. Make service available to all subscribers of Belgian mobile operators.

c. Remove content made by consumers from the service following a valid complaint made to Vringo.

d. Provide the Service in Belgium for the first week following the launch of the service ("Soft Launch"), at no cost (excluding data and other charges applied by the mobile operators) to all consumers. Following the Soft Launch, consumers subscribing to the service will receive the service at no cost (excluding data charges applied by the mobile operators) for the first month following their subscription. Soft Launch period may be extended by mutual agreement between RTL and Vringo.

e. Charge Plug Mobile consumers 2,20 Euros a month and non Plug Mobile consumers 4,40 Euros a month, on a weekly cycle.

f. Subject to RTL providing shortcodes as described in (II.c), allow consumers to subscribe and unsubscribe to the service using the shortcodes.

g. Provide RTL with a 3 year exclusivity for the service in Belgium. If, however, one year from the date hereof there are less than 5,000 paying subscribers on the Service, the above exclusivity will terminate immediately. Additionally, if while the exclusivity is in effect due to a global deal with providers such as a handset manufacturer hardcoding the Vringo application to handsets, the service will be provided in Belgium, Vringo shall share its net revenues with RTL as described in IV.b below.

h. Pay RTL for the setup and development of the Shortcodes: 1285 Euros.

i. Pay RTL for the maintenance of the shortcode 2880 Euros for the first year and 1440 Euros for each year thereafter.

j. Pay RTL for the creation of a TV advertisement: 750 Euros.

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

a. Provide Vringo with the elements for branding the website, wapsite and mobile client

b. Market the Service to users in Belgium. Said marketing shall include, but not be limited to, the activities listed in Exhibit B.

c. Provide a shortcodes for subscription and for unsubscription

d. Provide to Vringo RTL weekly content that can be provided to the Service subscribers.

e. Providing to Vringo an API that allows Vringo to identify whether a phone number is a Plug Mobile subscriber as defined in Exhibit D.

f. Subject to Vringo paying for shortcode costs as defined in I.h and I.i above, be responsible for having shortcodes available for the exclusive use of the Vringo service during the term of this agreement.

g. Subject to Vringo paying for the TV commercial as defined in I.j above, produce a Vringo TV commercial.

III. **Timing:** The parties shall use commercially reasonable efforts to launch the service following the signing of this agreement.

IV. **Revenue Share, Fees, Reports:**

a. During the Soft Launch (as defined in I.d) the service will be provided at no cost (excluding data and other charges applied by the mobile operators) to consumers, Following the Soft Launch, consumers subscribing to the service will receive the service at no cost (excluding data and other charges applied by the mobile operators) for the first week following their subscription.

b. Net revenue share from the service shall be split between RTL and Vringo, ****. Net revenue is defined as the revenue the service generates less the costs of the shortcode operations, the network costs for the wholesale premium services and the costs of sms sent to users.

c. Vringo shall provide RTL with reports detailing usage and other mutually agreed upon data

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.

e. Vringo undertakes to keep accurate accounts of the usage of the Service. RTL shall be entitled to have these accounts audited by any person bound by professional secrecy, at its own expense, on working days/hours, with at least 8 (eight) days notification.

In the event that said audit reveals, for the years for which accounts exist, a difference that is unfavourable to RTL, Vringo shall pay the additional amount due, plus late payment interest, at the official rate, plus two points.

In the event of a difference in value of 10% (ten percent) or more, Vringo shall be required to pay the audit expenses.

V. Sale to Belgian Operators:

RTL may license the service to one of the Belgian mobile operators on terms to be mutually agreed upon by the parties. All revenues derived from such licensing shall be divided between RTL and Vringo in the same manner as described in section IV.b above.

VI. Proprietary Rights, Grant of License

a. Ownership of Intellectual Property. 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.

VII. 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 Effective Date (the "Initial Term").

b. Renewal. This Agreement shall automatically renew for successive six month terms, unless either party provides written notice of termination at least thirty (30) days prior to the expiration of the Initial Term or any renewal term. The Initial Term and any and all renewal terms are collectively referred to as the "Term."

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 twenty (20) 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 and ownership and property rights) shall survive any such expiration, termination or cancellation.

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

VIII. 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.

c. Vringo shall indemnify, defend and hold harmless RTL directors, officers, employees, agents and subcontractors against all third-party claims, 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 claim related to Intellectual Property Rights of the service or of any content contained within.

