

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 001-33169



Wireless Ronin Technologies, Inc.

(Exact name of registrant as specified in its charter)

Minnesota
*(State or other jurisdiction of
incorporation or organization)*

41-1967918
*(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 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 Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

As of May 4, 2009, the registrant had 14,849,860 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
(In thousands, except per share amounts)

	March 31, 2009 (unaudited)	December 31, 2008 (audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,334	\$ 5,294
Marketable securities — available for sale	2,901	8,301
Accounts receivable, net of allowance of \$76 and \$92	1,513	1,823
Income tax receivable	12	12
Inventories	341	462
Prepaid expenses and other current assets	147	265
Total current assets	13,248	16,157
Property and equipment, net	1,723	1,918
Restricted cash	450	450
Other assets	33	35
TOTAL ASSETS	<u>\$ 15,454</u>	<u>\$ 18,560</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities on capital lease obligations	\$ 52	\$ 71
Accounts payable	833	1,068
Deferred revenue	170	181
Accrued liabilities	992	1,067
TOTAL LIABILITIES	<u>2,047</u>	<u>2,387</u>
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; 14,850 shares issued and outstanding	148	148
Additional paid-in capital	80,837	80,650
Accumulated deficit	(67,115)	(64,212)
Accumulated other comprehensive loss	(463)	(413)
Total shareholders' equity	<u>13,407</u>	<u>16,173</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 15,454</u>	<u>\$ 18,560</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Three Months Ended	
	March 31,	
	2009	2008
Sales		
Hardware	\$ 503	\$ 763
Software	166	98
Services and other	764	1,072
Total sales	<u>1,433</u>	<u>1,933</u>
Cost of sales		
Hardware	451	635
Software	—	—
Services and other	709	899
Total cost of sales (exclusive of depreciation and amortization shown separately below)	<u>1,160</u>	<u>1,534</u>
Gross profit	273	399
Operating expenses:		
Sales and marketing expenses	831	1,220
Research and development expenses	391	454
General and administrative expenses	1,795	2,936
Depreciation and amortization expense	199	251
Total operating expenses	<u>3,216</u>	<u>4,861</u>
Operating loss	(2,943)	(4,462)
Other income (expenses):		
Interest expense	(3)	(7)
Interest income	43	272
Total other income	<u>40</u>	<u>265</u>
Net loss	<u>\$ (2,903)</u>	<u>\$ (4,197)</u>
Basic and diluted loss per common share	<u>\$ (0.20)</u>	<u>\$ (0.29)</u>
Basic and diluted weighted average shares outstanding	<u>14,850</u>	<u>14,544</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

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

	Three Month Ended	
	March 31,	
	2009	2008
Operating Activities:		
Net loss	\$ (2,903)	\$ (4,197)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	199	113
Amortization of acquisition-related intangibles	—	138
Allowance for doubtful receivables	(16)	9
Stock-based compensation expense	187	395
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	395	618
Income tax receivable	—	77
Inventories	121	(83)
Prepaid expenses and other current assets	72	(20)
Other assets	3	1
Accounts payable	(236)	(78)
Deferred revenue	(10)	(34)
Accrued liabilities	(76)	(60)
Net cash used in operating activities	(2,264)	(3,121)
Investing activities		
Purchases of property and equipment	(61)	(404)
Purchases of marketable securities	(22)	(6,754)
Sales of marketable securities	5,417	7,216
Net cash provided by investing activities	5,334	58
Financing activities		
Payments on capital leases	(19)	(38)
Net cash used in financing activities	(19)	(38)
Effect of Exchange Rate Changes on Cash	(11)	(4)
Increase (Decrease) in Cash and Cash Equivalents	3,040	(3,105)
Cash and Cash Equivalents, beginning of period	5,294	14,542
Cash and Cash Equivalents, end of period	<u>\$ 8,334</u>	<u>\$ 11,437</u>

See accompanying Notes to the Condensed Consolidated Financial Statements.

WIRELESS RONIN TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share information, unaudited)

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 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 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.

