

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

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FORM 8-K

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Current Report

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

Date of Report (Date of earliest event reported): June 19, 2012

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

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Delaware  
(State or other jurisdiction  
of incorporation)

001-34785  
(Commission  
File Number)

20-4988129  
(I.R.S. Employer  
Identification No.)

44 W. 28th Street  
New York, New York 10001  
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: (646) 525-4319

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 8.01 Other Events.

As previously disclosed, on March 12, 2012, Vringo, Inc. (the "Company"), VIP Merger Sub, Inc., a wholly-owned subsidiary of the Company ("Merger Sub"), and Innovate/Protect, Inc. ("Innovate/Protect") entered into a merger agreement (as may be amended or modified, the "Merger Agreement"), pursuant to which Innovate/Protect will merge with and into Merger Sub, with Merger Sub surviving the merger as a wholly-owned subsidiary of the Company (the "Merger"). The consummation of the Merger with Innovate/Protect is subject to stockholders' approval and other closing conditions. A copy of the Merger Agreement was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on March 14, 2012 and is incorporated herein by reference.

This Current Report on Form 8-K is being filed to provide (i) the unaudited pro forma consolidated statement of operation for the three month period ended March 31, 2012, (ii) the unaudited pro forma consolidated balance sheets, as of March 31, 2012 and (iii) the unaudited pro forma consolidated statement of operation, for the period from June 8, 2011 (date of inception of Innovate/Protect) through December 31, 2011.

The Company has filed with the SEC a registration statement on Form S-3 for the resale of up to 2,672,756 shares and subsequently amended to 2,526,289 shares of common stock issued and issuable upon exercise of warrants held by certain security holders named therein which has not yet become effective. No securities may be sold nor offers to buy securities be accepted prior to the time the registration statement becomes effective.

### Important Additional Information Will Be Filed with the SEC

This report does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company, or Innovate/Protect or the solicitation of any vote or approval. In connection with the proposed Merger, the Company filed a Registration Statement on Form S-4 with the SEC on April 6, 2012, subsequently amended on May 17, 2012, June 1, 2012 and June 12, 2012, which includes a preliminary proxy statement/prospectus of the Company. These materials are not yet final and will be further amended. The proxy statement/prospectus contains important information about the Company, Innovate/Protect, the Merger and related matters. The Company will mail or otherwise deliver the proxy statement/prospectus to its stockholders and the stockholders of Innovate/Protect once it is final. **Investors and security holders of the Company and Innovate/Protect are urged to read carefully the proxy statement/prospectus relating to the merger (including any amendments or supplements thereto) in its entirety when it is available, because it will contain important information about the Company, Innovate/Protect and the proposed transaction.**

Investors and security holders of the Company will be able to obtain free copies of the proxy statement/prospectus for the proposed merger (when it is available) and other documents filed with the SEC by the Company through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders of the Company and Innovate/Protect will be able to obtain free copies of the proxy statement/prospectus for the proposed merger (when it is available) by contacting Vringo, Inc., Attn.: Cliff Weinstein, VP Corporate Development, at 44 W. 28th Street, New York, New York 10001, or by e-mail at [cliff@vringo.com](mailto:cliff@vringo.com). Investors and security holders of Innovate/Protect will also be able to obtain free copies of the proxy statement/prospectus for the merger by contacting Innovate/Protect, Attn.: Chief Operating Officer, 380 Madison Avenue, 22nd Floor, New York, NY 10017, or by e-mail at [info@innovateprotect.com](mailto:info@innovateprotect.com).

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## Cautionary Note Regarding Forward-Looking Statements