IX. Confidentiality:

a. Confidentiality. 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 Section 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. Exclusions. 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 manifestations of the Confidential Information or, at the disclosing party's option, shall destroy all such 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.

X. **Press Release:** Each party shall have the right to issue a press release regarding the relationship between the parties.

XI. **Limitation of Liability:** 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 HEREUNDER) SHALL EXCEED THE TOTAL AMOUNTS PAYABLE TO VRINGO UNDER THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THIS SECTION SHALL NOT APPLY TO ANY AMOUNTS PAYABLE BY AN INDEMNIFYING PARTY PURSUANT TO EXPRESS INDEMNIFICATION OBLIGATIONS IN THIS AGREEMENT.

XII. 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. Notice. Any notice or other communication to be given under this Agreement shall be in writing and signed by or on behalf of the party giving it and may be served by leaving it or sending it by fax, delivering it by hand or sending it by first class post

e. 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.

f. 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.

g. 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.

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

h. 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.

i. Applicable Law. 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.

	Vringo Inc.
By: RTL Belgium S.A.	By: /s/ Steven Glanz
Name: Coruble Stéphane	Name: Steven Glanz
Title: New Business Operations Manager	Title: SVP
Date: 02-02-2010	Date: Feb. 14, 2010

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

Appendix A:

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

"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 "**"**

Exhibit B

[RTL MARKETING PLAN]

Marketing across web, TV and radio at a minimum value of 50,000 Euros

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

Exhibit C

[PROJECT PLAN TO BE ADDED]

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

Exhibit D

[PlugMobile User Identification API]

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Vringo, Inc. (a Development Stage Company)

We consent to the use of our report included herein and to the reference to our firm under the heading “Experts” in the prospectus.

Our report dated March 29, 2010 contains an explanatory paragraph that states that Vringo, Inc., (the “Company”) has suffered recurring losses from operations and has a net capital deficiency, which raise substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of that uncertainty. Our report also refers to the adoption of the new accounting requirements in FASB ASC 815-40-15, *Derivatives and Hedging.*

/s/ Somekh Chaikin

Somekh Chaikin
Certified Public Accountants Isr.
A member firm of KPMG International

Jerusalem, Israel
March 29, 2010

[EGS Letterhead]

March 29, 2010

VIA EDGAR
Mr. Larry Spirgel, Esq.
United States Securities and Exchange Commission
Division of Corporation Finance
Mail Stop 3720
100 F Street, N.E.
Washington, DC 20549

Re: Vringo, Inc.
Registration Statement on Form S-1
Filed January 29, 2010
File No. 333-164575

Dear Mr. Spirgel:

On behalf of Vringo, Inc. ("Vringo", the "Company", "we", "us" or "our"), we are electronically transmitting hereunder our response to the letter received by us from the Securities and Exchange Commission (the "Commission" or the "Staff") dated February 25, 2010 concerning our Registration Statement on Form S-1 (the "Registration Statement") previously filed on January 29, 2010. A marked version of Amendment No. 1 to the Registration Statement ("Amendment No. 1") is enclosed herewith reflecting all changes from the Registration Statement submitted on January 29, 2010. All page references relate to the marked version of Amendment No. 1. Capitalized terms used but not defined herein shall have the meaning ascribed to them in Amendment No. 1. Clean and marked copies of this filing are being sent via hand delivery to John Harrington.

For your convenience, we have repeated below the Staff's comments in bold and have followed each comment with the Company's response.

General

1. ***We note a number of blank spaces throughout your registration statement for information that you are not entitled to omit under Rule 430A, such as the anticipated price range information. Please include this disclosure as soon as practicable. Note that we may have additional comments once you have provided this disclosure. Therefore, allow us sufficient time to review your complete disclosure prior to any distribution of preliminary prospectuses.***

The Company will provide the omitted information, including the anticipated price range information, as soon as practicable. The Company acknowledges that the Staff may have additional comments once the Company has provided the additional disclosure. The Company will provide the Staff sufficient time to review the additional disclosure before any distribution of preliminary prospectuses.

2. ***As soon as practicable, please furnish to us a statement as to whether or not the amount of compensation to be allowed or paid to the underwriter(s) has been cleared with FINRA. Prior to effectiveness of this registration statement, please provide us with a copy of the letter or a call from FINRA informing us that FINRA has no additional concerns.***

   We note the Staff's comment and, prior to effectiveness, we will either arrange a call by a FINRA representative to the Staff or send the Staff a copy of the letter confirming that FINRA has no objections.

