

## Vringo Announces First Quarter Results

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NEW YORK--(BUSINESS WIRE)--May. 15, 2012-- Vringo, Inc. (NYSE Amex: VRNG), a provider of software platforms for mobile social and video applications, today announced operating results for the first quarter of 2012 and recent highlights.

"The first quarter of 2012 was an exciting quarter for Vringo. We announced a transformational definitive merger agreement with Innovate/Protect, and continued to see strong user data with respect to our Facetones™ and Video Ringtone products. In the first quarter, we strategically focused on user engagement and user experience ahead of monetization in our goal to create a substantial long-term base of users," said Andrew Perlman, Vringo's Chief Executive Officer and President.

### *First Quarter Highlights and Subsequent Events*

During the first quarter, Vringo:

- Signed a definitive merger agreement with Innovate/Protect on March 12, 2012.
  - Innovate/Protect seeks to monetize intellectual property assets.
  - Innovate/Protect's flagship patent portfolio was acquired from Lycos, Inc.
  - I/P Engine, Inc., a wholly-owned subsidiary of Innovate/Protect, is in litigation to protect its patents.
  - The *Markman* hearing is scheduled for June 4, 2012 and the trial is scheduled for October 16, 2012.
- Surpassed one million downloads of its Facetones™ app in first 6 months of marketing.
- Entered into an agreement with Facebook, Inc., the world's leading online social network, relating to the use of Vringo's Facetones™ trademark and domain name.
- Increased Facetones™ distribution with featured placement on Sprint's "Sprint Zone".
- Released beta versions of Facetones™ for Apple's iOS and Facetones™ for LinkedIn.
- Received approximately \$3.65 million from the exercise of outstanding warrants.
- Regained compliance with the NYSE Amex continued listing standards.
- Received notice of allowance for its first international patent.
- Launched its video ringtone service with Tata Docomo in India, and du in the United Arab Emirates.

### *Operating Results*

- Total assets increased by 115% compared to the quarter ended December 31, 2011 (\$4.1 million in the first quarter of 2012, compared to \$1.9 million in the fourth quarter of 2011). The increase is primarily due to the exercise of warrants in February 2012, offset by the cost of our operations.
- Revenues decreased by 35% compared to the quarter ended December 31, 2011 (\$106,000 in the first quarter of 2012, compared to \$162,000 in the fourth quarter of 2011). The decrease is primarily due to absence of one-time set up fees from carriers and development projects during the quarter as well as the removal of advertisements for the purpose of increasing downloads and virality.
- Net cash burn reduced to historical low, a decrease of \$71,000 in cash burn, compared to the quarter ended December 31, 2011 (\$1.22 million in the first quarter of 2012 compared to \$1.29 million in the fourth quarter of 2011). The operational cash burn, excluding expenses incurred in connection with merger and acquisition activities, totaled approximately \$770,000.
- Net loss increased by 100% compared to the quarter ended December 31, 2011 (\$5.64 million in the first quarter of 2012 compared to \$2.82 million in the fourth quarter of 2011). The increase is primarily due to \$1.8 million in non-operating expenses, mainly related to accounting for the February 2012 exercise of warrants, the issuance of reload warrants, approximately \$600,000 of share-based compensation expenses related to 2012 option grants, and approximately \$400,000 of merger and acquisition related activity.

Mr. Perlman continued, "We believe that the merger with Innovate/Protect will continue to create value for our shareholders. We believe that the interest from consumers that we have seen for our Facetones™ product shows that our team is capable of continuing to create exciting user experiences."

Ellen Cohl, Vringo's Chief Financial Officer, said, "During the most recent quarter, we continued to reduce Vringo's operating expenses while producing exciting technology. We will use our balance sheet to continue to develop our products and services, complete the merger with Innovate/Protect, and engage in other strategic activities."