Statements in this report regarding the proposed Merger between the Company and Innovate/Protect; the expected timetable for completing the transaction; the potential value created by the proposed Merger for the Company's and Innovate/Protect's stockholders; the potential of the combined companies' technology platform; the Company's respective or combined ability to raise capital to fund our combined operations and business plan; the continued listing of the Company's or the combined company's securities on the NYSE Amex; market acceptance of the Company's products; our collective ability to protect our intellectual property rights; competition from other providers and products; our ability to license and monetize the patents owned by Innovate/Protect, including the outcome of the litigation against online search firms and other companies; the combined company's management and board of directors; and any other statements about the Company's or Innovate/Protect's management teams' future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "could," "anticipates," "expects," "estimates," "plans," "should," "target," "will," "would" and similar expressions) should also be considered to be forward-looking statements. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: the risk that the Company and Innovate/Protect may not be able to complete the proposed transaction; the inability to realize the potential value created by the proposed merger for the Company's and Innovate/Protect's stockholders; our respective or combined inability to raise capital to fund our combined operations and business plan; the Company's or the combined company's inability to maintain the listing of our securities on the NYSE Amex; the potential lack of market acceptance of the Company's products; our collective inability to protect our intellectual property rights; potential competition from other providers and products; our inability to license and monetize the patents owned by Innovate/Protect, including the outcome of the litigation against online search firms and other companies; and other risks and uncertainties more fully described in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, as filed with the SEC, as well as the other filings that the Company makes with the SEC. Investors and stockholders are also urged to read the risk factors set forth in the proxy statement/prospectus carefully.

In addition, the statements in this report reflect our expectations and beliefs as of the date of this report. The Company anticipates that subsequent events and developments will cause its expectations and beliefs to change. However, while the Company may elect to update these forward-looking statements publicly at some point in the future, the company specifically disclaims any obligation to do so, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing the Company's views as of any date after the date of this release.

### Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

The unaudited pro forma combined financial statements reflecting the Merger are filed herewith as Exhibit 99.1.

(d) Exhibits.

99.1 Unaudited Pro Forma Combined Financial Statements

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**SIGNATURES**

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

**VRINGO, INC.**

Dated: June 19, 2012

By: /s/ Andrew D. Perlman

Name: Andrew D. Perlman

Title: Chief Executive Officer and President

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**EXHIBIT INDEX**

99.1 Unaudited Pro Forma Combined Financial Statements

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**UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma combined financial data is intended to show how the Merger might have affected historical financial statements if the Merger had been completed on June 8, 2011, for the purposes of the statements of operations, and March 31, 2012, for the purposes of the balance sheet, and was prepared based on the historical financial position and results of operations reported by Vringo and Innovate/Protect.

**Accounting Treatment of the Merger**

U.S. Generally Accepted Accounting Principles (hereafter — GAAP), require that for each business combination, one of the combining entities shall be identified as the acquirer, and the existence of a controlling financial interest shall be used to identify the acquirer in a business combination. In a business combination effected primarily by exchanging equity interests, the acquirer usually is the entity that issues its equity interests. However, it is sometimes not clear which party is the acquirer. In these situations, the acquirer for accounting purposes may not be the legal acquirer (i.e., the entity that issues its equity interest to effect the business combination).

If a business combination has occurred, but it is not clear which of the combining entities is the acquirer, GAAP requires considering additional factors in making that determination. No hierarchy is provided to explain how to assess factors that influence the identification of the acquirer in a business combination, effectively concluding that no one of the criteria is more significant than any other. However, the more significant the differential in the voting interest of the combining entities, the more difficult it is to conclude that the entity with the largest voting interest is not the acquirer.

Based on the aforementioned, and after taking in consideration all relevant facts and circumstances (which included, among others, the composition of the senior management and the governing body of the combined entity, relative size of the entities prior to the Merger), we came to a conclusion that, in light of the significant differential in the voting interest of the combining entities (both on current holdings basis and on diluted basis), Innovate/Protect is the accounting acquirer, as it is defined in FASB Topic ASC 805 “*Business Combinations*”.

As a result, the Merger will be accounted for as a reverse acquisition. In the post-combination consolidated financial statements, Innovate/Protect’s assets and liabilities will be presented at its pre-combination amounts, and Vringo’s assets and liabilities will be recorded and measured at fair value. In addition, the consolidated equity will reflect Vringo’s common and preferred stock, at par value, as Vringo is the legal acquirer. The total consolidated equity will consist of Innovate/Protect’s equity just before the merger, plus the fair value of assumed assets of Vringo, net, as well as, adjustments to equity caused by the consummation of the Merger, as per the guidance for business combinations in ASC 805.