3. ***We encourage you to file all exhibits with your next amendment or otherwise furnish us drafts of your legality opinion and underwriting agreement. We must review these documents before the registration statement is declared effective, and we may have additional comments. Please note that any comments on your confidential treatment request to Exhibits 10.6, 10.7, 10.8 and 10.9 will follow under a separate cover.***

   We advise the Staff that we have filed additional exhibits, including the forms of the legality opinion and the underwriting agreement, together with Amendment No. 1. We will submit the remainder of the exhibits with a subsequent amendment of the Registration Statement. We advise the Staff that we have not received a comment letter from the Staff with respect to the Company's confidential treatment request.

Prospectus Cover Page

4. ***Please disclose the unit purchase option to be granted to the underwriter on the prospectus cover page.***

   We have revised the prospectus cover page to provide the requested disclosure.

Table of Contents Page

5. ***We note your disclose in the second paragraph following the table of contents regarding statistical data, market data and other industry data and forecasts. As you are responsible for the accuracy and completeness of your prospectus disclosure, remove your statement that "we do not make any representation as to the accuracy of the information."***

   We have deleted the foregoing statement in response to the Staff's comment.

Prospectus Summary, page 1

Our Business, page 1

6. ***We note several references in the summary and elsewhere in the prospectus to third-party market research. For example, we note references to Multimedia Intelligence, Juniper Research, Ipsos MediaCT and Pyramid Research. These are just examples. Please provide us marked copies of such research, clearly cross-referencing a statement with the underlying factual support. Confirm for us that these documents are publicly available. To the extent that any of these reports have been specifically prepared for this filing, file a consent from the party. Also provide us with copies of the Washington Post and New York Times Supplement references in Mr. Medved's biography.***

   We have provided the Staff with marked copies of the third-party market research referenced in Amendment No. 1, with cross-references to the applicable disclosure. We respectfully advise the Staff that all of these documents are publicly available. We have deleted the references from the Washington Post and the New York Times Supplement in Mr. Medved's biography.

7. ***We note you disclose data regarding various mobile markets. Please clarify that your market is a subset of these markets and disclose any data regarding your markets (i.e., video ringtones, and the markets in Turkey, Malaysia, Armenia and the United Arab Emirates).***

   We respectfully advise the Staff that, while the Company believes that video ringtones will ultimately capture a significant share of the global ringtone market, it does not possess any authoritative data on the current size of this nascent market. We have revised Amendment No. 1 (pages 2-3) to clarify that our market is a subset of various mobile markets and to provide additional disclosure regarding our markets.

8. ***Disclose at the beginning of your summary section that you are a development stage company, have generated only $36,000 in revenues since inception (which consisted of a one time setup fee and monthly revenue guarantees from your carrier partner in Armenia in the third quarter of 2009), have a history of losses since inception (quantifying the losses for the last fiscal year and most recent interim period) and that your auditors have provided a going concern opinion (explaining what this means).***

   We have revised Amendment No. 1 (page 1) to provide the requested disclosure.

9. ***Where you disclose that you have filed 23 patent applications, also disclose that no patents have been issued.***

   We have revised Amendment No. 1 (pages 2, 5 and 49) to provide the requested disclosure.

10. ***We note that you disclose total subscriber numbers for the four mobile carriers that are currently offering your commercial service. Please disclose the number of such subscribers that that have actually subscribed to your product to date. Also disclose when you launched commercial service with these carriers.***

    We have revised Amendment No. 1 (pages 2 and 44) to provide the requested disclosure.

11. ***Please disclose the basis for your belief that your library of over 4,000 video ringtones is one of the largest in the world.***

    We have revised Amendment No. 1 (pages 6, 50 and 53) to provide the requested disclosure.

The Offering, page 9

12. ***Please also disclose the exercise prices, or a weighted average exercise price, for the 788,010 additional warrants issued in connection with the bridge financing with exercise prices ranging from $0.01 to $3.75.***

    We have revised Amendment No. 1 (page 10) to provide the requested disclosure.