Nature of Business and Operations

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., an Ontario, Canada provincial corporation located in Windsor, Ontario, develops "e-learning, e-performance support and e-marketing" solutions for business customers. E-learning solutions are software-based instructional systems developed specifically for customers, primarily in sales force training applications. E-performance support systems are interactive systems produced to increase product literacy of customer sales staff. E-marketing products are developed to increase customer knowledge of and interaction with customer products.

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

Summary of Significant Accounting Policies

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

The Company recognizes revenue primarily from these sources:

- Software and software license sales
- System hardware sales
- Professional service revenue

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(In thousands, except share information, unaudited)

- Software development services
- Software design and development services
- Implementation services
- Maintenance and support contracts

The Company applies the provisions of American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 97-2, “Software Revenue Recognition,” (“SOP 97-2”) as amended by SOP 98-9 “Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions” (“SOP 98-9”) 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 Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) Issue No. 00-21 (“EITF 00-21”) “Revenue Arrangements with Multiple Deliverables.”

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 service 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

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(In thousands, except share information, unaudited)

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 development services

Software development revenue is recognized monthly as services are performed per fixed fee contractual agreements.

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 AICPA SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" ("SOP 81-1"). 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. 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.

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.

Uncompleted contracts are as follows:

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Cost incurred on uncompleted contracts	\$ 15	\$ 196
Estimated earnings	116	884
Revenue recognized	131	1,080
Less: billings to date	(239)	(1,130)
Amount included in deferred revenue	<u>\$ (108)</u>	<u>\$ (50)</u>

Implementation services

Implementation services revenue is recognized when installation is completed.

WIRELESS RONIN TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share information, unaudited)

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 March 31, 2009.

3. Software Development Costs

FASB Statement of Financial Accounting Standards (SFAS) No. 86 "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" 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 three months ended March 31, 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 SFAS No. 123 (Revised 2004), "Share-Based Payment," ("SFAS 123R"), which revised SFAS 123, "Accounting for Stock-Based Compensation" (SFAS 123). 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 are the allowance for doubtful accounts, valuation allowance for deferred tax assets, deferred

WIRELESS RONIN TECHNOLOGIES, INC.
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(In thousands, except share information, unaudited)

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

During December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations" ("SFAS 141 (Revised 2007)"). While this statement retains the fundamental requirement of SFAS 141 that the acquisition method of accounting (which SFAS 141 called the *purchase method*) be used for all business combinations, SFAS 141 (Revised 2007) now establishes the principles and requirements for how an acquirer in a business combination: recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interests in the acquiree; recognizes and measures the goodwill acquired in the business combination or the gain from a bargain purchase; and determines what information should be disclosed in the financial statements to enable the users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141 (Revised 2007) is effective for fiscal years beginning on or after December 15, 2008. The adoption of SFAS 141 (Revised 2007) did not have a material impact on the Company's financial statements.

During December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51" ("SFAS 160"). This statement establishes accounting and reporting standards for noncontrolling interests in subsidiaries and for the deconsolidation of subsidiaries and clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement also requires expanded disclosures that clearly identify and distinguish between the interests of the parent owners and the interests of the noncontrolling owners of a subsidiary. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The adoption of SFAS 160 did not have a material impact on the Company's financial statements.

In February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, "Effective Date of FASB Statement No. 157" ("FSP 157-2"), which delays the effective date of SFAS 157 until January 1, 2009 for all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. These non-financial items include assets and liabilities such as reporting units measured at fair value in a goodwill impairment test and non-financial assets acquired and liabilities assumed in a business combination. The adoption of the remainder of SFAS 157 did not have a material impact on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FAS 133" ("SFAS 161"). This statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years beginning on or after November 15, 2008. The adoption of SFAS 161 did not have a material impact on the Company's financial statements.

In April 2008, the FASB issued FSP No. 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP 142-3"), which amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB Statement No. 142, "Goodwill and Other Intangible Assets". This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FAS 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. The adoption of FAS 142-3 did not have a material impact on the Company's financial statements.

In September 2008, the FASB issued FSP No. 133-1 and FASB Interpretation No. 45-4 ("FSP SFAS 133-1 and FIN 45-4"), "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others", to require additional disclosure about the

WIRELESS RONIN TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share information, unaudited)

current status of the payment/performance risk of a guarantee. The provisions of the FSP that amend SFAS 133 and FIN 45 and effective for reporting periods ending after November 15, 2008. FSP SFAS 133-1 and FIN 45-4 also clarifies the effective date in SFAS 161. Disclosures required by SFAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. The adoption of FSP SFAS 133-1 and FIN 45-4 did not have a material impact on the Company's financial statements.