The unaudited pro forma combined financial statements were prepared in accordance with the regulations of the SEC. The pro forma adjustments reflecting the completion of the Merger are based upon the acquisition method of accounting in accordance with GAAP, and upon the assumptions set forth in the notes to the unaudited pro forma combined financial statements.

The unaudited pro forma combined balance sheet as of March 31, 2012, combines the historical balance sheets of Vringo and Innovate/Protect as of March 31, 2012 and gives pro forma effect to the Merger as if it had been completed on March 31, 2012.

The unaudited pro forma combined statements of operations for the periods from June 8, 2011 through December 31, 2011 and from March 31, 2012 combine the historical statements of operations of Vringo for the period from June 8, 2011 to December 31, 2011 and from January 1, 2012 to March 31, 2012 and of Innovate/Protect from inception (June 8, 2011) to December 31, 2011 and from January 1, 2012 to March 31, 2012 and gives pro forma effect to the Merger as if it had been completed on June 8, 2011.

The financial data has been adjusted to give pro forma effect to events that are (i) directly attributable to the Merger, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on management's estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the acquisition and certain other adjustments.

The unaudited pro forma combined financial statements are presented for illustrative purposes only, and are not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the entities been combined during the periods presented. In addition, as explained in more detail in the accompanying notes to the unaudited pro forma combined financial statements, the preliminary acquisition-date fair value of the identifiable assets acquired and liabilities assumed reflected in the unaudited pro forma combined financial statements is subject to adjustment and may vary from the actual amounts that will be recorded upon completion of the Merger.

#### **Preliminary Purchase Price Allocation:**

The Pro Forma Unaudited Consolidated Financial Information reflects the allocation of the preliminarily estimated purchase price of \$66.0 million to the assets acquired and liabilities assumed of Vringo. The fair value of the consideration issued to former shareholders of Innovate/Protect is based on price of Vringo's share of common stock on May 25, 2012, as well as the fair value of other outstanding equity instruments. A preliminary determination of the fair values of certain acquired assets and assumed liabilities of Vringo was based on a \$3.39 share price, as basis for valuation:

	(\$ — in thousands)
Current assets, net of current liabilities	2,716
Long-term deposit	8
Property and equipment	133
Technology	10,906
Goodwill	56,335
<b>Total assets acquired</b>	<b>70,098</b>
Fair value of outstanding warrants granted by Vringo prior to the Merger, classified as a long-term derivative liability, in these consolidated pro forma financial statements, see note 1	4,106
<b>Total liabilities assumed</b>	<b>4,106</b>
<b>Total estimated purchase price</b>	<b>65,992</b>
Fair value of vested stock options granted to employees, management and consultants, classified as equity in these consolidated pro forma financial statements, see note 1	6,734
Fair value of outstanding warrants granted by Vringo prior to the Merger, classified as equity, in these consolidated pro forma financial statements, see note 1	10,132
Fair value of Vringo common stock shares and \$0.01 options granted to employees, management and consultants, classified as equity in these consolidated pro forma financial statements	49,126
<b>Total estimated purchase price</b>	<b>65,992</b>

As mentioned above, the final fair value of the consideration, as well as certain acquired assets and assumed liabilities, will depend significantly on our future share price, as it is set on Merger consummation date. Consequently, the final fair value of consideration, and as a result, the final purchase price allocation, might significantly differ from the values presented in these consolidated pro forma statements. Possible changes due to fluctuations in our share price are reflected in the following sensitivity table:

	(\$ — in thousands)		
<b>Vringo share price:</b>	<b>\$ 2.0</b>	<b>\$ 4.0</b>	<b>\$ 5.0</b>
Current assets, net of current liabilities	2,716	2,716	2,716
Long-term deposit	8	8	8
Property and equipment	133	133	133
Technology	10,906	10,906	10,906
Goodwill	25,183	69,804	92,892
<b>Total assets acquired:</b>	<b>38,946</b>	<b>83,567</b>	<b>106,655</b>
Fair value of outstanding warrants granted by Vringo prior to the Merger, classified as a long-term derivative liability	1,936	5,183	6,990
<b>Total liabilities assumed:</b>	<b>1,936</b>	<b>5,183</b>	<b>6,990</b>
<b>Total estimated purchase price:</b>	<b>37,010</b>	<b>78,384</b>	<b>99,665</b>
Fair value of stock options granted to employees, management and consultants, classified as equity in these consolidated pro forma financial statements	3,051	7,257	9,502
Fair value of outstanding warrants granted by Vringo prior to the Merger, classified as equity, in these consolidated pro forma financial statements	4,740	12,689	17,115
Fair value of Vringo common stock shares and \$0.01 options granted to employees, management and consultants, classified as equity in these consolidated pro forma financial statements	29,219	58,438	73,048
<b>Total estimated purchase price:</b>	<b>37,010</b>	<b>78,384</b>	<b>99,665</b>