13. ***Your disclosure appears to reflect the expiration of 1,201,471 warrants issued in connection with Series B Financing based upon the assumption of the successful completion of an equity fundraise of at least $10 million. Please revise your disclosure on page 10 to disclose this assumption.***

    We have revised Amendment No. 1 (page 9) to provide the requested disclosure regarding the 1,201,471 warrants (or 200,245 warrants assuming the 1 for 6 reverse split).

Risk Factors, page 12

We are a development stage company with no significant sources of income…, page 12

14. ***Please highlight your auditors' going concern opinions in this risk factor caption as well as the fact that the continuation of your business is dependent upon raising additional financing.***

    We have revised Amendment No. 1 (page 11) to provide the requested disclosure.

We have not been subject to Sarbanes-Oxley regulations…, page 15

15. We note your disclosure that you will be required to include a management assessment of internal controls over financial reporting in your annual report for your fiscal year ending December 31, 2011. However, you also disclose that "in the following year" you will be required to include an auditor attestation. Please refer to Regulation S-K Item 308T and revise to indicate that the auditor attestation will also be required in your annual report for your fiscal year ending December 31, 2011.

We have revised Amendment No. 1 (page 15) in response to the Staff's comment.

Our outstanding options and warrants…, page 18

16. Please clarify that many of the options and warrants that will be outstanding following this offering have exercise prices that are below, and in some cases significantly below, the mid-point of the IPO price range. To provide context, disclose the exercise prices, or weighted average exercise prices, of the options and warrants that will be outstanding following this offering.

We have revised Amendment No. 1 (page 19) to provide the requested disclosure.

Future sales of our shares of common stock…, page 19

17. Please revise the disclosure under this risk factor to also account for shares underlying options and warrants that will be exercisable following the offering. Similarly revise the Shares Eligible for Future Sale section on page 75.

We have revised Amendment No. 1 (pages 18, 19 and 82) to provide the requested disclosure.

If we cannot satisfy, or continue to satisfy, the NASDAQ Capital Market's listing requirements…, page 20

18. Please discuss more specifically the risks that you will not be able to meet the initial listing requirements of the NASDAQ Capital Market.

We have revised Amendment No. 1 (pages 19-20) to provide the requested disclosure.

Cautionary Note Regarding Forward-Looking Statements, page 23

19. Please delete the reference to the Private Securities Litigation Reform Act of 1995 since the safe harbor provided by the Act is not applicable to your company or this offering. Refer to Section 27A of the Securities Act of 1933.

We have deleted the reference to the Private Securities Litigation Reform Act of 1995.

Dilution, page 28

20. Refer to the table appearing at the top of page 28. The average price per share for the total number of outstanding shares should be calculated as the total consideration divided by the total shares.

We have revised Amendment No. 1 (page 28) to provide the requested disclosure.

21. You state in your disclosure that as of September 30, 2009 there were 3,782,794 "management options" outstanding and a total of 8,693,610 warrants outstanding. These amounts appear to include options and warrants that you explain elsewhere in your filing are not to be issued until the consummation of the offering (i.e., warrants and options to be issued upon the conversion of Bridge Notes and to management in connection with the offering). Refer to your discussion of options outstanding on page 71, for example, where you state that as of the date of the filing (January 28, 2010) options to issue 1,968,124 shares were outstanding. Your discussion under the heading "description of securities" on page 69 also provides amounts as of the date of the prospectus that appear to include issuances that you state will occur at the consummation of the offering. Please revise your disclosures throughout your filing to clarify whether the warrants and options have been issued, or are to be issued upon the consummation of the offering and correct the number of options and warrants outstanding, as appropriate.

We advise the Staff that as of December 31, 2009, after giving effect to the reverse split, the Company had outstanding options to purchase 282,927 shares of common stock and warrants to purchase 1,803,455 shares of common stock. In connection with the IPO, the Company will issue options to its management to purchase 3,686,938 shares of common stock, which options will not commence vesting until the first anniversary of the IPO. Accordingly, upon consummation of the IPO, the Company will have options to purchase 3,969,865 shares of common stock outstanding. In connection with the IPO, the Company will issue: (i) 4.8 million warrants to IPO investors, (ii) 1,590,400 warrants to bridge investors upon conversion of the Bridge Notes and (iii) 360,000 to the underwriters (assuming no exercise of the over-allotment option). Furthermore, the 200,245 Series B warrants will terminate upon consummation of the offering. Accordingly, upon consummation of the IPO, the Company will have warrants to purchase 8,353,610 shares of common stock outstanding. We have revised Amendment No. 1 (pages 18-19) to provide additional disclosure regarding the number of option and warrants outstanding both prior and subsequent to the IPO.