### **About Vringo, Inc.**

Vringo (NYSE Amex: VRNG) is a provider of software platforms for mobile social and video applications. With its award-winning video ringtone application and other mobile software platforms, including Facetones™, Video Remix and Fan Loyalty, Vringo transforms the basic act of making and receiving mobile phone calls into a highly visual, social experience.

Vringo recently announced that it had entered into a definitive merger agreement with Innovate/Protect, Inc.

Vringo's video ringtone service enables users to create or take video, images and slideshows from virtually anywhere and turn it into their visual call signature. In a first for the mobile industry, Vringo has introduced its patented VringForward technology, which allows users to share video clips with friends with a simple call. Vringo's Facetones™ application creates an automated video slideshow using friends' photos from social media web sites, which is played each time a user communicates with a friend using a mobile device. Vringo's Video ReMix application, in partnership with music artists and brands, allows users to create their own music video by tapping on a Smartphone or tablet. Fan Loyalty is a platform that lets users interact, vote and communicate with contestants in reality TV series with which Vringo partners, as well as downloading and setting clips from such shows as video ringtones. Vringo's video ringtone application has been heralded by *The New York Times* as "the next big thing in ringtones" and *USA Today* said it has "to be seen to be believed." For more information, visit: [www.vringo.com](http://www.vringo.com) and [www.vringoinc.com](http://www.vringoinc.com).

### **About Innovate/Protect, Inc.**

Innovate/Protect, Inc. is an intellectual property firm founded in 2011 whose wholly-owned subsidiary, I/P Engine, Inc. holds eight patents that were acquired from Lycos, Inc.

### **Cautionary Note Regarding Forward-Looking Statements**

Statements in this press release regarding the proposed transaction between Vringo, Inc. ("Vringo") and Innovate/Protect, Inc. ("Innovate/Protect") and any other statements about Vringo'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 Vringo 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 Vringo's and Innovate/Protect's stockholders; our respective or combined inability to raise capital to fund our combined operations and business plan; Vringo'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 Vringo'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 Vringo's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the U.S. Securities and Exchange Commission ("SEC") on March 30, 2012, as well as the other filings that Vringo makes with the SEC. Investors and stockholders are also urged to read the risk factors set forth in the proxy statement/prospectus carefully when they are available.

In addition, the statements in this press release reflect our expectations and beliefs as of the date of this release. We anticipate that subsequent events and developments will cause our expectations and beliefs to change. However, while we may elect to update these forward-looking statements publicly at some point in the future, we specifically disclaim 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 our views as of any date after the date of this release.

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

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities of Vringo, or Innovate/Protect or the solicitation of any vote or approval. In connection with the proposed transaction, Vringo filed a Registration Statement on Form S-4 with the SEC on April 6, 2012, which includes a preliminary proxy statement/prospectus of Vringo. These materials are not yet final and will be further amended. The proxy statement/prospectus contains important information about Vringo, Innovate/Protect, the transaction and related matters. Vringo 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 Vringo 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 Vringo, Innovate/Protect and the proposed transaction.

Investors and security holders of Vringo 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 Vringo through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders of Vringo 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).

Vringo and Innovate/Protect, and their respective directors and certain of their executive officers, may be deemed to be participants in the solicitation of proxies in respect of the transactions contemplated by the agreement between Vringo and Innovate/Protect. Information regarding Vringo's directors and executive officers is contained in Vringo's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which was filed with the SEC on March 30, 2012, and in the preliminary proxy statement/prospectus. Information regarding Innovate/Protect's directors and officers and a more complete description of the interests of Vringo's directors and officers in the proposed transaction is available in the preliminary proxy statement/prospectus.



Source: Vringo, Inc.

Investors:

Vringo, Inc.

Cliff Weinstein

Executive Vice President

646-532-6777 (o)

[cliff@vringo.com](mailto:cliff@vringo.com)

or

Media:

The Hodges Partnership

Caroline L. Platt

804-788-1414 (o)

804-317-9061 (m)

[cplatt@hodgespart.com](mailto:cplatt@hodgespart.com)