Unaudited Pro Forma Consolidated Statement of Operations, for the three month period ended March 31, 2012:

	Historical		Pro Forma adjustments	Notes	Pro Forma consolidated
	Innovate/Protect	Vringo			
	(\$ — in thousands, except share and per share data)				
<b>Revenue</b>	—	106	—		106
<b>Costs and expenses:</b>					
Cost of revenue	—	31	454	1	485
Operating legal costs	1,172	—	—		1,172
Compensation	378	—	(378)	2	—
Amortization and depreciation	156	—	(156)	2	—
Research and development	—	512	—		512
Marketing	—	759	—		759
General and administrative	162	1,460	534	2	2,156
<b>Total operating expenses:</b>	<b>1,868</b>	<b>2,762</b>	<b>454</b>		<b>5,084</b>
<b>Operating loss:</b>	<b>(1,868)</b>	<b>(2,656)</b>	<b>(454)</b>		<b>(4,978)</b>
Non-operating income (expense)	(4)	10	—		6
Issuance of non-preferential reload warrants	—	(1,091)	—		(1,091)
Loss on revaluation of warrants	—	(411)	—		(411)
Issuance of preferential reload warrants	—	(1,476)	—		(1,476)
<b>Loss before income taxes:</b>	<b>(1,872)</b>	<b>(5,624)</b>	<b>(454)</b>		<b>(7,950)</b>
Income taxes	—	(20)	—		(20)
<b>Net loss:</b>	<b>(1,872)</b>	<b>(5,644)</b>	<b>(454)</b>		<b>(7,970)</b>
Basic and diluted net loss per common share	<b>(0.43)</b>	<b>(0.46)</b>		3	<b>(0.26)</b>
Weighted average shares used in computing basic and diluted net loss per common share	<b>4,635,117</b>	<b>12,371,472</b>		3	<b>30,484,641</b>

Unaudited Pro Forma Consolidated Balance Sheets, as of March 31, 2012:

	Historical		Pro Forma adjustments (\$ — in thousands)	Notes	Pro Forma consolidated
	Innovate/Protect	Vringo			
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	3,980	3,630	—		7,610
Accounts receivable	—	152	—		152
Prepaid expenses and other current assets	40	144	—		184
<b>Total current assets</b>	<b>4,020</b>	<b>3,926</b>	<b>—</b>		<b>7,946</b>
Long-term deposit	—	8	—		8
Property and equipment	12	133	—		145
Intangible assets, net	2,912	—	—		2,912
Technology	—	—	10,906	*	10,906
Goodwill	—	—	56,335	1, *	56,335
<b>Total assets</b>	<b>6,944</b>	<b>4,067</b>	<b>67,241</b>		<b>78,252</b>
<b>Liabilities and stockholders' equity:</b>					
<b>Current liabilities:</b>					
Deferred tax liabilities, net – short-term	—	3	—		3
Accounts payable and accrued expenses	525	617	852	4	1,994
Accrued severance pay	—	233	—		233
Accrued employee compensation	341	357	—		698
Current portion, note payable – related party	2,000	—	—		2,000
<b>Total current liabilities</b>	<b>2,866</b>	<b>1,210</b>	<b>852</b>		<b>4,928</b>
<b>Long-term liabilities</b>					
Note payable – related party	1,200	—	—		1,200
Derivative liabilities on account of warrants	—	1,836	21,733	5	25,839
			4,106	1, *	
			(1,836)	*	
<b>Total long-term liabilities</b>	<b>1,200</b>	<b>1,836</b>	<b>24,003</b>		<b>27,039</b>
Preferred stock, Series A Convertible, \$0.0001 par value; 6,968 authorized and issued and 6,818 outstanding	1,761	—	(1,761)	6	—
<b>Stockholders' equity (deficit)</b>					
Preferred stock, Series A Convertible, \$0.01 par value per share; 6,818 authorized, issued and outstanding	—	—	—	6	—
Common stock, \$0.01 par value per share, 150,000,000** authorized, 31,979,592 issued and outstanding	1	139	(1)	7	320
			181	7	
Additional paid-in capital	5,742	44,072	(15,237)	8	51,443
			6,734	1, *	
			10,132	1, *	
Accumulated deficit	(4,626)	(43,190)	(852)	4	(5,478)
			43,190	8	
<b>Total stockholders' equity (deficit)</b>	<b>1,117</b>	<b>1,021</b>	<b>44,147</b>		<b>46,285</b>
<b>Total liabilities and stockholders' equity</b>	<b>6,944</b>	<b>4,067</b>	<b>67,241</b>		<b>78,252</b>