Management's Discussion and Analysis of Financial Condition and Results of Operations, page 30

22. We note from your disclosure on pages 13 and 14 that you anticipate difficulty in collecting amounts billed to customers as well as amounts due from partners, in light of this fact, please tell us how you determined that revenues should be recognized when "the transaction has been successfully processed" or "upon receipt of customer acceptance", as noted in your policy disclosure on page 31. Address your consideration of the collectability criteria discussed in ASC 605-10-S99.

We respectfully advise the Staff that the Company's revenues are recognized upon satisfaction of all revenue recognition criteria, including the assessment that collectability is reasonably assured, which occurs at the time the Company and the carrier agree upon the amounts due to the Company. Accordingly, the risk to the Company does not relate to bad debt or revenue recognition, but rather to a potential shortfall in expected revenue based on the number of our subscribers. We have revised Amendment No. 1 (page 12) to clarify the applicable risk.

23. We also note from your discussion of revenue on page 33 that the company recognized $36 thousand in revenue during the three months ended September 30, 2009 from the one-time fee related to customer acceptance of the setting up of the service and three months of the monthly guarantee. Please tell us and disclose how much of this fee relates to set up of service and how much relates to the monthly guarantee. Discuss any performance obligations (i.e., the need to host site, maintain licenses, update library) associated with the set up of service and/or the monthly service and specify to which the obligation relates. Also tell us how you accounted for each of these sources of revenue, separately, and how you determined the appropriate accounting treatment, particularly with regard to separability. Include reference to authoritative literature used as guidance. With respect to the one-time fee, specifically provide your consideration of SAB Topic 13.A.3.f. "Nonrefundable up-front fees" or 13.A.4.a. "Refundable fees for services" if the fee is refundable.

We respectfully advise the Staff, that during the course of the audit for the year ended December 31, 2009, we re-evaluated the accounting for the billing integration and set-up fees and aligned our accounting with the guidance in SAB Topic 13.A.3.f. As a result, there was an immaterial correction of the amounts set forth in the Registration Statement. We have revised Amendment No. 1 (page 31) accordingly.

Results of Operations, page 33

24. Based on the allocation of proceeds set forth in the Use of Proceeds section of your prospectus, it appears that you expect a substantial increase in most categories of expenses following the IPO. Please provide a more detailed discussion of these expected increases in each category and how they might materially impact your business.

We have revised Amendment No. 1 (pages 34-36) to provide the requested disclosure.

Liquidity and Capital Resources, page 38

25. We note that you have disclosed under the heading "Future operations" that you believe you have sufficient cash as a result of this offering to fund your needs for at least the next twelve months. Please provide a more detailed assessment of the company's plans and ability to meet its long-term liquidity needs. Discuss your expectations with respect to how long the proceeds of this offering might sustain the company. Note that we consider "long-term" to be the period in excess of the next twelve months. See Section III. C of Release No. 33-6835 and footnote 43 of Release No. 33-8350.

We have revised Amendment No. 1 (page 39) to provide the requested disclosure.

26. Here and elsewhere in your filing you describe the May 2006 issuance of 2,353,887 shares of Series A Preferred Stock for $2.35 million. However, in your disclosure on page 31 you state that you issued 588 shares. We note that you later granted a stock dividend that resulted in the issuance of an additional 2,353,299 shares. Please revise your disclosure to clarify.

We have revised Amendment No. 1 (pages 31, 37 and 73) to clarify the disclosure relating to the Series A Convertible Preferred Stock.

Contractual Obligations, page 40

27. In your risk factor disclosure on page 13, you disclose that content licensing agreements may require you to make significant minimum payments. Please identify any such material payment amounts and discuss any contractual terms relevant to an understanding of the potential variability in timing and amount of such payments.

We respectfully advise the Staff that none of the Company's current licensing agreements require any significant minimum payments by the Company. We have revised Amendment No. 1 (page 12) accordingly. To the extent any future agreement requires the Company to make any significant minimum payments, we will identify such amounts and any contractual terms relevant to an understanding of the potential variability in the timing and amount of such payments.