In December 2008, the FASB issued FSP No. 140-4 and FIN 46R-8 ("FSP 140-4 and FIN 46R-8"), "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities." FSP 140-4 and FIN 46R-8 require additional disclosures about transfers of financial assets and involvement with variable interest entities ("VIE's"). The requirements apply to transferors, sponsors, servicers, primary beneficiaries and holders of significant variable interests in a variable interest entity or qualifying special purpose entity. Disclosures required by FSP 140-4 and FIN 46R-8 are effective for the Company in the first quarter of fiscal 2009. Because the Company has no VIE's, the adoption did not have a material impact the Company's financial statements.

In April 2009, the FASB issued FASB Staff Position SFAS 107-1 ("FSP SFAS 107-1") and Accounting Principles Board Opinion 28-1, Interim Disclosures about Fair Value of Financial Instruments ("APB 28-1"). FSP SFAS 107-1 and APB 28-1 require disclosures about fair value of financial instruments whenever summarized financial information for interim reporting periods is presented. Entities shall disclose the methods and significant assumptions used to estimate the fair value of financial instruments and shall describe changes in methods and significant assumptions, if any, during the period. FSP SFAS 107-1 and APB 28-1 are effective for interim reporting periods ending after June 15, 2009. FSP SFAS 107-1 and APB 28-1 are effective for the Company's quarter ending June 30, 2009 and related disclosures will be added at such time.

In April 2009, the FASB issued FSP SFAS 157-4, which provides additional guidance for estimating fair value in accordance with SFAS No. 157, Fair Value Measurements ("SFAS 157"), when the volume and level of market activity for the asset or liability have significantly decreased. FSP SFAS 157-4 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. FSP SFAS 157-4 is effective for interim and annual periods ending after June 15, 2009. The Company does not expect the implementation of FSP SFAS 157-4 to have a material impact on our consolidated financial statements.

Also on April 9, 2009, the FASB issued FSP FAS 115-2, Recognition and Presentation of Other-Than-Temporary Impairments. FSP FAS 115-2 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 FSP does not amend existing recognition and measurement guidance related to OTTI of equity securities. The FSP 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. The FSP is effective for interim and annual reporting periods ending after June 15, 2009. The Company is currently assessing the impact of adoption of the new FSP on its interim and annual reporting periods.

NOTE 2: OTHER FINANCIAL STATEMENT INFORMATION

The following tables provide details of selected financial statement items:

ALLOWANCE FOR DOUBTFUL RECEIVABLES

WIRELESS RONIN TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share information, unaudited)

	Three Months Ended March 31, 2009	Twelve Months Ended December 31, 2008
Balance at beginning of period	\$ 92	\$ 85
Provision for doubtful receivables	(16)	29
Write-offs	—	(22)
Balance at end of period	<u>\$ 76</u>	<u>\$ 92</u>

INVENTORIES

	March 31, 2009	December 31, 2008
Finished goods	\$ 312	\$ 355
Work-in-process	29	107
Total inventories	<u>\$ 341</u>	<u>\$ 462</u>

No adjustments were made for the three months ended March 31, 2009 or 2008, respectively, to reduce inventory values to the lower of cost or market.

PROPERTY AND EQUIPMENT

	March 31, 2009	December 31, 2008
Leased equipment	\$ 381	\$ 381
Equipment	1,317	1,315
Leasehold improvements	176	332
Demonstration equipment	151	151
Purchased software	576	532
Furniture and fixtures	597	614
Total property and equipment	<u>\$ 3,198</u>	<u>\$ 3,325</u>
Less: accumulated depreciation and amortization	(1,475)	(1,407)
Net property and equipment	<u>\$ 1,723</u>	<u>\$ 1,918</u>

OTHER ASSETS

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

DEFERRED REVENUE

WIRELESS RONIN TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share information, unaudited)

	March 31, 2009	December 31, 2008
Deferred software maintenance	\$ 45	\$ 46
Customer deposits and deferred project revenue	125	135
Total deferred revenue	<u>\$ 170</u>	<u>\$ 181</u>

ACCRUED LIABILITIES

	March 31, 2009	December 31, 2008
Compensation	\$ 857	\$ 720
Accrued remaining lease obligations	—	142
Accrued rent	82	84
Sales tax and other	53	121
Total accrued liabilities	<u>\$ 992</u>	<u>\$ 1,067</u>

See Note 6 for additional information on accrued remaining lease obligations.

