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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2009

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

FOR THE TRANSITION PERIOD FROM ______________ TO ______________

Commission File Number 001-33169

Wireless Ronin Technologies, Inc.
(Exact name of registrant as specified in its charter)

Minnesota	**41-1967918**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

5929 Baker Road, Suite 475, Minnetonka MN 55345
(Address of principal executive offices, including zip code)

(952) 564-3500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes £ No £

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

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

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

As of November 9, 2009, the registrant had 17,268,165 shares of common stock outstanding.

WIRELESS RONIN TECHNOLOGIES, INC.

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

WIRELESS RONIN TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(All dollars in thousands, except per share amounts)

	September 30, 2009 (unaudited)	December 31, 2008 (audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,125	$ 5,294
Marketable securities - available for sale	-	8,301
Accounts receivable, net of allowance of $68 and $92	1,139	1,823
Income tax receivable	14	12
Inventories	207	462
Prepaid expenses and other current assets	166	265
Total current assets	8,651	16,157
Property and equipment, net	1,414	1,918
Restricted cash	378	450
Other assets	34	35
TOTAL ASSETS	$ 10,477	$ 18,560
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities on capital lease obligations	$ 15	$ 71
Accounts payable	934	1,068
Deferred revenue	239	181
Accrued liabilities	498	1,067
TOTAL LIABILITIES	1,686	2,387
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Capital stock, $0.01 par value, 66,667 shares authorized		
Preferred stock, 16,667 shares authorized, no shares issued and outstanding	-	-
Common stock, 50,000 shares authorized; 14,971 and 14,850 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively	150	148
Additional paid-in capital	81,268	80,650
Accumulated deficit	(72,241)	(64,212)
Accumulated other comprehensive loss	(386)	(413)
Total shareholders' equity	8,791	16,173
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 10,477	$ 18,560

See accompanying Notes to the Condensed Consolidated Financial Statements.

WIRELESS RONIN TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(All dollars in thousands, except per share amounts, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Sales				
Hardware	$ 478	$ 738	$ 1,244	$ 1,998
Software	105	433	501	735
Services and other	493	779	1,727	2,747
Total sales	1,076	1,950	3,472	5,480
Cost of sales				
Hardware	382	666	1,100	1,752
Software	5	218	5	218
Services and other	327	964	1,512	2,947
Total cost of sales (exclusive of depreciation and amortization shown separately below)	714	1,848	2,617	4,917
Gross profit	362	102	855	563
Operating expenses:				
Sales and marketing expenses	563	927	1,997	3,257
Research and development expenses	690	793	1,629	1,837
General and administrative expenses	1,396	2,838	4,736	8,917
Depreciation and amortization expense	191	296	583	884
Total operating expenses	2,840	4,854	8,945	14,895
Operating loss	(2,478)	(4,752)	(8,090)	(14,332)
Other income (expenses):				
Interest expense	(1)	(5)	(6)	(18)
Interest and other income	8	122	67	558
Total other income	7	117	61	540
Net loss	$ (2,471)	$ (4,635)	$ (8,029)	$ (13,792)
Basic and diluted loss per common share	$ (0.17)	$ (0.31)	$ (0.54)	$ (0.94)
Basic and diluted weighted average shares outstanding	14,929	14,764	14,878	14,629

See accompanying Notes to the Condensed Consolidated Financial Statements.

WIRELESS RONIN TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(All dollars in thousands, unaudited)

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Operating Activities:		
Net loss	$ (8,029)	$ (13,792)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	583	467
Amortization of acquisition-related intangibles	-	416
Allowance for doubtful receivables	(24)	(6)
Loss on disposal of property and equipment	20	-
Stock-based compensation expense	522	902
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	779	(215)
Income tax receivable	-	110
Inventories	254	(384)
Prepaid expenses and other current assets	102	(97)
Other assets	7	2
Accounts payable	(143)	476
Deferred revenue	58	223
Accrued liabilities	(524)	646
Net cash used in operating activities	(6,395)	(11,252)
Investing activities		
Purchases of property and equipment	(123)	(885)
Purchases of marketable securities	(22)	(19,468)
Sales of marketable securities	8,323	27,187
Net cash provided by investing activities	8,178	6,834
Financing activities		
Payments on capital leases	(56)	(82)
Restricted cash	72	-
Proceeds from exercise of stock options and warrants	52	371
Proceeds from issuance of common stock	46	182
Net cash provided by financing activites	114	471
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(66)	(18)
Increase (Decrease) in Cash and Cash Equivalents	1,831	(3,965)
Cash and Cash Equivalents, beginning of period	5,294	14,542
Cash and Cash Equivalents, end of period	$ 7,125	$ 10,577

See accompanying Notes to the Condensed Consolidated Financial Statements.

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Wireless Ronin Technologies, Inc. (the "Company") has prepared the condensed consolidated financial statements included herein, without audit, pursuant to the rules and regulations of the United States ("U.S.") Securities and Exchange Commission ("SEC"). The condensed consolidated financial statements include all wholly-owned subsidiaries. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to ensure the information presented is not misleading. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

The Company believes that all necessary adjustments, which consist only of normal recurring items, have been included in the accompanying condensed consolidated financial statements to present fairly the results of the interim periods. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the year ending December 31, 2009.

<u>Nature of Business and Operations</u>

The Company is a Minnesota corporation that provides dynamic digital signage solutions targeting specific retail and service markets. The Company has designed and developed RoninCast®, a proprietary content delivery system that manages, schedules and delivers digital content over a wireless or wired network. The solutions, the digital alternative to static signage, provide business customers with a dynamic and interactive visual marketing system designed to enhance the way they advertise, market and deliver their messages to targeted audiences.

The Company's wholly-owned subsidiary, Wireless Ronin Technologies (Canada), Inc. ("WRT Canada"), an Ontario, Canada provincial corporation located in Windsor, Ontario, maintains a vertical specific focus on in the automotive industry and houses the Company's Content Engineering operation. WRT Canada develops digital content and sales support systems to help retailers train their sales staff and educate their customers at the point of sale. Today, the capabilities of this operation are integrated with the Company's historical business to provide content solutions to all of the Company's clients.

The Company and its subsidiary sell products and services primarily throughout North America.

<u>Summary of Significant Accounting Policies</u>

Further information regarding the Company's significant accounting policies can be found in the Company's Annual Report filed on Form 10-K for the year ended December 31, 2008.

1. Revenue Recognition

<u>The Company recognizes revenue primarily from these sources:</u>

- Software and software license sales
- System hardware sales
- Professional service revenue
- Software design and development services
- Implementation services
- Maintenance and support contracts

The Company applies the provisions of Accounting Standards Codification subtopic 605-985, *Revenue Recognition: Software (or ASC 605-35)* to all transactions involving the sale of software licenses. In the event of a multiple element arrangement, the Company evaluates if each element represents a separate unit of accounting, taking into account all factors following the guidelines set forth in “FASB ASC 605-985-25-5.”

The Company recognizes revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred, which is when product title transfers to the customer, or services have been rendered; (iii) customer payment is deemed fixed or determinable and free of contingencies and significant uncertainties; and (iv) collection is probable. The Company assesses collectability based on a number of factors, including the customer’s past payment history and its current creditworthiness. If it is determined that collection of a fee is not reasonably assured, the Company defers the revenue and recognizes it at the time collection becomes reasonably assured, which is generally upon receipt of cash payment. If an acceptance period is required, revenue is recognized upon the earlier of customer acceptance or the expiration of the acceptance period.

Multiple-Element Arrangements — the Company enters into arrangements with customers that include a combination of software products, system hardware, maintenance and support, or installation and training services. The Company allocates the total arrangement fee among the various elements of the arrangement based on the relative fair value of each of the undelivered elements determined by vendor-specific objective evidence (VSOE). In software arrangements for which the Company does not have VSOE of fair value for all elements, revenue is deferred until the earlier of when VSOE is determined for the undelivered elements (residual method) or when all elements for which the Company does not have VSOE of fair value have been delivered.

The Company has determined VSOE of fair value for each of its products and services. The fair value of maintenance and support services is based upon the renewal rate for continued service arrangements. The fair value of installation and training services is established based upon pricing for the services. The fair value of software and licenses is based on the normal pricing and discounting for the product when sold separately.

Each element of the Company’s multiple element arrangements qualifies for separate accounting with the exception of undelivered maintenance and support fees. The Company defers revenue under the residual method for undelivered maintenance and support fees included in the price of software and amortizes fees ratably over the appropriate period. The Company defers fees based upon the customer’s renewal rate for these services.

Software and software license sales

The Company recognizes revenue when a fixed fee order has been received and delivery has occurred to the customer. The Company assesses whether the fee is fixed or determinable and free of contingencies based upon signed agreements received from the customer confirming terms of the transaction. Software is delivered to customers electronically or on a CD-ROM, and license files are delivered electronically.

System hardware sales

The Company recognizes revenue on system hardware sales generally upon shipment of the product or customer acceptance depending upon contractual arrangements with the customer. Shipping charges billed to customers are included in sales and the related shipping costs are included in cost of sales.

Professional service revenue

Included in services and other revenues is revenue derived from implementation, maintenance and support contracts, content development, software development and training. The majority of consulting and implementation services and accompanying agreements qualify for separate accounting. Implementation and content development services are bid either on a fixed-fee basis or on a time-and-materials basis. For time-and-materials contracts, the Company recognizes revenue as services are performed. For fixed-fee contracts, the Company recognizes revenue upon completion of specific contractual milestones or by using the percentage-of-completion method.

Software design and development services

Revenue from contracts for technology integration consulting services where the Company designs/redesigns, builds and implements new or enhanced systems applications and related processes for clients are recognized on the percentage-of-completion method in accordance with “FASB ASC 605-985-25-88 through 107.” Percentage-of-completion accounting involves calculating the percentage of services provided during the reporting period compared to the total estimated services to be provided over the duration of the contract. Estimated revenues for applying the percentage-of-completion method include estimated incentives for which achievement of defined goals is deemed probable. This method is followed where reasonably dependable estimates of revenues and costs can be made. The Company measures its progress for completion based on either the hours worked as a percentage of the total number of hours of the project or by delivery and customer acceptance of specific milestones as outlined per the terms of the agreement with the customer. Estimates of total contract revenue and costs are continuously monitored during the term of the contract, and recorded revenue and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income and are reflected in the financial statements in the periods in which they are first identified. If estimates indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Contract losses are determined to be the amount by which the estimated direct and indirect costs of the contract exceed the estimated total revenue that will be generated by the contract and are included in cost of sales and classified in accrued expenses in the balance sheet. The Company’s presentation of revenue recognized on a contract completion basis has been consistently applied for all periods presented.

The Company classifies the revenue and associated cost on the “Services and Other” line within the “Sales” and “Cost of Sales” sections of the Consolidated Statement of Operations. In all cases where the Company applies the contract method of accounting, the Company’s only deliverable is professional services, thus, the Company believes presenting the revenue on a single line is appropriate.