Business, page 42

28. For each of your four mobile carries agreements and your agreement with Hungama in India, please disclose the material obligations and responsibilities of each party under the agreements. Also disclose the durations of the agreements. With respect to the Hungama agreement, please discuss when you expect to be able to sell content and services in India pursuant to that agreement.

We have revised Amendment No. 1 (pages 51-52) to provide the requested disclosure.

Our Products, page 44

29. We note that Windows Mobile, Blackberry and Android operating systems do not natively support video ringtones, but your development team has enabled your application to work on these devices. Please discuss whether, as result of this circumstance, there is any increased risk that you will not be able to maintain your services on these operating systems in the future.

We have revised Amendment No. 1 (pages 4 and 45) to provide the requested disclosure. We have also added a risk factor (page 13) addressing this potential risk.

Content, page 51

30. Please explain in more detail what content will be available as part of your subscription service and what content will be sold as premium content. In addition, explain whether your license agreements allow you to provide licensed content as part of your subscription service without paying any additional fees to the content owners.

We have revised Amendment No. 1 (page 53) to provide the requested disclosure.

Management, page 54

31. Please note that, in order for your registration statement to be declared effective on or February 28, 2010, you will be required to include the disclosure required by Item 401 of Regulation S-K, as amended on December 16, 2009. Among other changes to Item 401, pursuant to Item 401(e) you are required to discuss for each director the experience, qualifications, attributes or skills that led to the conclusion that the person should serve as a director.

We have revised Amendment No. 1 (pages 56-58) to provide the requested disclosure.

32. Please describe in more detail the nature of your relationship with the advisory board and explain the obligations of advisory board members to your company.

We have revised Amendment No. 1 (page 59) to provide the requested disclosure.

Director Independence, pages 58

33. Identify each director that is independent. Also disclose whether any directors that are or will be members of the compensation, audit or nominating committees will not be independent under the standards applicable to those committees. Refer to Item 407(a) of Regulation S-K.

We have revised Amendment No. 1 (page 56) to provide the requested disclosure.

Executive Compensation, page 59

34. In your next amendment filed after February 28, 2010, please disclose in your Summary Compensation Table and Director Compensation Table the grant date fair value of equity awards, rather than compensation expense, in accordance with Item 402 of Regulation S-K, as amended on December 16, 2009.

We have revised Amendment No. 1 (pages 63 and 68) to provide the requested disclosure.

35. If you will be implementing a reverse stock split prior to effectiveness of the registration statement, please revise your Outstanding Equity Awards at 2009 Fiscal Year End table to reflect the reverse stock split.

We have revised Amendment No. 1 (page 67) to provide the requested disclosure.

36. In the footnotes to the Outstanding Equity Awards at 2009 Fiscal Year End table please disclose the vesting dates for the options listed in the table. Although you disclose the general vesting schedule in footnote (1), investors will be unable to determine the vesting dates without disclosure of the vesting commencement dates. Refer to Instruction 2 to Item 402(p)(2) of Regulation S-K.

We have revised Amendment No. 1 (page 68) to provide the requested disclosure.

Principal Stockholders, page 66

37. Please confirm that the As Adjusted for the Offering column includes, for each person or category of person, all options or warrants that will be exercisable within 60 days from the completion of the offering. For example, confirm that it takes into account the approximately 3.8 million options to be issued to management in connection with the offering and, if appropriate, the effect of any bridge warrants currently outstanding or to be upon conversion of the Bridge Notes. In addition, please include footnote disclosure identifying the amounts included due to options or warrants.

We confirm that the "As Adjusted for the Offering" column, as revised in response to the Staff's comment, includes all options or warrants that will be exercisable within 60 days from the completion of the offering. We advise the Staff that the approximately 3.8 million options to be issued to management in connection with the IPO will not be exercisable within 60 days from the completion of the offering and are thus not included in the Principal Stockholders table. We have revised Amendment No. 1 (page 70) to provide the requested disclosure, including footnote disclosure regarding the amounts due to options or warrants.

Certain Relationships and Related Party Transactions, page 68

38. You disclose on page 70 that each share of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock is convertible into one share of common stock. Please describe how the conversion ratio was determined in connection with the December 29, 2009 agreements for the Series A and Series B Convertible Preferred Stock to be converted into 451,161 and 1,018,069 shares of common stock, respectively. In addition, file the December 29, 2009 agreements as exhibits.