COMPREHENSIVE LOSS

Comprehensive loss for the Company includes net loss, foreign currency translation and unrealized gain (loss) on investments. Comprehensive loss for the three months ended March 31, 2009 and 2008, respectively, was as follows:

	Three Months Ended March 31,	
	2009	2008
Net loss	\$ (2,903)	\$ (4,197)
Unrealized gain (loss) on investments	(5)	23
Foreign currency translation loss	(45)	(175)
Total comprehensive loss	<u>\$ (2,953)</u>	<u>\$ (4,349)</u>

SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2009	2008
Cash paid for:		
Interest	<u>\$ 3</u>	<u>\$ 7</u>

NOTE 3: MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENT

Marketable securities consist of marketable debt securities. These securities are being accounted for in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, the unrealized gains (losses) associated with these securities are reported in the equity section as a component of accumulated other comprehensive income (loss).

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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 in the first quarter of 2009 and 2008.

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

	March 31, 2009			
	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
Money market funds	\$ 7,396	\$ —	\$ —	\$ 7,396
Total included in cash and cash equivalents	7,396	—	—	7,396
Government and agency securities — maturing 2009	2,901	—	—	2,901
Total included in marketable securities	2,901	—	—	2,901
Total available-for-sale securities	\$ 10,297	\$ —	\$ —	\$ 10,297
	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 SFAS No. 157, 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, SFAS No. 157 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 March 31, 2009 includes money market funds of \$7,396, which are included in cash and cash equivalents in the consolidated balance sheet, and government agency securities of \$2,901, which are included in marketable securities – 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 – 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 March 31, 2009 and December 31, 2008, the Company had no Level 2 financial assets on its consolidated balance sheet.

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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 March 31, 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 SFAS No. 157 as of March 31, 2009 and December 31, 2008.

NOTE 4: INTANGIBLE ASSETS

The Company recorded amortization of acquisition-related intangibles expense of \$0 and \$138 for the quarter ended March 31, 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 Statement of Financial Accounting Standards No. 144 (FAS 144). Under FAS 144, 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:

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Cost	\$ 381	\$ 381
Less: accumulated amortization	(344)	(328)
Total	<u>\$ 37</u>	<u>\$ 53</u>

Amortization expense for capital lease assets was \$17 for the three months ended March 31, 2009 and 2008, and is included in depreciation expense.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leases approximately 19,089 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, the Company leases office space of approximately 14,930

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square feet to support its Canadian operations at a facility located at 4510 Rhodes Drive, Suite 800, Windsor, Ontario under a lease that extends through June 30, 2009.

Rent expense under the operating leases was \$73 and \$123 for the three months ended March 31, 2009 and 2008, respectively.

Future minimum lease payments for operating leases are as follows:

<u>At March 31, 2009</u>	<u>Lease Obligations</u>
2009	\$ 180
2010	205
2011	196
2012	192
2013	15
Total future minimum obligations	<u>\$ 788</u>

Remaining Lease Obligation

On July 9, 2007, the Company moved from its former office space at 14700 Martin Drive in Eden Prairie to its new office space at 5929 Baker Road in Minnetonka. Due to the move occurring during the third quarter of 2007, a liability for the costs that were estimated to be incurred under the prior lease for its remaining term without economic benefit to the Company was recognized and measured at the fair value on the cease use date, July 9, 2007. The prior lease termination date was on November 30, 2009. On March 6, 2009, we signed a lease termination agreement on the Martin Drive facility, subject to the sale of the property, which took place on March 19, 2009. As of March 31, 2009, the Company had no remaining liabilities related to the Martin Drive facility. The following is a schedule of the activity related to the accrued liability as of the end of 2008:

	<u>December 31, 2008</u>	<u>Payments / Amortization</u>	<u>Adjustments to Estimates</u>	<u>March 31, 2009</u>
Costs to be incurred:				
Existing rental payments	\$72	\$(34)	\$(38)	\$—
Expected operating	\$25	\$ (5)	\$(20)	\$—
Unamortized leasehold improvements	\$44	\$(44)	\$ —	\$—

Litigation

The Company was not party to any material legal proceedings as of May 7, 2009.