Revenue recognized in excess of billings is recorded as unbilled services. Billings in excess of revenue recognized are recorded as deferred revenue until revenue recognition criteria are met.

(All dollars in thousands, except share information, unaudited)

Uncompleted contracts are as follows:

	September 30, 2009	December 31, 2008
Cost incurred on uncompleted contracts	$ 84	$ 196
Estimated earnings	306	884
Revenue recognized	390	1,080
Less: billings to date	(553)	(1,130)
Amount included in deferred revenue	$ (163)	$ (50)

Implementation services

Implementation services revenue is recognized when installation is completed.

Maintenance and support contracts

Maintenance and support consists of software updates and support. Software updates provide customers with rights to unspecified software product upgrades and maintenance releases and patches released during the term of the support period. Support includes access to technical support personnel for software and hardware issues.

Maintenance and support revenue is recognized ratably over the term of the maintenance contract, which is typically one to three years. Maintenance and support is renewable by the customer. Rates for maintenance and support, including subsequent renewal rates, are typically established based upon a specified percentage of net license fees as set forth in the arrangement.

2. Accounts Receivable

Accounts receivable are usually unsecured and stated at net realizable value and bad debts are accounted for using the allowance method. The Company performs credit evaluations of its customers' financial condition on an as-needed basis and generally requires no collateral. Payment is generally due 90 days or less from the invoice date and accounts past due more than 90 days are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of uncollectability has occurred based on historical experience and management's evaluation of accounts receivable. If all collection efforts have been exhausted, the account is written off against the related allowance. See Note 8 for further information on certain outstanding receivables at September 30, 2009.

3. Software Development Costs

"FASB ASC 985-20-25" requires certain software development costs to be capitalized upon the establishment of technological feasibility. The establishment of technological feasibility and the ongoing assessment of the recoverability of these costs requires considerable judgment by management with respect to certain external factors such as anticipated future revenue, estimated economic life, and changes in software and hardware technologies. Software development costs incurred beyond the establishment of technological feasibility have not been significant to date. No software development costs were capitalized during the nine months ended September 30, 2009 or 2008. Software development costs have been recorded as research and development expense.

4. Accounting for Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with “FASB ASC 718-10.” Stock-based compensation expense recognized during the period is based on the value of the portion of share-based awards that are ultimately expected to vest during the period. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The fair value of restricted stock is determined based on the number of shares granted and the closing price of the Company’s common stock on the date of grant. Compensation expense for all share-based payment awards is recognized using the straight-line amortization method over the vesting period.

See Note 7 for further information regarding the Company’s stock-based compensation.

5. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates of the Company include the allowance for doubtful accounts, valuation allowance for deferred tax assets, deferred revenue, depreciable lives and methods of property and equipment, and valuation of warrants and other stock-based compensation. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In April 2009, the FASB issued "FASB ASC 820-10-50." FASB ASC 820-10-50 requires disclosures about fair value of financial instruments whenever summarized financial information for interim reporting periods is presented. Entities must disclose the methods and significant assumptions used to estimate the fair value of financial instruments and describe changes in methods and significant assumptions, if any, during the period. FASB ASC 820-10-50 is effective for interim reporting periods ending after June 15, 2009. FASB ASC 820-10-50 is effective for the Company’s quarter ending June 30, 2009. The adoption did not have a material impact on the Company’s financial statements.

In April 2009, the FASB issued "FASB ASC 820-10-35," which provides additional guidance for estimating fair value when the volume and level of market activity for the asset or liability have significantly decreased. FASB ASC 820-10-35 emphasizes that even if there has been a significant decrease in the volume and level of market activity for the asset or liability and regardless of the valuation techniques used, the objective of a fair value measurement remains the same. In addition, the statement provides guidance on identifying circumstances that indicate a transaction is not orderly. FASB ASC 820-10-35 is effective for interim and annual periods ending after June 15, 2009. The adoption did not have a material impact on the Company’s financial statements.

In April 2009, the FASB issued “FASB ASC 320-10-35,” *Recognition and Presentation of Other-Than-Temporary Impairments*. FASB ASC 320-10-35 amends the other-than-temporary impairment (OTTI) guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of OTTI on debt and equity securities in the financial statements. This statement does not amend existing recognition and measurement guidance related to OTTI of equity securities. FASB ASC 320-10-35 requires that an entity disclose information for interim and annual periods that enables users of its financial statements to understand the types of available-for-sale and held-to maturity debt and equity securities held, including information about investments in an unrealized loss position for which an OTTI has or has not been recognized. FASB ASC 320-10-35 is effective for interim and annual reporting periods ending after June 15, 2009. The adoption did not have a material impact to the Company’s financial statements.

During May 2009, the FASB issued “FASB ASC 855-10,” *Subsequent Events*. FASB ASC 855-10 requires all public entities to evaluate subsequent events through the date that the financial statements are available to be issued and disclose in the notes the date through which the Company has evaluated subsequent events and whether the financial statements were issued or were available to be issued on the disclosed date. FASB ASC 855-10 defines two types of subsequent events, as follows: the first type consists of events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet and the second type consists of events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. FASB ASC 855-10 is effective for interim and annual periods ending after June 15, 2009. The Company has evaluated subsequent events through the time of filing these financial statements with the SEC on November 9, 2009. The adoption did not have a material impact on the Company’s financial statements.

In December 2008, the FASB issued “FASB ASC 715-60,” *Employers’ Disclosure about Postretirement Benefit Plan Assets*. FASB ASC 715-60 provides additional guidance on employers’ disclosures about the plan assets of defined benefit pension or other postretirement plans. FASB ASC 715-60 requires disclosures about how investment allocation decisions are made, the fair value of each major category of plan assets, valuation techniques used to develop fair value measurements of plan assets, the impact of measurements on change of plan assets when using significant unobseverable inputs, and significant concentrations of risk in the plan assets. These disclosures are required for fiscal years ending after December 15, 2009. The Company does not currently offer a defined benefit pension or other postretirement plan and therefore the adoption of this pronouncement will not have a material impact on the Company’s financial statements.

In June 2009, the FASB approved the “FASB Accounting Standards Codification” (“Codification”), as the single source of authoritative US GAAP for all non-governmental entities, with the exception of the SEC and its staff. The Codification, which launched July 1, 2009, changes the referencing and organization of accounting guidance and is effective for interim and annual periods ending after September 15, 2009. Since it is not intended to change or alter existing US GAAP, the Codification is not expected to have any impact on the Company’s financial condition or results of operations. The Company adopted this presentation during the third quarter of 2009 and no longer refers to specific US GAAP statements within the Company’s financial statements.

In June 2009, the FASB issued “FASB ASC 860-10-05-3,” *Accounting for Transfers of Financial Assets*. FASB ASC 860-10-05-3 amends the guidance on transfers of financial assets, including securitization transactions where entities have continued exposure to risks related to transferred financial assets. ASC 860-10-05-3 also expands the disclosure requirements for such transactions. This statement will become effective for the Company in fiscal year 2010. The Company is currently evaluating the impact that the adoption of this standard will have on it’s the Company’s financial statements.

In June 2009, the FASB issued “FASB ASC 810-10-05-8,” “Consolidation of Variable Interest Entities.” This statement will become effective for the Company in fiscal year 2010. The Company is currently evaluating the impact that the adoption of this standard will have on the Company’s financial statements.

In October 2009, the FASB issued authoritative guidance on revenue recognition that will become effective for the Company beginning January 1, 2011, with earlier adoption permitted. Under the new guidance on arrangements that include software elements, tangible products that have software components that are essential to the functionality of the tangible product will no longer be within the scope of the software revenue recognition guidance, and software enabled products will now be subject to the other relevant revenue recognition guidance. Additionally, the FASB issued authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of the software revenue recognition guidance. Under the new guidance, when vendor-specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling method affects the timing and amount of revenue recognition. We believe adoption of this new guidance will not have a material impact on the Company’s financial statements.

(All dollars in thousands, except share information, unaudited)

NOTE 2: OTHER FINANCIAL STATEMENT INFORMATION

The following tables provide details of selected financial statement items:

ALLOWANCE FOR DOUBTFUL RECEIVABLES

	Nine Months Ended September 30, 2009	Twelve Months Ended December 31, 2008
Balance at beginning of period	$ 92	$ 85
Provision for doubtful receivables	-	29
Write-offs	(24)	(22)
Balance at end of period	$ 68	$ 92

INVENTORIES

The Company recorded an adjustment of $44 and $0 during the nine months ended September 30, 2009 and 2008, respectively, to reduce inventory values to the lower of cost or market.

	September 30, 2009	December 31, 2008
Finished goods	$ 183	$ 355
Work-in-process	24	107
Total inventories	$ 207	$ 462

PROPERTY AND EQUIPMENT

	September 30, 2009	December 31, 2008
Leased equipment	$ 381	$ 381
Equipment	1,373	1,315
Leasehold improvements	166	332
Demonstration equipment	151	151
Purchased software	643	532
Furniture and fixtures	562	614
Total property and equipment	$ 3,276	$ 3,325
Less: accumulated depreciation and amortization	(1,862)	(1,407)
Net property and equipment	$ 1,414	$ 1,918

OTHER ASSETS

Other assets consist of long-term deposits on operating leases.

(All dollars in thousands, except share information, unaudited)

DEFERRED REVENUE

	September 30, 2009	December 31, 2008
Deferred software maintenance	$ 76	$ 46
Customer deposits and deferred project revenue	163	135
Total deferred revenue	$ 239	$ 181

ACCRUED LIABILITIES

	September 30, 2009	December 31, 2008
Compensation	$ 347	$ 720
Accrued remaining lease obligations	-	142
Accrued rent	75	84
Sales tax and other	76	121
Total accrued liabilities	$ 498	$ 1,067

COMPREHENSIVE LOSS

Comprehensive loss for the Company includes net loss, foreign currency translation and unrealized gain (loss) on investments. Comprehensive loss for the three and nine months ended September 30, 2009 and 2008, respectively, was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net loss	$ (2,471)	$ (4,635)	$ (8,029)	$ (13,792)
Unrealized gain (loss) on investments	-	(107)	-	(242)
Foreign currency translation gain (loss)	46	(6)	27	(11)
Total comprehensive loss	$ (2,425)	$ (4,748)	$ (8,002)	$ (14,045)

(All dollars in thousands, except share information, unaudited)

SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended June 30, 2009	Nine Months Ended June 30, 2008
Non-cash investing and financing activities		
Cash paid for:		
Interest	$ 5	$ 19
Effects of foreign currency exchange rate changes on cash	(66)	(18)
Collateral received for note receivable	-	1,937

NOTE 3: MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENT

Marketable securities consist of marketable debt securities. These securities are being accounted for in accordance with FASB ASC 320-10-25. Accordingly, the unrealized gains (losses) associated with these securities are reported in the equity section as a component of accumulated other comprehensive income (loss).

Realized gains or losses on marketable securities are recorded in the statement of operations within the "Other income (expenses), other" category. The cost of the securities for determining gain or loss is measured by specific identification. Realized gains and losses on sales of investments were immaterial during the first nine months of 2009 and 2008.