We advise the Staff that the exchange ratios for the Series A Convertible Preferred Stock and the Series B Convertible Preferred Stock set forth in the December 29, 2009 agreements was determined through negotiations between the Company and holders of these shares of preferred stock and not as provided in the designations. We have revised Amendment No. 1 (page 74) to provide additional disclosure regarding the exchange ratios. We have filed forms of the exchange agreements for each of the Series A Convertible Preferred Stock and Series B Convertible Preferred Stock as Exhibits 10.20 and 10.21, respectively.

Description of Securities, pages 69

39. We note from your discussion in Note 8 on page F-14 that warrants to purchase 151,602 shares of Series B convertible preferred stock were issued on September 24, 2008 in connection with the SVB/Gold Hill venture loan. You do not appear in include these warrants in your discussion. Please clarify whether these warrants remain outstanding and revise your disclosure to discuss these warrants. To the extent that they remain outstanding, please include an explanation of how these warrants will be affected by the 1 for 6 reverse stock split and/or the offering.

We respectfully advise the Staff that the warrants to purchase 151,602 shares of Series B convertible preferred stock issued in connection with the SVB/Gold Hill venture loan were terminated upon the closing of the Bridge Financing. We have revised Amendment No. 1 (page 78) to clarify that such Series B options have been terminated.

Bridge Notes, pages 71

40. In Note 16, paragraph (d), on page F-24 there is a reference to the fact that the warrants to be issued upon conversion of the Bridge Note will be different from the IPO warrants due to additional features with respect to fundamental transactions, cashless exercise, ownership limitations and dilution. Please describe these features and any similar features in other outstanding warrants here.

We have revised Amendment No. 1 (page 77) to provide the requested disclosure.

Underwriting, page 77

Lock-Ups, page 78

41. Describe briefly the factors that Maxim Group would consider in determining whether to consent to release of the lock-up agreements that your officers, directors and existing stockholders are subject to.

We have revised Amendment No. 1 (page 86) to provide the requested disclosure.

Financial Statements

42. Please update the financial information included in you filing in accordance with the requirements of Rule 8-02 of Regulation S-X.

The financial information in Amendment No. 1 has been updated in accordance with the requirements of Rule 8-02 of Regulation S-X.

(e) Warrants, page F-18

43. The 120,000 warrants issued as a donation do not appear to be included within your calculations of warrants outstanding, and based on your discussion of options outstanding on page 71, may be included within your accounts of options outstanding. Please revise your disclosure to clarify.

We have revised Amendment No. 1 (page 78) to include the 120,000 warrants within the calculation of warrants outstanding.

Note 4 – Shareholder's Equity, page F-34

44. In the next amendment revise your stock option footnote to disclose the following information for equity instruments issued during the 12 months prior to the date of the most recent balance sheet included in the registration statement:

- ***For each grant date, the number of warrants/options or shares granted, the exercise price, the fair value of the common stock, and the intrinsic value, if any, per option (the number of options may be aggregated by month and the information presented as weighted average per-share amounts).***
- ***Whether the valuation used to determine the fair value of the common stock was contemporaneous or retrospective.***

We have revised Amendment No. 1 (page F-23) to provide the requested disclosure.

45. ***Also tell us whether management received assistance from an outside expert in valuing stock based compensation. If so, please tell us the extent and nature of this assistance, and if the valuation specialist was a related party, disclose a statement to that fact. If you did not use a contemporaneous valuation performed by an unrelated valuation specialist to value your stock based compensation, please revise MD&A to disclose the following:***

- ***A discussion of the significant factors, assumptions, and methodologies used in determining fair value***
- ***A discussion of each significant factor contributing to the difference between the (assumed) fair value of common stock as of the date of each grant and the estimated IPO price***
- ***The valuation alternative selected and the reason management chose not to obtain a contemporaneous valuation by an unrelated valuation specialist.***

We respectfully advise the Staff that management received the assistance of an unrelated third party specialist in valuating its stock-based compensation, which evaluation was performed in a contemporaneous manner. We have revised Amendment No. 1 (page 40) to provide the requested disclosure.

Note 8 – Subsequent Events, page F-35

46. ***Please update the disclosure in Note 8(h) and clarify the transaction that you are referencing in this note. Also, explain to us how you have accounted for the bridge financing, and the related warrant issuances.***

We have revised Amendment No. 1 (pages F-16 through F-18 and F-30) to provide the requested disclosure.