NOTE 7: STOCK-BASED COMPENSATION AND BENEFIT PLANS

Expense Information under SFAS 123R

On January 1, 2006, the Company adopted SFAS 123R, which requires measurement and recognition of compensation expense for all stock-based payments including warrants, stock options and restricted stock grants based on estimated fair values. A summary of compensation expense recognized for the issuance of stock options and warrants follows:

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	Three Months Ended March 31,	
	2009	2008
Stock-based compensation costs included in:		
Cost of sales	\$ (5)	\$ —
Sales and marketing expenses	43	50
Research and development expenses	15	27
General and administrative expenses	134	318
Total stock-based compensation expenses	<u>\$ 187</u>	<u>\$ 395</u>

At March 31, 2009, there was approximately \$1,135 of total unrecognized compensation expense related to unvested share-based awards. Generally, the expense will be recognized over the next four years and will be adjusted for any future changes in estimated forfeitures.

Valuation Information under SFAS 123R

For purposes of determining estimated fair value under SFAS 123R, 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 \$0.72 and \$2.64 per share for the three months ended March 31, 2009 and 2008, respectively. These values were calculated using the following weighted average assumptions:

	Three Months Ended March 31,	
	2009	2008
Expected life	3.25 years	3.75 years
Dividend yield	0%	0%
Expected volatility	98.0%	98.4%
Risk-free interest rate	1.3%	2.8%

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.

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. There were 156,427 shares reserved under the plan as of March 31, 2009.

Employee Benefit Plan

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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.

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 March 31,	
	2009	2008
United States	\$ 1,267	\$ 1,536
Canada	110	393
Other International	56	4
Total Sales	<u>\$ 1,433</u>	<u>\$ 1,933</u>

Geographic segments of property and equipment and intangible assets are as follows:

	March 31, 2009	December 31, 2008
Property and equipment, net:		
United States	\$ 1,268	\$ 1,399
Canada	455	519
Total	<u>\$ 1,723</u>	<u>\$ 1,918</u>

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:

Customer	Three Months Ended March 31,	
	2009	2008
KFC (Corporation & Franchisees)	22.7%	27.2%
Chrysler (BBDO Detroit/Windsor)	16.4%	34.0%
Reuters Ltd.	12.8%	*
	<u>51.9%</u>	<u>61.2%</u>

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

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. As of March 31, 2009 and 2008, a significant portion of the Company's accounts receivable was concentrated with a few customers:

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<u>Customer</u>	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
KFC (Corporation and Franchisees)	28.6%	*
Chrysler (BBDO Detroit/Windsor)	17.2%	12.2%
Reuters Ltd.	15.6%	*
InVue Security Products	11.2%	*
NewSight Corporation	*	69.4%
	<u>72.6%</u>	<u>81.6%</u>

* 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.

In the first quarter of 2009, the Company continued to make organizational changes to better align resources. The combined severance expense related to first quarter workforce reductions totaled \$237.

The following table provides financial information on the employee severance expense and remaining accrued balance at March 31, 2009:

	<u>Accrual December 31, 2008</u>	<u>Net Additions</u>	<u>Payments</u>	<u>Accrual March 31, 2009</u>
Employee severance expense	\$ 582	\$ 237	\$ (242)	\$ 577

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 in this document under “Cautionary Statement.”

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 three months of 2009.