\* Refer to preliminary Purchase Price Allocation table on page 190 .

\*\* The increase in common stock \$0.01 par value per share, from 28,000,000 to 150,000,000, is expected to take place at the stockholders' meeting to approve the merger.

**Notes to the Unaudited Pro Forma Consolidated Statements of Operations and Balance Sheet:**

1. This pro-forma adjustment represents additional amortization expense, recorded in connection with amortizable intangible assets acquired in the Merger, assuming the acquisition of Vringo occurred on June 8, 2011:

	<u>Gross carrying amount</u> (\$ — in thousands)	<u>Life</u> (years)	<u>Three month period ended</u> <u>March 31, 2012</u> (\$ — in thousands)
<b>Cost of revenue:</b>			
Technology	10,906	6	454
			<u>454</u>

	<u>Gross carrying amount</u>	<u>Amortization of intangible assets and liabilities</u> (\$ — in thousands)
Goodwill	56,335	Goodwill is reviewed for impairment at least annually in accordance with the provisions of ACS 350 “Intangibles, Goodwill and Other”
Fair value of vested stock options granted to employees, management and consultants, classified as equity in these consolidated pro forma financial statements	6,734	Originally allocated fair value (which also reflects the impact of partial acceleration of vesting of outstanding options granted to employees, management and consultants of Vringo triggered directly by the Merger) will be adjusted for options exercised. This adjustment will be recorded as internal reclassification in additional paid-in capital.
Fair value of outstanding warrants granted by Vringo prior to the Merger, classified as a long term derivative liability, as these warrants bear certain down-round protection clauses	4,106	Originally allocated fair value to warrants classified as a derivative liability will be adjusted at the end of each reporting period.
Fair value of outstanding warrants granted by Vringo prior to the Merger, classified as equity, in these consolidated pro forma financial statements	10,132	Originally allocated fair value to warrants classified as equity will be adjusted for warrants exercised. This adjustment will be recorded as internal reclassification in additional paid-in capital.

For these pro forma consolidated statements of operations, we assume that there was no sign of impairment of goodwill, throughout the period presented. In addition, we assume that the purchase price allocated to the fair value of outstanding warrants granted by Vringo prior to the Merger did not change over the presented period.

2. Amortization and depreciation and capital acquisition costs, were reclassified into general and administrative:

	<u>Three month period</u> <u>ended March 31, 2012</u> (\$ — in thousands)
General and administrative	534
Compensation	(378)
Amortization and depreciation	<u>(156)</u>

3. According to GAAP, the consolidated pro forma equity will reflect Vringo's common stock and preferred stock, at par value, as Vringo is the legal acquirer. Shares used to calculate unaudited pro forma basic and diluted loss per share were computed by adding the shares assumed to be issued, to the weighted average number of shares outstanding for the three month period ended March 31, 2012. However, as the combined company generated only losses in the period presented, potentially dilutive securities, comprised mainly of the abovementioned preferred shares, warrants and stock options, were not reflected in pro forma diluted net loss per share, because the effect of conversion of such shares is anti-dilutive.