As of September 30, 2009 and December 31, 2008, cash equivalents and available-for-sale marketable securities consisted of the following:

(All dollars in thousands, except share information, unaudited)

	September 30, 2009			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Commercial paper	$ 5,050	$ -	$ -	$ 5,050
Total included in cash and cash equivalents	5,050	-	-	5,050
Total available-for-sale securities	$ 5,050	$ -	$ -	$ 5,050

	December 31, 2008			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Money market funds	$ 4,344	$ -	$ -	$ 4,344
Total included in cash and cash equivalents	4,344	-	-	4,344
Government and agency securities - maturing 2009	8,296	7	(2)	8,301
Total included in marketable securities	8,296	7	(2)	8,301
Total available-for-sale securities	$ 12,640	$ 7	$ (2)	$ 12,645

The Company measures certain financial assets, including cash equivalents and available-for-sale marketable securities at fair value on a recurring basis. In accordance with FASB ASC 820-10-30, fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820-10-35 establishes a three-level hierarchy which prioritizes the inputs used in measuring fair value. The three hierarchy levels are defined as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets. The fair value of available-for-sale securities included in the Level 1 category is based on quoted prices that are readily and regularly available in an active market. The Level 1 category at September 30, 2009 includes funds held in a commercial paper sweep account totaling $5,050, which are included in cash and cash equivalents and considered available for sale in the consolidated balance sheet. The Level 1 category at December 31, 2008 includes money market funds of $4,344, which are included in cash and cash equivalents in the consolidated balance sheet, and government agency securities of $8,301, which are included in marketable securities and considered as available for sale in the consolidated balance sheet.

Level 2 – Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly. At September 30, 2009 and December 31, 2008, the Company had no Level 2 financial assets on its consolidated balance sheet.

Level 3 – Valuations based on inputs that are unobservable and involve management judgment and the reporting entity's own assumptions about market participants and pricing. At September 30, 2009 and December 31, 2008, the Company had no Level 3 financial assets on its consolidated balance sheet.

The hierarchy level assigned to each security in the Company's cash equivalents and marketable securities – available for sale portfolio is based on its assessment of the transparency and reliability of the inputs used in the valuation of such instruments at the measurement date. The Company did not have any financial liabilities that were covered by FASB ASC 820-10-30 as of September 30, 2009 and December 31, 2008.

(All dollars in thousands, except share information, unaudited)

NOTE 4: INTANGIBLE ASSETS

The Company recorded amortization of acquisition-related intangibles expense of $0 and $132 for the three months ended September 30, 2009 and 2008, respectively, and $0 and $416 for the nine months ended September 30, 2009 and 2008, respectively.

In the fourth quarter of 2008, the Company recorded a charge for the impairment of assets related to the 2007 acquisition of McGill Digital Solutions. The Company reviews the carrying value of all long-lived assets, including intangible assets with finite lives, for impairment in accordance with "FASB ASC 350-10-S35." FASB ASC 350-10-S35, impairment losses are recorded whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The Company tested the intangible assets acquired in the 2007 acquisition for impairment in the fourth quarter of 2008 and determined that the underlying assumptions and economic conditions surrounding the initial valuation of these assets had significantly changed and an impairment loss was recorded for the total $1,265 of net book value of these intangible assets. The carrying value of the intangible assets was $0 after the impairment loss was recorded in December 2008.

NOTE 5: CAPITAL LEASE OBLIGATIONS

The Company leases certain equipment under three capital lease arrangements with imputed interest of 16% to 22% per year.

Other information relating to the capital lease equipment is as follows:

	September 30, 2009	December 31, 2008
Cost	$ 381	$ 381
Less: accumulated amortization	(372)	(328)
Total	$ 9	$ 53

Amortization expense for capital lease assets was $12 and $17 for the three months ended September 30, 2009 and 2008, respectively, and $44 and $50 for the nine months ended September 30, 2009 and 2008, respectively, and is included in depreciation expense.

(All dollars in thousands, except share information, unaudited)

NOTE 6: COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases approximately 19,000 square feet of office and warehouse space located at 5929 Baker Road, Minnetonka, Minnesota under a lease that extends through January 31, 2013. The lease requires the Company to maintain a letter-of-credit as collateral which shall be released on the earlier of: (i) January 1, 2011; or (ii) after the thirty-first (31st) month of the term if the Company's earnings before interest taxes, depreciation and amortization is $4,000 or higher on a ten percent profit margin. The amount of the letter-of-credit as of September 30, 2009 was $328. In addition, the Company leases office space of approximately 10,000 square feet to support its Canadian operations at a facility located at 4510 Rhodes Drive, Suite 800, Windsor, Ontario under a lease that, as amended, extends through June 30, 2014.

Rent expense under the operating leases was $112 and $120 for the three months ended September 30, 2009 and 2008, respectively, and $307 and $357 for the nine months ended September 30, 2009 and 2008, respectively.

Future minimum lease payments for operating leases are as follows:

At September 30, 2009	Lease Obligations
2009	$ 80
2010	262
2011	254
2012	250
2013	73
Thereafter	29
Total future minimum obligations	$ 948

Litigation

The Company was not party to any material legal proceedings as of November 5, 2009.

NOTE 7: STOCK-BASED COMPENSATION AND BENEFIT PLANS

Expense Information under SFAS 123R

FASB ASC 718-10 requires measurement and recognition of compensation expense for all stock-based payments including warrants, stock options, restricted stock grants and stock bonuses based on estimated fair values. A summary of compensation expense recognized for the issuance of warrants, stock options, restricted stock grants and stock bonuses follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Stock-based compensation costs included in:				
Cost of sales	$ 3	$ 31	$ (1)	$ 31
Sales and marketing expenses	75	52	251	148
Research and development expenses	8	33	32	71
General and administrative expenses	66	85	240	652
Total stock-based compensation expenses	$ 152	$ 201	$ 522	$ 902

At September 30, 2009, there was approximately $942 of total unrecognized compensation expense related to unvested share-based awards. Generally, the expense will be recognized over the next three years and will be adjusted for any future changes in estimated forfeitures.

(All dollars in thousands, except share information, unaudited)

Valuation Information under SFAS 123R

For purposes of determining estimated fair value under FASB ASC 718-10-30, the Company computed the estimated fair values of stock options using the Black-Scholes model. The weighted average estimated fair value of stock options granted was $1.94 and $3.12 per share for the three months ended September 30, 2009 and 2008, respectively. These values were calculated using the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Expected life	3.25 years	3.75 years	3.25 years	3.75 years
Dividend yield	0%	0%	0%	0%
Expected volatility	105.6%	98.4%	98 to 105.6%	98.4%
Risk-free interest rate	1.7%	2.5%	1.3 to 1.6%	2.5 to 3.0%

The risk-free interest rate assumption is based on observed interest rates appropriate for the term of the Company's stock options. The expected life of stock options was calculated using the simplified method. The Company used historical closing stock price volatility for a period equal to the period its common stock has been trading publicly. The Company used a weighted average of other publicly traded stock volatility for the remaining expected term of the options granted. The dividend yield assumption is based on the Company's history and expectation of future dividend payouts.

During the second quarter of 2009, the Company issued a restricted stock award of 25,000 and a stock bonus of 5,000 shares to an employee. The vesting condition of the restricted stock includes continued employment through the first anniversary of grant and achievement of a certain revenue target for fiscal 2009. The fair value of the shares was based on the closing market price on the date of grant. The fair market value of the grant totaled $66, of which $35 was recognized as stock compensation expense during the first nine months of 2009 as reflected in the stock-based compensation table above. The remaining stock compensation expense will be recognized on straight-line basis over the remaining seven month restriction period.

Stock options for the purchase of 399,000 shares of common stock and warrants for the purchase of 284,000 shares of common stock were cancelled or expired during the first nine months of 2009.

2007 Associate Stock Purchase Plan

In November 2007, the Company's shareholders approved the 2007 Associate Stock Purchase Plan, under which 300,000 shares have been reserved for purchase by the Company's associates. The purchase price of the shares under the plan is the lesser of 85% of the fair market value on the first or last day of the offering period. Offering periods are every six months ending on June 30 and December 31. Associates may designate up to ten percent of their compensation for the purchase of shares under the plan. Total shares purchased by associates under the plan were 143,573 in the year ended December 31, 2008. For the six month plan period ended June 30, 2009, the associates purchased a total of 63,057 shares under the plan. The Company had a total of 93,370 shares remaining available for issuance under the plan as of September 30, 2009.

Employee Benefit Plan

In 2007, the Company began to offer a defined contribution 401(k) retirement plan for eligible associates. Associates may contribute up to 15% of their pretax compensation to the plan. There is currently no plan for an employer contribution match.

(All dollars in thousands, except share information, unaudited)

NOTE 8: SEGMENT INFORMATION AND MAJOR CUSTOMERS

The Company views its operations and manages its business as one reportable segment, providing digital signage solutions to a variety of companies, primarily in its targeted vertical markets. Factors used to identify the Company's single operating segment include the financial information available for evaluation by the chief operating decision maker in making decisions about how to allocate resources and assess performance. The Company markets its products and services through its headquarters in the United States and its wholly-owned subsidiary operating in Canada.

Net sales per geographic region, based on the billing location of end customer, are summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
United States	$ 868	$ 1,817	$ 3,059	$ 4,704
Canada	5	133	122	772
Other International	203	-	291	4
Total Sales	$ 1,076	$ 1,950	$ 3,472	$ 5,480

Geographic segments of property and equipment are as follows:

	September 30, 2009	December 31, 2008
Property and equipment, net:		
United States	$ 1,059	$ 1,399
Canada	355	519
Total	$ 1,414	$ 1,918

A significant portion of the Company's revenue is derived from a few major customers. Customers with greater than 10% of total sales are represented on the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Customer	2009	2008	2009	2008
KFC (Corporation & Franchisees)	*	23%	14%	21%
Chrysler (BBDO Detroit/Windsor)	16%	17%	13%	33%
Aramark	19%	*	*	*
Dimensional Innovations, Inc.	*	27%	*	*
Minnesota Wild	15%	*	*	*
Reuters Ltd.	15%	*	16%	*
	65%	67%	43%	54%

* Sales to this customer were less than 10% of total sales for the period reported.

(All dollars in thousands, except share information, unaudited)

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. As of September 30, 2009 and 2008, a significant portion of the Company's accounts receivable was concentrated with a few customers:

	September 30,	
Customer	**2009**	**2008**
Chrysler (BBDO Detroit/Windsor)	21%	18%
Dimensional Innovations, Inc.	*	22%
KFC	13%	20%
Aramark	20%	*
Minnesota Wild	13%	*
	67%	60%

* Accounts receivable from these customers were less than 10% of total accounts receivable for the period reported.