Results of Operations

Three Months Ended March 31, 2009 Compared to Three Months Ended March 31, 2008 (\$000)

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

	Three Months Ended					
	March 31, 2009	% of total sales	March 31, 2008	% of total sales	\$ Increase (Decrease)	% Increase (Decrease)
Sales	\$ 1,433	100.0%	\$ 1,933	100.0%	\$ (500)	(25.9%)
Cost of sales	1,160	80.9%	1,534	79.4%	(374)	(24.4%)
Gross profit (exclusive of depreciation and amortization shown separately below)	273	19.1%	399	20.6%	(126)	(31.6%)
Sales and marketing expenses	831	58.0%	1,220	63.1%	(389)	(31.9%)
Research and development expenses	391	27.3%	454	23.5%	(63)	(13.9%)
General and administrative expenses	1,795	125.3%	2,936	151.9%	(1,141)	(38.9%)
Depreciation and amortization expense	199	13.9%	251	13.0%	(52)	(20.7%)
Total operating expenses	3,216	224.4%	4,861	251.5%	(1,645)	(33.8%)
Operating loss	(2,943)	(205.4%)	(4,462)	(230.8%)	1,519	(34.0%)
Other income (expenses):						
Interest expense	(3)	(0.2%)	(7)	(0.4%)	(4)	57.1%
Interest income	43	3.0%	272	14.1%	(229)	(84.2%)
Total other income (expense)	40	2.8%	265	13.7%	(225)	(84.9%)
Net loss	\$ (2,903)	(202.6%)	\$ (4,197)	(217.1%)	\$ 1,294	(30.8%)

	Three Months Ended					
	March 31, 2009	% of total sales	March 31, 2008	% of total sales	\$ Increase (Decrease)	% Increase (Decrease)
United States	\$ 1,267	88.4%	\$ 1,536	79.5%	\$ (269)	(17.5%)
Canada	110	7.7%	393	20.3%	(283)	(72.0%)
Other International	56	3.9%	4	0.2%	52	1300.0%
Total Sales	\$ 1,433	100.0%	\$ 1,933	100.0%	\$ (500)	(25.9%)

Sales

Our sales decreased 26% or \$500 to \$1,433 for the three months ended March 31, 2009, compared to the same period in the prior year. The decline in our revenue was due to lower professional services fees being generated from smaller projects. In addition, we experienced lower hardware sales as certain customers are choosing to contract directly with our display suppliers. The decline in hardware and services was partially offset by higher levels of software sales as we continued to sell and deploy our RoninCast® software into an increased number of quick serve restaurants and other retail locations during the first quarter of 2009 compared to the prior year. 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 24% or \$374 to \$1,160 for the three months ended March 31, 2009 compared to the same period in the prior year. The decrease in cost of sales 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.

Operating Expenses

Our operating expenses decreased 34% or \$1,645 to \$3,216 for the three months ended March 31, 2009 compared to the same period in the prior year.

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Sales and marketing expenses were lower by \$389 or 32% as a result of 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 tradeshow and other marketing initiatives in the first quarter of 2009 when compared to the same period 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 expenses were lower by \$63 or 14% in the first quarter of 2009 when compared to the prior year as a result of lower compensation and benefits expenses.

General and administrative expenses were lower by \$1,141 or 39% as a 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. Our stock compensation expense was also down approximately \$200 during the first quarter of 2009 when compared to the prior year period. These decreases were partially offset by an increase in severance costs recorded in the first quarter of 2009 of \$237 compared to \$120 in the prior year period. In general, we experienced 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 \$52 when comparing the first quarter of 2009 to the prior year period. This was 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 revenues 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 \$3 from \$7 for the three months ended March 31, 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 declined by \$229 for the three months ended March 31, 2009 compared to the same period in the prior year. The decrease in interest income was due to significantly lower cash balances and a lower realized interest rate yield on our investments during the first quarter of 2009 compared to the same period in the prior year. Our average cash, cash equivalents and marketable securities during the first quarter of 2009 was \$12,415 with an average yield of 0.4% compared to \$27,428 with an average yield of 1.0% 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 March 31, 2009, we had an accumulated deficit of \$67,115. The cash flow used in operating activities was \$2,264 and \$3,121 for the three months ended March 31, 2009 and 2008, respectively. The decrease in cash used in operations was due to improvement in our net loss during the three months ended March 31, 2009 as compared to the three months ended March 31, 2008. Based on our current expense levels, we anticipate that our cash and investments in marketable securities will be adequate to fund our operations for the next twelve months.