Alternative Pages for Selling Securityholder Prospectus, page SS-1

47. ***In the Explanatory Note at the beginning of the registrant statement, please indicate which sections of the IPO prospectus will be deleted and/or replaced by the alternate pages.***

We have revised the Explanatory Note at the beginning of the registration statement to provide the requested disclosure.

48. ***Please include in your selling securityholder prospectus a concise description of exactly which shares are being registered. Describe each overlying security, its applicable conversion features and terms and any assumptions made in calculating the number of shares to be registered. Also describe your obligations to the selling securityholders to register the shares in connection with the IPO and any material consequences for breach.***

We have revised Amendment No. 1 (pages SS-2 to SS-3) to provide the requested disclosure.

Selling Shareholder Prospectus Cover Page

49. Please disclose on the selling securityholder prospectus cover page that no sales will occur pursuant to this prospectus prior to the time the common stock is listed and traded on the NASDAQ Capital Market. If you intend for this prospectus to cover any potential sales prior to such time, please disclose a fixed selling price (or a range in accordance with Rule 430A) for all sales that may occur prior to that time.

We have revised the selling securityholder prospectus to provide the requested disclosure.

Selling Securityholders, page SS-3

50. We note that substantially all of the shares are subject to a lock-up agreement for six months following the effective date of this registration statement. Describe briefly the factors that Maxim Group would consider in determining whether to consent to release of the lock-up agreements. Please also disclose the various stock price thresholds and how many securities can be sold at each threshold.

In addition, we are unable to locate the lock-up agreement applicable to the shares to be offered (i.e., the common stock to be issued upon automatic conversion of the Bridge Notes, the common stock to be issued upon exercise of warrants to be issued upon automatic conversion of the Bridge Notes, and the common stock to be issued upon exercise of the Special Bridge Warrants). Please tell us where these agreements are filed. If they are contained in a form of purchase agreement or similar with respect to the Bridge Financing, please file that agreement.

We have revised Amendment No. 1 (page SS-5) to provide the requested disclosure regarding the lock-up provisions. Please be advised that the applicable lock-up provisions are set forth in the stock purchase agreements between the Company and the investors in the Bridge Financing. The Company has filed the form of the stock purchase agreement as Exhibit 10.19 to Amendment No. 1.

51. We note that certain related parties are selling securityholders. Please disclose this in the related party transactions section of the prospectus and disclose the participation of these individuals in the Bridge Financing.

We have revised Amendment No. 1 (page 73) to provide the requested disclosure.

52. Please include the dealer prospectus delivery legend on the back of the selling securityholder prospectus as required by Regulation S-K Item 502(b).

We have added the dealer prospectus delivery legend to the back of the selling securityholder prospectus.

Part II. Information Not Required In Prospectus

Item 17. Undertakings, page II-4

53. Please include the undertakings required by Regulation S-K Item 512(f) and (i).

We have revised Amendment No. 1 (pages II-5 and II-6) to provide the requested undertakings.

Exhibit Index

54. We note the cautionary language preceding your Exhibit Index. Please make the following changes to the second sentence of this paragraph in order to further clarify to investors the historical nature of the representations and warranties: in the introductory language, change "have been made" to "were made"; in clause (i) of the second sentence, change "should not be treated" to "were not intended to be treated"; and in clause (ii) of the second sentence, change "have been qualified" to "were qualified".

We have revised the cautionary language in the Exhibit Index in response to the Staff's comments.

55. Please file as exhibits the underwriter unit purchase option and the form of warrant agreement for the warrants that are part of those units.

We respectfully advise the Staff that the Company has filed the underwriter's unit purchase option as Exhibit 4.6 to Amendment No. 1 and the form of warrant agreement as Exhibit 4.4 to Amendment No. 1.

56. Please file as an exhibit a form of the management option agreements related to the approximately 3.8 million options to be granted in connections with this offering.

We respectfully advise the Staff that the Company has filed the form of the management option as Exhibit 4.5 to Amendment No. 1.

* * * *

We thank the Staff in advance for its consideration of the enclosed and the foregoing responses. Should you have any questions concerning the foregoing responses, please contact Barry I. Grossman, Esq. or David Selengut, Esq., each at (212) 370-1300.

Very truly yours,

/s/ Ellenoff Grossman & Schole LLP

cc: Jonathan Medved
Jeffrey Schultz, Esq.
Larry Glassberg