NOTE 9: SEVERANCE EXPENSE

In June 2008, the Company announced that John Witham had resigned from his positions as the Company's Executive Vice President and Chief Financial Officer. The Board of Directors approved an arrangement whereby in consideration for Mr. Witham's execution of a reasonable and customary release, Mr. Witham would receive severance payments equal to one and a half times his base salary, one and a half times his prior year bonus, medical (COBRA) benefits for one year, and payment for accrued, unused paid time off, as set forth in his employment agreement for a termination without cause, as well as an extension of the amount of time Mr. Witham has to exercise vested stock options. In the second quarter of 2008, the Company recorded total charges of $353 related to Mr. Witham's separation.

In September 2008, the Company announced that Jeffrey Mack had resigned from his positions as the Company's Chairman of the Board of Directors, President and Chief Executive Officer. The Board of Directors approved an arrangement whereby in consideration for Mr. Mack's execution of a reasonable and customary release, Mr. Mack would receive severance payments equal to one year's base salary, medical (COBRA) benefits for one year, accelerated vesting of options for the purchase of 120,000 shares at $2.80 per share, and a 90-day extension of the post-termination exercisability of (a) such options and (b) warrants for the purchase of 35,354 shares at $2.25 per share. In the third quarter of 2008, the Company recorded total charges of $286 for severance expense, as well as $94 of non-cash stock-based compensation, related to Mr. Mack's separation.

In November and December 2008, the Company announced workforce reductions of 35 and 27 people, respectively, including employees and contractors at both its U.S. and Canadian operations to better match its infrastructure and expenses with sales levels and current client projects. Coupled with three other U.S. employee resignations prior to the December reduction in force, these actions resulted in an approximate 40 percent total headcount reduction during the fourth quarter of 2008. The combined severance expense from the two workforce reductions totaled $274.

During the first and second quarter of 2009, the Company continued to make organizational changes to better align resources. The combined severance expense related to these workforce reductions totaled $237 and $210, respectively.

(All dollars in thousands, except share information, unaudited)

The following table provides financial information on the employee severance expense and remaining accrued balance at September 30, 2009:

	Accrual December 31, 2008	Net Additions	Payments	Accrual September 30, 2009
Employee severance expense	$ 582	$ 447	$ (901)	$ 128

NOTE 10: Subsequent Event

The Company has evaluated subsequent events through the time of filing these financial statements and identified an event which provided evidence of a change to its liquidity and capital resources condition that did not exist at the date of the balance sheet but arose after that date. On November 4, 2009, the Company entered into agreements to sell approximately $6,661 of its common stock in a registered direct offering pursuant to the Company's existing shelf registration statement (File No. 333-161700), which was declared effective by the Securities and Exchange Commission on September 29, 2009. On November 9, 2009, the Company issued 2,297,000 shares of common stock at $2.90 per share pursuant to these agreements and obtained net proceeds of approximately $6,045, which it plans to use for general corporate purposes, including working capital.

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

The following discussion contains various forward-looking statements within the meaning of Section 21E of the Exchange Act. Although we believe that, in making any such statement, our expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. When used in the following discussion, the words "anticipates," "believes," "expects," "intends," "plans," "estimates" and similar expressions, as they relate to us or our management, are intended to identify such forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those anticipated. Factors that could cause actual results to differ materially from those anticipated, certain of which are beyond our control, are set forth herein and in our "Cautionary Statement" filed as an exhibit hereto..

Our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking statements. Accordingly, we cannot be certain that any of the events anticipated by forward-looking statements will occur or, if any of them do occur, what impact they will have on us. We caution you to keep in mind the cautions and risks described in this document and to refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of the document in which they appear. We do not undertake to update any forward-looking statement.

Overview

Wireless Ronin Technologies, Inc. is a Minnesota corporation that has designed and developed application-specific visual marketing solutions. We provide dynamic digital signage solutions targeting specific retail and service markets through a suite of software applications collectively called RoninCast®. RoninCast® is an enterprise-level content delivery system that manages, schedules and delivers digital content over wireless or wired networks. Our solution, a digital alternative to static signage, provides our customers with a dynamic visual marketing system designed to enhance the way they advertise, market and deliver their messages to targeted audiences. Our technology can be combined with interactive touch screens to create new platforms for conveying marketing messages.

Our Sources of Revenue

We generate revenues through system sales, license fees and separate service fees, including consulting, content development and implementation services, as well as ongoing customer support and maintenance, including product upgrades. We currently market and sell our software and service solutions through our direct sales force.

Our Expenses

Our expenses are primarily comprised of three categories: sales and marketing, research and development and general and administrative. Sales and marketing expenses include salaries and benefits for our sales associates and commissions paid on sales. This category also includes amounts spent on the hardware and software we use to prospect new customers including those expenses incurred in trade shows and product demonstrations. Our research and development expenses represent the salaries and benefits of those individuals who develop and maintain our software products including RoninCast® and other software applications we design and sell to our customers. Our general and administrative expenses consist of corporate overhead, including administrative salaries, real property lease payments, salaries and benefits for our corporate officers and other expenses such as legal and accounting fees.

Significant Accounting Policies and Estimates

A discussion of our significant accounting policies was provided in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2008. There were no significant changes to these accounting policies during the first nine months of 2009.

Results of Operations

The following table sets forth, for the periods indicated, certain unaudited consolidated statements of operations information ($000):

	Three Months Ended					
	September 30, 2009	% of total sales	September 30, 2008	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
Sales	$ 1,076	100%	$ 1,950	100%	$ (874)	(45%)
Cost of sales	714	66%	1,848	95%	(1,134)	(61%)
Gross profit (exclusive of depreciation and amortization shown separately below)	362	34%	102	5%	260	255%
Sales and marketing expenses	563	52%	927	48%	(364)	(39%)
Research and development expenses	690	64%	793	41%	(103)	(13%)
General and administrative expenses	1,396	130%	2,838	146%	(1,442)	(51%)
Depreciation and amortization expense	191	18%	296	15%	(105)	(36%)
Total operating expenses	2,840	264%	4,854	249%	(2,014)	(42%)
Operating loss	(2,478)	(230%)	(4,752)	(244%)	(2,274)	(48%)
Other income (expenses):						
Interest expense	(1)	(0%)	(5)	(0%)	(4)	(80%)
Interest and other income	8	1%	122	6%	(114)	(93%)
Total other income (expense)	7	1%	117	6%	(110)	(94%)
Net loss	$ (2,471)	(230%)	$ (4,635)	(238%)	$ (2,164)	(47%)

	Three Months Ended					
	September 30, 2009	% of total sales	September 30, 2008	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
United States	$ 868	81%	$ 1,817	93%	$ (949)	(52%)
Canada	5	1%	133	7%	(128)	(96%)
Other International	203	19%	-	-	203	100%
Total Sales	$ 1,076	100%	$ 1,950	100%	$ (874)	(45%)

	Nine Months Ended					
	September 30, 2009	% of total sales	September 30, 2008	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
Sales	$ 3,472	100%	$ 5,480	100%	$ (2,008)	(37%)
Cost of sales	2,617	75%	4,917	90%	(2,300)	(47%)
Gross profit (exclusive of depreciation and amortization shown separately below)	855	25%	563	10%	292	52%
Sales and marketing expenses	1,997	58%	3,257	59%	(1,260)	(39%)
Research and development expenses	1,629	47%	1,837	34%	(208)	(11%)
General and administrative expenses	4,736	136%	8,917	163%	(4,181)	(47%)
Depreciation and amortization expense	583	17%	884	16%	(301)	(34%)
Total operating expenses	8,945	258%	14,895	272%	(5,950)	(40%)
Operating loss	(8,090)	(233%)	(14,332)	(262%)	(6,242)	(44%)
Other income (expenses):						
Interest expense	(6)	(0%)	(18)	(0%)	(12)	(67%)
Interest and other income	67	2%	558	10%	(491)	(88%)
Total other income (expense)	61	2%	540	10%	(479)	(89%)
Net loss	$ (8,029)	(231%)	$ (13,792)	(252%)	$ (5,763)	(42%)

	Nine Months Ended					
	September 30, 2009	% of total sales	September 30, 2008	% of total sales	$ Increase (Decrease)	% Increase (Decrease)
United States	$ 3,059	88%	$ 4,704	86%	$ (1,645)	(35%)
Canada	122	4%	772	14%	(650)	(84%)
Other International	291	8%	4	0%	287	7175%
Total Sales	$ 3,472	100%	$ 5,480	100%	$ (2,008)	(37%)

Sales

Our sales totaled $1,076 for the three months ended September 30, 2009, compared to $1,950 for the same period in the prior year, a decrease of $874 or 45%. The year-over-year decline in revenue was primarily attributable to the lower levels of revenue generated from a slowly recovering automotive industry and limited deployment of digital menu boards for quick serve restaurants. During the third quarter of 2009, we recognized $170 of revenue from Chrysler LLC and BBDO (Detroit/Windsor), which is an advertising agent for Chrysler, and $72 from KFC, compared to $337 and $446 for the same period in the prior year, respectively. The balance of the decline in revenue was due to a software order we received from Dimensional Innovations totaling $518 during the three months ended September 30, 2008 compared to $0 for the current quarter. Our revenues for the first nine months of 2009 totaled $3,472 compared to $5,480 for the same period in the prior year, a decrease of $2,008 or 37%. The additional decline in revenue when comparing the first nine months of 2009 to 2008 was primarily due to lower hardware sales as certain customers are choosing to contract directly with our display suppliers, thus resulting in lower hardware sales. During the first nine months of 2009 we recognized $1,244 of hardware sales compared to $1,998 for the same period in the prior year, representing a decline of $754 or 38%. In addition to the lower levels of sales to the automotive industry referred to above, the Company also had fewer digital menu board store deployments for KFC during the first nine months of 2009, when compared to the same period in the prior year. Revenue generated outside of the U.S. and Canada increased $287 during the first nine months of 2009 when compared to the same period in the prior year as a result of an increase in sales with Thomson Reuters. Due to the current recession, we are not able to predict or forecast our future revenues with any degree of precision at this time.

Cost of Sales

Our cost of sales decreased 61% or $1,134 to $714 for the three months ended September 30, 2009 compared to the same period in the prior year. Cost of sales for the first nine months of 2009 totaled $2,617 compared to $4,917 for the same period in the prior year. The decrease in cost of sales for both periods was due to the lower levels of hardware and service sales and also a reduction in compensation and related employee costs due to the workforce reductions taken in the third and fourth quarter of 2008 to better match our infrastructure and expenses with sales levels and current client projects.

Operating Expenses

Our operating expenses decreased 42% or $2,014 to $2,840 for the three months ended September 30, 2009 compared to the same period in the prior year. Operating costs for the first nine months of 2009 totaled $8,945 compared to $14,895 for the same period in the prior year.