Investing Activities

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Net cash provided by investing activities was \$5,334 and \$58 for the three months ended March 31, 2009 and 2008, respectively. The increase in cash provided by investing activities was due to net sales of marketable securities of \$5,395 for the first three months of 2009 compared to \$462 for the same period in prior year. These amounts were offset by purchases of capital equipment of \$61 in the first three months ended March 31, 2009 compared to \$404 for the same period in the prior year. Marketable securities held as of March 31, 2009 consisted of debt securities issued by federal government agencies with maturity dates in 2009.

Financing Activities

Net cash used in financing activities was \$19 and \$38 for the first three months of 2009 and 2008, respectively. These amounts were primarily the result of principal payments made on various capital leases due to expire during 2009.

We have financed our operations primarily through sales of common stock, exercise of warrants, and the issuance of notes payable to vendors, shareholders and investors. For the three months ended March 31, 2009 and 2008, these activities were insignificant.

We believe, based on current revenue and expense levels, that our cash and investments in marketable securities will be adequate to fund our operations for the next twelve months.

Contractual Obligations

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

Operating and Capital Leases

At March 31, 2009, our principal commitments consisted of long-term obligations under operating leases. We lease approximately 19,089 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 14,930 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, 2009.

The following table summarizes our obligations under contractual agreements as of March 31, 2009 and the time frame within which payments on such obligations are due:

Contractual Obligations	Payment Due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Capital Lease Obligations (including interest)	\$ 52	\$ 52	\$ —	\$ —	\$ —
Operating Lease Obligations	788	180	401	207	—
Total	\$ 840	\$ 232	\$ 401	\$ 207	\$ —

Based on our working capital position at March 31, 2009, we believe we have sufficient working capital to meet our current obligations.

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 receivables. We maintain our accounts for cash and cash equivalents and marketable securities principally at one major bank. We invest our available cash in United States government securities and money market funds. We have not experienced any losses on our deposits of our cash, cash equivalents, or marketable securities.

We currently have outstanding approximately \$52 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.

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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 in the first three months of 2009 and 2008.

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 March 31, 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 March 31, 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 May 7, 2009.

Item 1A. Risk Factors

The discussion of our business and operations should be read together with the risk factors set forth in this document under "Cautionary Statement." 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.

The following risk factors, which were originally presented on our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, are hereby amended and restated (in thousands):

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 \$20,692 and \$10,086 for the years ended December 31, 2008 and 2007, respectively and a net loss of \$2,903 for the three months ended March 31, 2009. As of March 31, 2009, we had an accumulated deficit of \$67,115.

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

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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.

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

Chrysler (BBDO Detroit / Windsor) accounted for 17.2% and 44.5% of our total accounts receivable as of March 31, 2009 and December 31, 2008, respectively. Although Chrysler Corporation filed for Chapter 11 bankruptcy protection on April 30, 2009, the related outstanding accounts receivable balance to be collected by us as of that date was with Chrysler’s ad agency, BBDO Detroit/Windsor an entity that has not filed for bankruptcy protection. Therefore, we have not recorded an allowance for doubtful receivables charge for the outstanding balance.

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.

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.

In light of the economic downturn’s broad effects on the stock prices of its listed companies, NASDAQ suspended its \$1.00 minimum bid price rule in October 2008. This rule suspension was originally scheduled to expire April 19, 2009, but now has been extended to July 20, 2009. Our stock price fell below \$1.00 during the fourth quarter of 2008 and traded below \$1.00 during the first quarter of 2009, during the rule suspension period. If our stock price is similarly low after NASDAQ lifts the suspension of this rule, we could be subject to delisting from NASDAQ. In addition, we could also be subject to delisting from NASDAQ if we fail to maintain compliance with the other requirements for continued listing which are still in full force.

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

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None.

Item 5. Other Information

We are filing herewith a Cautionary Statement pursuant to the Private Securities Litigation Reform Act of 1995 for use as a readily available written document to which reference may be made in connection with forward-looking statements, as defined in such act. Such Cautionary Statement appears as Exhibit 99 to this report and is incorporated by reference herein.

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: May 8, 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	Separation Agreement dated March 6, 2009 between Robert W. Whent and the Registrant (incorporated by reference to the Company's Current Report on Form 8-K (File No. 001-15019) filed on March 9, 2009).
10.2	Employment Agreement dated March 9, 2009 between Darin P. McAreavey and the Registrant (incorporated by reference to the Company's Current Report on Form 8-K (File No. 001-15019) filed on March 9, 2009).
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.