	<b>Three month period ended March 31, 2012</b>
	<b>(\$ — in thousands, except share and per share data)</b>
<b>Numerator:</b>	
Net loss attributable to common stock shares (basic and diluted):	(7,970)
<b>Denominator:</b>	
Weighted average of Vringo common stock shares, outstanding for the period:	12,371,472
Weighted average of Vringo common stock shares issued to former Innovate/Protect stockholders, outstanding for the period:	18,113,169
Total common stock shares outstanding, after the Merger:	30,484,641
Basic and diluted net losses per share of common stock:	(0.26)

4. This adjustment represents direct, incremental costs of this Merger, which were not yet reflected in the historical financial statements of either company. These costs include mainly legal, accounting and filing fees.

5. According to the Merger Agreement, Vringo will grant former Innovate/Protect stockholders 16,809,838 warrants, at an exercise price of \$1.76. 8,741,116 of these warrants bear down-round protection clauses; as a result, they will be classified as a long term derivative liability and recorded at fair value. Fair value, in the total amount of \$21.7 million, was calculated using the Black-Scholes-Merton and the Monte-Carlo models, using the following assumptions: 77.96% expected volatility, a risk-free interest rate of 0.77%, estimated life of 5 years and no dividend yield. The fair value of our common stock, used for this valuation, was \$3.39. We estimate there is a 30% probability that the down-round protection will be activated. Our valuation may significantly change, dependent on the deviation of actual future parameters (primarily our common stock price, that will be known on the date of the Merger), from those taken in our preliminary valuation. In these consolidated pro forma statements of operations we assume that fair value of these warrants did not change throughout the period presented.

6. The Series A Convertible Preferred stock shares, both pre and post-Merger, have certain liquidation preferences, and are otherwise convertible, at any time, at the option of the holder, subject to certain limitations. In addition, their conversion price may be subject to adjustments for anti-dilution and other corporate events. Also, under certain circumstances (as defined in the Certificate of Designations in each of the merging companies), these shares are entitled to participate in dividends, and vote, on an as converted basis.

The 6,818 outstanding Series A Convertible Preferred stock shares, \$0.0001 par value, issued by Innovate/Protect were classified as mezzanine equity, as the holder had the right to require the Company to redeem these shares in cash, upon occurrence of a triggering event which is outside the control of the company. The 6,818 Series A Convertible Preferred stock shares, \$0.01 par value, to be issued by Vringo to former stockholders of Innovate/Protect, as part of this Merger, were classified as equity, as cash based redemption event is only triggered by events fully controlled by the company. As a result, in these pro forma consolidated financial statements, Innovate/Protect's mezzanine equity, in the total amount of \$1,761 thousand, was cancelled, as, according to GAAP, these pro forma consolidated financial statements will only include the 6,818 Series A Convertible Preferred stock, presented at par value.

7. According to GAAP, the equity of the combined entity will reflect Vringo's Common and Preferred stock, at par value, as Vringo is the legal acquirer. As a result, the common stock share number will be adjusted to include Vringo's common stock shares, immediately after the merger:

	As of March 31, 2012
Vringo common stock outstanding as of March 31, 2012	13,866,423
Vringo common stock issued to former Innovate/Protect stockholders	18,113,169
<b>Total common stock outstanding, pursuant to the Merger</b>	<b>31,979,592</b>

8. According to GAAP, in the post-combination consolidated financial statements, equity will reflect Innovate/Protect's total equity just before the merger, plus the fair value of assumed assets of Vringo, net, as well as adjustments to equity caused by the consummation of the Merger (notes 4, 5 and 6). Specifically, in these consolidated pro forma financial statements, accumulated deficit will include only Innovate/Protect's historical deficit, in the total amount of \$4,626 thousand, plus adjustments reflected in Note 4. Vringo's historical deficit, in the total amount of \$43,190 thousand, will be cancelled upon consolidation. Finally, an adjustment to additional paid-in capital, in the total amount of \$15,237 thousand was recorded, in order to adjust the total consolidated equity, as per the abovementioned GAAP requirements.