Sales and marketing expense includes the salaries, employee benefits, commissions, stock compensation expense, travel and overhead costs of our sales and marketing personnel, as well as trade show activities and other marketing costs. Total sales and marketing expenses were lower by $364 and $1,260 in the third quarter and first nine months of 2009, respectively, when compared to the same periods in the prior year. The 39% and 39% declines, respectively, related to a decrease in compensation and benefits, along with lower travel related expenses, as a result of the workforce reductions taken in the third and fourth quarter of 2008. In addition, we reduced the level of spending related to tradeshows and other marketing initiatives in the first nine months of 2009 when compared to the same period in the prior year. Compensation and benefits, including stock compensation expense totaled $452 and $1,380 for the third quarter and first nine months of 2009, respectively, compared to $636 and $1,795 for the same periods in the prior year. Travel expenses were $50 and $158 for the third quarter and first nine months of 2009, respectively, compared to $75 and $396 for the same periods in the prior year. Tradeshows and other marketing initiatives during the third quarter and first nine months of 2009 totaled $49 and $412, respectively, compared to $197 and $962 during the same periods in the prior year. We traditionally incur higher levels of tradeshow expenditures in the first quarter of our fiscal year compared to the remaining three quarters. Any increased revenues and associated commissions may offset any future reduction in marketing expenditures.

Research and development expense includes salaries, employee benefits, stock compensation expense, related overhead costs and consulting fees associated with product development, enhancements, upgrades, testing, quality assurance and documentation. Total research and development expenses were lower by $103 and $208 in the third quarter and first nine months of 2009, respectively, when compared to the same periods in the prior year. The 13% and 11% declines, respectively, were primarily the result of lower compensation and benefits expenses. We remain committed to continuously enhancing our RoninCast® software which is critical for our success as the requirements for a more sophisticated dynamic digital signage platform continue to emerge. We currently expect our research and development expenses to remain at similar levels experienced during the third quarter of 2009 for the balance of fiscal 2009.

General and administrative expense includes the salaries, employee benefits, stock compensation expense and related overhead cost of our finance, information technology, human resources and administrative employees, as well as legal and accounting expenses, consulting and contractor fees and bad debt expense. Total general and administrative expenses were lower by $1,442 and $4,181 in the third quarter and first nine months of 2009, respectively, compared to the same periods in the prior year. The 51% and 47% declines, respectively, were primarily the result of a decrease in compensation and benefits, along with contractor costs as a result of the workforce reductions taken in the third and fourth quarter of 2008, along with other staff reductions taken primarily during the first half of 2009. Total compensation to employees and contractors, including benefits and stock compensation expense totaled $862 and $3,009 for the third quarter and first nine months of 2009, respectively, compared to $1,773 and $5,866 for the same periods in the prior year. In addition to the reduction attributable to the workforce reductions taken in 2008, our stock compensation expense decreased $380 during the first nine months of 2009 when compared to the prior year period. Professional fees paid to outside legal and accounting firms also decreased for both periods presented. During the third quarter and first nine months of 2009 our fees paid to outside consultants totaled $109 and $417, respectively, compared to $356 and $1,033 for the same periods in the prior year. The remaining decreases were due to an across-the-board reduction in almost all expense categories as a result of better aligning our expenses with the lower levels of revenue.

Depreciation and amortization expense, which consists primarily of depreciation of computer equipment and office furniture and the amortization of purchased software, leasehold improvements made to our leased facilities and amortization of our acquisition-related intangible assets, was also lower by $105 and $301 in the third quarter and first nine months of 2009, respectively, when compared to the same periods in the prior year. These declines were primarily the result of recording an impairment charge during the fourth quarter of 2008 for the remaining value of our acquisition-related intangible assets.

We will continue to monitor our operating expenses in relationship to our revenue levels and make the necessary cost reductions to the point where it will not significantly impact our ability to service our customers.

Interest Expense

Interest expense decreased to $6 from $18 during the first nine months of 2009 compared to the same period in the prior year. The decrease was the result of reduced debt balances under our capital leases.

Interest Income

Interest income was lower by $59 and $436 in the third quarter and first nine months of 2009, respectively, when compared to the same periods in the prior year. The decreases in interest income were due to significantly lower cash balances and a lower realized interest rate yield on our investments during the 2009 periods compared to the same periods in the prior year. Our average cash, cash equivalents and marketable securities during the first nine months of 2009 was $10,360 with an average annual yield of 0.65% compared to $23,803 with an average annual yield of 2.34% for the same period in the prior year.

Liquidity and Capital Resources

Operating Activities

We do not currently generate positive cash flow. Our investments in infrastructure have been greater than sales generated to date. As of September 30, 2009, we had an accumulated deficit of $72,241. The cash flow used in operating activities was $6,395 and $11,252 for the nine months ended September 30, 2009 and 2008, respectively. The decrease in cash used in operations was primarily due to a reduction in our net loss during the first nine months of 2009 compared to the same period in 2008. Cash provided by changes in our working capital accounts were positive for both periods presented, which for the first nine months of 2009 and 2008 totaled $533 and $761, respectively. Cash generated from changes to our working capital asset accounts, which includes accounts receivable, inventory and prepaid and other assets during the first nine months of 2009, totaled $1,142. This increase was a result of a sequential decline in our revenues from the first quarter to the third quarter of 2009. This compares to a net increase for the first nine months of 2008 in these accounts of $584 primarily as a result of a significant level of uncompleted projects included in inventory as of September 30, 2008. The decline in asset accounts for the nine month period ended September 30, 2009 was partially offset by lower liability and deferred revenue accounts which totaled $609. Our accrued liabilities declined $524 during the first nine months of 2009 primarily as a result of continued severance payments made to the former CEO and CFO. The increase in asset accounts for the nine month period ended September 30, 2008 was partially offset by higher liability and deferred revenue accounts which totaled $1,345. Of this amount, $646 related to an increase in accrued expenses as a result of recording a severance accrual in the second and third quarter of 2008 which totaled $639. The remaining increase was due to higher levels of accounts payable and deferred revenue as a result of an increase in uncompleted projects for both Chrysler LLC and KFC at the end of September 2008.

Investing Activities

Net cash provided by investing activities was $8,178 and $6,834 for the nine months ended September 30, 2009 and 2008, respectively. The increase in cash provided by investing activities was due to net sales of marketable securities of $8,301 during the nine months of 2009 compared to $7,719 for the same period in prior year, partially offset by purchases of capital equipment of $123 during the first nine months of 2009 compared to $885 for the same period in the prior year. We currently anticipate our capital expenditures to remain at a similar level to that experienced during the first nine months of 2009 for the balance of year; however, if the Company’s hosting revenues were to significantly increase, there could be a need to make additional capital equipment investments to support our network operation center. During the second quarter 2009 we moved our investments held in marketable securities as they matured into a commercial paper sweep account with US Bank Corp which currently carries an A-1 P-1 rating.

Financing Activities

Net cash provided by financing activities was $114 and $471 for the first nine months of 2009 and 2008, respectively. Cash generated from the exercise of stock options, warrants and shares issued through our associate stock purchase plan totaled $98 and $553 for the first nine months of 2009 and 2008, respectively. In addition, the amount of restricted cash declined $72 during the first nine months of 2009. These amounts were partially offset by principal payments made on various capital leases due to expire during 2009.

We have historically financed our operations primarily through sales of common stock, exercise of warrants, and the issuance of notes payable to vendors, shareholders and investors. Based on our current and anticipated expense levels and our existing capital resources, we anticipate that our cash balance, including the net proceeds of the registered direct common stock offering we closed on November 9, 2009 (see "Subsequent Event" below), will be adequate to fund our operations for at least the next twelve months. Our future capital requirements, however, will depend on many factors, including our ability to successfully market and sell our products, develop new products and establish and leverage our strategic partnerships and reseller relationships. In order to meet our needs should we not become cash flow positive or should we be unable to sustain positive cash flow, we may be required to raise additional funding through public or private financings, including equity financings. Any additional equity financings may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. Adequate funds for our operations, whether from financial markets, collaborative or other arrangements, may not be available when needed or on terms attractive to us, especially in light of recent turmoil in the credit markets. If adequate funds are not available, our plans to operate our business may be adversely affected and we could be required to curtail our activities significantly. We may need additional funding in the future. Necessary funding may not be available on terms that are favorable to the company, if at all.

Contractual Obligations

Although we have no material commitments for capital expenditures, we anticipate levels of capital expenditures consistent with our current levels of operations, infrastructure and personnel for the remainder of fiscal 2009.

Operating and Capital Leases

At September 30, 2009, our principal commitments consisted of long-term obligations under operating leases. We lease approximately 19,000 square feet of office and warehouse space located at 5929 Baker Road, Minnetonka, Minnesota under a lease that extends through January 31, 2013. In addition, we lease office space of approximately 10,000 square feet to support our Canadian operations at a facility located at 4510 Rhodes Drive, Suite 800, Windsor, Ontario under a lease that extends through June 30, 2014.

The following table summarizes our obligations under contractual agreements as of September 30, 2009 and the time frame within which payments on such obligations are due:

	Payment Due by Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
Capital Lease Obligations (including interest)	$ 15	$ 15	$ -	$ -	$ -
Operating Lease Obligations	948	269	613	66	-
Total	$ 963	$ 284	$ 613	$ 66	$ -

Based on our working capital position at September 30, 2009, we believe we have sufficient working capital to meet our current obligations.

Subsequent Event

On November 4, 2009, we entered into agreements to sell approximately $6,661 of our common stock in a registered direct offering pursuant to our existing shelf registration statement (File No. 333-161700), which was declared effective by the Securities and Exchange Commission on September 29, 2009. On November 9, 2009, we issued 2,297,000 shares of common stock at $2.90 per share pursuant to these agreements and obtained net proceeds of approximately $6,045, which we plan to use for general corporate purposes, including working capital.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, and accounts receivable. We maintain our accounts for cash and cash equivalents and marketable securities principally at one major bank. We currently invest our available cash in a commercial paper sweep account held with U.S. Bank Corp. We have not experienced any losses on our deposits of our cash and cash equivalents.

We currently have outstanding approximately $15 of capital lease obligations at a fixed interest rate. We do not believe our operations are currently subject to significant market risks for interest rates or other relevant market price risks of a material nature.

Foreign exchange rate fluctuations may adversely impact our consolidated financial position as well as our consolidated results of operations. Foreign exchange rate fluctuations may adversely impact our financial position as the assets and liabilities of our Canadian operations are translated into U.S. dollars in preparing our consolidated balance sheet. These gains or losses are recognized as an adjustment to shareholders' equity through accumulated other comprehensive income/(loss). The impact of foreign exchange rate fluctuations on our condensed consolidated statement of operations was immaterial for the three and nine months ended September 30, 2009.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures that is designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of September 30, 2009, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We were not party to any material legal proceedings as of November 5, 2009.

Item 1A. Risk Factors

The discussion of our business and operations should be read together with the risk factors set forth herein and in our "Cautionary Statement" attached hereto. These risks and uncertainties have the potential to affect our business, financial condition, results of operations, cash flow, strategies or prospects in a material and adverse manner.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

On November 4, 2009, we entered into agreements to sell approximately $6,661 of our common stock in a registered direct offering pursuant to our existing shelf registration statement (File No. 333-161700), which was declared effective by the Securities and Exchange Commission on September 29, 2009. On November 9, 2009, we issued 2,297,000 shares of common stock at $2.90 per share pursuant to these agreements and obtained net proceeds of approximately $6,045, which we plan to use for general corporate purposes, including working capital.