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 March 31, 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: May 8, 2009

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

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 March 31, 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: May 8, 2009

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

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 March 31, 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: May 8, 2009

By: /s/ James C. Granger

James C. Granger
President and Chief Executive Officer

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 March 31, 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: May 8, 2009

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

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 \$20,692,000 and \$10,086,000 for the years ended December 31, 2008 and 2007, respectively and a net loss of \$2,903,000 for the three months ended March 31, 2009. As of March 31, 2009, we had an accumulated deficit of \$67,115,000.

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 software and hardware comprising RoninCast® and our other products.

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.

Chrysler (BBDO Detroit / Windsor) accounted for 17.2% and 44.5% of our total accounts receivable as of March 31, 2009 and December 31, 2008, respectively. Although Chrysler Corporation filed for Chapter 11 bankruptcy protection on April 30, 2009, the related outstanding accounts receivable balance to be collected by us as of that date was with Chrysler's ad agency, BBDO Detroit/Windsor an entity that has not filed for bankruptcy protection. Therefore, we have not recorded an allowance for doubtful receivables charge for the outstanding balance.

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 McGill Digital Solutions 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 additional 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 August 2007, we acquired McGill Digital Solutions, Inc. (now Wireless Ronin Technologies (Canada), Inc.), a Canadian company based in Windsor, Ontario, Canada. We have significantly decreased the workforce in the Windsor office. As part of this downsizing, we have taken measures to consolidate reporting relationships and business functions across both our headquarters and Windsor offices. We have also taken steps to integrate technologies developed by staff in our headquarters with those developed in our Windsor office. Successfully joining those technologies is complicated, time-consuming and may not ultimately prove successful either technically or in terms of providing a commercially successful product or set of products. We cannot assure you that these changes to our workforce, organizational structure or products will prove to be beneficial or without unforeseen risks over either the short or long term future. We cannot assure you that these risks or other unforeseen factors will not offset the intended benefits of the acquisition, in whole or in part.

In addition, we now have additional duties and liabilities related to having offices and operations in Canada. These risks and costs include the need to comply with local laws and regulatory requirements, as well as changes in those laws and requirements, such as regarding employment and severance issues, tax issues, tariffs and duties, and protection of our intellectual property rights.

Finally, 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. In addition, 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 the 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 our products and 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 product pricing includes a standard percentage markup over our cost of product components, 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 products 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 products;
- they may emphasize competitors' products or decline to carry our products; and
- channel conflict may arise between other third parties and/or our internal sales staff.

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

The market for our products is characterized by rapidly changing technology, evolving industry standards, changes in customer needs, heavy competition and frequent new product introductions. If we fail to develop new products or modify or improve existing products in response to these changes in technology, customer demands or industry standards, our products 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 or enhancing existing products 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 to new technologies as they emerge. Furthermore, even if we successfully adapt our products, 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 the company only since December 2008 and a Chief Financial Officer who has been with the 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 March 9, 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 police 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 manufacture, use 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 to accredited investors of debt and equity securities. 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 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 introductions or enhancements by our competitors could reduce sales and the market acceptance of our products, cause intense price competition or make our products 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 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 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 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. Although we periodically use forward contracts to manage our exposure associated with forecasted international revenue transactions denominated in U.S. dollars, our business,

results of operations and financial condition could be adversely affected by changes in foreign currency exchange rates.

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.

In light of the economic downturn's broad effects on the stock prices of its listed companies, NASDAQ suspended its \$1.00 minimum bid price rule in October 2008. This rule suspension was originally scheduled to expire April 19, 2009, but now has been extended to July 20, 2009. Our stock price fell below \$1.00 during the fourth quarter of 2008 and traded below \$1.00 during the first quarter of 2009, during the rule suspension period. If our stock price is similarly low after NASDAQ lifts the suspension of this rule, we could be subject to delisting from NASDAQ. In addition, we could also be subject to delisting from NASDAQ if we fail to maintain compliance with the other requirements for continued listing which are still in full force.

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, bylaws 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 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 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.