**Unaudited Pro Forma Consolidated Statement of Operations, for the period from June 8, 2011 (date of inception of Innovate/Protect) through December 31, 2011:**

	Historical		Pro Forma adjustments	Notes	Pro Forma consolidated
	Innovate/Protect	Vringo			
	(\$ — in thousands, except share and per share data)				
<b>Revenue</b>	—	415	—		415
<b>Costs and expenses:</b>					
Cost of revenue	—	106	1,026	1	1,132
Operating legal costs	1,102	—	—		1,102
Compensation	997	—	(997)	2	—
Amortization and depreciation	328	—	(328)	2	—
Startup and capital acquisition costs	106	—	(106)	2	—
Research and development	—	1,171	—		1,171
Marketing	—	1,084	—		1,084
General and administrative	213	1,610	1,431	2	3,254
<b>Total operating expenses:</b>	<b>2,746</b>	<b>3,971</b>	<b>1,026</b>		<b>7,743</b>
<b>Operating loss:</b>	<b>(2,746)</b>	<b>(3,556)</b>	<b>(1,026)</b>		<b>(7,328)</b>
Non-operating income (expense)	(8)	13	—		5
Interest and amortization of debt discount expense	—	(1,324)	—		(1,324)
Loss on revaluation of warrants	—	(934)	—		(934)
Gain on restructuring of venture loan	—	963	—		963
<b>Loss before income taxes:</b>	<b>(2,754)</b>	<b>(4,838)</b>	<b>(1,026)</b>		<b>(8,618)</b>
Income taxes	—	(61)	—		(61)
<b>Net loss:</b>	<b>(2,754)</b>	<b>(4,899)</b>	<b>(1,026)</b>		<b>(8,679)</b>
Basic and diluted net loss per common share	(0.98)	(0.70)		3	(0.35)
Weighted average shares used in computing basic and diluted net loss per common share	2,802,100	6,965,927		3	25,079,096

**Notes to the Unaudited Pro Forma Consolidated Statements of Operations:**

1. This pro-forma adjustment represents additional amortization expense, recorded in connection with amortizable intangible assets acquired in the Merger, assuming the acquisition of Vringo occurred on June 8, 2011:

	<u>Gross carrying amount</u> (\$ — in thousands)	<u>Life</u> (years)	<u>Period from June 8, 2011 through December 31, 2011</u> (\$ — in thousands)
<b>Cost of revenue:</b>			
Technology	10,906	6	1,026
			<u>1,026</u>

For these pro forma consolidated statements of operations, we assume that there was no sign of impairment of goodwill, throughout the period presented. In addition, we assume that the purchase price allocated to the fair value of outstanding warrants granted by Vringo prior to the Merger did not change over the presented period.

2. Amortization and depreciation, startup and capital acquisition costs, were reclassified into general and administrative:

	<u>Period from June 8, 2011 through December 31, 2011</u> (\$ — in thousands)
General and administrative	1,431
Compensation	(997)
Amortization and depreciation	(328)
Startup and capital acquisition costs	(106)
	<u>—</u>

3. According to GAAP, the consolidated pro forma equity will reflect Vringo's common stock and preferred stock, at par value, as Vringo is the legal acquirer. Shares used to calculate unaudited pro forma basic and diluted loss per share were computed by adding the shares assumed to be issued, to the weighted average number of shares outstanding for the period from June 8, 2011 through December 31, 2011. However, as the combined company generated only losses in the period presented, potentially dilutive securities, comprised mainly of the abovementioned preferred shares, warrants and stock options, were not reflected in pro forma diluted net loss per share, because the effect of conversion of such shares is anti-dilutive.

	<u>Period from June 8, 2011 through December 31, 2011</u> (\$ — in thousands, except share and per share data)
<b>Numerator:</b>	
Net loss attributable to common stock shares (basic and diluted):	(8,679)
<b>Denominator:</b>	
Weighted average of Vringo common stock shares, outstanding for the period:	6,965,927
Weighted average of Vringo common stock shares issued to former Innovate/Protect stockholders, outstanding for the period:	18,113,169
Total common stock shares outstanding, after the Merger:	<u>25,079,096</u>
Basic and diluted net losses per share of common stock:	<u>(0.35)</u>