Item 6. Exhibits

See "Exhibit Index."

SIGNATURES

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

WIRELESS RONIN TECHNOLOGIES, INC.

Date: November 9, 2009	By: /s/ Darin P. McAreavey
Darin P. McAreavey	
	Vice President and Chief Financial Officer (Principal Financial Officer and Chief Accounting Officer) and Duly Authorized Officer of Wireless Ronin Technologies, Inc.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Articles of Incorporation of the Registrant, as amended (incorporated by reference to our Pre-Effective Amendment No. 1 to our Form SB-2 filed on October 12, 2006 (File No. 333-136972)).
3.2	Bylaws of the Registrant, as amended (incorporated by reference to our Quarterly Report on Form 10-QSB filed on November 14, 2007 (File No. 001-33169)).
4.1	See exhibits 3.1 and 3.2.
4.2	Specimen common stock certificate of the Registrant (incorporated by reference to Pre-Effective Amendment No. 1 to our Form SB-2 filed on October 12, 2006 (File No. 333-136972)).
10.1	Amendment of Lease Agreement by and between Wireless Ronin Technologies (Canada), Inc. and Dieter Schwarz, dated July 8, 2009 (incorporated by reference to ourQuarterly Report on Form 10-Q filed on August 7, 2009 (File No. 001-33169)).
10.2	Form of Subscription Agreement from Registered Direct Common Stock Offering (incorporated by reference to our Current Report on Form 8-K filed on November 5, 2009 (File No. 001-33169)).
10.3	Placement Agency Agreement between the Registrant, Feltl and Company, Inc. and Barrington Research Associates, Inc., dated November 4, 2009 (incorporated by reference to our Current Report on Form 8-K filed on November 5, 2009 (File No. 001-33169))
31.1	Chief Executive Officer Certification pursuant to Exchange Act Rule 13a-14(a).
31.2	Chief Financial Officer Certification pursuant to Exchange Act Rule 13a-14(a).
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350.
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.
99	Cautionary Statement.

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, James C. Granger, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2009, of Wireless Ronin Technologies, Inc.;

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

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

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

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Dated: November 9, 2009

By: /s/ James C. Granger
James C. Granger
President and Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Darin P. McAreavey, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2009, of Wireless Ronin Technologies, Inc.;

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

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

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

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Dated: November 9, 2009	By: /s/ Darin P. McAreavey Darin P. McAreavey Vice President and Chief Financial Officer

EXHIBIT 32.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Wireless Ronin Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James C. Granger, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 9, 2009	By: /s/ James C. Granger James C. Granger President and Chief Executive Officer

EXHIBIT 32.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Wireless Ronin Technologies, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Darin P. McAreavey, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 9, 2009

By: /s/ Darin P. McAreavey
Darin P. McAreavey
Vice President and Chief Financial Officer

EXHIBIT 99

CAUTIONARY STATEMENT

Wireless Ronin Technologies, Inc., or persons acting on our behalf, or outside reviewers retained by us making statements on our behalf, or underwriters of our securities, from time to time, may make, in writing or orally, "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. This Cautionary Statement, when used in conjunction with an identified forward-looking statement, is for the purpose of qualifying for the "safe harbor" provisions of the Litigation Reform Act and is intended to be a readily available written document that contains factors which could cause results to differ materially from such forward-looking statements. These factors are in addition to any other cautionary statements, written or oral, which may be made, or referred to, in connection with any such forward-looking statement.

The following matters, among others, may have a material adverse effect on our business, financial condition, liquidity, results of operations or prospects, financial or otherwise, or on the trading price of our common stock. Reference to this Cautionary Statement in the context of a forward-looking statement or statements shall be deemed to be a statement that any one or more of the following factors may cause actual results to differ materially from those in such forward-looking statement or statements.

Risks Related to Our Business

Our operations and business are subject to the risks of an early stage company with limited revenue and a history of operating losses. We have incurred losses since inception, and we have had only nominal revenue. We may not ever become or remain profitable.

Since inception, we have had limited revenue from the sale of our products and services, and we have incurred net losses. We incurred net losses of $10,086,000 and $20,692,000 for the years ended December 31, 2007 and 2008, respectively and a net loss of $8,029,000 for the nine months ended September 30, 2009. As of September 30, 2009, we had an accumulated deficit of $72,241,000.

We have not been profitable in any year of our operating history and anticipate incurring additional losses into the foreseeable future. We do not know whether or when we will become profitable. Even if we are able to achieve profitability in future periods, we may not be able to sustain or increase our profitability in successive periods. We may require additional financing in the future to support our operations. For further information, please review the risk factor "Adequate funds for our operations may not be available, requiring us to curtail our activities significantly".

We have formulated our business plans and strategies based on certain assumptions regarding the acceptance of our business model and the marketing of our products and services. However, our assessments regarding market size, market share, market acceptance of our products and services and a variety of other factors may prove incorrect. Our future success will depend upon many factors, including factors which may be beyond our control or which cannot be predicted at this time.

Our success depends on our RoninCast® system achieving and maintaining widespread acceptance in our targeted markets. If our products contain errors or defects, our business reputation may be harmed.

Our success will depend to a large extent on broad market acceptance of RoninCast® software and our other products and services among our prospective customers. Our prospective customers may still not use our solutions for a number of other reasons, including preference for static signage, unfamiliarity with our technology, preference for competing technologies or perceived lack of reliability. We believe that the acceptance of RoninCast® software and our other products and services by our prospective customers will depend on the following factors:

- our ability to demonstrate RoninCast® software's economic and other benefits;

- our customers becoming comfortable with using RoninCast® software; and

- the reliability of the RoninCast® software and the hardware comprising our digital signage systems.

Our software is complex and must meet stringent user requirements. Our products could contain errors or defects, especially when first introduced or when new models or versions are released, which could cause our customers to reject our products, result in increased service costs and warranty expenses and harm our reputation. We must develop our products quickly to keep pace with the rapidly changing digital signage and communications market. In the future, we may experience delays in releasing new products as problems are corrected. In addition, some undetected errors or defects may only become apparent as new functions are added to our products. Delays, costs and damage to our reputation due to product defects could harm our business.

World-wide efforts to cut capital spending, general economic uncertainty, and a weakening global economy could have a material adverse effect on us.

Disruptions in the economy and constraints in the credit markets have caused companies to reduce or delay capital investment. Some of our prospective customers may cancel or delay spending on the development or roll-out of capital and technology projects with us due to the economic downturn. Furthermore, the downturn has adversely affected certain industries in particular, including the automotive and restaurant industries, in which we have major customers. We could also experience lower than anticipated order levels from current customers, cancellations of existing but unfulfilled orders, and extended payment or delivery terms. The economic crisis could also materially impact us through insolvency of our suppliers or current customers. While we have down-sized our operations to reflect the decrease in demand, we may not be successful in mirroring current demand.

We may experience fluctuations in our quarterly operating results.

We may experience variability in our total sales on a quarterly basis as a result of many factors, including the condition of the electronic communication and digital signage industry in general, shifts in demand for software and hardware products, technological changes and industry announcements of new products and upgrades, absence of long-term commitments from customers, timing and variable lead-times of customer orders, delays in or cancellations of customer orders, variations in component costs and/or adverse changes in the supply of components, variations in operating expenses, changes in our pricing policies or those of our competitors, the ability of our customers to pay for products and services, effectiveness in managing our operations and changes in economic conditions in general. We may not consider it prudent to adjust our spending levels on the same timeframe; therefore, if total sales decline for a given quarter, our operating results may be materially adversely affected. As a result of the potential fluctuations in our quarterly operating results, we believe that period-to-period comparisons of our financial results should not be relied upon as an indication of future performance. Further, it is possible that in future quarters our operating results will be below the expectations of public market analysts and investors. In such event, the price of our common stock would likely be materially adversely affected.

Due to our dependence on a limited number of customers, we are subject to a concentration of credit risk.

In the case of insolvency by one of our significant customers, an account receivable with respect to that customer might not be collectible, might not be fully collectible, or might be collectible over longer than normal terms, each of which could adversely affect our financial position. In one case in the past, we converted a customer's account receivable into a secured note receivable then into the underlying collateral, which we ultimately wrote off. In the future, if we convert other accounts receivable into notes receivable or obtain the collateral underlying notes receivable, we may not be able to fully recover the amount due, which could adversely affect our financial position. Furthermore, the value of the collateral which serves to secure any such obligation is likely to deteriorate over time due to obsolescence caused by new product introductions and due to wear and tear suffered by those portions of the collateral installed and in use. There can be no assurance that we will not suffer credit losses in the future.

The integration and operation of an acquired business may disrupt our business and create additional expenses and we may not achieve the anticipated benefits of the acquisition. In the event we elect to expand our business through acquisitions, we cannot assure that such future acquisitions, if pursued and consummated, will be advantageous or profitable.

Integration of an acquisition involves numerous risks, including difficulties in converting information technology systems and assimilating the operations and products or services of an acquired business, the diversion of management's attention from other business concerns, risks of entering markets in which we have limited or no direct prior experience, assumption of unknown liabilities, increased accounting and financial reporting risk, the potential loss of key associates and/or customers, difficulties in completing strategic initiatives already underway in the acquired or acquiring companies, unfamiliarity with partners of the acquired company, and difficulties in attracting additional key employees necessary to manage acquired operations, each of which could have a material adverse effect on our business, results of operations and financial condition.

In addition, we may determine to grow through future acquisitions of technologies, products or businesses. We may complete future acquisitions using cash, or through issuances of equity securities which could be dilutive, or through the incurrence of debt which could contain restrictive covenants. In addition, acquisitions may result in significant amortization expenses related to intangible assets. Such methods of financing could adversely affect our earnings. We cannot assure you that we will be successful in integrating any business acquired in the future. Finally, we cannot assure you that we will pursue or consummate future acquisitions or that any acquisitions, if consummated, will be advantageous or profitable for our company.

Most of our contracts are terminable by our customers with limited notice and without penalty payments, and early terminations could have a material effect on our business, operating results and financial condition.

Most of our contracts are terminable by our customers following limited notice and without early termination payments or liquidated damages due from them. In addition, each stage of a project often represents a separate contractual commitment, at the end of which the customers may elect to delay or not to proceed to the next stage of the project. We cannot assure you that one or more of our customers will not terminate a material contract or materially reduce the scope of a large project. The delay, cancellation or significant reduction in the scope of a large project or number of projects could have a material adverse effect on our business, operating results and financial condition.

Our prospective customers often take a long time to evaluate our products, with this lengthy and variable sales cycle making it difficult to predict our operating results.

It is difficult for us to forecast the timing and recognition of revenue from sales of our products because our prospective customers often take significant time evaluating our products before purchasing them. The period between initial customer contact and a purchase by a customer may be more than one year. During the evaluation period, prospective customers may decide not to purchase or may scale down proposed orders of our products for various reasons, including:

- reduced need to upgrade existing visual marketing systems;
- introduction of products by our competitors;
- lower prices offered by our competitors; and
- changes in budgets and purchasing priorities.

Our prospective customers routinely require education regarding the use and benefit of our products. This may also lead to delays in receiving customers' orders.

Adequate funds for our operations may not be available, requiring us to curtail our activities significantly.

Based on our current and anticipated expense levels and our existing capital resources, we anticipate that our cash will be adequate to fund our operations for at least the next twelve months. Our future capital requirements, however, will depend on many factors, including our ability to successfully market and sell our products, develop new products and establish and leverage our strategic partnerships and reseller relationships. In order to meet our needs should we not become cash flow positive or should we be unable to sustain positive cash flow, we may be required to raise additional funding through public or private financings, including equity financings. Any additional equity financings may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. Adequate funds for our operations, whether from financial markets, collaborative or other arrangements, may not be available when needed or on terms attractive to us, especially in light of recent turmoil in the credit markets. If adequate funds are not available, our plans to expand our business may be adversely affected and we could be required to curtail our activities significantly. We may need additional funding in the future. Necessary funding may not be available on terms that are favorable to our company, if at all.

Difficulty in developing and maintaining relationships with third party manufacturers, suppliers and service providers could adversely affect our ability to deliver our products and meet our customers' demands.

We rely on third parties to manufacture and supply parts and components for digital signage systems we provide, and to provide order fulfillment, installation, repair services and technical and customer support. Our strategy to rely on third party manufacturers, suppliers and service providers involves a number of significant risks, including the loss of control over the manufacturing process, the potential absence of adequate capacity, the unavailability of certain parts and components used in our products and reduced control over delivery schedules, quality and costs. For example, we do not generally maintain a significant inventory of parts or components, but rely on suppliers to deliver necessary parts and components to third party manufacturers, in a timely manner, based on our forecasts. If delivery of our products and services to our customers is interrupted, or if our products experience quality problems, our ability to meet customer demands would be harmed, causing a loss of revenue and harm to our reputation. Increased costs, transition difficulties and lead times involved in developing additional or new third party relationships could adversely affect our ability to deliver our products and meet our customers' demands and harm our business.

Reductions in hardware costs will likely decrease hardware pricing to our customers and would reduce our per unit revenue.

Our pricing includes a standard percentage markup over our cost of digital signage systems, such as computers and display monitors. As such, any decrease in our costs to acquire such components from third parties will likely be reflected as a decrease in our hardware pricing to our customers. Therefore, reductions in such hardware costs could potentially reduce our revenues.

Because our business model relies upon strategic partners and resellers, we expect to face risks not faced by companies with only internal sales forces.

We currently sell most of our digital signage systems and software licenses through an internal sales force. We anticipate that strategic partners and resellers will become a larger part of our sales strategy. We may not, however, be successful in forming relationships with qualified partners and resellers. If we fail to attract qualified partners and resellers, we may not be able to expand our sales network, which may have an adverse effect on our ability to generate revenue. Our anticipated reliance on partners and resellers involves several risks, including the following:

- we may not be able to adequately train our partners and resellers to sell and service our software and services;
- they may emphasize competitors' products or decline to promote and sell our software and services;
- channel conflict may arise between other third parties and/or our internal sales staff; and
- software to manage content may be given away.

Our industry is characterized by frequent technological change. If we are unable to adapt our products and services and develop new products and services to keep up with these rapid changes, we will not be able to obtain or maintain market share.

The market for our products and services is characterized by rapidly changing technology, evolving industry standards, changes in customer needs, heavy competition and frequent new product and service introductions. If we fail to develop new products and services or modify or improve existing products and services in response to these changes in technology, customer demands or industry standards, our products and services could become less competitive or obsolete.

We must respond to changing technology and industry standards in a timely and cost-effective manner. We may not be successful in using new technologies, developing new products and services or enhancing existing products and services in a timely and cost effective manner. Our pursuit of necessary technology may require substantial time and expense. We may need to license new technologies to respond to technological change. These licenses may not be available to us on commercially reasonable terms or at all. We may not succeed in adapting our products and services to new technologies as they emerge. Furthermore, even if we successfully adapt our products and services, these new technologies or enhancements may not achieve market acceptance.

We recently replaced many members of our management and effected a substantial reduction in our associate headcount, and our failure to successfully adapt to these changes and/or a failure by our new management team to successfully manage our operations may adversely affect our business.

In 2008 we replaced a large portion of our management team, including our Chief Executive Officer, Chief Financial Officer, Executive Vice President of Engineering and Product Development, Executive Vice President and Chief Technical Officer and Executive Vice President of Content Engineering. We only recently hired a permanent Chief Financial Officer and a Vice President of Product Development. These transitions could create uncertainty and confusion among our employees, customers and shareholders. In addition, the transitions may adversely affect or delay customer purchase decisions or decisions about the strategic direction of our business and raise concerns among our employees, customers and shareholders, all of which could affect our business, operating results and financial position. Our future success depends on the ability of our senior management team, including a Chief Executive Officer who has been with our company only since December 2008 and a Chief Financial Officer who has been with our company only since March 2009, to work together to successfully implement our strategies and manage our operations.

Furthermore, we made two substantial reductions in corporate headcount, which we refer to as RIFs, in the fourth quarter of 2008. The RIFs could create uncertainty and confusion among our current employees, customers and suppliers. In addition, the RIFs might not result in the cost savings or efficiencies we anticipate. The RIFs will require our remaining employees to fulfill new roles that they had not been filling in the past, and such staff reductions can cause increased attrition among remaining employees. If we cannot operate our business in an effective manner, it may adversely affect our business, operating results and financial position.

Our future success depends on key personnel and our ability to attract and retain additional personnel.

Our key personnel include:

- James C. Granger, President, Chief Executive Officer and Director;

- Darin P. McAreavey, Vice President and Chief Financial Officer; and

- Scott W. Koller, Executive Vice President and Chief Operating Officer.

If we fail to retain our key personnel or to attract, retain and motivate other qualified employees, our ability to maintain and develop our business may be adversely affected. Our future success depends significantly on the continued service of our key technical, sales and senior management personnel and their ability to execute our growth strategy. The loss of the services of our key employees could harm our business. We may be unable to retain our employees or to attract, assimilate and retain other highly qualified employees who could migrate to other employers who offer competitive or superior compensation packages.

Our ability to execute our business strategy depends on our ability to protect our intellectual property, and if any third parties make unauthorized use of our intellectual property, or if our intellectual property rights are successfully challenged, our competitive position and business could suffer.

Our success and ability to compete depends substantially on our proprietary technologies. We regard our copyrights, service marks, trademarks, trade secrets and similar intellectual property as critical to our success, and we rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers and others to protect our proprietary rights. Despite our precautions, unauthorized third parties might copy certain portions of our software or reverse engineer and use information that we regard as proprietary. In addition, confidentiality agreements with employees and others may not adequately protect against disclosure of our proprietary information.

As of September 30, 2009, we had one U.S. patent, and three U.S. and one Canadian patent applications pending relating to various aspects of our RoninCast® system. We cannot provide assurance that any additional patents will be granted. Even if they are granted, our patents may be successfully challenged by others or invalidated. In addition, any patents that may be granted to us may not provide us a significant competitive advantage. Although we have been granted patents and trademarks, they could be challenged in the future. If future trademark registrations are not approved because third parties own these trademarks, our use of these trademarks would be restricted unless we enter into arrangements with the third party owners, which might not be possible on commercially reasonable terms or at all. If we fail to protect or enforce our intellectual property rights successfully, our competitive position could suffer. We may be required to spend significant resources to monitor and protect our intellectual property rights. We may not be able to detect infringement and may lose competitive position in the market. In addition, competitors may design around our technology or develop competing technologies. Intellectual property rights may also be unavailable or limited in some foreign countries, which could make it easier for competitors to capture market share.

Our industry is characterized by frequent intellectual property litigation, and we could face claims of infringement by others in our industry. Such claims are costly and add uncertainty to our business strategy.

The digital media and communications industry is characterized by uncertain and conflicting intellectual property claims and frequent intellectual property litigation, especially regarding patent rights. We could be subject to claims of infringement of third party intellectual property rights, which could result in significant expense and could ultimately result in the loss of our intellectual property rights. From time to time, third parties may assert patent, copyright, trademark or other intellectual property rights to technologies that are important to our business. In addition, because patent applications in the United States are not publicly disclosed until the patent is issued, applications may have been filed which relate to our industry of which we are not aware. We may in the future receive notices of claims that our products infringe or may infringe intellectual property rights of third parties. Any litigation to determine the validity of these claims, including claims arising through our contractual indemnification of our business partners, regardless of their merit or resolution, would likely be costly and time consuming and divert the efforts and attention of our management and technical personnel. If any such litigation resulted in an adverse ruling, we could be required to:

- pay substantial damages;
- cease the development, use, licensing or sale of infringing products;
- discontinue the use of certain technology; or
- obtain a license under the intellectual property rights of the third party claiming infringement, which license may not be available on reasonable terms or at all.

MediaTile Company USA has informed us that it filed a patent application in 2004 related to the use of cellular technology for delivery of digital content. We currently use cellular technology to deliver digital content on a limited basis. While MediaTile has not alleged that our products infringe its rights, it may so allege in the future. We have not received any communications from MediaTile subsequent to its initial contact with us in February 2006, though we cannot assure you that MediaTile will not take up the matter again and seek to either bar us from using an allegedly infringing technology or seek a royalty for our use of such an allegedly infringing technology.

Our business may be adversely affected by malicious applications that interfere with, or exploit security flaws in, our products and services.

Our business may be adversely affected by malicious applications that make changes to our customers' computer systems and interfere with the operation and use of our products. These applications may attempt to interfere with our ability to communicate with our customers' devices. The interference may occur without disclosure to or consent from our customers, resulting in a negative experience that our customers may associate with our products. These applications may be difficult or impossible to uninstall or disable, may reinstall themselves and may circumvent other applications' efforts to block or remove them. In addition, we offer a number of products and services that our customers download to their computers or that they rely on to store information and transmit information over the Internet. These products and services are subject to attack by viruses, worms and other malicious software programs, which could jeopardize the security of information stored in a customer's computer or in our computer systems and networks. The ability to reach customers and provide them with a superior product experience is critical to our success. If our efforts to combat these malicious applications fail, or if our products and services have actual or perceived vulnerabilities, there may be claims based on such failure or our reputation may be harmed, which would damage our business and financial condition.

We could have liability arising out of our previous sales of unregistered securities.

Prior to our initial public offering, we financed our development and operations with proceeds from the sale of debt and equity securities to accredited investors. These securities were not registered under federal or state securities laws because we believed such sales were exempt under Section 4(2) of the Securities Act of 1933, as amended, and under Regulation D under the Securities Act. In addition, we issued stock purchase warrants to independent contractors and associates as compensation or as incentives for future performance in reliance upon the exemption provided by Rule 701 promulgated under Section 3(b) of the Securities Act. We have received no claim that such sales were in violation of securities registration requirements under such laws, but should a claim be made, we would have the burden of demonstrating that sales were exempt from such registration requirements. In addition, it is possible that a purchaser of our securities could claim that disclosures to them in connection with such sales were inadequate, creating potential liability under the anti-fraud provisions of federal and state securities or other laws. If successful, claims under such laws could require us to pay damages, perform rescission offers, and/or pay interest on amounts invested and attorneys' fees and costs. Depending upon the magnitude of a judgment against us in any such actions, our financial condition and prospects could be materially and adversely affected.

We compete with other companies that have more resources, which puts us at a competitive disadvantage.

The market for digital signage software and systems is highly competitive and we expect competition to increase in the future. Some of our competitors or potential competitors have significantly greater financial, technical and marketing resources than our company. These competitors may be able to respond more rapidly than we can to new or emerging technologies or changes in customer requirements. They may also devote greater resources to the development, promotion and sale of their products than our company.

We expect competitors to continue to improve the performance of their current products and to introduce new products, services and technologies. Successful new product and service introductions or enhancements by our competitors could reduce sales and the market acceptance of our products and services, cause intense price competition or make our products and services obsolete. To be competitive, we must continue to invest significant resources in research and development, sales and marketing and customer support. If we do not have sufficient resources to make these investments or are unable to make the technological advances necessary to be competitive, our competitive position will suffer. Increased competition could result in price reductions, fewer customer orders, reduced margins and loss of market share. Our failure to compete successfully against current or future competitors could adversely affect our business.

Our results of operations may depend upon selling our products and services to customers requiring large-scale rollouts and large-scale monitoring and maintenance, which we have not previously conducted.

Our results of operations may depend upon selling our products and services to those companies, and within those industries, that have many sites that could benefit from digital signage systems. Digital signage systems installation projects deploying hundreds or even thousands of systems present significant technical and logistical challenges that we have not yet demonstrated our ability to overcome. Digital signage technology employs sophisticated hardware and software that constantly evolves. Sites into which digital signage systems may be installed vary widely, including such factors as interference with wireless networks, ambient light, extremes of temperature and other factors that may make each individual location virtually unique. Managing the process of installing hundreds or thousands of dynamic, complicated digital signage systems into unique environments may present difficulties that we have not yet faced on projects performed to date with smaller numbers of digital signage systems. If our customers opt to engage us to provide system monitoring and maintenance services through our network operations center (“NOC”) on one or more large-scale implementations, we may not successfully or profitably monitor and maintain the hardware, software and content in a manner satisfactory to our customers or in compliance with our contractual obligations. The efficiency and effectiveness of NOC monitoring and maintenance are directly affected by our software and that software’s ability to monitor our customers’ systems. For large-scale implementations, we may need to further develop our software to facilitate efficient and effective system monitoring and maintenance. We cannot assure you that we will succeed in developing our software, digital signage systems, project management and infrastructure to successfully implement, monitor, manage and maintain large-scale implementation projects or ongoing operations. Our failure to do so could harm our business and financial condition.

We may be subject to sales and other taxes, which could have adverse effects on our business.

In accordance with current federal, state and local tax laws, and the constitutional limitations thereon, we currently collect sales, use or other similar taxes in state and local jurisdictions where we have a physical presence that we understand to be sufficient to require us to collect and remit such taxes. One or more state or local jurisdictions may seek to impose sales tax collection obligations on us and other out-of-state companies which engage in commerce with persons in that state. Several U.S. states have taken various initiatives to prompt more sellers to collect local and state sales taxes. Furthermore, tax law and the interpretation of constitutional limitations thereon are subject to change. In addition, new or expanded business operations in states where we do not currently have a physical presence sufficient to obligate us to collect and remit taxes could subject shipments of goods into or provision of services in such states to sales tax under current or future laws. If our company grows, increased sales of our products and services to locations in various states and municipalities may obligate us to collect and remit sales tax and to pay state income and other taxes based upon increased presence in those jurisdictions. We will endeavor to collect, remit and pay those state and local taxes that we owe according to applicable law. State and local tax laws are, however, subject to change, highly complex and diverse from jurisdiction to jurisdiction. If one or more state or local jurisdictions successfully asserts that we must collect sales or other taxes beyond our current practices or that we owe unpaid sales or other taxes and penalties, it could adversely affect our business and financial condition.

We have received tax notices from local jurisdictions in Michigan seeking payment of property taxes for digital signage systems originally owned by NewSight Corporation in Meijer, Inc. stores but later subject to our collateral interest when we converted the NewSight account receivable to a secured promissory note. Subsequent to our contractual agreement with NewSight to take ownership of hardware composing the digital signage networks to satisfy NewSight’s debt, local jurisdictions in Michigan asserted that we owed property taxes on such systems. We have transferred ownership of these systems to Meijer, Inc. and its affiliates for a nominal sum. We made this transfer in light of the facts that the network was not useful to us, had no commercial value, and that the costs of removing the hardware would be far greater than any amount we could recover from selling that hardware. As a result, we believe that we owe nothing to the local taxing authorities but this is a determination that could be subject to dispute. We do not believe that any amount that we expend to resolve the matter will be material but we cannot assure you of the outcome with certainty.

Our results of operations could be adversely affected by changes in foreign currency exchange rates, particularly fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar.

Since a portion of our operations and revenue occur outside the United States and in currencies other than the U.S. dollar, our results could be adversely affected by changes in foreign currency exchange rates. Additionally, given our ownership of Wireless Ronin Technologies (Canada), Inc., changes in the exchange rate between the U.S. dollar and the Canadian dollar can significantly affect company balances and our results of operations.

Risks Related to Our Securities

We are subject to financial reporting and other requirements for which our accounting, other management systems and resources may not be adequately prepared.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting requirements and corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, as well as rules implemented by the SEC and NASDAQ.

In the event we identify significant deficiencies or material weaknesses in our internal control over financial reporting that we cannot remediate in a timely manner, or if we are unable to receive a positive attestation from our independent registered public accounting firm with respect to our internal control over financial reporting, investors and others may lose confidence in the reliability of our financial statements, and the trading price of our common stock and ability to obtain any necessary equity or debt financing could suffer. In addition, if our independent registered public accounting firm is unable to rely on our internal control over financial reporting in connection with its audit of our financial statements, and if it is unable to devise alternative procedures in order to satisfy itself as to the material accuracy of our financial statements and related disclosures, it is possible that we would be unable to file our annual report with the SEC, which could also adversely affect the trading price of our common stock and our ability to secure any necessary additional financing, and could result in the delisting of our common stock from NASDAQ and the ineligibility of our common stock for quotation on the OTC Bulletin Board. In that event, the liquidity of our common stock would be severely limited and the market price of our common stock would likely decline significantly.

In addition, the foregoing regulatory requirements could make it more difficult or more costly for us to obtain certain types of insurance, including directors’ and officers’ liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on board committees or as executive officers.

If we fail to comply with the NASDAQ requirements for continued listing, our common stock could be delisted from NASDAQ, which could hinder our investors’ ability to trade our common stock in the secondary market.

Generally, our common stock must sustain a minimum bid price of at least $1.00 per share and we must satisfy the other requirements for continued listing on NASDAQ. If our common stock is delisted from NASDAQ, trading in our common stock would likely thereafter be conducted in the over-the-counter markets in the so-called pink sheets or the OTC Bulletin Board. In such event, the liquidity of our common stock would likely be impaired, not only in the number of shares which could be bought and sold, but also through delays in the timing of the transactions, and there would likely be a reduction in the coverage of our company by securities analysts and the news media, thereby resulting in lower prices for our common stock than might otherwise prevail.

The market price of our stock may be subject to wide fluctuations.

The price of our common stock may fluctuate, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause our investors to lose part or all of their investment in our shares of common stock. Factors that could cause fluctuations include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of companies in our industry;
- actual or anticipated changes in our earnings or fluctuations in our operating results or in the expectations of financial market analysts;
- investor perceptions of our industry, in general, and our company, in particular;
- the operating and stock performance of comparable companies;
- general economic conditions and trends;
- major catastrophic events;
- loss of external funding sources;
- sales of large blocks of our stock or sales by insiders; or
- departures of key personnel.

Our articles of incorporation, bylaws and Minnesota law may discourage takeovers and business combinations that our shareholders might consider in their best interests.

Anti-takeover provisions of our articles of incorporation, as amended bylaws, as amended and Minnesota law could diminish the opportunity for shareholders to participate in acquisition proposals at a price above the then current market price of our common stock. For example, while we have no present plans to issue any preferred stock, our board of directors, without further shareholder approval, may issue up to 16,666,666 shares of undesignated preferred stock and fix the powers, preferences, rights and limitations of such class or series, which could adversely affect the voting power of our common stock. In addition, our bylaws, as amended provide for an advance notice procedure for nomination of candidates to our board of directors that could have the effect of delaying, deterring or preventing a change in control. Further, as a Minnesota corporation, we are subject to provisions of the Minnesota Business Corporation Act, or MBCA, regarding “control share acquisitions” and “business combinations.” We may, in the future, consider adopting additional anti-takeover measures. The authority of our board of directors to issue undesignated preferred stock and the anti-takeover provisions of the MBCA, as well as any future anti-takeover measures adopted by us, may, in certain circumstances, delay, deter or prevent takeover attempts and other changes in control of our company not approved by our board of directors.

We have agreed not to issue common stock, subject to certain exceptions, at a price per share less than $2.90 before May 9, 2010, without certain investor consent. Without the prior written consent of the investors who purchased a majority in interest of the shares sold in the registered direct common stock offering we closed on November 9, 2009, for a period of 180 days after the closing of such offering, we will not issue, enter into any agreement to issue or announce the issuance or proposed issuance of any shares of common stock, or securities exercisable, exchangeable or convertible into common stock, at a price per share less than $2.90, except pursuant to specified exempt issuances. Because we are contractually precluded from issuing securities below such price in capital-raising transactions without investor consent, our ability to fund continued operations through the issuance of equity securities is restricted. This restriction may adversely affect our ability to obtain adequate funds for operations when needed. If adequate funds are not available when needed, our plans to expand our business may be adversely affected and we could be required to curtail our activities significantly.

We do not anticipate paying cash dividends on our shares of common stock in the foreseeable future.

We have never declared or paid any cash dividends on our shares of common stock. We intend to retain any future earnings to fund the operation and expansion of our business and, therefore, we do not anticipate paying cash dividends on our shares of common stock in the foreseeable future. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for investors in our common stock for the foreseeable future.

A substantial number of shares are eligible for future sale by our current investors and the sale of those shares could adversely affect our stock price.

We have registered for resale 2,315,722 shares of our outstanding common stock and 1,802,523 shares underlying warrants under the registration statement that was originally declared effective by the SEC on February 8, 2007. If these shares, or additional shares that may be eligible for resale into the market, are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could be adversely affected.